



National Institute of Occupational Safety and Health (NIOSH)
Institut Keselamatan dan Kesihatan Pekerjaan Negara

Reports & Audited Financial Statements
for the year ended 31 December 2020





Laporan Kewangan Financial Report 2020

Registration No.: 199201011539 (243042 - U)

NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH
(Incorporated in Malaysia)
AND ITS SUBSIDIARY

**REPORTS AND AUDITED FINANCIAL
STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020**



NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH
(Incorporated in Malaysia)
AND ITS SUBSIDIARY



**REPORTS AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH
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CORPORATE INFORMATION

BOARD OF DIRECTORS

YB DATUK WILSON UGAK ANAK KUMBONG
YB SENATOR DATUK MOHAN A/L THANGARASU
TUAN HAJI AYOP BIN SALLEH
TUAN MEJAR HAJI HANIF BIN MAIDIN (B)
YBHG. DATUK HAJI SHAMSUDDIN BIN BARDAN
YBHG. DATUK DR. CHONG CHEE KHEONG
PN. ZAMZARINA BINTI ABU BAKAR
EN. MATKAR BIN SIWANG
PROF. DR. ISMAIL BIN BAHARI
DR. NUR DALILAH BINTI DAHLAN
EN. MANIAM A/L ARUMUGAM
EN. THOMAS BALAN BANG
DR. SHARUDIN BIN SHARI
PROF. MADYA DR. SHAMSUL BAHARI BIN SHAMSUDIN
DR. SHAMSUL RIZAL BIN SHAMSUDIN

COMPANY SECRETARY

ROZIAH BINTI ABDUL RASHID
LS 0009048
CCM PC NO. : 201908000337

NURUL NADIAH BINTI MOHD ABD RASID
MIA 44423
CCM PC NO. : 201908002882

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

LOT 1, JALAN 15/1, SECTION 15,
43650 BANDAR BARU BANGI,
SELANGOR DARUL EHSAN

AUDITORS

ZALGHANI & CO
CHARTERED ACCOUNTANTS MALAYSIA

PRINCIPAL BANKERS

MALAYAN BANKING BERHAD
BANK KERJASAMA RAKYAT MALAYSIA BERHAD
BANK ISLAM MALAYSIA BERHAD

NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH
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DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and the Institute for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Institute are to contribute toward efforts in upgrading occupational safety and health through developing curriculum and training programmes, conducting applied research and development, providing advisory and consultancy services and dissemination of relevant information in occupational safety and health to various industries.

The principal activities of the subsidiary are described in Note 7 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Institute and the subsidiary during the financial year.

FINANCIAL RESULT

	Group	Institute
	RM	RM
Result from continuing operations:		
Net deficit for the year before taxation	(5,721,028)	(5,781,506)
Tax expense	(429,503)	(429,503)
Net deficit for the year after taxation	(6,150,531)	(6,211,009)

DIVIDEND

No dividend are payable to the members of the Institute, as the Institute, as a Company limited by guarantee is not to give any person a right to participate in the divisible profits of the Institute.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.



BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Institute were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances, which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Institute inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Institute were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to realise, in the ordinary course of business including their values as shown in the accounting records of the Group and of the Institute have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances, which would render the values attributed to current assets in the financial statements of the Group and of the Institute misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Institute misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- a) any charge on the assets of the Group and of the Institute which has arisen since the end of the financial year which secures the liabilities of any other person; or
- b) any contingent liability of the Group and of the Institute which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Institute to meet their obligations when they fall due.

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CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements which would render any amounts stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Institute during the financial year ended 31 December 2020 were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

DIRECTORS

The directors who held office during the year until the date of this report are:-

YB Puan Alice Lau Kiong Yieng	(Ceased : 02.04.2020)
Encik Gunasegaran A/L Kandaswamy	(Ceased : 16.04.2020)
YB Datuk Wilson Ugak Anak Kumbong	(Appointed : 16.06.2020)
YB Senator Datuk Mohan A/L Thangarasu	(Appointed : 16.06.2020)
Tuan Haji Ayop Bin Salleh	
Tuan Mejar Haji Hanif Bin Maidin (B)	
YBhg. Datuk Haji Shamsuddin Bin Bardan	
YBhg. Datuk Dr. Chong Chee Kheong	
Puan Zamzarina Binti Abu Bakar	
Encik Matkar Bin Siwang	
Prof. Dr. Ismail Bin Bahari	(Ceased : 27.06.2020 ; re-appointed : 06.11.2020)
Dr. Nur Dalilah Binti Dahlan	(Ceased : 27.06.2020 ; re-appointed : 06.11.2020)
Encik Maniam A/L Arumugam	(Appointed : 15.05.2020)
Encik Thomas Balan Bang	(Appointed : 28.07.2020)
Dr. Sharudin Bin Shari	(Appointed : 06.11.2020)
Prof. Madya Dr. Shamsul Bahari Bin Shamsudin	(Appointed : 06.11.2020)
Dr. Shamsul Rizal Bin Shamsudin	(Appointed : 06.11.2020)
Puan Chan Suet Fun	(Ceased : 02.06.2020)
Dr. Abu Hasan Bin Samad	(Ceased : 27.06.2020)
Dr. Tan Guat Lin Evelyn	(Ceased : 27.06.2020)
Encik Matdiah Bin Mohammad	(Ceased : 27.06.2020)

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DIRECTORS' REMUNERATIONS

None of the directors or past directors of the Institute have received any remunerations from the Institute during the financial year except as disclosed in Note 13 to the financial statements.

None of the directors or past directors of the Institute have received any other benefits otherwise than in cash from the Institute during the financial year.

No payment has been paid to or payable to any third party in respect of the services provided to the Institute by the directors or past directors of the Institute during the financial year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the director, officer or auditor of the Institute.

AUDITORS' REMUNERATIONS

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:-

	Group	Institute
	2020	2020
	RM	RM
Statutory audit	25,000	19,500

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Institute or its subsidiary is a party, with the object or objects of enabling directors of the Institute to acquire benefits by means of the acquisition of shares or debentures of the Institute or any other body corporate.

No director of the Institute has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full time employee of the Institute) by reason of a contract made by the Institute or a related corporation with the director or with a firm of which the director is a member, or with a Company in which the director has a substantial financial interest.

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AUDITORS

The retiring auditors, Messrs Zalghani & Co, have indicated their willingness to be re-appointed.

Signed on behalf of the Board in accordance with a resolution of the directors,

YB DATUK WILSON UGAK ANAK KUMBONG

Chairman

AYOP BIN SALLEH

Executive Director

Kuala Lumpur

Dated: 27 MAY 2021

NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH
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STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, **YB DATUK WILSON UGAK ANAK KUMBONG** and **AYOP BIN SALLEH**, being two of the directors of **NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH**, do hereby state that, in the opinion of the directors, the financial statements of the Group and the Institute as set out on pages 12 to 45 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 so as to give a true and fair view of the financial position of the Group and the Institute as at 31 December 2020 and of their financial performances and cash flows of the Group and the Institute for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors,

YB DATUK WILSON UGAK ANAK KUMBONG
Chairman

AYOP BIN SALLEH
Executive Director

Kuala Lumpur
Dated: 27 MAY 2021

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, **AYOP BIN SALLEH**, being the director primarily responsible for the accounting records and financial management of **NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH**, do solemnly and sincerely declare that the financial statements as set out on pages 12 to 45 are to 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.

Subscribed and solemnly declared by the)
abovenamed **AYOP BIN SALLEH**)
at Kuala Lumpur in Wilayah Persekutuan)
this day of 27 MAY 2021)

AYOP BIN SALLEH

Before me:

NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH**
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH**, which comprise the statement of financial position as at 31 December 2020, and the statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 45.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 Institute 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Institute for the current year. These matters were addressed in context of our audit of the financial statements of the Institute as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

i) Revenue recognition

The risk:

The revenue of the Group and of the Institute for the year ended 31 December 2020 amounted to RM66,066,050 and RM60,950,181, respectively.

Approved auditing standards in Malaysia and International Standards on Auditing presume that there is a risk of fraud in revenue recognition. Given the nature of the Group's operations, we have identified revenue recognition as a key audit matter, particularly in respect of the completeness and accuracy of recording of services rendered and the timing of revenue recognition with transactions occurring on or near year-end. Due to the significant volume of transactions, any errors may have a material impact on the financial statements.

