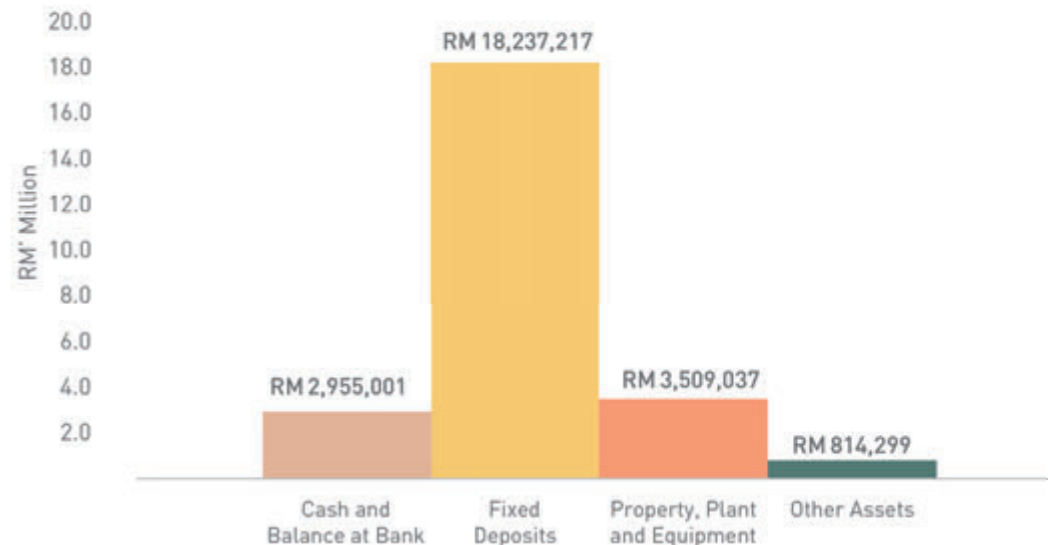


ACADEMY OF
SCIENCES MALAYSIA
**FINANCIAL OVERVIEW
AND ANALYSIS**

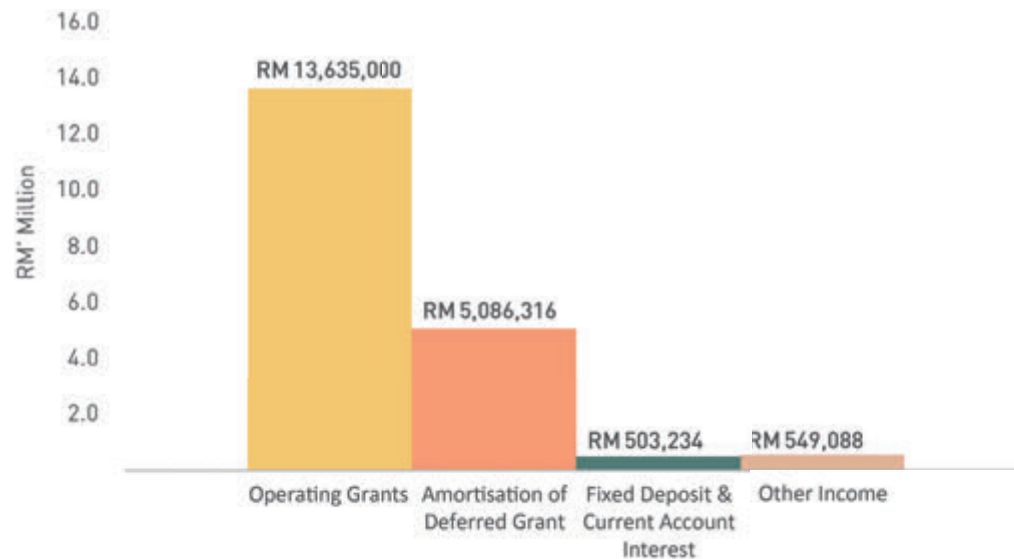
The financial statements of ASM and its reports are prepared in accordance with the Academy of Sciences Malaysia Act (ACT 524) and the Malaysian Public Sector Accounting Standards (MPSAS). This report aims to describe the financial position of ASM as well as summary of financial transactions for the year ended 31 December 2022.

The financial statements for the year ended 31 December 2022 were submitted to the Auditor General on 13 February 2023 and the Auditor General certified and issued the certificate on 14 April 2023. During the financial year ended 31 December 2022, ASM recorded a surplus after tax of RM1,189,873 compared to RM2,111,348 in 2021.

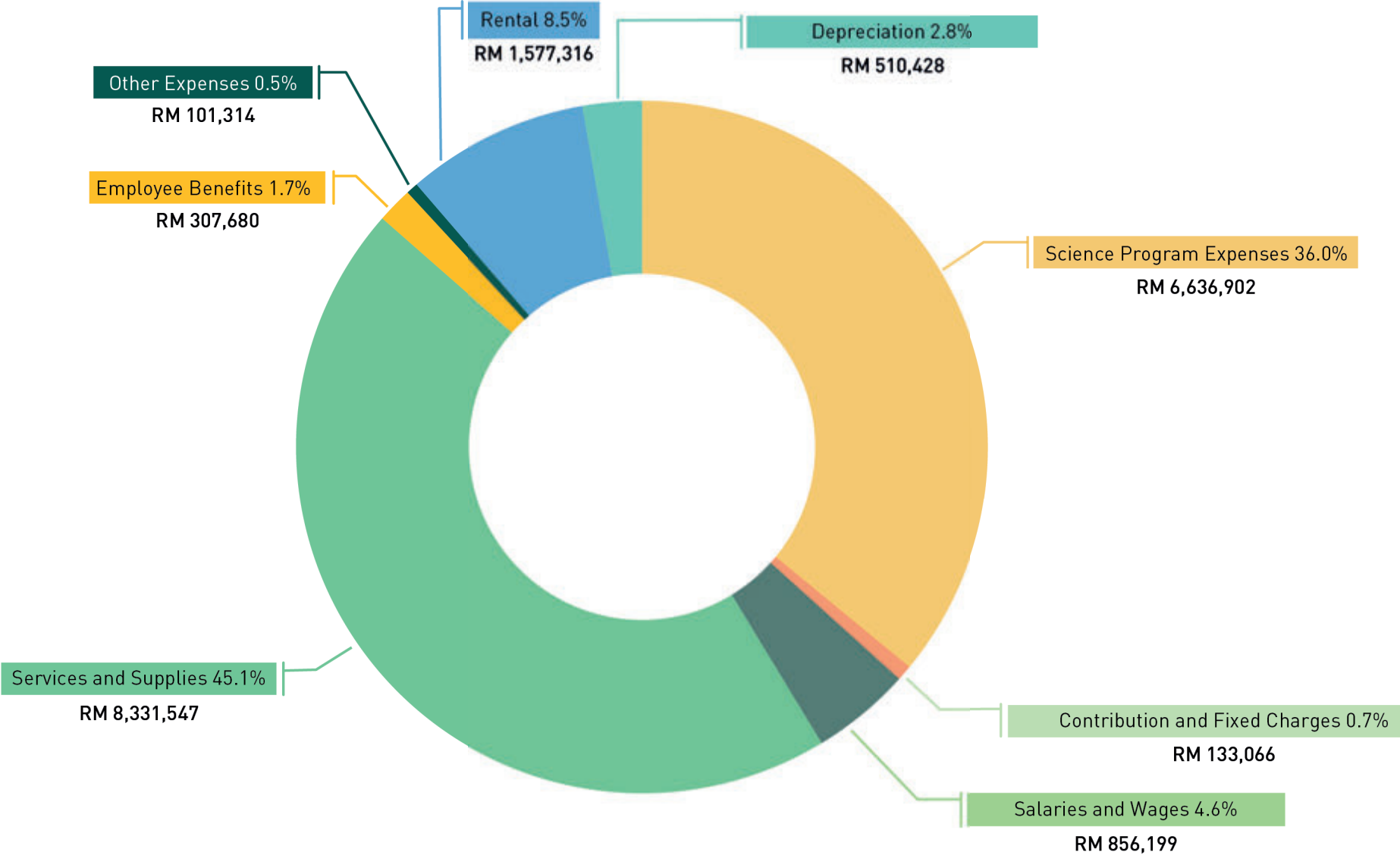
Total Assets



Total Revenue



Total Expenses



STATEMENT OF FINANCIAL POSITION

Assets

Cash and Bank Balance

The cash balance for the year ended 31 December 2022 was RM2.96 million as compared to RM4.43 million recorded for the year ended 31 December 2021.

Fixed Deposits

Fixed Deposits in ASM are made over period of 12 months or less depending on ASM's immediate cash requirements and the interest rates offered by the financial institution. For the year ended 31 December 2022, fixed deposits were RM18.24 million compared to RM20.56 million for FY2021. The decrease is due to the increase in cash requirement in FY2022.

Table 1 shows the position of Cash and Fixed Deposit balances for 2022 and 2021:

TABLE 1 : CASH AND BANK BALANCE AND FIXED DEPOSITS				
	2022 RM Million	2021 RM Million	Increase / (Decrease)	Percentage %
Cash and Balance at Bank	2.96	4.43	-1.48	-33%
Fixed Deposits	18.24	20.56	-2.32	-11%
Total Cash And Bank Balance And Fixed Deposits	21.19	24.99	-3.80	-115%

Liabilities

Current Liabilities

Total Current Liabilities for the year ended 31 December 2022 was RM2.63 million. The current liabilities record shows an increase of 20.0% as compared to the RM2.19 million for year ended 31 December 2021. This is due to the increase in Account Payables where deferred grants expenses have been accrued for the current financial year amounting to RM0.88 million.

