

The background features a complex pattern of wavy, overlapping lines in shades of purple and blue, creating a sense of depth and movement. In the bottom-left corner, there is a grid of thin, light blue lines.

**STATEMENTS**

## MEMBERS OF THE AUDIT OVERSIGHT BOARD



**TAN SRI ABU SAMAH NORDIN**



**ALEX OOI THIAM POH**



**SALMAH BEE MOHD MYDIN**



**HONG CHIN PHENG**



**DATUK NOR AZIMAH  
ABDUL AZIZ**



**DATO' SERI AHMAD JOHAN  
MOHAMMAD RASLAN**



**DATO' NOORAZMAN  
ABD AZIZ**



### **Tan Sri Abu Samah Nordin**

*Appointed Non-Executive Chairman on 5 January 2024*

Tan Sri Abu Samah brings with him more than 40 years of experience in various capacities in the government agencies and judicial services.

Tan Sri Abu Samah was appointed as Judicial Commissioner at the Commercial Division of Kuala Lumpur High Court in 1994, before becoming the High Court Judge of the Commercial Division in 1996.

He then served as the High Court Judge in Kuantan, Shah Alam and Melaka between 1997 and 2003. He later became the Judge at the Criminal Division of Kuala Lumpur High Court in 2007. He was elevated to the Court of Appeal in the same year and the Federal Court in 2013 before retiring from judicial service in 2018.

Tan Sri Abu Samah holds a Bachelor of Law LLB (Hons) from the University of Malaya and Master of Law from University College London.



### **Alex Ooi Thiam Poh**

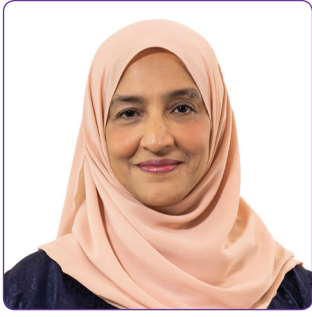
*Appointed Executive Officer on 24 November 2017*

Alex Ooi is currently the Executive Director of the SC who is responsible as the Executive Officer of the AOB.

Alex is currently involved in the Auditing and Assurance Standards Board, the Ethics Standards Board and the Education Board of the Malaysian Institute of Accountants (MIA). Alex serves as an Adviser to the Malaysian Accounting Standards Board and also represents the SC as a member in the Audit Licensing Committee of the Ministry of Finance Malaysia. He was a former Council Member of MIA.

He is a member of the International Forum of Independent Audit Regulators' Investor and Other Stakeholders Working Group. He is also currently a member of the CPA Australia Ethics and Professional Standards Centre of Excellence. He was previously the Malaysia Divisional President of CPA Australia in 2013 and 2014. He was a former member of the Public Practice Advisory Board of CPA Australia in Melbourne, Australia.

Alex is a Chartered Accountant of the MIA, Fellow of CPA Australia, a member of the Institute of Chartered Accountants in England and Wales (ICAEW) and the Malaysian Institute of Certified Public Accountants (MICPA). He holds a Bachelor of Economics (Accounting) from Monash University, Australia.



**Salmah Bee Mohd Mydin**

*Appointed Non-Executive Member on 1 January 2020*

Salmah Bee Mohd Mydin is the Executive Director of Market Development at the SC responsible for policy formulation in the areas of sustainability, corporate governance, investment product development along with the securities and derivatives development.

An important focus of the SC's agenda is the development of a capital market that is inclusive and sustainable and Salmah leads a team that is responsible for formulating initiatives to enhance market efficiency, vibrancy and competitiveness. Salmah's previous experiences within regulatory function include investigation, supervision and authorisation.



**Hong Chin Pheng**

*Appointed Non-Executive Member on 11 October 2022*

Hong Chin Pheng holds a degree in accounting and is a member of the MIA and the MICPA. She has more than 25 years of supervisory experience in BNM. In her current role as the Director of the Financial Conglomerates Supervision Department, she is responsible for the prudential supervision of the domestic banking groups. She also serves as a member of the Financial Stability Committee of the Labuan Financial Services Authority (Labuan FSA) and the Working Group on Banking Supervision of the Executives' Meeting of East Asia-Pacific Central Banks. She represents BNM in the Supervision Workstream of The Network of Central Banks and Supervisors for Greening the Financial System. Previously, she co-chaired the Risk Management Committee of the Joint Committee on Climate Change (JC3) from September 2019 to April 2022 and was involved in the development of the *Climate Change Principle-based Taxonomy*.