Our response:

To address the risks identified, we performed substantive testing of revenue recorded during the year using sampling techniques. The procedures covered testing the accuracy and timing of recording individual transactions. We also tested manual journals posted to revenue to determine whether those postings were consistent with the Group's revenue recognition policy. For transactions close to the period end, we tested that cut-off procedures were appropriately applied.

ii) Impairment of trade and other receivables

The risk:

As at 31 December 2020, the carrying amounts of the Group's and Institute's trade and other receivables were RM15,552,676 and RM13,562,812, respectively. The collectability of these receivables are assessed on an ongoing basis. We have identified this to be a key audit matter as it requires management to make significant judgement in the assessment of realisation of these receivables based on their creditworthiness and past collection history.

Our response:

To address the risk identified, for those outstanding balance which are past due but not impaired, we checked collections received after year-end, and for uncollected amount we challenged management's assessment on the recoverability. We have also assessed customers' ageing profile by checking the accuracy of aged buckets.

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INDEPENDENT AUDITORS' REPORT (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Institute are responsible for the other information. The other information comprises the information included in the annual report and Directors' Report, but does not include the financial statements of the Institute and our auditors' report thereon.

Our opinion on the financial statements of the Institute does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Institute, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Institute of our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Institute are responsible for the preparation of financial statements of the Institute that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Institute that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Institute, the directors are responsible for assessing the Institute'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 directors either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Institute 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.



INDEPENDENT AUDITORS' REPORT (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Institute, 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Institute'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 Institute 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 Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Institute, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Institute for the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITORS' REPORT (CONT'D)

Other Matters

This report is made solely to the members of the Institute, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ZALGHANI & CO

Firm No.: AF 1281

Chartered Accountants Malaysia

MOHD ZALGHANI BIN HASSAN

Approval No.: 2066/07/2022(J)

Chartered Accountants Malaysia

Selangor

Dated: 27 MAY 2021

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		2020	2019
	Note	RM	RM
NON-CURRENT ASSETS			
Property, plant and equipment	6	19,492,539	15,396,820
Investment in subsidiary	7	-	-
TOTAL NON-CURRENT ASSETS		19,492,539	15,396,820
CURRENT ASSETS			
Trade and other receivables	8	15,552,676	17,377,525
Current tax assets		474,953	44,059
Deposits, cash and bank balances	9	168,404,778	172,919,626
TOTAL CURRENT ASSETS		184,432,407	190,341,210
TOTAL ASSETS		203,924,946	205,738,030
EQUITY			
Endowment fund		50,000,000	50,000,000
Surplus		131,358,285	137,508,816
TOTAL EQUITY		181,358,285	187,508,816
NON-CURRENT LIABILITY			
Lease liabilities	10	4,288,113	659,088
TOTAL NON-CURRENT LIABILITY		4,288,113	659,088
CURRENT LIABILITIES			
Trade and other payables	11	17,034,414	17,115,668
Lease liabilities	10	1,244,134	254,458
Current tax liabilities		-	200,000
TOTAL CURRENT LIABILITIES		18,278,548	17,570,126
TOTAL LIABILITIES		22,566,661	18,229,214
TOTAL EQUITY AND LIABILITIES		203,924,946	205,738,030

The accompanying notes form an integral part of these financial statements

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
REVENUE	12	66,066,050	108,697,515
LESS : Courses expenses		(22,945,585)	(35,963,135)
Consultancy, examination and research and development expenses		(3,274,196)	(4,915,628)
Module development cost		(213,448)	(314,209)
Hostel operations expenses		(137,573)	(351,552)
		<u>(26,570,802)</u>	<u>(41,544,524)</u>
GROSS PROFIT		39,495,248	67,152,991
ADD : OTHER INCOME			
Interest income		1,323,535	1,957,737
Membership fee income		121,926	60,309
Gain on disposal of property, plant and equipment		22,986	16,671
Dividend from trust account		5,978,036	5,551,263
Other miscellaneous income		80,673	94,712
		<u>7,527,156</u>	<u>7,680,692</u>
		47,022,404	74,833,683
ADMINISTRATION EXPENSES		(32,559,159)	(33,510,100)
OTHER CORPORATE AND OPERATING EXPENSES		(19,979,319)	(21,183,942)
(DEFICIT) / SURPLUS FROM OPERATIONS		<u>(5,516,074)</u>	<u>20,139,641</u>
FINANCE COSTS		(204,954)	(21,827)
(DEFICIT) / SURPLUS FOR THE YEAR BEFORE TAX	13	<u>(5,721,028)</u>	<u>20,117,814</u>
TAX EXPENSE	14	(429,503)	(2,302,190)
NET COMPREHENSIVE (DEFICIT) / SURPLUS FOR THE YEAR AFTER TAX		(6,150,531)	17,815,624

The accompanying notes form an integral part of these financial statements

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Non-distributable		Total
	Endowment Fund	Retained Surplus	
	RM	RM	
At 01 January 2019	50,000,000	119,693,192	169,693,192
Net comprehensive surplus for the year after tax	-	17,815,624	17,815,624
At 31 December 2019	50,000,000	137,508,816	187,508,816
Net comprehensive deficit for the year after tax	-	(6,150,531)	(6,150,531)
At 31 December 2020	50,000,000	131,358,285	181,358,285

The accompanying notes form an integral part of these financial statements

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (deficit) / surplus for the year before tax		(5,721,028)	20,117,814
Adjustments for:			
Depreciation		5,705,779	4,078,340
Interest income		(1,323,535)	(1,957,737)
Deposit written off		-	38,500
Finance costs		204,954	21,827
Gain on disposal of property, plant and equipment		(22,986)	(16,671)
OPERATING (DEFICIT) / SURPLUS BEFORE WORKING CAPITAL CHANGES		(1,156,816)	22,282,073
Decrease / (Increase) in trade and other receivables		1,579,918	(1,754,134)
Decrease in trade and other payables		(81,254)	(2,098,562)
CASH GENERATED FROM OPERATIONS		341,848	18,429,377
Interest income received		1,323,535	1,957,737
Tax paid		(1,060,397)	(2,398,725)
Tax refund		-	102,476
NET CASH GENERATED FROM OPERATING ACTIVITIES		604,986	18,090,865
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		23,000	27,500
Purchase of property, plant and equipment	15	(4,087,578)	(7,895,789)
NET CASH USED IN INVESTING ACTIVITIES		(4,064,578)	(7,868,289)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(850,302)	(133,021)
Interest paid		(204,954)	(21,827)
NET CASH USED IN FINANCING ACTIVITIES		(1,055,256)	(154,848)
Net (decrease) / increase in cash and cash equivalents		(4,514,848)	10,067,728
Cash and cash equivalents at beginning of the year		172,919,626	162,851,898
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	168,404,778	172,919,626

The accompanying notes form an integral part of these financial statements

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		2020	2019
	Note	RM	RM
NON-CURRENT ASSETS			
Property, plant and equipment	6	19,215,571	15,181,231
Investment in subsidiary	7	3,500,000	3,500,000
TOTAL NON-CURRENT ASSETS		<u>22,715,571</u>	<u>18,681,231</u>
CURRENT ASSETS			
Trade and other receivables	8	13,562,812	14,628,351
Amount due from subsidiary	7	245,470	242,264
Current tax assets		390,873	-
Deposits, cash and bank balances	9	166,871,783	171,291,381
TOTAL CURRENT ASSETS		<u>181,070,938</u>	<u>186,161,996</u>
TOTAL ASSETS		203,786,509	204,843,227
EQUITY			
Endowment fund		50,000,000	50,000,000
Surplus		131,857,817	138,068,826
TOTAL EQUITY		<u>181,857,817</u>	<u>188,068,826</u>
NON-CURRENT LIABILITY			
Lease liabilities	10	4,288,113	659,088
TOTAL NON-CURRENT LIABILITY		<u>4,288,113</u>	<u>659,088</u>
CURRENT LIABILITIES			
Trade and other payables	11	16,396,445	15,660,855
Lease liabilities	10	1,244,134	254,458
Current tax liabilities		-	200,000
TOTAL CURRENT LIABILITIES		<u>17,640,579</u>	<u>16,115,313</u>
TOTAL LIABILITIES		21,928,692	16,774,401
TOTAL EQUITY AND LIABILITIES		203,786,509	204,843,227

The accompanying notes form an integral part of these financial statements

NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Note	RM	RM
REVENUE	12	60,950,181	102,176,580
LESS : Courses expenses		(20,831,069)	(32,674,021)
Consultancy, examination and research and development expenses		(3,274,196)	(4,915,628)
Module development cost		(203,198)	(314,209)
Hostel operations expenses		(137,573)	(351,552)
		(24,446,036)	(38,255,410)
GROSS PROFIT		36,504,145	63,921,170
ADD : OTHER INCOME			
Interest income		1,315,129	1,911,452
Membership fee income		121,926	60,309
Gain on disposal of property, plant and equipment		22,986	16,671
Dividend from trust account		5,978,036	5,551,263
Other miscellaneous income		79,335	90,694
		7,517,412	7,630,389
		44,021,557	71,551,559
ADMINISTRATION EXPENSES		(30,057,064)	(31,477,839)
OTHER CORPORATE AND OPERATING EXPENSES		(19,541,045)	(20,826,814)
(DEFICIT) / SURPLUS FROM OPERATIONS		(5,576,552)	19,246,906
FINANCE COSTS		(204,954)	(21,827)
(DEFICIT) / SURPLUS FOR THE YEAR BEFORE TAX	13	(5,781,506)	19,225,079
TAX EXPENSE	14	(429,503)	(2,302,190)
NET COMPREHENSIVE (DEFICIT) / SURPLUS FOR THE YEAR AFTER TAX		(6,211,009)	16,922,889