Table 2 shows the position of current liabilities for 2022 and 2021:

TABLE 2 : CURRENT LIABILITIES				
	2022 RM Million	2021 RM Million	Increase / (Decrease)	Percentage %
Account Payables	1.59	0.65	0.93	143%
Employee Benefits	0.23	0.26	-0.03	-12%
Deferred Income	0.82	1.16	-0.35	-30%
Other Current Liability	-	0.11	-0.11	-100%
Total Current Liability	2.63	2.19	0.44	20%

Non-Current Liabilities

Total Non-Current Liabilities recorded a decrease of 25.0% for the FY2022 amounting to RM10.15 million as compared to prior year (FY2021: RM15.51 million). The changes were due to the lower grants received and the return of programme allocations in FY2022.

Table 3 shows the position of non-current liabilities for 2022 and 2021:

TABLE 3 : NON CURRENT LIABILITIES				
	2022 RM Million	2021 RM Million	Increase / (Decrease)	Percentage %
Employee Benefits	0.05	0.04	0.01	39%
Deferred Grants	10.05	15.47	-5.42	-35%
Deferred Development Grants	0.05	-	0.05	100%
Deferred Grants - International Office	-	0.01	-0.01	-100%
Total Non Current Liability	10.15	15.51	-5.36	-35%

STATEMENT OF FINANCIAL PERFORMANCE

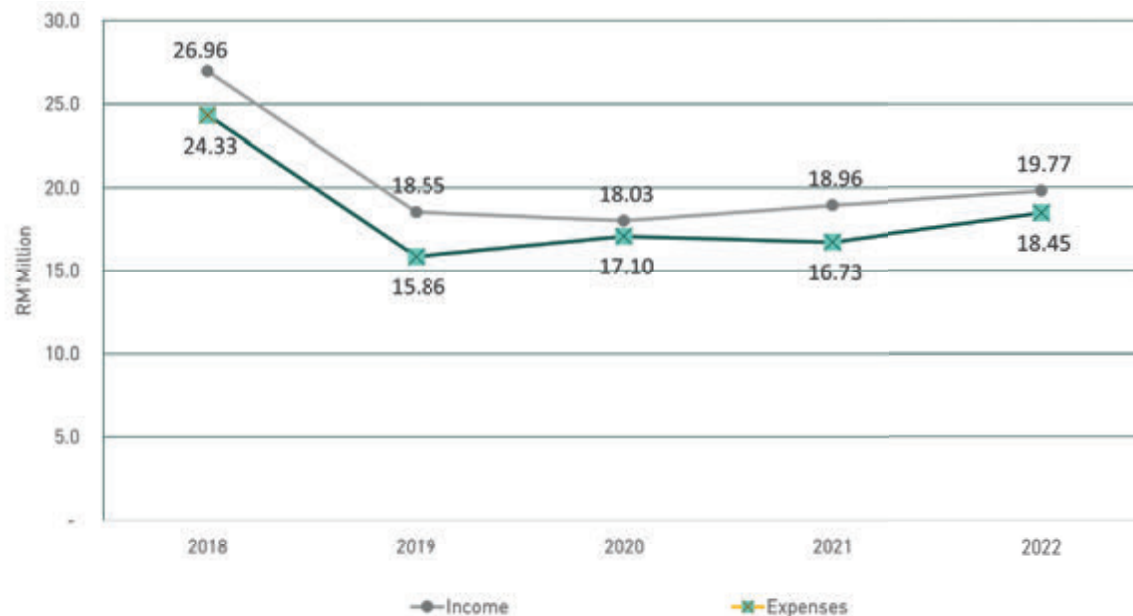
Budget Performance

In FY2022, the Operational Grants received was RM13.5 million increased by 26.0% as compared to RM10.74 million in FY2021. ASM's Operating Expenditure for the year ended 31 December 2022 was recorded at RM12.80 million also increased by 20.0% as compared to RM10.69 million recorded for the year ended 31 December 2021. Operating Expenses consist of payment of salaries and wages, services and supplies, science programme expenses, grant and fixed charges, staff benefits as well as other expenses.

Table 4 shows the budget performance for 2022 and 2021:

TABLE 4 : BUDGET PERFORMANCE							
	2022			2021			% Actual 2022 vs 2021
	Budget	Actual	Expenses %	Budget	Actual	Expenses %	
	RM Million	RM Million		RM Million	RM Million		
Operating Grants	13.50	13.50	95%	10.13	10.74	100%	26%
Operating Expenses	13.50	12.80		10.13	10.69		20%
Surplus / (Deficit)	-	0.70		-	0.05		

Chart 1 shows total income and expenditure from 2018 to 2022:



Income

Income consists of Non-Exchange Transactions and Exchange Transactions. Non-Exchange Transactions include operating grants, programme grants, office rental charges etc. while Exchange Transactions includes programme management charges, fixed deposit interest and other income. Total income for the year ended 31 December 2022 was RM19.77 million increased by 4.0% compared to RM18.96 million in FY2021. This increase is due to operating grant and programme grant amounting RM13.64 million.

Table 5 shows the income performance for 2022 and 2021:

TABLE 5 : INCOME				
	2022	2021	Increase / (Decrease)	Percentage %
	RM Million	RM Million		
Operating Grant	13.50	10.74	2.77	26%
Programme Grant	0.14	0.41	-0.27	-67%
Amortisation of Deferred Grant	5.09	6.09	-1.01	-17%
Programme Management Fees	0.27	0.96	-0.69	-72%
Fixed Deposit and Current Account Interest	0.50	0.44	0.07	15%
Other Income	0.28	0.33	-0.05	-15%
Total Income	19.77	18.96	0.82	4%

Expenses

Services and Supplies

Expenditure for Services and Supplies consists of administrative management expenses, contract staff expenses, science communications and membership affairs. The total services and supplies expenses for the year ended 31 December 2022 amounting to RM8.33 million have increased by 28.0% as compared to RM6.51 million recorded for the year ended 31 December 2021 mainly due to higher administrative cost and membership affairs expenses.

Table 6 shows the services and supplies expenses for 2022 and 2021:

TABLE 6 : SERVICES AND SUPPLIES				
	2022	2021	Increase / (Decrease)	Percentage %
	RM Million	RM Million		
Administrative Cost	1.55	1.00	0.54	54%
Emoluments for Contract Employees	5.83	4.91	0.92	19%
Science Communication	0.36	0.25	0.11	44%
Membership Affairs	0.60	0.35	0.25	72%
Total Services and Supplies	8.33	6.51	1.82	28%

Science Programme Expenses

Science programme expenditure is the core activities implemented to fulfil the 14 functions of ASM as mandated in the Academy of Sciences Malaysia Act 1994. The total science programme expenses for the year ended 31 December 2022 amounting to RM6.64 million shows a decrease of 7.0% compared to prior year (FY2021: RM7.14 million). The decrease is due to lower expenses for the flagship programme.

Table 7 shows the sciences programme expenses for 2022 and 2021:

TABLE 7 : SCIENCE PROGRAMME EXPENSES				
	2022	2021	Increase / (Decrease)	Percentage %
	RM Million	RM Million		
Collaborative Networking Activities and Science Excellence (One-off project)	1.55	1.04	0.51	49%
Deferred Grant Expenditure	4.05	4.06	-0.01	0%
Deferred Grant Expenditure - International Office	-	1.67	-1.67	-100%
Deferred Development Grant Expenditure	0.90	-	0.90	100%
Deferred Income Expenditure	0.14	0.36	-0.23	-63%
Total Science Programme Expenses	6.64	7.14	0.50	-7%

SUMMARY OF FINANCIAL PERFORMANCE

TABLE 8 : SUMMARY OF FINANCIAL PERFORMANCE

	2018	2019	2020	2021	2022
	RM Million	RM Million	RM Million	RM Million	RM Million
Income	25.36	17.89	16.33	17.44	18.93
Expenses	24.33	15.86	17.10	16.73	18.45
Surplus Before Tax	2.63	2.69	0.93	2.22	1.32
Total Net Assets	7.31	8.42	9.43	11.55	12.74
Total Assets	62.38	23.79	23.94	29.24	25.52
Total Liabilities	55.08	15.37	14.50	17.70	12.78

Income



Expenses



Surplus Before Tax



Total Net Assets





**CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
ACADEMY OF SCIENCES MALAYSIA
FOR THE YEAR ENDED 31 DECEMBER 2022**

Certificate on the Audit of the Financial Statements

Opinion

I have authorised a private audit firm pursuant to subsection 7(3) of the Audit Act 1957 [Act 62] to undertake an audit of the Financial Statements of the Academy of Sciences Malaysia. The financial statements comprise of the Statement of Financial Position as at 31 December 2022 of the Academy of Sciences Malaysia and the Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flows and Statement of Comparison Budget and Actual for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 32.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Academy of Sciences Malaysia as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Malaysian Public Sector Accounting Standards (MPSAS) and the Academy of Sciences Malaysia Act 1994 [Act 524] requirements.

Basis for Opinion

The audit was conducted in accordance with the Audit Act 1957 and the International Standards of Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my certificate. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independence and Other Ethical Responsibilities

I am independent of the Academy of Sciences Malaysia and I have fulfilled my other ethical responsibilities in accordance with the International Standards of Supreme Audit Institutions.

Emphasis of Matter

I draw attention to Note 8 of the Financial Statements of the Academy of Sciences Malaysia, relating to the work in progress amounting to RM286,502. A total of RM190,304 from the amount is the purchase of assets and work that will be carried out in 2023. This has caused an overstatement of work in progress in the current year. My opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Certificate Thereon

The Council of the Academy of Sciences Malaysia is responsible for the other information in the Annual Report. My opinion on the Financial Statements of the Academy of Sciences Malaysia does not cover the other information than the financial statements and Auditor's Certificate thereon and I do not express any form of assurance conclusion thereon.

