MALAYSIAN ASSOCIATION OF ASSET MANAGERS (PERSATUAN PENGURUS ASET MALAYSIA)

Registration No: PPM-001-10-11061996 [2536/96 (W.P.)]

FINANCIAL REPORT

for the financial year ended 31 December 2019

MALAYSIAN ASSOCIATION OF ASSET MANAGERS
(PERSATUAN PENGURUS ASET MALAYSIA)
Registration No: PPM-001-10-11061996 [2536/96 (W.P.)]

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MALAYSIAN ASSOCIATION OF ASSET MANAGERS
(PERSATUAN PENGURUS ASET MALAYSIA)
Registration No: PPM-001-10-11061996 [2536/96 (W.P.)]

We, Raymond Tang Chee Kin and Angelia Chin Tsun Ping, being the Chairman and Treasurer of Malaysian Association of Asset Managers (Persatuan Pengurus Aset Malaysia), state that, in the opinion of the committee, the financial statements set out on pages 5 to 24 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Societies Act 1966 in Malaysia so as to give a true and fair view of the financial position of the Association as of 31 December 2019 and of its financial performance and cash flows for the financial year ended on that date.

ON BEHALF OF THE COMMITTEE

Raymond Tang Chee Kin

Angelia Chin Tsun Ping

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIAN ASSOCIATION OF ASSET MANAGERS (PERSATUAN PENGURUS ASET MALAYSIA)
Registration No: PPM-001-10-11061996 [2536/96 (W.P.)]

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Malaysian Association of Asset Managers (Persatuan Pengurus Aset Malaysia), which comprise the statement of financial position as at 31 December 2019, the statement of profit and loss and other comprehensive income, statement of changes in fund, statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 24.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 31 December 2019, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Societies Act 1966 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Association in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Committee for the Financial Statements

The committee of the Association is responsible for the preparation of the financial statements of the Association that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Societies Act 1966 in Malaysia. The committee is also responsible for such internal control as the committee determine is necessary to enable the preparation of financial statements of the Association that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Association, the committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIAN ASSOCIATION OF ASSET MANAGERS (PERSATUAN PENGURUS ASET MALAYSIA) (CONT'D)
Registration No: PPM-001-10-11061996 [2536/96 (W.P.)]

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Association as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing 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 a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Association, 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 our 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.

- 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 Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.

- Conclude on the appropriateness of the committee'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Association or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Association, including the disclosures, and whether the financial statements of the Association represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIAN ASSOCIATION OF ASSET MANAGERS (PERSATUAN PENGURUS ASET MALAYSIA) (CONT'D)
Registration No: PPM-001-10-11061996 [2536/96 (W.P.)]

OTHER MATTERS

This report is made solely to the members of the Association, as a body, in accordance with Section 26 of the Societies Act 1966 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT	**Choong Kok Keong**
201906000005 (LLP0018817-LCA) & AF 1018	03461/11/2021 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur

MALAYSIAN ASSOCIATION OF ASSET MANAGERS
(PERSATUAN PENGURUS ASET MALAYSIA)
Registration No: PPM-001-10-11061996 [2536/96 (W.P.)]

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

	NOTE	2019 RM	2018 RM
ASSETS			
CURRENT ASSETS			
Deposits and prepayment		1,537	1,537
Fixed deposits with a licensed bank	5	360,000	270,000
Cash and bank balances		255,374	164,670
		616,911	436,207
TOTAL ASSETS		616,911	436,207
ACCUMULATED FUND AND LIABILITY			
ACCUMULATED FUND			
Membership fund	6	380,000	370,000
Surplus of income over expenditure		148,654	1,624
TOTAL ACCUMULATED FUND		528,654	371,624
CURRENT LIABILITIES			
Payables and accruals		87,343	64,583
Current tax liabilities		914	-
TOTAL LIABILITY		88,257	64,583
TOTAL ACCUMULATED FUND AND LIABILITY		616,911	436,207