The accompanying notes form an integral part of these financial statements

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Non-distributable		Total
	Endowment Fund	Retained Surplus	
	RM	RM	RM
At 01 January 2019	50,000,000	121,145,937	171,145,937
Net comprehensive surplus for the year after tax	-	16,922,889	16,922,889
At 31 December 2019	50,000,000	138,068,826	188,068,826
Net comprehensive deficit for the year after tax	-	(6,211,009)	(6,211,009)
At 31 December 2020	50,000,000	131,857,817	181,857,817

The accompanying notes form an integral part of these financial statements

NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (deficit) / surplus for the year before tax		(5,781,506)	19,225,079
Adjustments for:			
Depreciation		5,639,813	4,059,179
Interest income		(1,315,129)	(1,911,452)
Deposit written off		-	38,500
Finance costs		204,954	21,827
Gain on disposal of property, plant and equipment		(22,986)	(16,671)
OPERATING (DEFICIT) / SURPLUS BEFORE WORKING CAPITAL CHANGES		(1,274,854)	21,416,462
Decrease / (Increase) in trade and other receivables		820,608	(24,835)
Increase in amount due from subsidiary		(3,206)	(60,787)
Increase / (Decrease) in trade and other payables		735,590	(3,200,784)
CASH GENERATED FROM OPERATIONS		278,138	18,130,056
Interest income received		1,315,129	1,911,452
Tax paid		(1,020,376)	(2,252,190)
NET CASH GENERATED FROM OPERATING ACTIVITIES		572,891	17,789,318
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		23,000	27,500
Purchase of property, plant and equipment	15	(3,960,233)	(7,701,580)
NET CASH USED IN INVESTING ACTIVITIES		(3,937,233)	(7,674,080)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(850,302)	(133,021)
Interest paid		(204,954)	(21,827)
NET CASH USED IN FINANCING ACTIVITIES		(1,055,256)	(154,848)
Net (decrease) / increase in cash and cash equivalents		(4,419,598)	9,960,390
Cash and cash equivalents at beginning of the year		171,291,381	161,330,991
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	166,871,783	171,291,381

The accompanying notes form an integral part of these financial statements



NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

1. PRINCIPAL ACTIVITIES

The principal activities of the Institute are to contribute toward efforts in upgrading occupational safety and health through developing curriculum and training programmes, conducting applied research and development, providing advisory and consultancy services and dissemination of relevant information on occupational safety and health to various industries.

The principal activities of the subsidiary are described in Note 7 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Institute and the subsidiary during the financial year.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements of the Group and of the Institute have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

2.2 Basis of measurement

The financial statements of the Group and of the Institute are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Institute's functional currency and all values are rounded to the nearest RM except stated otherwise.

2.4 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

Amendments to published standards and interpretations that are effective for the financial year beginning on or after 1 January 2020, where their adoption are not expected to result in any changes to the Group's and Institute's results or financial position, are as follows:

- (i) Conceptual Framework for Financial Reporting: The Reporting Entity and corresponding amendments to references in the relevant standards;
- (ii) Amendments to MFRS 3 'Definition of Business';
- (iii) Amendments to MFRS 101 and MFRS 108 'Definition of Material';
- (iv) Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 Significant accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.5.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates the useful life of these assets to be from 4 to 5 years.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets and therefore, future depreciation charges could be revised.

b) Impairment of loans and receivables

The Group assesses at the end of the reporting date whether there is any objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 Significant accounting estimates and judgements (Cont'd)

2.5.1 Key sources of estimation uncertainty (Cont'd)

c) Income taxes / Deferred taxation

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all unabsorbed business losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the tax losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

d) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instruments. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimate may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting date.

3. DATE OF AUTHORISATION OF ISSUE

The financial statements were authorised for issue by the Board of Directors on 27 May 2021.

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

4. FINANCIAL RISK MANAGEMENT POLICIES

The Group has no formal risk management structure with respect to its financial assets. Risks are handled on case to case basis by the directors as and when issues arise.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

a) Foreign currency risk

The Group does not have any material foreign currency transactions, assets, or liabilities and hence, are not exposed to any significant or material currency risks.

b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rate.

c) Credit risk

The Group seeks to control credit risk by setting counter party limits and ensuring that the sales are made to customers with an appropriate credit history. The trade receivables are all collectable and adequate allowance for bad and doubtful debts are provided for.

Following are the areas where the Group and Institute are exposed to credit risk:

i) Receivables

The ageing analysis of the Institute's trade receivables are as follows:-

	Gross	Individually Impaired	Net
	RM	RM	RM
INSTITUTE			
2020			
Net past due	2,582,344	-	2,582,344
Past due 0 - 30 days	701,409	-	701,409
Past due 31 - 60 days	741,699	-	741,699
Past due more than 61 days	4,673,078	31,949	4,641,129
	8,698,530	31,949	8,666,581

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

4. FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

c) Credit risk (Cont'd)

i) Receivables (Cont'd)

	Gross	Individually Impaired	Net
	RM	RM	RM
INSTITUTE			
2019			
Net past due	1,386,058	-	1,386,058
Past due 0 - 30 days	2,053,392	-	2,053,392
Past due 31 - 60 days	1,293,988	-	1,293,988
Past due more than 61 days	3,688,693	65,848	3,622,845
	8,422,131	65,848	8,356,283

The net carrying amount of trade receivables is considered a reasonable approximate of their fair value.

ii) Intercompany balances

The Institutes provides unsecured advances to the subsidiary and monitors the results of the subsidiary regularly.

As at the end of the reporting year, there was no indication that the net carrying amount of amount due from subsidiary are not recoverable.

d) Market risk

The Group does not have material investments volatile to market situations and hence, are not exposed to market risks.

e) Liquidity and Cash Flow risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practices prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

5. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements of the Group and the Institute have been prepared under the historical cost convention.

b) Financial Instruments

i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group or the Institute becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair values plus transactions costs, except for financial assets and financial liabilities carried at fair values through profit and loss, which are measured initially at fair values. Financial assets and financial liabilities are measured subsequently as described below.

ii) Financial assets - categorisation and subsequent measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- a)** financial assets at fair value through profit and loss;
- b)** held-to-maturity investments;
- c)** loans and receivables; and
- d)** available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

iii) Disclosures of fair values

The carrying values of the financial assets and liabilities maturing within 12 months approximate their fair values at the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c) Basis of consolidation

The Group financial statements consolidate the audited financial statements of the Institute and its subsidiary company, which have been prepared in accordance with the Group's accounting policies.

Subsidiary company is the company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

All intercompany transactions, balances and unrealised gains on transactions between the group company are eliminated; unrealised losses are also eliminated unless cost cannot be recovered.

The financial statements of the parent and its subsidiary are all drawn up to the same reporting date.

Subsidiary company is consolidated using the acquisition method of accounting from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill on acquisition and exchange differences.

d) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation of property, plant and equipment has been provided on a straight-line basis and is calculated to write off the cost of each assets over its estimated useful life. The principal annual rates used are as follows: -

	%
Renovations	25
Office equipment	20
Furniture and fittings	20
Motor vehicles	20
Scientific equipment	20
Computers	20
Book and video	20
AV equipment	20
Building	2



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

e) Impairment of assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The carrying amounts of assets, other than inventories, assets arising from construction contracts, deferred tax assets and financial assets (other than investments in subsidiaries, associates and jointly controlled entity) are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

Any impairment loss is recognised as an expense in the profit or loss immediately, unless it reverses a previous revaluation in which case it is treated as a revaluation decrease.