**Datuk Nor Azimah Abdul Aziz**

*Appointed Non-Executive Member on 1 January 2020*

Datuk Nor Azimah Abdul Aziz is the Chief Executive Officer (CEO) of the Companies Commission of Malaysia (SSM). Prior to her appointment as CEO on 1 May 2020, she was the Deputy Chief Executive Officer (DCEO) of Regulatory and Enforcement and thereafter, DCEO of Corporate Services between 2016 and 2020. She joined SSM as General Manager of the Corporate Policy, Planning and Development Department in 2003. She started her career in 1992 as an Advocate and Solicitor and from there on served as a Law Lecturer at the Accounting Department, Faculty of Business and Management, Universiti Kebangsaan Malaysia (UKM). During her tenure with UKM, in July 2000, she was seconded to the Regulatory and Standards Department of the MIA.

She has extensive experience in law reform initiatives and oversaw the passing of significant pieces of legislations under the purview of SSM, among others, the *Companies Act 2016*, *Interest Schemes Act 2016*, *Limited Liability Partnership Act 2012* and *Companies (Amendment) Act 2007*. She is currently a Board Member of the AOB, Board Member for the Integrity Officer Accreditation Board (LPPIB), Board Member of the Financial Reporting Foundation (FRF), Member of the Approval and Implementation Committee of the Iskandar Regional Development Authority (IRDA), Board Member of the Labuan Financial Services Authority (Labuan FSA), Executive Committee member of the Corporate Registers Forum (CRF) which is an association of international corporate registries and was recently appointed as an Adjunct Professor at UKM.

She obtained her law degree from Institut Teknologi MARA (now Universiti Teknologi MARA or UiTM) and her Master of Laws (LLM in Business Law) from Aberystwyth University, United Kingdom.



**Dato' Seri Ahmad Johan Mohammad Raslan**

*Appointed Non-Executive Member on 1 December 2020*

Dato' Seri Ahmad Johan Mohammad Raslan was Executive Chairman of PwC Malaysia from 2004 to 2012, when he retired from the firm.

Dato' Seri Johan has held several government appointments, including Chairman of the FRF from 2003 to 2009, membership of BNM's Financial Stability Executive Committee from 2009 to 2012, and membership of the International Advisory Panel of the Labuan FSA from 2004 to 2012.

In corporate governance, Dato' Seri Johan helped the SC to roll-out the first Malaysian Code on Corporate Governance (MCCG) to the market in the year 2000. Since then, he has assisted with drafting certain later versions of the MCCG.

Currently, Dato' Seri Johan is an Independent Non-Executive Director of Sime Darby Property Bhd (Sime Darby Property). He also serves as Chairman of the Audit Committee and Board Sustainability Committee of Sime Darby Property. He has been a board member of two other PLCs in the past. He is currently a board member of the Institute of Corporate Directors Malaysia.

Dato' Seri Johan holds a Bachelor of Economics (Honours) in Economics and Accountancy from the University of Hull, UK. He is a Fellow of the ICAEW and a member of the MIA and MICPA. Dato' Seri Johan served as MICPA President from 2011 to 2012.



## **Dato' Noorazman Abd Aziz**

*Appointed Non-Executive Member on 1 August 2023*

Dato' Noorazman Abd Aziz has over 37 years of experience in banking, financial markets, treasury and investments. He has experience as a Board member from a wide range of sectors and organisations.

Dato' Noorazman was previously Executive Director, Investments in Khazanah Nasional Bhd, Co-founder and Managing Director of Fajr Capital Ltd (a Khazanah investee company) and held key positions in Citibank Bhd, Bank Islam Malaysia Bhd, Kuala Lumpur Stock Exchange Bhd and the Labuan FSA.

In 2005, Dato' Noorazman was named as the winner of the first Asian Banker Achievement Award for Islamic Finance.

Dato' Noorazman is currently Chairman of the Board of Trustees of Yayasan UEM, the philanthropic arm of UEM Group, and Chairman of the Board of Trustees of International Centre for Education in Islamic Finance (INCEIF).