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	**2019** RM	**2018** RM
INCOME	7	388,054	221,277
ADMINISTRATIVE EXPENSES		(240,060)	(202,521)
SURPLUS BEFORE TAXATION	8	147,994	18,756
INCOME TAX EXPENSE	9	(964)	-
SURPLUS AFTER TAXATION		147,030	18,756
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		147,030	18,756

STATEMENT OF CHANGES IN FUND
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Membership fund RM	(Deficit)/Surplus of income over expenditure RM	Total RM
Balance as at 1.1.2018	370,000	(17,132)	352,868
Surplus after taxation/Total comprehensive income for the financial year	-	18,756	18,756
Balance as at 31.12.2018/1.1.2019	370,000	1,624	371,624
Additions of membership fund	10,000	-	10,000
Surplus after taxation/Total comprehensive income for the financial year	-	147,030	147,030
Balance as at 31.12.2019	380,000	148,654	528,654

MALAYSIAN ASSOCIATION OF ASSET MANAGERS
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM	2018 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES			
Surplus before taxation		147,994	18,756
Adjustment for:-			
Interest income		(8,891)	(10,049)
Operating profit before working capital changes		139,103	8,707
Decrease in deposit and prepayment		-	1,230
Increase/(Decrease) in other payable and accrual		22,760	(48,365)
CASH FLOWS FROM/(FOR) OPERATIONS		161,863	(38,428)
Tax paid		(50)	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES		161,813	(38,428)
NET CASH (FOR)/FROM INVESTING ACTIVITIES			
Placement of fixed deposits with tenure more than 3 months		(90,000)	(10,000)
Interest received		8,891	10,049
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(81,109)	49
NET CASH FROM FINANCING ACTIVITY			
Increase in membership funds		10,000	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		90,704	(38,379)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		164,670	203,049
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	10	255,374	164,670

1. GENERAL INFORMATION

The Association was formed under the Societies Act 1966 in Malaysia and domiciled in Malaysia. The registered office, which is also the principal place of operations, is at 12th Floor, Menara Symphony, No. 5 Jln Semangat (Jln Prof Khoo Kay Kim), Seksyen 13, Petaling Jaya, 46200 Selangor.

2. OBJECTIVES

The objectives of the Association are:-

(a) to build public trust and confidence in firms and individuals by focusing on the sound and trustworthy principles, practices, and conduct of the Asset Management industry;

(b) to provide authoritative expertise and industry views on the Asset Management industry to governments, market participants, media and the general public;

(c) to fill a prominent and constructive role in the development of a coherent regulatory framework for the Asset Management industry;

(d) to lead the industry in the formulation and adoption of market solutions, standards and practices for the Asset Management industry;

(e) to provide a forum for firms and individuals to meet, discuss, resolve, evaluate, canvass, comment upon and generally to deal with any issue pertaining to the Asset Management industry;

(f) to conduct and hold meetings, conferences, seminars, researches, talks, courses, workshops, examinations, lectures and academic programmes pertaining to the theory and practice of Asset Management and to prescribe and receive fees for such events;

(g) to engage with rules makers, regulators, standard setters and professional organisations to further the matters, issues and questions affecting the Asset Management industry; and

(h) to sponsor, assist in, and encourage the adoption of codes of ethical conduct as well as standards of practice in Asset Management.

3. BASIS OF PREPARATION

The financial statements of the Association are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Societies Act 1966 in Malaysia.

3. BASIS OF PREPARATION (CONT'D)

3.1 During the current financial year, the Association has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Association financial statements.

3.2 The Association has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Association upon its initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Association's accounting policies, the management is not aware of any judgements that have significant effects on the amounts recognised in the financial statements.

There are also no assumptions concerning the future and other key sources of estimation of uncertainties at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements of the Association are presented in the currency of the primary economic environment in which the Association operates.

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Association's functional and presentation currency.