Any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the profit or loss immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

f) Trade and other receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off in the period in which they are identified. An estimate is made for impairment based on a review for all outstanding amounts at the reporting date.

g) Revenue recognition

- i)** Revenue from fees is recognised when services are rendered.
- ii)** Dividend income is recognised when the shareholder's right to receive payment is established.
- iii)** Interest and other income are recognised as it accrues unless its collectability is in doubt.

h) Provisions

Provisions are recognised when the Institute has a present legal and constructive obligation as a result of a past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

i) Income tax

The tax expense represents the aggregate amount of current tax and deferred tax included in the determination of profit or loss for the financial year.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, or temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement or the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

j) Cash and cash equivalents

Cash comprises of cash at bank and in hand including bank overdraft and deposits. Cash equivalents comprises of investments maturing within three months from the date of acquisition and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value.

k) Employee benefits

i) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Institute. Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences such as sick leave, are recognised when the absences occur. Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments as a result of past events and when a reliable estimate can be made of the amount of the obligation.

ii) Defined contribution plans

The Institute makes contributions to a statutory provident fund and recognises the contribution payable after deducting contributions already paid as a liability and as an expense in the financial year in which the employees render their services.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

l) Leases

The Group and the Institute assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group and the Institute apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group and the Institute recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group and the Institute recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are classified within the same line item as the corresponding underlying assets would be presented if they were owned. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	3 to 5 years
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If ownership of the leased asset transfers to the Group and the Institute at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

i) Leases (Cont'd)

ii) Lease liabilities

At the commencement date of lease, the Group and the Institute recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Institute and payments of penalties for terminating the lease, if the lease term reflects the Group and the Institute exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Institute estimate their incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group and the Institute apply the short-term lease recognition exemption to their short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). They also apply the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

6. PROPERTY, PLANT AND EQUIPMENT

GROUP

2020

COST

	Balance at 01.01.2020	Additional	Disposal / Written off	Balance at 31.12.2020
	RM	RM	RM	RM
Renovations	16,566,465	2,748,329	-	19,314,794
Office equipment	3,132,488	204,455	(4,415)	3,332,528
Furniture and fittings	5,842,002	199,343	(10,697)	6,030,648
Motor vehicles	3,302,251	288,343	(106,666)	3,483,928
Scientific equipment	8,776,139	646,932	(255,708)	9,167,363
Computers	9,344,724	382,055	(18,997)	9,707,782
Book and video	2,470,475	8,838	-	2,479,313
AV equipment	1,693,419	100,779	(1,750)	1,792,448
Work in progress	814,641	1,034,105	(1,525,601)	323,145
Building	4,167,184	5,713,934	-	9,881,118
	56,109,788	11,327,113	(1,923,834)	65,513,067

**ACCUMULATED
DEPRECIATION**

	Balance at 01.01.2020	Charge for the year	Disposal / Written off	Balance at 31.12.2020
	RM	RM	RM	RM
Renovations	12,352,190	2,218,625	-	14,570,815
Office equipment	2,471,565	230,417	(4,412)	2,697,570
Furniture and fittings	4,253,751	507,782	(10,693)	4,750,840
Motor vehicles	2,229,408	545,670	(106,665)	2,668,413
Scientific equipment	7,374,609	546,753	(255,706)	7,665,656
Computers	7,857,206	514,381	(18,994)	8,352,593
Book and video	2,468,939	(7,587)	-	2,461,352
AV equipment	1,524,298	74,298	(1,749)	1,596,847
Work in progress	-	-	-	-
Building	181,002	1,075,440	-	1,256,442
	40,712,968	5,705,779	(398,219)	46,020,528

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

6. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

GROUP

2019

COST

	Balance at 01.01.2019	Additional	Disposal / Written off	Balance at 31.12.2019
	RM	RM	RM	RM
Renovations	13,424,806	3,141,659	-	16,566,465
Office equipment	2,761,250	419,130	(47,892)	3,132,488
Furniture and fittings	5,076,670	855,859	(90,527)	5,842,002
Motor vehicles	3,358,683	141,340	(197,772)	3,302,251
Scientific equipment	8,562,417	265,065	(51,343)	8,776,139
Computers	9,880,289	638,194	(1,173,759)	9,344,724
Book and video	2,468,400	2,075	-	2,470,475
AV equipment	1,724,312	44,588	(75,481)	1,693,419
Work in progress	1,499,651	5,419,320	(6,104,330)	814,641
Building	-	4,167,184	-	4,167,184
	48,756,478	15,094,414	(7,741,104)	56,109,788

**ACCUMULATED
DEPRECIATION**

	Balance at 01.01.2019	Charge for the year	Disposal / Written off	Balance at 31.12.2019
	RM	RM	RM	RM
Renovations	10,983,040	1,369,150	-	12,352,190
Office equipment	2,298,456	212,238	(39,129)	2,471,565
Furniture and fittings	3,848,014	494,370	(88,633)	4,253,751
Motor vehicles	1,935,520	491,656	(197,768)	2,229,408
Scientific equipment	6,748,315	677,638	(51,344)	7,374,609
Computers	8,504,183	526,759	(1,173,736)	7,857,206
Book and video	2,432,395	36,544	-	2,468,939
AV equipment	1,510,650	88,983	(75,335)	1,524,298
Work in progress	-	-	-	-
Building	-	181,002	-	181,002
	38,260,573	4,078,340	(1,625,945)	40,712,968

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

6. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

GROUP

	NET BOOK VALUE	
	2020	2019
	RM	RM
Renovations	4,743,979	4,214,275
Office equipment	634,958	660,923
Furniture and fittings	1,279,808	1,588,251
Motor vehicles	815,515	1,072,843
Scientific equipment	1,501,707	1,401,530
Computers	1,355,189	1,487,518
Book and video	17,961	1,536
AV equipment	195,601	169,121
Work in progress	323,145	814,641
Building	8,624,676	3,986,182
	19,492,539	15,396,820

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

6. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

INSTITUTE

2020

COST

	Balance at 01.01.2020	Additional	Disposal / Written off	Balance at 31.12.2020
	RM	RM	RM	RM
Renovations	16,405,347	2,742,969	-	19,148,316
Office equipment	3,109,901	197,688	(4,415)	3,303,174
Furniture and fittings	5,710,837	183,332	(10,697)	5,883,472
Motor vehicles	3,302,251	288,343	(106,666)	3,483,928
Scientific equipment	8,776,139	646,932	(255,708)	9,167,363
Computers	9,190,900	295,839	(18,997)	9,467,742
Book and video	2,470,475	8,838	-	2,479,313
AV equipment	1,669,573	87,788	(1,750)	1,755,611
Work in progress	814,641	1,034,105	(1,525,601)	323,145
Building	4,167,184	5,713,934	-	9,881,118
	55,617,248	11,199,768	(1,923,834)	64,893,182

**ACCUMULATED
DEPRECIATION**

	Balance at 01.01.2020	Charge for the year	Disposal / Written off	Balance at 31.12.2020
	RM	RM	RM	RM
Renovations	12,301,156	2,195,570	-	14,496,726
Office equipment	2,450,452	228,810	(4,412)	2,674,850
Furniture and fittings	4,197,314	489,615	(10,693)	4,676,236
Motor vehicles	2,229,408	545,670	(106,665)	2,668,413
Scientific equipment	7,374,609	546,753	(255,706)	7,665,656
Computers	7,723,816	495,683	(18,994)	8,200,505
Book and video	2,468,939	(7,587)	-	2,461,352
AV equipment	1,509,321	69,859	(1,749)	1,577,431
Work in progress	-	-	-	-
Building	181,002	1,075,440	-	1,256,442
	40,436,017	5,639,813	(398,219)	45,677,611

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

6. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

INSTITUTE

2019

COST

	Balance at 01.01.2019	Additional	Disposal / Written off	Balance at 31.12.2019
	RM	RM	RM	RM
Renovations	13,375,636	3,029,711	-	16,405,347
Office equipment	2,739,550	418,243	(47,892)	3,109,901
Furniture and fittings	5,017,734	783,630	(90,527)	5,710,837
Motor vehicles	3,358,683	141,340	(197,772)	3,302,251
Scientific equipment	8,562,417	265,065	(51,343)	8,776,139
Computers	9,727,861	636,798	(1,173,759)	9,190,900
Book and video	2,468,400	2,075	-	2,470,475
AV equipment	1,708,215	36,839	(75,481)	1,669,573
Work in progress	1,499,651	5,419,320	(6,104,330)	814,641
Building	-	4,167,184	-	4,167,184
	48,458,147	14,900,205	(7,741,104)	55,617,248

**ACCUMULATED
DEPRECIATION**

	Balance at 01.01.2019	Charge for the year	Disposal / Written off	Balance at 31.12.2019
	RM	RM	RM	RM
Renovations	10,933,872	1,367,284	-	12,301,156
Office equipment	2,279,167	210,414	(39,129)	2,450,452
Furniture and fittings	3,796,191	489,756	(88,633)	4,197,314
Motor vehicles	1,935,520	491,656	(197,768)	2,229,408
Scientific equipment	6,748,315	677,638	(51,344)	7,374,609
Computers	8,379,456	518,096	(1,173,736)	7,723,816
Book and video	2,432,395	36,544	-	2,468,939
AV equipment	1,497,867	86,789	(75,335)	1,509,321
Work in progress	-	-	-	-
Building	-	181,002	-	181,002
	38,002,783	4,059,179	(1,625,945)	40,436,017

NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH
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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

6. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

INSTITUTE

	NET BOOK VALUE	
	2020	2019
	RM	RM
Renovations	4,651,590	4,104,191
Office equipment	628,324	659,449
Furniture and fittings	1,207,236	1,513,523
Motor vehicles	815,515	1,072,843
Scientific equipment	1,501,707	1,401,530
Computers	1,267,237	1,467,084
Book and video	17,961	1,536
AV equipment	178,180	160,252
Work in progress	323,145	814,641
Building	8,624,676	3,986,182
	19,215,571	15,181,231

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:-

Group and Institute	Building RM
Balance at 01.01.2020	945,476
Additions	5,713,934
Depreciation charged	(1,013,982)
Balance at 31.12.2020	5,645,428

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

7. INVESTMENT IN SUBSIDIARY

	GROUP		INSTITUTE	
	2020	2019	2020	2019
	RM	RM	RM	RM
Unquoted shares, at cost	-	-	3,500,000	3,500,000

The subsidiary company, incorporated in Malaysia, is as follows:-

Name of Company	Principal Activities	EFFECTIVE INTEREST	
		2020	2019
NIOSH Certification Sdn. Bhd. (Registration No. : 200401002719 (641222 - K))	Providing comprehensive range of Management System Certification and related services including but not limited to registration, auditing, checking, inspection, training and product testing that conform to Management System Standards, code of practice, guidelines, laws and other related thereto.	100%	100%

The amount due is unsecured, interest free with no fixed term of repayment.

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

8. TRADE AND OTHER RECEIVABLES

	GROUP		INSTITUTE	
	2020	2019	2020	2019
	RM	RM	RM	RM
Trade receivables	10,523,426	10,886,714	8,698,530	8,422,131
Less : Allowance for impairment*	(31,949)	(65,848)	(31,949)	(65,848)
	<u>10,491,477</u>	<u>10,820,866</u>	<u>8,666,581</u>	<u>8,356,283</u>
Deposits	630,954	902,323	614,064	876,283
Other receivables	315,359	1,255,613	293,471	1,219,449
Prepayments	4,105,370	3,894,369	3,988,696	3,681,498
GST receivables	9,516	504,354	-	494,838
	15,552,676	17,377,525	13,562,812	14,628,351
* Allowance for impairment				
At 1 January	65,848	76,277	65,848	76,277
Additions (Note 13)	27,115	55,974	27,115	55,974
Written off	(61,014)	(66,403)	(61,014)	(66,403)
At 31 December	31,949	65,848	31,949	65,848

9. DEPOSITS, CASH AND BANK BALANCES

	GROUP		INSTITUTE	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash in hand and at bank	6,660,448	3,633,762	5,227,453	3,305,517
Deposits with licensed bank	39,653,165	52,975,158	39,553,165	51,675,158
Deposits with Amanah Raya Berhad	<u>120,820,703</u>	<u>115,083,263</u>	<u>120,820,703</u>	<u>115,083,263</u>
	167,134,316	171,692,183	165,601,321	170,063,938
At cost :				
Amanah Raya Syariah				
Cash Management Fund	1,270,462	1,227,443	1,270,462	1,227,443
	168,404,778	172,919,626	166,871,783	171,291,381
At market value :				
Amanah Raya Syariah				
Cash Management Fund	<u>1,268,443</u>	<u>1,225,108</u>	<u>1,268,443</u>	<u>1,225,108</u>

NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH
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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

10. LEASE LIABILITIES

	GROUP AND INSTITUTE	
	2020	2019
	RM	RM
Minimum lease payments:		
• Not later than 1 year	1,442,134	286,368
• Later than 1 year and not later than 5 years	3,142,382	697,824
• Later than 5 years	1,694,400	-
Total future minimum lease payments	6,278,916	984,192
Less: Future interest charges	(746,669)	(70,646)
Present value of minimum lease payments	5,532,247	913,546
Repayable as follows:-		
Current liabilities:		
• Not later than 1 year	1,244,134	254,458
Non-current liability:		
• Later than 1 year and not later than 5 years	2,724,718	659,088
• Later than 5 years	1,563,395	-
	4,288,113	659,088
	5,532,247	913,546

11. TRADE AND OTHER PAYABLES

	GROUP		INSTITUTE	
	2020	2019	2020	2019
	RM	RM	RM	RM
Trade payables	2,854,741	5,679,306	2,488,483	5,170,842
Other payables and accruals	13,312,872	10,237,023	13,193,121	9,486,556
SST payables	866,801	1,199,339	714,841	1,003,457
	17,034,414	17,115,668	16,396,445	15,660,855

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

12. REVENUE

Revenue is the fees derived from conducting courses, consultancy, examination, accommodation and other related services as follows :-

	GROUP		INSTITUTE	
	2020	2019	2020	2019
	RM	RM	RM	RM
Courses	48,483,484	77,236,077	47,549,853	75,851,340
Consultancy	1,638,383	2,769,325	1,638,383	2,769,325
Examination, assessment and certification	15,572,560	24,759,022	11,390,322	19,622,824
Hostel and rental facilities	240,777	808,500	240,777	808,500
Research and development	(41,326)	758,766	(41,326)	758,766
Information dissemination	172,172	2,365,825	172,172	2,365,825
	66,066,050	108,697,515	60,950,181	102,176,580

13. (DEFICIT) / SURPLUS FOR THE YEAR BEFORE TAX

	GROUP		INSTITUTE	
	2020	2019	2020	2019
	RM	RM	RM	RM
This is stated after charging:-				
Audit fee	25,000	24,500	19,500	19,500
Depreciation	5,705,779	4,078,340	5,639,813	4,059,179
Directors' allowances	661,100	673,431	599,300	662,031
Directors' remuneration	540,694	511,507	540,694	511,507
Office rental	1,262,509	2,114,812	1,262,509	2,114,812
Allowance for impairment	27,115	55,974	27,115	55,974
Deposit written off	-	38,500	-	38,500

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

14. TAX EXPENSE

	GROUP		INSTITUTE	
	2020	2019	2020	2019
	RM	RM	RM	RM
Provision for the year	-	1,763,500	-	1,763,500
Under provision in prior years	429,503	538,690	429,503	538,690
Total tax expense for the year	429,503	2,302,190	429,503	2,302,190

There is no charge to taxation as the Institute has no chargeable income during the financial year.

The Institute has available tax exempt income of approximately RM2,228,170 (2019 : RM2,228,170).

The above are subject to the approval of the tax authorities.

15. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and Institute made the following cash payments to purchase property, plant and equipment:-

	GROUP		INSTITUTE	
	2020	2019	2020	2019
	RM	RM	RM	RM
Purchase of property, plant and equipment (Note 6)	11,327,113	15,094,414	11,199,768	14,900,205
Transfer from Work In Progress	(1,525,601)	(6,104,330)	(1,525,601)	(6,104,330)
Right-of-use assets	(5,713,934)	(1,094,295)	(5,713,934)	(1,094,295)
Cash payment on purchase of property, plant and equipment	4,087,578	7,895,789	3,960,233	7,701,580

16. STAFF COSTS

The total expenses recognised in the Statement of Comprehensive Income are as follows:-

	GROUP		INSTITUTE	
	2020	2019	2020	2019
	RM	RM	RM	RM
Salaries, bonus and allowances	25,004,476	25,109,774	22,988,184	23,343,443
EPF, SOCSO and EIS contributions	3,613,389	3,290,347	3,303,894	3,059,908
Other employee benefits	2,667,519	3,828,778	2,553,011	3,804,687
	31,285,384	32,228,899	28,845,089	30,208,038

NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH
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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

17. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

- Loans and Receivables (L & R)
- Other liabilities measured at Amortised Cost (AC)

GROUP

	Carrying Amount	L & R	AC
	RM	RM	RM
<u>2020</u>			
Financial assets			
Trade and other receivables (Note 8)	15,552,676	15,552,676	-
Current tax assets	474,953	474,953	-
Deposits, cash and bank balances (Note 9)	168,404,778	168,404,778	-
	184,432,407	184,432,407	-
Financial liabilities			
Trade and other payables (Note 11)	17,034,414	-	17,034,414
Lease liabilities (Note 10)	5,532,247	-	5,532,247
	22,566,661	-	22,566,661
<u>2019</u>			
Financial assets			
Trade and other receivables (Note 8)	17,377,525	17,377,525	-
Current tax assets	44,059	44,059	-
Deposits, cash and bank balances (Note 9)	172,919,626	172,919,626	-
	190,341,210	190,341,210	-
Financial liabilities			
Trade and other payables (Note 11)	17,115,668	-	17,115,668
Lease liabilities (Note 10)	913,546	-	913,546
Current tax liabilities	200,000	-	200,000
	18,229,214	-	18,229,214