Responsibilities of the Council for the Financial Statements

The Council is responsible for the preparation of Financial Statements of the Academy of Sciences Malaysia that give a true and fair view in accordance with the Malaysian Public Sector Accounting Standards (MPSAS) and the Academy of Sciences Malaysia Act 1994 [Act 524] requirements. The Council is also responsible for such internal control as the Council determines is necessary to enable the preparation of the Financial Statements of the Academy of Sciences Malaysia that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements of the Academy of Sciences Malaysia, the Council is responsible for assessing the Academy of Sciences Malaysia's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the Financial Statements of the Academy of Sciences Malaysia as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards of Supreme Audit Institutions will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards of Supreme Audit Institutions, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- a. identify and assess the risks of material misstatement of the Financial Statements of the Academy of Sciences Malaysia, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b. obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy of Sciences Malaysia's internal control;
- c. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council;
- d. conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy of Sciences Malaysia's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Certificate to the related disclosures in the Financial Statements of the Academy of Sciences Malaysia or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of Auditor's Certificate. However, future events or conditions may cause the Academy of Sciences Malaysia to cease to continue as a going concern; and
- e. evaluate the overall presentation, structure and content of the Financial Statements of the Academy of Sciences Malaysia, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The Council has been informed regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I have identify during the audit.

Other Matters

I draw attention to the matching of income and expense. Academy of Sciences Malaysia needs to improve the weakness in the preparation of financial statements which involves the recognition of income and expenses beyond the accounting period so that it is in line with the matching principle.

This certificate is made solely to the Council of the Academy of Sciences Malaysia in accordance with the Academy of Sciences Malaysia Act 1994 [Act 524] requirements, and for no other purpose. I do not assume responsibility to any other person for the content of this certificate.



(RUSNI BINTI MOHAMED)
ON BEHALF OF AUDITOR GENERAL

PUTRAJAYA
14 APRIL 2023





Academy of Sciences Malaysia

**PENYATA NAIB PRESIDEN DAN BENDAHARI KEHORMAT AKADEMI SAINS MALAYSIA
STATEMENT BY VICE-PRESIDENT AND HONORARY TREASURER OF THE ACADEMY OF
SCIENCES MALAYSIA**

Kami, **PROFESOR DATO' IR. DR. A. BAKAR JAAFAR FASc** dan **ACADEMICIAN DATIN PADUKA SETIA DATO' DR. AINI IDERIS FASc**, yang merupakan Naib Presiden dan Bendahari Kehormat AKADEMI SAINS MALAYSIA (ASM) dan juga Ahli Majlis, dengan ini menyatakan bahawa, pada pendapat Majlis ASM, Penyata Kedudukan Kewangan, Penyata Prestasi Kewangan, Penyata Perubahan Dalam Aset Bersih, Penyata Aliran Tunai dan Penyata Perbandingan Bajet dan Sebenar yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan didalamnya adalah disediakan untuk menunjukkan pandangan yang benar dan saksama berkenaan kedudukan ASM pada 31 Disember 2022 dan hasil kendaliannya serta perubahan kedudukan kewangannya bagi tahun berakhir pada tarikh tersebut.

*We, **PROFESSOR DATO' IR. DR. A. BAKAR JAAFAR FASc** and **ACADEMICIAN DATIN PADUKA SETIA DATO' DR. AINI IDERIS FASc** being the Vice-President and Honorary Treasurer of the **ACADEMY OF SCIENCES MALAYSIA (ASM)** as well as Council Members, do hereby declare that, in the opinion of ASM Council, the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flows and Statement of Comparison Budget and Actual together with the notes contained therein are drawn up in order to give a true and fair view of the financial position of ASM as at 31 December 2022 and the resulting revenues and changes in the financial position of the period ending on that date.*

Bagi pihak Majlis
On behalf of the Council

PROFESSOR DATO' IR. DR. A. BAKAR JAAFAR FASc
Naib Presiden / Vice-President

Akademi Sains Malaysia / Academy of Sciences Malaysia

KUALA LUMPUR, MALAYSIA
Tarikh / Date: **13 FEB 2023**

20th Floor, West Wing, MATRADE Tower
Jalan Sultan Haji Ahmad Shah off Jalan Tuanku Abdul Halim, 50480 Kuala Lumpur
t : 03 6205 0633 f : 03 6205 0634
www.akademisains.gov.my



Academy of Sciences Malaysia

**PENGAKUAN OLEH KETUA PEGAWAI EKSEKUTIF KE ATAS PENGURUSAN KEWANGAN
AKADEMI SAINS MALAYSIA
DECLARATION BY CHIEF EXECUTIVE OFFICER ON THE FINANCIAL MANAGEMENT OF
THE ACADEMY OF SCIENCES MALAYSIA**

Saya, **HAZAMI BINTI HABIB**, No. K/P 660619-08-5516 pegawai utama yang bertanggungjawab ke atas pengurusan kewangan dan rekod-rekod perakaunan AKADEMI SAINS MALAYSIA (ASM), dengan ikhlasnya mengakui bahawa Penyata Kedudukan Kewangan, Penyata Prestasi Kewangan, Penyata Perubahan Dalam Aset Bersih, Penyata Aliran Tunai dan Penyata Perbandingan Bajet dan Sebenar dalam kedudukan kewangan yang berikut ini berserta dengan nota-nota kepada penyata kewangan didalamnya mengikut sebaik-baik pengetahuan dan kepercayaan saya, adalah betul dan saya membuat ikrar ini dengan sebenarnya mempercayai bahawa ia adalah benar dan atas kehendak-kehendak Akta Akaun Berkanun, 1960.

*I, **HAZAMI BINTI HABIB**, NRIC No:660619-08-5516 being the officer primarily responsible for the financial management of the **ACADEMY OF SCIENCES MALAYSIA (ASM)**, do solemnly and sincerely declare that the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flows and Statement of Comparison Budget and Actual together with the notes therein, are the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.*

Sebenarnya dan
sesungguhnya diakui oleh
penama di atas di Kuala
Lumpur, Malaysia
Subscribed and solemnly
declared by the abovenamed
at Kuala Lumpur, Malaysia

HAZAMI BINTI HABIB

Tarikh / Date : **13 FEB 2023**

Di hadapan saya / Before me :

20th Floor, West Wing, MATRADE Tower
Jalan Sultan Haji Ahmad Shah off Jalan Tuanku Abdul Halim, 50480 Kuala Lumpur
t : 03 6205 0633 f : 03 6205 0634
www.akademisains.gov.my

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 RM	2021 RM <i>As Restated</i>	01.01.2021 RM <i>As Restated</i>
ASSETS				
Current Assets				
Cash and Balance at Bank	3	2,955,001	4,434,415	681,387
Fixed Deposit	4	18,237,217	20,560,233	20,378,558
Account Receivables	5	1,260	15,685	2,326
Other Receivables	6	526,987	213,498	77,824
Total Current Assets		21,720,465	25,223,831	21,140,095
Non-current Assets				
Property, Plant and Equipment	7	3,509,037	3,938,908	2,390,011
Work in Progress	8	286,052	81,565	408,031
Total Non-current Assets		3,795,089	4,020,473	2,798,042
TOTAL ASSETS		25,515,554	29,244,304	23,938,137
LIABILITIES				
Current Liabilities				
Account Payables	9	1,585,766	652,249	649,214
Employee Benefits	10	230,138	262,852	238,610
Deferred Income	11	816,196	1,162,423	1,258,404
Provision for Tax	24	-	112,662	-
Total Current Liabilities		2,632,100	2,190,186	2,146,228
Non-current Liabilities				
Employee Benefits	10	51,732	37,230	29,771
Deferred Grants	12	10,048,280	15,465,204	11,218,098
Deferred Grants - International Office	13	-	6,138	1,109,842
Deferred Development Grants	14	48,023	-	-
Total Non-current Liabilities		10,148,035	15,508,572	12,357,711
TOTAL LIABILITIES		12,780,135	17,698,758	14,503,939
NET ASSETS		12,735,419	11,545,546	9,434,198
NET ASSET				
Accumulated Surplus		12,735,419	11,545,546	9,434,198
TOTAL NET ASSETS		12,735,419	11,545,546	9,434,198

The notes on pages 7 to 32 are an integral part of these Financial Statements.

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM	2021 RM <i>As Restated</i>
INCOME			
Non-exchangeable Transactions	15	18,929,606	17,437,015
Exchangeable Transactions	16	844,032	1,520,808
TOTAL INCOME		19,773,638	18,957,823
EXPENSES			
Salaries and Wages	17	856,199	738,694
Services and Supplies	18	8,331,547	6,509,350
Science Program Expenses	19	6,636,902	7,135,584
Contribution and Fixed Charges	20	133,066	124,775
Employee Benefits	21	307,680	303,139
Other Expenses	22	101,314	117,891
Rental	23	1,577,316	1,554,990
Depreciation of Property, Plant and Equipment	7	510,428	249,390
Total Expenses		18,454,452	16,733,813
SURPLUS BEFORE TAX		1,319,186	2,224,010
Tax	24	129,313	112,662
SURPLUS AFTER TAX		1,189,873	2,111,348

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Accumulated Surplus RM	Total RM
Balance as at 01 January 2021 <i>- (As previously stated)</i>		9,053,865	9,053,865
Prior Year Adjustment	29	380,333	380,333
Balance as at 01 January 2021 <i>- (As Restated)</i>		9,434,198	9,434,198
Surplus Income on Expenditure <i>- (As Restated)</i>		2,111,348	2,111,348
Balance as at 31 December 2021/01 January 2022 <i>- (As Restated)</i>		11,545,546	11,545,546
Surplus Income on Expenditure		1,189,873	1,189,873
Balance as at 31 December 2022		12,735,419	12,735,419

The notes on pages 7 to 32 are an integral part of these Financial Statements.