4.3 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when the Association has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Association has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at their amortised or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont;d)

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Association reclassifies debt instruments when and only when its business model for managing those assets change.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(c) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Membership Fund

Membership fund are classified as accumulated fund.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 IMPAIRMENT OF FINANCIAL ASSETS

The Association recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Association in accordance with the contract and all the cash flows that the Association expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Association always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Association's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Association recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Association measures the loss allowance for that financial instrument at an amount equal to 12‑month expected credit losses.

The Association recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

4.5 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 INCOME TAXES (CONT'D)

(b) Deferred Tax

Deferred tax is recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4.7 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Association.

(b) Defined Contribution Plans

The Association's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Association has no further liability in respect of the defined contribution plans.

4.8 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 INCOME

(a) Subscriptions

Subscriptions are accounted on an accrual basis.

(b) Sponsorship income

Sponsorship income is recognised on an accrual basis when it is probable that the economic benefits will flow to the Association and the amount of the sponsorship can be measured reliably.

(c) Educational Programme Delivery

Educational Programme Delivery is recognised on an accrual basis when services are rendered.

(d) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

5. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits with a licensed bank of the Association at the end of reporting period bore effective interest rates ranging from 3.05% to 3.90% (2018 – 3.30% to 4.15%) per annum. The fixed deposits have maturity periods ranging from 3 to 12 (2018 – 6 to 12) months.

6. MEMBERSHIP FUND

	2019 RM	**2018** RM
At 1 January	370,000	370,000
Additions during the financial year	10,000	-
At 31 December	380,000	370,000

7. INCOME

	2019 RM	**2018** RM
Annual subscriptions	182,000	191,250
Sponsorship	84,000	6,548
Educational Programme Delivery	113,163	13,430
Interest Income	8,891	10,049
	388,054	221,277

8. SURPLUS BEFORE TAXATION

	2019 RM	**2018** RM
Surplus before taxation is arrived at after charging:		
Auditors' remuneration:		
- current financial year	2,500	2,500
- underprovision in previous financial year	-	200
Staff costs:		
- salaries and other benefits	125,200	142,800
- defined contribution plan	16,657	19,086

9. INCOME TAX EXPENSE

	2019 RM	2018 RM
Current tax expense	914	-
Underprovision in the previous financial year	50	-
	964	-

A reconciliation of income tax expense applicable to the surplus before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Association is as follows:-

	2019 RM	2018 RM
Surplus before taxation	147,994	18,756
Tax at statutory tax rate of 24% (2018 – 24%)	35,519	4,501
Tax effects of:-		
Non-deductible expenses	6,517	772
Tax-exempt income	(38,158)	(4,778)
Utilisation of deferred tax asset previously not recognised	(2,964)	(495)
Under provision of income tax in the previous financial year	50	-
	964	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - 24%) of the estimated assessable profit for the financial year.

No deferred tax asset is recognised for the following item (as gross):

	2019 RM	2018 RM
Unutilised tax losses	-	12,351

10. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:-

	2019 RM	2018 RM
Fixed deposits with a licensed bank	360,000	270,000
Cash and bank balances	255,374	164,670
	615,374	434,670
Less: Fixed deposits with tenure more than 3 months	(360,000)	(270,000)
	255,374	164,670

11. FINANCIAL INSTRUMENTS

The Association's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Association's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Association's financial performance.

11.1 FINANCIAL RISK MANAGEMENT POLICIES

The Association's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Association does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Association's fixed deposits with a licensed bank are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(iii) Equity Price Risk

The Association does not have any quoted investments and hence is not exposed to equity price risk.

11. FINANCIAL INSTRUMENTS (CONT'D)

11.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Association's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The Association manages its exposure to credit risk by monitoring procedures on an ongoing basis. For other financial assets, the Association minimises credit risk by dealing exclusively in high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Association does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Assessment of Impairment Losses

At each reporting date, the Association assesses whether any of financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

Fixed Deposits with a Licensed Bank, Cash and Bank Balances.

The Association considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Association is of the view that loss allowance is immaterial and hence, it is not provided for.

11. FINANCIAL INSTRUMENTS (CONT'D)

11.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Association practises prudent risk management by maintaining sufficient cash balances.