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

17. FINANCIAL INSTRUMENTS (Cont'd)

Categories of financial instruments (Cont'd)

INSTITUTE

	Carrying Amount	L & R	AC
	RM	RM	RM
<u>2020</u>			
Financial assets			
Trade and other receivables (Note 8)	13,562,812	13,562,812	-
Amount due from subsidiary (Note 7)	245,470	245,470	-
Current tax assets	390,873	390,873	-
Deposits, cash and bank balances (Note 9)	166,871,783	166,871,783	-
	181,070,938	181,070,938	-
Financial liabilities			
Trade and other payables (Note 11)	16,396,445	-	16,396,445
Lease liabilities (Note 10)	5,532,247	-	5,532,247
	21,928,692	-	21,928,692
<u>2019</u>			
Financial assets			
Trade and other receivables (Note 8)	14,628,351	14,628,351	-
Amount due from subsidiary (Note 7)	242,264	242,264	-
Deposits, cash and bank balances (Note 9)	171,291,381	171,291,381	-
	186,161,996	186,161,996	-
Financial liabilities			
Trade and other payables (Note 11)	15,660,855	-	15,660,855
Lease liabilities (Note 10)	913,546	-	913,546
Current tax liabilities	200,000	-	200,000
	16,774,401	-	16,774,401

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

18. RELATED PARTY DISCLOSURES

The Group's and the Institute's related party transactions in the year ended 31 December 2020 and the corresponding comparative prior year are as follows:-

	GROUP		INSTITUTE	
	2020	2019	2020	2019
	RM	RM	RM	RM
Services provided to:				
Entity which the Institute has control, joint control or significant influence	-	-	70,107	244,313
Total for type of transactions	-	-	70,107	244,313

The transactions are in the normal course of business and transacted on terms agreed by both parties. The balances uncollected at the end of the year is RM154,560 inclusive of sales and service tax (2019 : RM97,252 inclusive of sales and service tax) which are recorded in trade receivables.

	GROUP		INSTITUTE	
	2020	2019	2020	2019
	RM	RM	RM	RM
Services provided by:				
Entity which the Institute has control, joint control or significant influence	-	-	245,100	405,183
Total for type of transactions	-	-	245,100	405,183

The transactions are in the normal course of business and transacted on terms agreed by both parties. The balances outstanding at the end of the year is RM146 inclusive of sales and service tax (2019 : RM208,508 inclusive of sales and service tax) which are recorded in trade payables.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

19. SIGNIFICANT EVENT DURING THE YEAR

COVID-19

The outbreak of the novel coronavirus ("COVID-19") in January 2020 had evolved into a global pandemic, adversely affecting economics worldwide due to the imposition of travel restrictions, constraints on the people's movement and the suspension of many business operations to curb the spread of COVID-19 virus.

The threats posed by the COVID-19 outbreak continue to spiral and many businesses have been crippled by the loss in earnings and disruption in the supply chains. This has also resulted in significant volatility in the worldwide financial and commodities markets. The Group and the Institute are not spared from the vulnerabilities faced by many businesses.

Amidst these unprecedented times of uncertainty and challenges, the Group's and the Institute's operating results, cash-flows and financial condition are greatly impacted. The Group has taken a number of measures to monitor and prevent the effects of the COVID-19 virus such as safety and health measures of its employees (social distancing and almost all employees are working from home). In compliance with the Movement Control Order (MCO) announced by the Honourable Prime Minister to curb the spread of COVID-19, all operational activities within the Group are maintained at a very minimal scale. Accordingly, this resulted in reduction in productivity and in minimum progress billings for on-going courses and hence, affecting the Group's revenue and operating results.

The Directors will continue to assess health risks versus economic losses, wherever possible, and adhere to all directives or rules issued by the Government; the State; various relevant authorities; and, operate in the best and safest possible way without jeopardising the health of employees.



Laporan Kewangan Financial Report 2020

Registration No.: 200401002719 (641222 - K)
NIOSH CERTIFICATION SDN. BHD.
(Incorporated in Malaysia)

**REPORTS AND AUDITED FINANCIAL
STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020**





**REPORTS AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

TUAN HAJI AYOP BIN SALLEH
YBHG. DATUK HAJI SHAMSUDDIN BIN BARDAN
YBHG. DATUK DR. CHONG CHEE KHEONG
TUAN HAJI NIK HASBI FATHI BIN NIK HUSAIN FATHI
DR. HAJI SHARUDIN BIN SHARI
DATUK HAJAH ROSMAWATI BINTI HAJI LASUKI

COMPANY SECRETARY

ROZIAH BINTI ABDUL RASHID
LS 0009048
CCM PC NO. : 201908000337

NURUL NADIAH BINTI MOHD ABD RASID
MIA 44423
CCM PC NO. : 201908002882

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

7TH FLOOR, NIOSH TOWER
LOT 1, JALAN 15/1
SEKSYEN 15
43650 BANDAR BARU BANGI
SELANGOR DARUL EHSAN

AUDITORS

ZALGHANI & CO
CHARTERED ACCOUNTANTS MALAYSIA

PRINCIPAL BANKERS

MALAYAN BANKING BERHAD
CIMB ISLAMIC BANK BERHAD



DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year are to provide a comprehensive range of Management System Certification and related services including but not limited to registration, auditing, checking, inspection, training and product testing that conform to Management System Standards, code of practice, guidelines, laws and other related thereto.

There have been no significant changes in the nature of the principal activities of the Company during the financial year.

	RM
Result from continuing operations:	
Net profit for the year before tax	60,478
Tax expense	-
Net profit for the year after tax	60,478

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend any dividend to be paid for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.



BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances, which would render the amounts written off of bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Company were prepared, the directors took reasonable steps to ensure that any current assets, which were unlikely to realise, in the ordinary course of business including their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances, which would render the values attributed to current assets in the financial statements of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any person; or
- b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company to meet its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements which would render any amounts stated in the financial statements misleading.



ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company for the financial year ended 31 December 2020 were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made.

DIRECTORS

The directors who held office during the year until the date of this report are:-

Tuan Haji Ayop Bin Salleh	
YBhg. Datuk Hj. Shamsuddin Bin Bardan	
YBhg. Datuk Dr. Chong Chee Kheong	
Encik Matdiah Bin Mohammad	(Ceased : 27.06.2020)
Tuan Haji Nik Hasbi Fathi Bin Nik Husain Fathi	
Dr. Haji Sharudin Bin Shari	
Datuk Hajah Rosmawati Binti Haji Lasuki	(Appointed : 06.11.2020)
Prof. Dr Ismail Bin Bahari	(Appointed : 17.12.2020; ceased : 28.02.2021)

DIRECTORS' INTERESTS

None of the directors in office at the end of the financial year held any interests in the ordinary shares of the Company.

DIRECTORS' REMUNERATIONS

None of the directors or past directors of the Company have received any remunerations from the Company during the financial year except as disclosed in Note 14 to the financial statements.

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company during the financial year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors or past directors of the Company during the financial year.



INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the director, officer or auditor of the Company.

AUDITORS' REMUNERATIONS

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:-

	2020
	RM
Statutory audit	5,500

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

No director of the Company has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a Company in which the director has a substantial financial interest.

HOLDING CORPORATION

The Company is a wholly owned subsidiary of National Institute of Occupational Safety and Health (Registration No.: 199201011539 (243042 - U), a Company incorporated in Malaysia.



AUDITORS

The retiring auditors, Messrs Zalghani & Co, have indicated their willingness to be re-appointed.

Signed on behalf of the Board in accordance with a resolution of the directors,

AYOP BIN SALLEH

Chairman

DATUK HJ. SHAMSUDDIN BIN BARDAN

Director

Kuala Lumpur

Dated: 04 MAY 2021

NIOSH CERTIFICATION SDN. BHD.
(Incorporated in Malaysia)



**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016**

We, **AYOP BIN SALLEH** and **DATUK HJ. SHAMSUDDIN BIN BARDAN**, being two of the directors of **NIOSH CERTIFICATION SDN. BHD.**, do hereby state that, in the opinion of the directors, the financial statements of the Company as set out on pages 60 to 81 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and of its financial performances and cash flows of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors,

AYOP BIN SALLEH
Chairman

DATUK HJ. SHAMSUDDIN BIN BARDAN
Director

Kuala Lumpur
Dated: 04 MAY 2021

**STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016**

I, **AYOP BIN SALLEH**, being the director primarily responsible for the accounting records and financial management of **NIOSH CERTIFICATION SDN. BHD.**, do solemnly and sincerely declare that the financial statements as set out on pages 60 to 81 are to 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.