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 RM	2021 RM <i>As Restated</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before Tax	1,319,186	2,224,010
Adjustment:		
Depreciation of Property, Plant and Equipment	510,428	249,390
Interest Income	(451,284)	(360,484)
(Gain)/Loss Disposal of Property, Plant and Equipment	(8,839)	1
Adjustment Work In Progress	81,565	-
Adjustment Surplus from Deferred Income	(1,674)	(479)
Adjustment of Deferred Grant	31,755	(752,008)
Adjustment Surplus from Deferred Grant-International Office	(6,138)	479
Provision for Employee Benefits	307,680	303,139
Surplus from Operation Before Changes in Working Capital	1,782,679	1,664,048
Increase in Receivable from Exchangeable Transactions	(158,058)	(97,083)
Increase in Payables from Exchangeable Transactions	933,517	3,035
Employee Benefit Paid	(325,892)	(271,438)
Cash Generated from Operating Activities	2,232,246	1,298,562
Tax Paid	(261,787)	-
Net Cash Generated from Operating Activities	1,970,459	1,298,562
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Proceeds from Disposal of Property, Plant and Equipment	8,995	-
Purchase of Property, Plant and Equipment	(80,713)	(1,798,288)
(Increase)/Decrease in Work in Progress	(286,052)	326,466
Interest Received	330,090	308,534
Net Cash Used from Investment Activities	(27,680)	(1,163,288)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Deferred Income	40,000	268,142
Repayment of Deferred Income	(384,553)	(363,644)
Proceeds from Deferred Grant	1,861,195	9,885,250
Repayment of Deferred Grant	(7,309,874)	(4,886,136)
Proceeds from Deferred Grant - International	-	1,917,439
Repayment of Deferred Grant - International	-	(3,021,622)
Proceeds from Deferred Development Grant	950,000	-
Repayment of Deferred Development Grant	(901,977)	-
Net Cash (Used)/Generated from Financing Activities	(5,745,209)	3,799,429
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
	(3,802,430)	3,934,703
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		
	24,994,648	21,059,945
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		
	21,192,218	24,994,648
CASH AND CASH EQUIVALENTS:		
Fixed Deposit	18,237,217	20,560,233
Cash and Balance at Bank	2,955,001	4,434,415
	21,192,218	24,994,648

The notes on pages 7 to 32 are an integral part of these Financial Statements.

**STATEMENT OF COMPARISON BUDGET AND ACTUAL
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Total Budget Initial 2022 RM	Total Budget Final 2022 RM	Total Actual 2022 RM	Variance Budget 2022 RM
RECEIPTS				
Non-exchangeable Transactions				
Government Grant	13,500,000	13,500,000	13,500,000	-
Exchangeable Transactions				
Other Income	-	-	-	-
	13,500,000	13,500,000	13,500,000	-
EXPENSES				
Salaries and Wages	952,646	855,838	856,199	(361)
Services and Supplies	12,088,051	11,924,286	11,244,145	680,141
Contribution and Fixed Charges	430,862	379,910	384,501	(4,591)
Other Expenses	28,441	339,966	311,026	28,940
	13,500,000	13,500,000	12,795,871	704,129
NET RECEIPTS				
	-	-	704,129	(704,129)

The notes on pages 7 to 32 are an integral part of these Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 31 DECEMBER 2022**

1 GENERAL INFORMATION

a) ASM Establishment and Main Objectives

The Academy of Sciences Malaysia (ASM) was established under the Academy of Sciences Malaysia Act 1994 (Act 524). The objective of ASM is to pursue, encourage and enhance excellence in the fields of Science, Engineering, and Technology (SET) for the development of the nation and benefit of mankind.

b) Functional Currency for Financial Statements

The financial statements is presented in Malaysian Ringgit ("RM") which is the functional and presentation currency of ASM. Thus, all financial information is presented in RM.

c) Date of Approval of Financial Statements

ASM Financial Statements for the year ended on 31 December 2022 was approved by ASM Council on 13 April 2023.

2 ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The Financial Statements of ASM is prepared under the conventional historical cost in compliance with the Malaysian Public Sector Accounting Standards (MPSAS).

The preparation of financial statements requires judgments, estimates, and assumptions that affect the use of policies and the reported amounts of assets, liabilities, revenues, and expenses.

Estimates and assumptions used will be reviewed on an ongoing basis. Revision to accounting estimates will be recognised in the revised accounting period if the revision affects that period, or the period in review and future periods if the revision affects the current and future periods.

Where these judgments, estimates, and assumptions have significant impact on the amounts recognised in the financial statements, they will be disclosed in Note 2(p) Critical Accounting Considerations and Sources of Estimation Uncertainty in the financial statements.

2 ACCOUNTING POLICIES (CONT.)

b) Income Recognition

Income from Non-exchangeable Business Transactions

Non-exchangeable business transactions will be recognised as an asset when there are future economic benefits expected to flow to the entity as a result of historical event and the cost or value of the asset can be measured reliably. Non-exchangeable business transactions recognised as an asset shall be recognised as income except when there's a liability that is also being recognised for the same transaction as a delayed transaction in the financial statements. When the obligations towards liabilities are met, the entity shall reduce the liabilities amount and recognise the income amount as equivalent to the amount reduced.

Income from non-exchangeable business transactions are as follows:

i. Government Grants

Government grants which are not subjected to certain future performance conditions such as the operating grant are recognised as income in the financial statements. Government grants subject to certain future performance conditions such as development grants are recognised as deferred grants to be amortised as income with the liability valued at its carrying amount. Grants are amortised on a straight-line basis over their estimated useful life.

ii. Donation

Donations which are not subjected to certain future performance conditions are recognised as an income in the financial statements. Funds subject to certain future performance conditions are recognised as liabilities to be amortised as an income with the liability valued at its carrying amount. Funds are amortised on a straight-line basis over their estimated useful lives.

iii. Rental

Income from the rental is recognised when it is received in accordance with the rental agreement. Office rental rates are below market rates.

Income from Exchange Transactions

Income from exchange transactions are recognised when there are possibilities for the future economy expected to flow to the entity and the benefits can be measured reliably.

Income from exchange transactions are as follows:

i. Income Derived from Interest and Other Investment

Income derived from fixed deposits are recognised based on current exchange rates taking into consideration of an effective return of investment. The rate of return of investment on asset is the profit rate required to discount the future cash inflow expectation throughout the life expectancy of the respective asset to be equalised with the brought forward value of the asset.

Income derived from interest gained from conventional deposits and investments are recognised on accrual basis.

2 ACCOUNTING POLICIES (CONT.)

b) Income Recognition (Cont.)

Income from Exchange Transactions (Cont.)

ii. Rental

Income from the rental is recognised when it is received in accordance with the rental agreement.

iii. Other Revenue/Income

Other incomes are recognised when services are provided.

c) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes all of the direct costs to bring the asset to working condition for its intended use by the management. The cost of replacement of any asset that requires replacement at regular intervals will be capitalised. The carrying amount of those parts replaced will be derecognised in accordance with derecognition provision. The cost of day-to-day servicing will be recognised as an expense in the financial statement.

Property, plant and equipment of value over RM2,000 and above or in need of regular maintenance will be capitalised as property, plant and equipment.

If an asset is acquired through a non-exchange transaction, the cost should be measured at its fair value as of the acquisition date. These assets will be recognised in the financial statements unless there is a condition for the use of the asset, current liability will be recognised.

The carrying value of property, plant and equipment items should be derecognised at disposal or when no future economic benefits or potential services are expected from their use or disposal.

The gain or loss on the derecognition of property, plant and equipment is the difference of the proceeds and the carrying amount of the asset and its differences are recognised as profit or loss in the financial statements.

The initial cost of ASM building at Jalan Tun Ismail which has been assessed in 2017 was RM3,399,000. However, a revaluation has been done by the *Jabatan Penilaian dan Perkhidmatan Harta (JPPH)* on the same building on 20 April 2021 with new valuation cost of RM2,170,000.

Depreciation for property, plant and equipment are calculated based on a straight-line basis over their accumulated useful life at the following rates:-

Building	60 years
Motor Vehicle	20%
Office Equipment	20%
Computer	20%
Office Renovation – Jalan Tun Ismail	10%
Office Renovation – MATRADE	3 years

2 ACCOUNTING POLICIES (CONT.)

c) Property, Plant and Equipment (Cont.)

Full depreciation is charged in the year of purchase of property, plant and equipment. The net balance of each property, plant and equipment should not be less than RM1. If there are significant changes in the factors that affects the residual value, changes in the expected useful life or pattern of consumption of benefits since the last financial year, the carrying amount, depreciation method and the useful life of the asset will be reviewed and adjusted prospectively.

Work in progress consists of work involving property and equipment that has not been completed until the end of the current financial year. Work in progress is stated at cost and is not depreciated until the asset is ready for use.

d) Impairment of Non-financial Assets

i. Cash Generating Assets

At each reporting date, ASM assesses the carrying value of its assets to determine whether there is any indication of impairment. If any indication exists, impairment is calculated by comparing the carrying amount of the asset with its recoverable amount. Recoverable amount is the highest value of the asset's fair value less costs to sell and its value in use.

In determining value in use, future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market value and specific risks associated with the asset. In determining fair value less costs to sell, most recent market transactions will be considered, if any. If there are no recent market transactions, an appropriate valuation model should be used.

An impairment loss is recognised as an expense on an ongoing surplus or deficit when the carrying amount of an asset exceeds its recoverable amount unless the asset is carried at revalued amount. Any impairment loss on a revalued asset will be reduced to the extent that the revaluation surplus is not used for the same asset.

ii. Non-cash Generating Assets

ASM will evaluate at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any indication exists, then ASM will make an estimate of the total asset recovery service. The asset's recoverable amount is the highest of its fair value less costs to sell and value in use.

An impairment loss is recognised as a reduction in its surplus or as an expense when the carrying amount of an asset exceeds its recoverable amount.

In determining value in use, ASM has adopted depreciated replacement cost approach. Under this approach, the present value of the asset's remaining balance potential is determined as the cost of replacing the depreciated asset. Depreciation expense will be measured by taking into account the cost of replacement of the asset less accumulated depreciation calculated on that cost to reflect the potential use of the asset that has been used or expired.