Maturity Analysis

The following table sets out the maturity profile of the financial liability as at the end of the reporting period based on contractual undiscounted cash flows:-

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2019					
Non-derivative Financial Liability					
Payables and accruals	87,343	87,343	87,343	-	-
2018					
Non-derivative Financial Liability					
Payables and accruals	64,583	64,583	64,583	-	-

11.2 CAPITAL RISK MANAGEMENT

The Association manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise members' value.

The debt-to-equity ratio is not presented as the Association does not have any external borrowings.

11. FINANCIAL INSTRUMENTS (CONT'D)

11.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2019 RM	**2018** RM
Financial Assets		
Amortised cost		
Fixed deposits with a licensed bank	360,000	270,000
Cash and bank balances	255,374	164,670
	615,374	434,670
Financial Liability		
Amortised cost		
Payables and accruals	87,343	64,583

11.4 FAIR VALUE MEASUREMENT

At the end of the reporting period, there were no financial instruments carried at fair values in the statement of financial position.

The fair values of the financial assets and financial liabilities of the Association that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

MALAYSIAN ASSOCIATION OF ASSET MANAGERS
(PERSATUAN PENGURUS ASET MALAYSIA)
Registration No: PPM-001-10-11061996 [2536/96 (W.P.)]

COMMITTEE MEMBERS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

COMMITTEE

The Committee members since the date of the last report are as follows:-

COMPANY NAME	REPRESENTED BY	POST HELD
Eastspring Investments Berhad	Encik Raymond Tang Chee Kin	Chairperson
Aberdeen Standard Investments (Malaysia) Sdn. Bhd.	Encik Gerald Michael Ambrose / Johari Ali Abdullah	Vice Chairperson
BNP Paribas Asset Management Malaysia Sdn. Bhd.	Puan Angelia Chin Tsun Ping	Treasurer
Nomura Asset Management Malaysia Sdn. Bhd.	Puan Nor Rejina Abdul Rahim	Secretary
Pheim Asset Management Sdn. Bhd.	Dr Tan Chong Koay	Committee Member
Franklin Templeton Asset Management (M) Sdn. Bhd.	Encik Avinash Satwalekar	Committee Member
RHB Asset Management Sdn. Bhd.	Puan Sharizad Binti Juma'at	Committee Member
Principal Asset Management Bhd	Puan Munirah Khairuddin	Committee Member
Kenanga Investors Bhd	Encik Ismitz Matthew De Alwis	Committee Member
Singular Asset Management Sdn. Bhd.	Encik Teoh Kok Lin	Committee Member

APPENDIX A

MALAYSIAN ASSOCIATION OF ASSET MANAGERS
(PERSATUAN PENGURUS ASET MALAYSIA)
Registration No: PPM-001-10-11061996 [2536/96 (W.P.)]

DETAILS OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	2019 RM	**2018** RM
INCOME		
Annual subscription	182,000	191,250
Sponsorship	84,000	6,548
Educational Programme Delivery	113,163	13,430
Interest income	8,891	10,049
	388,054	221,277
LESS: ADMINISTRATIVE EXPENSES		
AGM expenses	1,123	1,550
Auditors' remuneration:		
- current year	2,500	2,500
- underprovision in previous financial year	-	200
Bank charges	547	181
Computer usage	200	250
Educational Programme - Catering	67,155	8,819
Employees Provident Fund ("EPF")	14,960	17,040
Gift and donations	-	151
Goods and service tax	-	1,137
Meeting meals	1,169	1,122
Postage and courier	294	713
Printing and stationery	5,550	819
Professional fee	6,210	8,507
Profit sharing	-	4,686
Rental of function room	-	377
Salaries and allowances	125,200	142,800
Secretarial fee	4,000	4,000
Service tax	4,798	401
SOCSO	1,697	2,046
Storage facilities	701	662
Tax fee	2,000	2,000
Telephone and fax charges	1,124	1,054
Travelling	832	906
Training	-	600
	240,060	202,521
SURPLUS BEFORE TAXATION	147,994	18,756