Subscribed and solemnly declared by the)
abovenamed **AYOP BIN SALLEH**)
at Kuala Lumpur in Wilayah Persekutuan)
this day of)

AYOP BIN SALLEH

Before me:



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NIOSH CERTIFICATION SDN. BHD.**
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **NIOSH CERTIFICATION SDN. BHD.**, which comprise of the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 81.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 Company 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



INDEPENDENT AUDITORS' REPORT (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report and Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company of our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine it necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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.



INDEPENDENT AUDITORS' REPORT (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company'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 Company 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



INDEPENDENT AUDITORS' REPORT (CONT'D)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ZALGHANI & CO

Firm No.: AF 1281

Chartered Accountants Malaysia

MOHD ZALGHANI BIN HASSAN

Approval No.: 2066/07/2022(J)

Chartered Accountants Malaysia

Selangor

Dated:

NIOSH CERTIFICATION SDN. BHD.
(Incorporated in Malaysia)



STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		2020	2019
	Note	RM	RM
NON-CURRENT ASSETS			
Property, plant and equipment	6	276,968	215,589
TOTAL NON-CURRENT ASSETS		<u>276,968</u>	<u>215,589</u>
CURRENT ASSETS			
Trade and other receivables	7	1,856,300	2,510,263
Deposits and prepayments	8	133,564	238,911
Current tax assets		84,080	44,059
Cash and cash equivalents	10	1,532,995	1,628,245
TOTAL CURRENT ASSETS		<u>3,606,939</u>	<u>4,421,478</u>
TOTAL ASSETS		3,883,907	4,637,067
EQUITY			
Share capital	12	3,500,000	3,500,000
Accumulated losses		(499,532)	(560,010)
TOTAL EQUITY		<u>3,000,468</u>	<u>2,939,990</u>
CURRENT LIABILITIES			
Trade and other payables	11	637,969	1,454,813
Amount due to a holding corporation	9	245,470	242,264
TOTAL CURRENT LIABILITIES		<u>883,439</u>	<u>1,697,077</u>
TOTAL EQUITY AND LIABILITIES		3,883,907	4,637,067

The accompanying notes form an integral part of these financial statements

NIOSH CERTIFICATION SDN. BHD.
(Incorporated in Malaysia)



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020	2019
		RM	RM
REVENUE	13	5,115,869	6,520,935
COST OF SALES		(2,124,766)	(3,289,114)
GROSS PROFIT		2,991,103	3,231,821
OTHER OPERATING INCOME		9,744	50,303
		3,000,847	3,282,124
ADMINISTRATION EXPENSES		2,502,095	2,032,261
OTHER OPERATING EXPENSES		438,274	357,128
		(2,940,369)	(2,389,389)
PROFIT FOR THE YEAR BEFORE TAX	14	60,478	892,735
TAX EXPENSE	15	-	-
NET COMPREHENSIVE PROFIT FOR THE YEAR AFTER TAX		60,478	892,735

The accompanying notes form an integral part of these financial statements

NIOSH CERTIFICATION SDN. BHD.
(Incorporated in Malaysia)



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share Capital	Accumulated Losses	Total
	RM	RM	RM
At 01 January 2019	3,500,000	(1,452,745)	2,047,255
Net comprehensive profit for the year after tax	-	892,735	892,735
At 31 December 2019	3,500,000	(560,010)	2,939,990
Net comprehensive profit for the year after tax	-	60,478	60,478
At 31 December 2020	3,500,000	(499,532)	3,000,468

The accompanying notes form an integral part of these financial statements



STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the year before tax		60,478	892,735
Adjustments for:			
Depreciation		65,966	19,161
Interest income		(8,406)	(46,285)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		118,038	865,611
Decrease / (Increase) in trade and other receivables		653,963	(1,746,113)
Decrease / (Increase) in deposits and prepayments		105,348	(89,699)
(Decrease) / Increase in trade and other payables		(816,844)	1,102,222
Increase in amount due to a holding corporation		3,206	60,787
CASH GENERATED FROM OPERATIONS		63,711	192,808
Tax paid		(40,022)	(40,022)
Tax refund		-	102,476
Interest received		8,406	46,285
NET CASH GENERATED FROM OPERATING ACTIVITIES		32,095	301,547
CASH FLOW FROM INVESTING ACTIVITY			
Purchase of property, plant and equipment		(127,345)	(194,209)
NET CASH USED IN INVESTING ACTIVITY		(127,345)	(194,209)
Net (decrease) / increase in cash and cash equivalents		(95,250)	107,338
Cash and cash equivalents at beginning of the year		1,628,245	1,520,907
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	10	1,532,995	1,628,245

The accompanying notes form an integral part of these financial statements



NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

1. PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year are to provide a comprehensive range of Management System Certification and related services including but not limited to registration, auditing, checking, inspection, training and product testing that conform to Management System Standards, code of practice, guidelines, laws and other related thereto.

There have been no significant changes in the nature of the principal activities of the Company during the financial year.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

2.2 Basis of measurement

The financial statements of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM except stated otherwise.

2.4 Significant accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.4 Significant accounting estimates and judgements (Cont'd)

2.4.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates the useful life of these assets to be from 4 to 5 years.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges could be revised.

b) Impairment of loans and receivables

The Company assesses at the end of the reporting date whether there is any objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.4 Significant accounting estimates and judgements (Cont'd)

2.4.1 Key sources of estimation uncertainty (Cont'd)

c) Income taxes / Deferred taxation

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all unabsorbed business losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the tax losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

d) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instruments. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimate may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting date.

3. DATE OF AUTHORISATION OF ISSUE

The financial statements were authorised for issue by the Board of Directors on 4 May 2021.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

4. FINANCIAL RISK MANAGEMENT POLICIES

The Company has no formal risk management structure with respect to its financial assets. Risks are handled on case to case basis by the directors as and when issues arise.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:

a) Foreign currency risk

The Company does not have any material foreign currency transactions, assets, or liabilities and hence, are not exposed to any significant or material currency risks.

b) Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rate. Interest rate exposure arises from the Company's borrowings and deposits and is managed through the use of fixed and floating rate debt.

c) Credit risk

The Company seeks to control credit risk by setting counter party limits and ensuring that the sales are made to customers with an appropriate credit history. The trade receivables are all collectable and adequate allowance for bad and doubtful debts are provided for.

Following are the areas where the Company are exposed to credit risk:

i) Receivables

The ageing analysis of the Company's trade receivables are as follows:-

	Gross RM	Individually Impaired RM	Net RM
2020			
Past due 0 - 30 days	1,005,966	-	1,005,966
Past due 31 - 120 days	537,433	-	537,433
Past due more than 120 days	281,497	-	281,497
	1,824,896	-	1,824,896



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

4. FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

c) Credit risk

i) Receivables (Cont'd)

	Gross RM	Individually Impaired RM	Net RM
2019			
Past due 0 - 30 days	916,675	-	916,675
Past due 31 - 120 days	1,186,555	-	1,186,555
Past due more than 120 days	361,353	-	361,353
	2,464,583	-	2,464,583

The net carrying amount of trade receivables is considered a reasonable approximate of their fair value.

d) Market risk

The Company does not have any quoted investments and hence, are not exposed to market risks.

e) Liquidity and Cash Flow risks

The Company's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practices prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

5. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements of the Company have been prepared under the historical cost convention.

b) Financial Instruments

i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair values plus transactions costs, except for financial assets and financial liabilities carried at fair values through profit and loss, which are measured initially at fair values. Financial assets and financial liabilities are measured subsequently as described below.

ii) Financial assets – categorisation and subsequent measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- a) financial assets at fair value through profit and loss;
- b) held-to-maturity investments;
- c) loans and receivables; and
- d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

iii) Disclosures of fair values

The carrying values of the financial assets and liabilities maturing within 12 months approximate their fair values at the reporting date.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c) Property, plant and equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided on a straight line basis and is calculated to write off the cost of the property, plant and equipment over the expected useful lives of the assets concerned. The annual rates used are:-

	%
AV equipments	20
Computer	20
Furniture and fittings	20
Office equipments	20
Renovation	20

d) Impairment of assets

The carrying amounts of assets, other than inventories, assets arising from construction contracts, deferred tax assets and financial assets (other than investments in subsidiaries, associates and jointly controlled entity) are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is recognised as an expense in the profit or loss immediately, unless it reverses a previous revaluation, in which case it is treated as a revaluation decrease.