2 ACCOUNTING POLICIES (CONT.)

d) Impairment of Non-financial Assets (Cont.)

ii. Non-cash Generating Assets (Cont.)

In determining fair value less costs to sell, the price of an asset in a binding agreement in an arm's length transaction is adjusted to determine the disposal price of the asset. If no binding agreement exists, but the asset is actively traded on the market, the fair value of the cost of the sale is determined by reference to the current market value less the cost of disposal. If there is no binding sale agreement or active market for the asset, ASM determines the fair value less costs to sell based on the best available information.

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or have diminished. If such an indication exists, ASM estimates the amount of asset's recoverable service amount. The previously recognised impairment loss will be reversed only if there has been a change in the assumptions used to determine the amount of the asset's recoverable service since the last impairment loss was recognised. A reversal is limited to the carrying amount of the asset not exceeding the recoverable amount of the service, or the carrying value of the asset net of depreciation and had no impairment loss being recognised for the asset in prior years.

e) Financial Assets

Financial assets are recognised in the financial statements when ASM participates in the contractual provisions of the instrument.

In the initial recognition, financial assets are measured at fair value, including transaction costs for financial assets that are not measured at fair value through profit or loss which are directly attributable to the issuance of financial assets.

Following initial recognition, financial assets will be classified into one of four categories of financial assets, namely financial assets measured at fair value through profit or loss, loans and receivables, held-to-maturity investments and ready-to-sell financial assets.

The purchase or sale of a financial asset that requires the surrender of the asset within the time frame stipulated by the rules or conventions in the market will be recognised on the date the transaction is made, which is the date on which ASM makes a commitment to buy or sell the asset.

ASM has only the following financial asset categories:

i. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in the active market. After the initial measurement, the financial assets are subsequently measured at amortised cost using the effective interest method and less impairment. An amortised cost is calculated using any discount or premium on the purchase of the asset as well as fees or costs that are part of the effective interest rate. Losses arising on impairment are recognised in the profit or loss.

2 ACCOUNTING POLICIES (CONT.)

e) Financial Assets (Cont.)

ii. Held-to-maturity Investments

Non-derivative financial assets with fixed or determinable payments maturity and are classified as held for maturity when ASM has a positive intention and ability to hold to maturity. After initial measurement, the holding to maturity of the investment is measured at amortised cost using the effective interest method and less impairment. The amortisation cost is calculated taking into account any discount or premium on the acquisition and fees or costs that are part of the effective interest rate. Impairment losses are recognised in the financial statements.

iii. Impairment of Financial Assets

At the end of each reporting period, ASM will evaluate whether there is any objective evidence that the financial assets need to be impaired. Objective evidence includes:

- significant financial difficulties by borrowers; or
- payment in arrears; or
- the possibility that the borrower will go bankrupt; or
- data indicating decline in future cash flow estimates.

For a financial asset category that is measured at amortised cost, if no objective evidence exists for a significant individual, then all assets in ASM with similar risk characteristics regardless of whether they are significant, will be evaluated collectively to determine whether it needs to be impaired.

An impairment loss, in respect of a financial asset measured at amortised cost, is measured as the difference between the carrying amount of the asset and its present value of estimated cash flow at the original effective interest rate. The carrying value of the asset is reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, at any time, circumstances that led to the impairment no longer exist, the previously recognised impairment loss will be reversed directly in the allowance account. This reversal is recognised in the profit or loss immediately.

iv. Derecognition of Financial Assets

Financial assets are derecognised when the contractual right to cash flow from the financial assets expires or is settled and ASM transfers significant risks and rewards of ownership of the financial assets to another.

On the derecognition of financial assets as a whole, the difference between the carrying amount and the amount of consideration received is recognised in the surplus or deficit during the period of the derecognition

f) Cash and Cash Equivalents

The cash flow statement was prepared using the indirect method. Cash and cash equivalents consist of cash in hand and cash at banks as well as high-risk investments with licensed banks and financial institutions with 12-month or less maturity that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

2 ACCOUNTING POLICIES (CONT.)

g) Employee Benefits

i. Short Term Employee Benefits

In general, ASM as a Federal Statutory Body is guided by the Public Service Department (JPA)'s employment regulations adopted by ASM and ASM's own policies. The short-term employee benefits provided are basic salaries, fixed allowances, non-fixed allowances, and various leaves including annual leave, medical benefits and insurance.

Short-term employee benefits including salaries, wages, allowances, statutory contributions and employment injury scheme and invalidity scheme are recognised as an expense in the year in which the related services are provided by employees. Unutilised paid leave such as annual leave can be accumulated and carried forward to the next servicing year of the employee. Whereas for leaves that are not able to be carried forward such as sick leave, may only be taken as and when the employee applies.

ii. Post-employment Pension Benefits

Employees' Provident Fund (EPF)

ASM makes EPF contributions according to the rates and conditions set by EPF. The contribution rates used by ASM are 12% and 13% for employees under 60, whereas for employees 60 years and above, the contribution rates are 4% and 6%, respectively. The contribution rate is also applicable to permanent employees who opted for EPF contribution.

Kumpulan Wang Persaraan Diperbadankan (KWAP)

ASM also makes contributions to public services pension fund for permanent staff who opted for pension. The contribution rate is 17.5% as set by KWAP.

iii. Paid Leave and Compensation for Employees

Permanent Employees

ASM permanent employees will receive reimbursement for annual leave (compensated absences / *Gantian Cuti Rehat (GCR)*) upon their retirement whether they chose pension scheme or EPF. This reward is based on the *Jabatan Perkhidmatan Awam (JPA) Service Circular* adopted by ASM.

Reimbursement of annual leave is calculated based on the following formula:

$1/30 \times \text{salary} + \text{allowances received} \times \text{number of leave accumulated}$

(subject to a maximum limit of 160 days).

Allowances includes:

- *Imbuhan Tetap Perumahan (ITP)*
- *Imbuhan Tetap Khidmat Awam (ITKA) / Keraian*

2 ACCOUNTING POLICIES (CONT.)

g) Employee Benefits (Cont.)

iii. Paid Leave and Compensation for Employees (Cont.)

Contract Employees

ASM pays gratuity for each Contract of Service (CoS) according to the terms and conditions of the respective contract. ASM CoS employees are paid in lieu of leave (GCR) up to 6-days within a contract period. Remuneration and GCR payments for contract employees are in accordance with the terms and conditions set out in the civil service circular.

h) Contra of Financial Instrument

Financial assets and financial liabilities are to be contra if, and only if, there is a legal right to offset them and have the purpose of settling them to their net worth or to realize the assets and settle the liabilities simultaneously.

i) Sales and Services Tax (SST)

The Sales and Service Tax (SST) was implemented on 1 September 2018.

j) Budget Information

The annual budget is prepared on a cash basis. As the financial statements are prepared on an accrual basis, a Budget and Actual Comparison Statement is disclosed separately. The statement is prepared using the basis of the annual budget prepared and only refers to the operational budget.

The budget presented is for ASM's reference and was approved by ASM Council.

k) Provisions and Liabilities

Provisions are recognised when ASM has current (legal or constructive) obligations as a result of past events, and it is probable that an outflow of resources containing economic benefits will be required to settle the obligation and that the amount of the obligation can be estimated reliably. When ASM expects some or all of the provision to be repaid, the allocation-related expenses are presented in excess of or deductible from any refund.

l) Related Parties

ASM regards a related party as a person or entity with the ability to exercise control individually or collectively or to exercise significant influence over ASM, or vice versa. ASM Management's key employees, President and members of the ASM Council are considered as related parties.

2 ACCOUNTING POLICIES (CONT.)

m) Contingent Liabilities and Contingent Assets

A contingent liability is an unrecognised current obligation as there is no probable source of outflow to resolve the obligation or in the rare case where the liability cannot be recognised because it cannot be reliably measured. Contingent liabilities are not recognised but are disclosed in the financial statements. Obligations arising from past events, whose existence can only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are not under the control of the entire ASM, also disclosed as contingent liabilities unless the probability of an outflow of economic resources is small.

Contingent assets are assets that may arise from past events whose existence will only be confirmed in the event of the occurrence or the occurrence of one or more uncertain events in the future that are not within the control of ASM. ASM does not recognise contingent assets in the financial statements but discloses their existence where inflows of economic benefits are possible, but not certain.

n) Financial Liabilities

Financial liabilities are recognised in the statement of financial position when ASM is a party to the contractual provisions of the instrument.

In the initial recognition, financial liabilities are measured at fair value, including transaction costs for financial liabilities that are not measured at fair value through profit or loss, which are directly attributable to the issue of financial liabilities.

Following initial recognition, financial liabilities are classified into two categories of financial liabilities, namely financial liabilities measured at fair value through surplus or borrowings, loans and payables.

ASM has the following categories of financial liabilities:

Loans and Repayments

After initial recognition, loans and repayments are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when financial liabilities are derecognised or impaired.

Effective interest rates are a method of calculating the cost of amortising your financial liabilities and to allocate interest expense over the relevant period. The effective interest rate is the discounted rate of estimated future cash payments due to the existence of a financial liability or, where appropriate, the shorter term, with the carrying amount of the financial liability.

A financial liability is recognised when the obligation specified in the contract has been discharged, canceled or expired.

Any discrepancy between the carrying amount of the deferred financial liability and the consideration paid is recognised in the surplus or deficit during the period of the derecognition.

2 ACCOUNTING POLICIES (CONT.)

o) Lease

Leases of property, plant and equipment are classified as finance leases when most of the risks and rewards of ownership of property, but not legal ownership, are transferred to ASM.

ASM initially recognises the right to use and its obligations under finance leases as assets and liabilities in the statement of financial position at an amount equal to the fair value of the leased asset or, if less, the present value of the minimum lease payments, determined at the beginning of the lease. Any initial direct costs are added to the amount recognised as an asset.

Minimum lease payments are divided between finance charges and the reduction of outstanding liabilities using the effective interest method. Monetary charges are allocated periodically throughout the lease term to generate a fixed-term interest rate on the balance of the liability.

The depreciation policy for a leasehold asset is consistent with the asset's depreciable assets. If there is no reasonable assurance that ASM will acquire ownership by the end of the lease term, the leased asset will be fully depreciated over the term of the lease and its useful life. At each reporting date, ASM assesses whether the leasehold assets under finance lease are impaired.

Operating leases are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lender is recognised as a reduction of rent expense over the lease term using the straight-line method.

p) Critical Accounting Considerations and Sources of Estimation Uncertainty

i. Critical Accounting Considerations

There are no critical accounting judgments that have material impact on the amounts recognised in the financial statements.

ii. Sources of Estimation Uncertainty

The key estimates of the future, and other key sources of budget uncertainty as of the reporting date, are significant risks that will result in significant adjustments to the carrying values of assets and liabilities in the next financial year.

Allocation Measurement

Budget Measurement Report (BMR) always uses the best estimates as the basis for measuring such an allocation. The estimates are based on past experience, other indications or assumptions, recent developments and reasonable future events in determining allocation.

Impairment Loss on Accounts Receivable

ASM evaluates at each reporting date whether there is any objective evidence that financial assets are impaired. To determine whether there is objective evidence of impairment, ASM considers factors such as insolvency and default or delay in payment. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on a history of loss experience for assets with similar credit risk characteristics.

2 ACCOUNTING POLICIES (CONT.)

p) Critical Accounting Considerations and Sources of Estimation Uncertainty (Cont.)

ii. Sources of Estimation Uncertainty (Cont.)

Changes in Estimated Life Expectancy for Property, Plant and Equipment

All property, plant and equipment are depreciated on a straight-line basis over the life of the asset. Management estimates the life expectancy of property, plant and equipment over a period of five (5) to sixty (60) years. Changes in the estimation of asset usage patterns and technology development can impact the life and residual value of those assets. This will result in a change of depreciation of the asset in the future.

q) Tax

The income tax expense of a controlled entity recognised in the statement of financial performance comprises current and deferred tax. Current tax is the expected amount of income tax payable in respect of the taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Tax payable on taxable profits for the current and past periods is recognised in the current liability to the extent that it is unpaid. If the amount paid in respect of the current and past periods exceeds the amount due for that period, the excess is recognised in current assets.

Current tax liabilities and assets are offset only when the ASM has a legally valid right to offset the amount and intends to either settle on a net basis, or realise the asset and settle the liability simultaneously.

Deferred tax is provided using the liability method, on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, a deferred tax liability is recognised for all taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences, unutilised tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which it can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill, negative goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, does not affect accounting profit or taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the statement of financial performance, except when it arises from a transaction that is recognised directly in equity, where the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which deferred tax is included in the goodwill and negative goodwill.

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3 CASH AND BANK BALANCE

	2022 RM	2021 RM
Cash in Hand	1,288	4,674
Cash at Bank	<u>2,953,713</u>	<u>4,429,741</u>
	<u>2,955,001</u>	<u>4,434,415</u>

4 FIXED DEPOSIT

	2022 RM	2021 RM
Fixed Deposit	<u>18,237,217</u>	<u>20,560,233</u>
	<u>18,237,217</u>	<u>20,560,233</u>

Fixed deposits are made over a period of 12 months or less depending on ASM's immediate cash requirements and benefit at Short Term Deposit Rates. The Average Effective Interest Rate Weight as at 31 December 2022 is 2.80% per annum (2021: 2.00% per annum).

5 ACCOUNT RECEIVABLES

	2022 RM	2021 RM
Receivables	<u>1,260</u>	<u>15,685</u>
	<u>1,260</u>	<u>15,685</u>

Accounts Receivable are interest-free and generally range from one to 30 days. Accounts Receivable are recognised at Fair Value at the time of initial recognition. The amount expected to be recovered within 12 months will be recognised on the original invoice amount. Otherwise, it will be recognised on the Current Value of the original invoice amount.

Analysis of account receivable aging is as follows:

	2022 RM	2021 RM
Does not exceed duration and is not affected	-	-
1 to 3 months	-	15,685
3 to 12 months	1,260	-
More than 12 months	-	-
	<u>1,260</u>	<u>15,685</u>

6 OTHER RECEIVABLES

	2022 RM	2021 RM <i>As Restated</i>
Prepayment	385,981	161,548
Prepaid Tax	19,812	-
Accrued Interest	<u>121,194</u>	<u>51,950</u>
	<u>526,987</u>	<u>213,498</u>

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7 PROPERTY, PLANT AND EQUIPMENT

	As at 01 January 2022 RM	Additions RM	Disposal/ Classification RM	As at 31 December 2022 RM
COST				
Building	2,170,000	-	-	2,170,000
Motor Vehicle	722,148	-	(59,569)	662,579
Office Equipment	1,034,093	24,717	(132,016)	926,794
Computer	582,072	55,996	(78,151)	559,917
Office Renovation - Jalan Tun Ismail	4,703,295	-	(57,373)	4,645,922
Office Renovation - Matrade	539,016	-	-	539,016
	<u>9,750,624</u>	<u>80,713</u>	<u>(327,109)</u>	<u>9,504,228</u>

	As at 01 January 2022 RM	Additions RM	Disposal/ Classification RM	As at 31 December 2022 RM
ACCUMULATED DEPRECIATION				
Building	361,666	36,168	-	397,834
Motor Vehicle	481,225	49,000	(59,567)	470,658
Office Equipment	805,831	56,798	(131,899)	730,730
Computer	350,849	79,429	(78,122)	352,156
Office Renovation - Jalan Tun Ismail	3,782,200	109,361	(57,365)	3,834,196
Office Renovation - Matrade	29,945	179,672	-	209,617
	<u>5,811,716</u>	<u>510,428</u>	<u>(326,953)</u>	<u>5,995,191</u>

	As at 31 December 2022 RM
NET CARRYING AMOUNT	
Building	1,772,166
Motor Vehicle	191,921
Office Equipment	196,064
Computer	207,761
Office Renovation - Jalan Tun Ismail	811,726
Office Renovation - Matrade	329,399
	<u>3,509,037</u>

7 PROPERTY, PLANT AND EQUIPMENT (CONT.)

	As at 01 January 2021 RM	Additions RM <i>As Restated</i>	Disposal/ Classification RM	As at 31 December 2021 RM <i>As Restated</i>
COST				
Building	2,170,000	-	-	2,170,000
Motor Vehicle	477,148	245,000	-	722,148
Office Equipment	873,976	160,117	-	1,034,093
Computer	582,292	2,500	(2,720)	582,072
Office Renovation - Jalan Tun Ismail	3,851,640	851,655	-	4,703,295
Office Renovation - Matrade	-	539,016	-	539,016
	<u>7,955,056</u>	<u>1,798,288</u>	<u>(2,720)</u>	<u>9,750,624</u>

	As at 01 January 2021 RM	Additions RM <i>As Restated</i>	Disposal/ Classification RM	As at 31 December 2021 RM <i>As Restated</i>
ACCUMULATED DEPRECIATION				
Building	325,500	36,166	-	361,666
Motor Vehicle	477,142	4,083	-	481,225
Office Equipment	775,739	30,092	-	805,831
Computer	275,910	77,658	(2,719)	350,849
Office Renovation - Jalan Tun Ismail	3,710,754	71,446	-	3,782,200
Office Renovation - Matrade	-	29,945	-	29,945
	<u>5,565,045</u>	<u>249,390</u>	<u>(2,719)</u>	<u>5,811,716</u>

	As at 31 December 2021 RM <i>As Restated</i>
NET CARRYING AMOUNT	
Building	1,808,334
Motor Vehicle	240,923
Office Equipment	228,262
Computer	231,223
Office Renovation - Jalan Tun Ismail	921,095
Office Renovation - Matrade	509,071
	<u>3,938,908</u>

8 WORK IN PROGRESS

	2022 RM	2021 RM <i>As Restated</i>
Balance as at 01 Januari	81,565	408,031
Additional	286,052	299,989
Transfer to Property, Plant and Equipment	-	(98,240)
Transfer to Services and Supplies	-	(528,215)
Reversal	(81,565)	-
Balance as at 31 December	<u>286,052</u>	<u>81,565</u>

The breakdown of Work in Progress are as follows:

	2022 RM	2021 RM <i>As Restated</i>
Office Equipment	149,290	81,565
Computer	95,748	-
Office Renovation - Jalan Tun Ismail	41,014	-
	<u>286,052</u>	<u>81,565</u>

9 ACCOUNT PAYABLES

	2022 RM	2021 RM <i>As Restated</i>
Payables – Accruals	1,565,766	629,949
Payables – Others	-	2,300
Deposit Received	20,000	20,000
	<u>1,585,766</u>	<u>652,249</u>

10 EMPLOYEE BENEFITS

	2022 RM	2021 RM
Balance as at 01 Januari	300,082	268,381
Add : Employee Benefit for the Year	307,680	303,139
Deduct : Employee Benefit Paid During the Year	(325,892)	(271,438)
Balance as at 31 December	<u>281,870</u>	<u>300,082</u>

	2022 RM	2021 RM
Current Liability	230,138	262,852
Non-current Liability	51,732	37,230
	<u>281,870</u>	<u>300,082</u>

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11 DEFERRED INCOME

	2022 RM	2021 RM
Balance at 01 January	1,162,423	1,258,404
Income	40,000	268,142
Adjustment Surplus From Project	(1,674)	(479)
Funding Refund	(249,285)	(1,370)
Amortisation to Financial Statements		
Expenses	<u>(135,268)</u>	<u>(362,274)</u>
Balance as at 31 December	<u>816,196</u>	<u>1,162,423</u>

The breakdown of deferred income are as follows:

	2022 RM	2021 RM
ISC ROAP	776,196	1,162,423
ArtScience Initiative	40,000	-
	<u>816,196</u>	<u>1,162,423</u>

Deferred income are allocations received from a non-Malaysian Government entity which includes international grants or grants from corporate or organisations. ASM is bound by the terms of reference and duration of the program as outlined in the agreement or letter of appointment.