Any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the profit or loss immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

e) Trade and other receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off in the period in which they are identified. An allowances is made for impairment based on a review of all outstanding amounts at the reporting date.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

f) Provisions

Provisions are recognised when the Company has a present legal and constructive obligation as a result of a past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

g) Cash and cash equivalents

Cash comprises of cash at bank and in hand including bank overdraft and deposits. Cash equivalents comprises of investments maturing within three months from the date of acquisition and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value.

h) Revenue recognition

- i)** Revenue is recognised when the services are rendered.
- ii)** Interest income is recognised as it accrues unless its collectability is in doubt.

i) Income tax

The tax expense represents the aggregate amount of current tax and deferred tax included in the determination of profit or loss for the financial year.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, or temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement or the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

j) Employee benefits

i) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Institute. Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences such as sick leave are recognised when the absences occur. Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments as a result of past events and when a reliable estimate can be made of the amount of the obligation.

ii) Defined contribution plans

The Institute makes contributions to a statutory provident fund and recognise the contribution payable after deducting contributions already paid as a liability and as an expense in the financial year in which the employees render their services.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

6. PROPERTY, PLANT AND EQUIPMENT

2020

COST

	Balance at 01.01.2020	Additional	Disposal	Balance at 31.12.2020
	RM	RM	RM	RM
AV equipments	23,846	12,991	-	36,837
Computer	153,824	86,216	-	240,040
Furniture and fittings	131,165	16,011	-	147,176
Office equipments	22,587	6,767	-	29,354
Renovation	161,118	5,360	-	166,478
	492,540	127,345	-	619,885

**ACCUMULATED
DEPRECIATION**

	Balance at 01.01.2020	Charge for the year	Disposal	Balance at 31.12.2020
	RM	RM	RM	RM
AV equipments	14,976	4,439	-	19,415
Computer	133,390	18,698	-	152,088
Furniture and fittings	56,437	18,167	-	74,604
Office equipments	21,113	1,607	-	22,720
Renovation	51,035	23,055	-	74,090
	276,951	65,966	-	342,917



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

6. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

2019

COST

	Balance at 01.01.2019	Additional	Disposal	Balance at 31.12.2019
	RM	RM	RM	RM
AV equipments	16,097	7,749	-	23,846
Computer	152,428	1,396	-	153,824
Furniture and fittings	58,936	72,229	-	131,165
Office equipments	21,700	887	-	22,587
Renovation	49,170	111,948	-	161,118
	298,331	194,209	-	492,540

**ACCUMULATED
DEPRECIATION**

	Balance at 01.01.2019	Charge for the year	Disposal	Balance at 31.12.2019
	RM	RM	RM	RM
AV equipments	12,782	2,194	-	14,976
Computer	124,727	8,663	-	133,390
Furniture and fittings	51,823	4,614	-	56,437
Office equipments	19,289	1,824	-	21,113
Renovation	49,169	1,866	-	51,035
	257,790	19,161	-	276,951



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

6. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	NET BOOK VALUE	
	2020	2019
	RM	RM
AV equipments	17,422	8,870
Computer	87,952	20,434
Furniture and fittings	72,572	74,728
Office equipments	6,634	1,474
Renovation	92,388	110,083
	276,968	215,589



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

7. TRADE AND OTHER RECEIVABLES

	2020	2019
	RM	RM
Trade receivables	1,824,896	2,464,583
Non-trade receivable	21,888	36,164
GST receivables	9,516	9,516
	1,856,300	2,510,263

8. DEPOSITS AND PREPAYMENTS

	2020	2019
	RM	RM
Tender deposits	16,890	26,040
Prepayment expenses	116,674	212,871
	133,564	238,911

9. AMOUNT DUE TO A HOLDING CORPORATION

The amount due is unsecured, interest free and with no fixed term of repayment.

10. CASH AND CASH EQUIVALENTS

	2020	2019
	RM	RM
Cash and bank balances	1,432,995	328,245
Fixed deposits with licensed bank	100,000	1,300,000
	1,532,995	1,628,245



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

11. TRADE AND OTHER PAYABLES

	2020	2019
	RM	RM
Trade payables	366,258	508,464
Non-trade payables and accruals	119,751	750,467
SST payables	151,960	195,882
	637,969	1,454,813

12. SHARE CAPITAL

	2020	2019
	RM	RM
Issued and fully paid: 3,500,000 Ordinary shares	<u>3,500,000</u>	<u>3,500,000</u>

13. REVENUE

Revenue is the fees derived from a comprehensive range of certification and training activities as follows:-

	2020	2019
	RM	RM
Courses	933,631	1,384,737
Certification	4,182,238	5,136,198
	5,115,869	6,520,935



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

14. PROFIT FOR THE YEAR BEFORE TAX

	2020	2019
	RM	RM
This is stated after charging / (crediting):		
Audit fee	5,500	5,000
Depreciation	65,966	19,161
Directors' allowances	61,800	11,400
Interest on fixed deposit	(8,406)	(46,285)
	(8,406)	(46,285)

15. TAX EXPENSE

There is no charge to taxation as the Company had no chargeable income during the financial year.

The Company has available unabsorbed tax losses amounting to approximately RM333,605 (2019 : RM418,015) for utilisation against future taxable income.

16. STAFF COSTS

The total expenses recognised in the Statement of Comprehensive Income are as follows:-

	2020	2019
	RM	RM
Salaries, bonus and allowances	2,016,292	1,766,331
EPF, SOCSO and EIS contributions	309,495	230,439
Other employee benefits	114,508	24,091
	2,440,295	2,020,861



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

17. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

- Loans and receivables (L & R)
- Other liabilities measured at Amortised Cost (AC)

	Carrying Amount	L & R	AC
	RM	RM	RM
<u>2020</u>			
Financial assets			
Trade and other receivables (Note 7)	1,856,300	1,856,300	-
Deposits and prepayments (Note 8)	133,564	133,564	-
Current tax assets	84,080	84,080	-
Deposits, cash and bank balances (Note 10)	1,532,995	1,532,995	-
	3,606,939	3,606,939	-
Financial liabilities			
Trade and other payables (Note 11)	637,969	-	637,969
Amount due to holding corporation	245,470	-	245,470
	883,439	-	883,439

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

17. FINANCIAL INSTRUMENTS (Cont'd)

	Carrying Amount	L & R	AC
	RM	RM	RM
2019			
Financial assets			
Trade and other receivables (Note 7)	2,510,263	2,510,263	-
Deposits and prepayments (Note 8)	238,911	238,911	-
Current tax assets	44,059	44,059	-
Deposits, cash and bank balances (Note 10)	1,628,245	1,628,245	-
	4,421,478	4,421,478	-
Financial liabilities			
Trade and other payables (Note 11)	1,454,813	-	1,454,813
Amount due to holding corporation	242,264	-	242,264
	1,697,077	-	1,697,077

18. RELATED PARTY DISCLOSURES

	2020	2019
	RM	RM
(a) Services provided to holding corporation	<u>254,148</u>	<u>367,355</u>

The transactions are in the normal course of business and transacted on terms agreed by both parties. The balances unpaid at the end of the year was RM38,949 (2019 : RM27,197).

	2020	2019
	RM	RM
(b) Services provided by holding corporation	<u>34,494</u>	<u>-</u>

The transactions are in the normal course of business and transacted on terms agreed by both parties. The balances unpaid at the end of the year was RM51,166 (2019 : RM Nil) which are accumulated in the related party current payables.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd) – 31 DECEMBER 2020

19. SIGNIFICANT EVENT DURING THE YEAR

COVID-19

The outbreak of the novel coronavirus ("COVID-19") in January 2020 had evolved into a global pandemic, adversely affecting economics worldwide due to the imposition of travel restrictions, constraints on the people's movement and the suspension of many business operations to curb the spread of COVID-19 virus.

The threats posed by the COVID-19 outbreak continue to spiral and many businesses have been crippled by the loss in earnings and disruption in the supply chains. This has also resulted in significant volatility in the worldwide financial and commodities markets. The Company are not spared from the vulnerabilities faced by many businesses.

Amidst these unprecedented times of uncertainty and challenges, the Company's operating results, cash-flows and financial condition are greatly impacted. The Company has taken a number of measures to monitor and prevent the effects of the COVID-19 virus such as safety and health measures of its employees (social distancing and almost all employees are working from home). In compliance with the Movement Control Order (MCO) announced by the Honourable Prime Minister to curb the spread of COVID-19, all operational activities within the Company are maintained at a very minimal scale. Accordingly, this resulted in reduction in productivity and minimum progress billings for the on-going courses and hence, affecting the Company's revenue and operating results.

The Directors will continue to assess health risks versus economic losses, wherever possible, and adhere to all directives or rules issued by the Government; the State; various relevant authorities; and, operate in the best and safest possible way without jeopardising the health of employees.



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