12 DEFERRED GRANT

	2022 RM	2021 RM
Balance as at 01 January	15,465,204	11,218,098
Income	1,861,195	9,885,250
Returns of Allocation	(2,988,892)	(29,838)
Program Management Charges	(271,911)	(797,814)
Adjustments	31,755	(752,008)
Amortisation to the Financial Statements		
Expenses	<u>(4,049,071)</u>	<u>(4,058,484)</u>
Balance as at 31 December	<u>10,048,280</u>	<u>15,465,204</u>

Deferred grants are provisions received from the Malaysian Government for a specific purpose. ASM is bound by the terms of reference and duration of the program as outlined in the agreement or letter of appointment.

Deferred grants are analysed as follows:

	2022 RM	2021 RM
Non-current Liability	<u>10,048,280</u>	<u>15,465,204</u>

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12 DEFERRED GRANT (CONT.)

The breakdown of the deferred grant allocation are as follows:

	2022 RM	2021 RM
ASM		
Newton Ungku Omar Fund (NUOF)	-	2,957,136
Malaysian Collaborative Network Platform for Disruptive Innovation (i-CONNECT)	3,469,063	3,901,375
Strategic Research Fund (SRF-APP) – Hatal Supply Chain & Fintech in Islamic Finance	2,268,487	1,151,319
Malaysia Open Science Platform (MOSP)	915,420	2,729,011
Water Sector Transformation 2040 (WST 2040)	2,012,744	3,745,854
Review and Update Study on Environmental Quality Act	852,104	852,104
MOE Study	128,405	128,405
Non-Radioactive Rare Earths Industry (NRREE)	223,309	-
Development of RDCIE Roadmap	178,748	-
	<u>10,048,280</u>	<u>15,465,204</u>

13 DEFERRED GRANT – INTERNATIONAL OFFICE

	2022 RM	2021 RM
Balance as at 01 January	6,138	1,109,842
Income	-	1,917,439
Transfer to Deferred Grant	-	(1,188,264)
Program Management Charges	-	(160,000)
Adjustment Surplus From Project	(6,138)	479
Amortisation to the Financial Statements		
Expenses	-	(1,673,358)
Balance as at 31 December	<u>-</u>	<u>6,138</u>

Deferred grants are analysed as follows:

	2022 RM	2021 RM
Non-current Liability	-	6,138
	<u>-</u>	<u>6,138</u>

International Science Council Regional Office for Asia and the Pacific (ISC ROAP)

	2022 RM	2021 RM
Balance as at 01 January	446	818,318
Income	-	750,000
Transfer to Deferred Grant	-	(574,609)
Program Management Charges	-	(80,000)
Adjustment Surplus From Project	(446)	479
Amortisation to the Financial Statements		
Expenses	-	(913,742)
Balance as at 31 December	<u>-</u>	<u>446</u>

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13 DEFERRED GRANT – INTERNATIONAL OFFICE (CONT.)

The International Science Council (ISC) works at the global level to catalyse and convene scientific expertise, advice and influence on issues of major concern to both science and society. The ISC was launched in 2018 following a merger of the International Council for Science (ICSU), which was created in 1931, and the International Social Science Council (ISSC), created in 1952.

ISC ROAP (formerly known as ICSU ROAP) is hosted by Malaysian Government since 19 September 2006. The hosting of the Regional Office is based on five (5) year agreement between Malaysian Government and ISC (formerly known as ICSU). The operational cost is funded by Malaysian Government while programme funded by ISC. The third term-expired on 18 September 2021.

International Science, Technology and Innovation Centre (ISTIC)

	2022 RM	2021 RM
Balance as at 01 January	5,692	291,524
Income	-	1,167,439
Transfer to Deferred Grant	-	(613,655)
Program Management Charges	-	(80,000)
Adjustment Surplus From Project	(5,692)	-
Amortisation to Financial Statements		
Expenses	-	(759,616)
Balance as at 31 December	<u>-</u>	<u>5,692</u>

ISTIC is UNESCO Category II Centre hosted by the Malaysian Government since 26 March 2009. The Malaysian Government and UNESCO has agreed to renew the agreement to host ISTIC for another six (6) years which will end in 2027. In relation to this, ASM as the hosting entity of ISTIC has also signed a separate agreement with UNESCO. The operational cost and programmes of ISTIC is funded by Malaysian Government through ASM operating grant.

ISTIC aims to contribute toward the objectives of UNESCO's strategic programme in particular promoting the interface between science, society and ethical inclusive policies for sustainable development and strengthening STI policies and engagement with society; capacity building in science and technology through providing policy advice and exchange of experience and best practices; foster cooperation among governments, academia and industry in order to facilitate the transfer of knowledge between the public and private sectors; conduct research and make available knowledge, including through open science and potential new technologies; and develop networks and collaborative research and development (R&D) and training programmes at regional and international levels as well as facilitate the exchange and dissemination of information.

14 DEFERRED DEVELOPMENT GRANT

	2022 RM	2021 RM
Income	950,000	-
Amortisation to the Financial Statements		
Expenses	(901,977)	-
Balance as at 31 December	<u>48,023</u>	<u>-</u>

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14 DEFERRED DEVELOPMENT GRANT (CONT.)

Deferred development grants are analysed as follows:

	2022 RM	2021 RM
Non-current Liability	48,023	-
	<u>48,023</u>	<u>-</u>

The breakdown of the deferred grant allocation are as follows:

	2022 RM	2021 RM
Digitalisation and Internet of Things (IoT) Programme for Biodiversity	48,023	-
	<u>48,023</u>	<u>-</u>

Development Grant is an allocation for studies or projects under the five-year Malaysian Plan (MP) approved by the Economic Planning Unit (EPU) of Prime Minister's Department, MOSTI and the Ministry of Finance (MOF).

The pilot project on Precision Biodiversity (PBD), namely Digitalisation and Internet of Things (IoT) Programme for Biodiversity is one of the niche areas listed to be implemented under the 12th Malaysia Plan and National Science, Technology and Innovation Policy 2021-2030. The pilot project will utilise the 10-10 MySTIE Framework to enable all players to work collaboratively and help Malaysia move up the global innovation value chain.

The objectives of the project is to develop and provide a comprehensive system and facilities for the precise management of biodiversity and its ecosystems through digitalisation and IoT. The project will end on 31 December 2025.

15 NON-EXCHANGEABLE TRANSACTIONS

	2022 RM	2021 RM
Operating Grant	13,500,000	10,125,000
Additional Grant	-	610,000
	<u>13,500,000</u>	<u>10,735,000</u>
Program Grant	135,000	408,683
Amortisation of Deferred Income	135,268	362,274
Amortisation of Deferred Grant	4,049,071	4,058,484
Amortisation of Deferred Grant		
– International Office	-	1,673,358
Amortisation of Deferred Development Grant	901,977	-
Other Income:		
Office Rental Charges	80,000	80,000
Refund from program	113,561	3,875
Donation	-	13,750
Refund from Insolvency	-	101,591

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15 NON-EXCHANGEABLE TRANSACTIONS (CONT.)

	2022 RM	2021 RM
Reversal of 2021 Expenses	8,591	-
Surplus from Project	6,138	-
	<u>18,929,606</u>	<u>17,437,015</u>

16 EXCHANGEABLE TRANSACTIONS

	2022 RM	2021 RM
		<i>As Restated</i>
Program Management Charges	271,911	957,814
Current Account Interest	4,337	2,131
Fixed Deposit Interest	498,897	434,717
Other Income	68,887	126,146
	<u>844,032</u>	<u>1,520,808</u>

17 SALARIES AND WAGES

	2022 RM	2021 RM
Permanent staff:		
Salaries and Wages	623,041	533,160
Fixed Allowance	171,504	154,331
Statutory Contribution to Employees	44,924	41,702
Overtime Allowance	5,420	1,431
Other Employee Benefits	11,310	8,070
	<u>856,199</u>	<u>738,694</u>

ASM's permanent employees are civil servants appointed to fill the PSD's employment warrant. Payment of salaries, wages and fixed costs are in accordance with Service Circular No. 1/2016.

18 SERVICES AND SUPPLIES

	2022 RM	2021 RM
		<i>As Restated</i>
Administrative Cost	1,545,789	1,001,331
Emoluments for Contract Employees	5,828,926	4,910,257
Science Communication	359,872	250,062
Membership Affairs	596,960	347,700
	<u>8,331,547</u>	<u>6,509,350</u>

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18 SERVICES AND SUPPLIES (CONT.)

Services and Supplies are ASM's operating expenses which are mainly administrative expenses that include expenditure for facility management, information technology, finance and accounts, management of data and analysis as well as ASM committees and governing bodies. In addition, salaries and wages for ASM contract employees are designated in accordance with Service Circular No. 2/2008. Payment of wages, wages and fixed costs are in accordance with Service Circular No. 1/2016.

19 SCIENCE PROGRAMME EXPENSES

	2022 RM	2021 RM
Collaborative Networking Activities and Science Excellence		
Science Outlook	-	93,043
National Planetary Health Action Plan (NPHAP)	28,877	-
Malaysia Science Endowment (MSE)	14,022	-
Special Interest Groups (SIG)	47,259	22,717
STI Policy and Advisory Committee - STIPAC	119,309	36,242
STI Initiative and Partnership	720,928	866,858
International Affairs	615,016	17,608
Science Communication	5,175	5,000
	<u>1,550,586</u>	<u>1,041,468</u>
Deferred Grant Expenditure		
Newton Ungku Omar Fund (NUOF)	-	(142,741)
Malaysian Collaborative Network (i-Connect)	362,702	1,019,864
Strategic Research Fund (SRF-APP) - Halal Supply Chain & Fintech in Islamic Finance	49,096	-
Malaysia Open Science Platform (MOSP)	1,693,432	364,692
Roadmap for Water Sector Transformation 2040	1,733,110	2,551,962
Review and Update Study on Environmental Quality Act	-	257,857
Review of National Nanotechnology Policy and Strategy	-	6,850
Non-Radioactive Rare Earths Industry (NRREE)	89,478	-
RDCIE Roadmap for Malaysia	121,253	-
	<u>4,049,071</u>	<u>4,058,484</u>
Deferred Grant Expenditure – International Office		
International Science Council Regional Office for Asia and the Pacific (ISC ROAP)	-	913,742
International Science, Technology and Innovation Centre (ISTIC)	-	759,616
	<u>-</u>	<u>1,673,358</u>
Deferred Development Grant Expenditure		
Digitalisation and Internet of Things (IoT) Programme for Biodiversity	901,977	-
	<u>901,977</u>	<u>-</u>

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19 SCIENCE PROGRAMME EXPENSES (CONT.)

	2022 RM	2021 RM
Deferred Income Expenditure		
ISC ROAP	135,268	289,481
ASEAN Young Scientists Network	-	70,287
TWAS-ASM Regional Workshop	-	2,506
	<u>135,268</u>	<u>362,274</u>
	<u>6,636,902</u>	<u>7,135,584</u>

The activities carried out by ASM are listed as Science Programs. This includes the core activities of ASM as well as activities implemented by ASM on behalf of the Government and collaboration program with other organisations at the national and international level through grants/ allocations received.

The Science Programme Expenditures are activities undertaken to fulfill the 14 functions of ASM as stipulated in the Academy of Sciences Malaysia Act 1994. These activities are based on current strategies and directions set by the ASM Council. Meanwhile, Deferred Grant Expenditures are activities carried out by fulfilling the terms of reference of the programme as outlined in the agreement or letter of appointment.

20 CONTRIBUTION AND FIXED CHARGES

	2022 RM	2021 RM
<i>Kelab Sukan dan Kebajikan Kakitangan (KSKK)</i>	25,000	25,000
Pension	76,820	61,695
Donation/International Subscriptions	31,246	38,080
	<u>133,066</u>	<u>124,775</u>

21 EMPLOYEE BENEFITS

	2022 RM	2021 RM
Permanent Employee Replacement Leave	14,502	7,459
Contract Employee Replacement Leave	32,928	39,492
Contract Employee Gratuity	260,250	256,188
	<u>307,680</u>	<u>303,139</u>

22 OTHER EXPENSES

	2022 RM	2021 RM
		<i>As Restated</i>
Fees, Insurance, Taxes, and Stamp Duty	49,239	41,527
Reversal of Accrued Interest	51,950	76,364
Loss of Disposal of Property Plant and Equipment	125	-
	<u>101,314</u>	<u>117,891</u>

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23 RENTAL

	2022 RM	2021 RM
Office Rental	1,455,763	1,469,678
Store Rental	18,289	17,839
Office Equipment Rental	64,240	57,145
Electronic Equipment Rental	5,433	4,248
Parking Rental	33,591	6,080
	<u>1,577,316</u>	<u>1,554,990</u>

24 TAXATION

	2022 RM	2021 RM <i>As Restated</i>
Tax Liability:		
Tax Liability as at 01 January	112,662	-
Tax	129,313	112,662
Tax Paid	(261,787)	-
(Overpaid)/Tax Due as at 31 December	<u>(19,812)</u>	<u>112,662</u>
Taxation:		
Current Year Tax	129,259	112,662
Under Provision of Previous Year's Tax	54	-
Tax	<u>129,313</u>	<u>112,662</u>

ASM is eligible for income tax exemption under the Income Tax (Exemption) (No.22) Order 2006.

25 HUMAN RESOURCE

ASM Management consist of permanent and contract employees. The total number of ASM employees as at 31 December 2022 was 89 (2021: 92). Below is the details:

	2022 RM	2021 RM
Permanent Employees:		
Top Management Group	1	1
Management and Professional Group	2	2
Support Group	6	6
Contract of Services (CoS) Employees:		
Management and Professional Group	58	61
Support Group	22	22
Total Staff		
Top Management Group	1	1
Management and Professional Group	60	63
Support Group	28	28
	<u>89</u>	<u>92</u>

26 TOP MANAGEMENT

The ASM leadership is led by the ASM Council chaired by the President. The ASM Council determines the direction of ASM and sets ASM policies. All decisions of the ASM Council are carried out by the ASM Management headed by the Chief Executive Officer (CEO).

	2022 RM	2021 RM
Member of Council:		
Total Allowance	46,250	44,000
Member of the Finance Committee:		
Total Allowance	24,000	13,450
Member of Executive Committee:		
Total Allowance	10,750	4,050
Member of STI Policy Advisory Committee:		
Total Allowance	62,750	26,500
Key Management Personnel:		
Short Term Benefits	257,222	246,576
	<u>400,972</u>	<u>334,576</u>

Council is the highest body established under Academy of Sciences Malaysia Act 1994 to carry out functions of ASM as well as manage and oversee the affairs of the Academy. Council members comprises of 16 members elected from among Fellows at the ASM Annual General Meeting, except for President who is appointed by the SPB Yang Di-Pertuan Agong. ASM Council chaired by President comprise of Vice-President, Secretary-General, Honorary Treasurer and 12 Ordinary Council members. Council convenes four (4) to five (5) times a year to decides on the way forward and implementation of ASM activities.

ASM Finance Committee is responsible to oversee the planning, implementation and monitoring of ASM activities, procedures, system and reporting related to finance. The Committee is chaired by Honorary Treasurer assisted by eight (8) members. Short term benefit is paid to the key management personnel.

Executive Committee (EXCO) is established to assist Council to oversee the management and day-to-day operations and affairs of the Academy. EXCO comprises of President, Vice-President, Secretary-General and Honorary Treasurer. EXCO meets on behalf Council to deliberate on urgent matters and provide input and decision to ASM Management.

The STI Policy Advisory Committee (STIPAC) functions as an oversight committee that provides strategic direction and inputs on all ASM studies as well as national policy and strategy matters related to STI to forge evidence-based, informed decision making. The Committee plays an important role to ensure ASM that provides the best scientific advice and advocacy that is independent, credible, relevant and timely in the interest of the nation and society. STIPAC is chaired by ASM President assisted by 22 members.

Key Management Personnel is the Chief Executive Officer (CEO) of ASM acting as the Controlling Officer and has the authority and responsibility to plan, direct, implement and control ASM's activities. The CEO reports on the performance and status of all activities to the ASM Council.

27 FINANCIAL RISK MANAGEMENT

i. Financial Management Risk Objectives and Policies

ASM's financial risk management policy aims to ensure that there are sufficient financial resources for business development, managing credit risk, foreign exchange, and liquidity. ASM operates under clearly defined guidelines approved by ASM and ASM's policy is not to involve ASM in speculative transactions.

ii. Credit Risk

Credit risk or third-party risk of failure to pay is governed by the application of credit approval procedures, limits and strict supervision. Credit risk is minimised and closely monitored by limiting ASM's cooperation with high-credit business partners. Receivables are monitored continuously through ASM management reporting procedures.

For cash and bank balances, fixed deposits and short-term deposits, ASM reduces credit risk by dealing exclusively with high credit rating financial institutions.

iii. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of ASM financial instruments will fluctuate due to changes in the interest rate market.

iv. Liquidity Risk

Liquidity and cash flow risk is the risk that ASM will face difficulties in meeting its financial obligations due to lack of funds. ASM's exposure to liquidity risks arises from differences in the maturity of financial assets and financial liabilities. The table below shows the maturity profile of ASM's liability at the date of the report based on repayment obligations without contract discounts.

ASM manages liquidity and cash flow risks by ensuring sufficient cash and providing sufficient funds to meet its commitments from operating expenses and financial liabilities.

	Less Than 1 Year RM	More Than 1 Year RM	Total
On 31 December 2022			
Accounts Payable	-	-	-
On 31 December 2021			
Accounts Payable	-	-	-

v. Fair Value

Cash and cash equivalents, receivables and payables equal their fair value due to their short maturity.

28 NOTES FOR STATEMENT OF COMPARISON FOR BUDGET AND ACTUAL

ASM Budget was approved and presented on a cash basis for the financial year 1 January 2022 to 31 December 2022. The original budget was approved by the Ministry of Science, Technology, dan Innovation (known as MOSTI) by letter MOSTI.400-2/1/4 JLD.5(28) dated 5 January 2022.

29 PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURE

Prior year adjustments were recognised on Property, Plant and Equipment, Work in Progress, Other Receivables, Account Payables, Deferred Grants and Tax. The impact on the financial statements are as follows:

Statement of Financial Position as at 31 December 2021

	As Previously Stated RM	Adjustment RM	Restated RM
ASSETS			
Current Assets			
Other Receivables	213,715	(218)	213,497
Non-current Assets			
Property, Plant and Equipment	2,600,422	1,338,486	3,938,908
Work in Progress	67,050	14,515	81,565
LIABILITIES			
Current Liabilities			
Account Payables	650,288	1,961	652,249
Provision for Tax	514,327	(401,665)	112,662
	4,045,802	953,079	4,998,881

Statement of Financial Performance for the year ended 31 December 2021

	As Previously Stated RM	Adjustment RM	Restated RM
INCOME			
Exchangeable Transactions	1,521,026	(218)	1,520,808
EXPENSES			
Services and Supplies	7,926,275	(1,416,925)	6,509,350
Other Expenses	126,186	(8,295)	117,891
Depreciation of Property, Plant and Equipment	175,211	74,179	249,390
Tax	133,994	(21,332)	112,662
	9,882,692	(1,372,591)	8,510,101