He also serves as Director and Chairman of the Boards of Sun Life Malaysia Assurance Bhd and Sun Life Malaysia Takaful Bhd, MUFG Bank (Malaysia) Bhd and CTOS Digital Bhd. He is a Director of Kumpulan Perangsang Selangor Bhd and a member of the Investment Panel of Kumpulan Wang Persaraan (Diperbadankan).

Dato' Noorazman is a member of the Institute of Chartered Islamic Finance Professionals, Australian Institute of Corporate Directors and member of Institute of Corporate Directors, Malaysia.

Dato' Noorazman graduated with a Bachelor of Science (Honours) degree from Louisiana State University.

## STATEMENT ON GOVERNANCE

### Board Members

The Board of the AOB comprises a Non-Executive Chairman, an Executive Officer, and five other Non-Executive Members who are appointed by the SC. The Non-Executive Members are representatives from the regulators, namely BNM and SSM, the legal profession, accounting profession and the private sector. The Executive Officer is responsible for the day-to-day administration of the AOB.

The Non-Executive Chairman of the AOB is appointed for a term not exceeding three years and the Non-Executive Members of the Board are appointed for a term not exceeding two years. Both the Non-Executive Chairman and Non-Executive Members are eligible for reappointment upon the completion of their term.

A person is disqualified from holding the office of a Board member of the AOB if he or she is—

- convicted of an offence under the law;
- declared a bankrupt;
- fails to attend three consecutive Board meetings without leave; or
- not capable of discharging his or her duties.

The SCMA requires a Board member to manage the conflict of interest by disclosing his or her interest in any matter under discussion by the Board. Once a disclosure is made, he or she—

- shall neither take part nor be present in any deliberation or decision of the Board or its committees; and
- shall be disregarded for the purposes of constituting quorum of the Board or its committees, relating to the matter.

### Responsibilities of the Board

The Board is responsible for assisting the SC in discharging its functions under the SCMA. The responsibilities of the Board is included in Figure 1.

**FIGURE 1**  
Board responsibilities



## Board Meetings

There were nine Board meetings held in 2023. The quorum required three members to be present, one of whom shall be the executive officer or the officer of the SC. The attendance record of the Board members is set out in Table 1.

**TABLE 1**  
Attendance at Board meetings

Board Members	Number of Meetings Attended
Dato' Anantham Kasinather <sup>1</sup>	9/9
Alex Ooi Thiam Poh	9/9
Salmah Bee Mohd Mydin	8/9
Hong Chin Pheng	8/9
Datuk Nor Azimah Abdul Aziz	8/9
Dato' Darawati Hussain <sup>2</sup>	3/3
Dato' Seri Ahmad Johan Mohammad Raslan	8/9
Dato' Noorazman Abd Aziz <sup>3</sup>	2/3

## Committee of the AOB

The Registration Committee was established to deliberate matters regarding the registration or recognition of auditors with the AOB. Where applicable, the Registration Committee will make recommendations to the Board on matters that require further deliberation and decision.

The following are members of the Registration Committee:

- Tan Sri Abu Samah Nordin<sup>4</sup>
- Alex Ooi Thiam Poh
- Hong Chin Pheng

There were two Registration Committee meetings held in 2023. The Chairman of the AOB chairs the meetings of the Registration Committee. In his absence, a member of the Board who sits on the Registration Committee can be tasked to take on this responsibility.

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<sup>1</sup> Completed his term as Non-Executive Chairman on 30 November 2023.

<sup>2</sup> Completed her term as Non-Executive Member on 31 March 2023.

<sup>3</sup> Appointed as Non-Executive Member on 1 August 2023.

<sup>4</sup> Appointed as Non-Executive Chairman and Chairman of the Registration Committee on 5 January 2024.



The attendance record of the members of the Registration Committee is set out in Table 2.

**TABLE 2**

Attendance at registration committee meetings

Members of the Registration Committee	Number of Meetings Attended
Dato' Anantham Kasinather <sup>1</sup>	2/2
Alex Ooi Thiam Poh	2/2
Dato' Darawati Hussain <sup>2</sup>	1/1
Hong Chin Pheng <sup>3</sup>	1/1

## External Auditors

The consideration and recommended appointment of external auditors of the AOB is decided and approved by the independent non-executive members of the SC. The Chairman and Executive Officer of the AOB are excluded from decisions relating to the review and appointment or reappointment of external auditors.

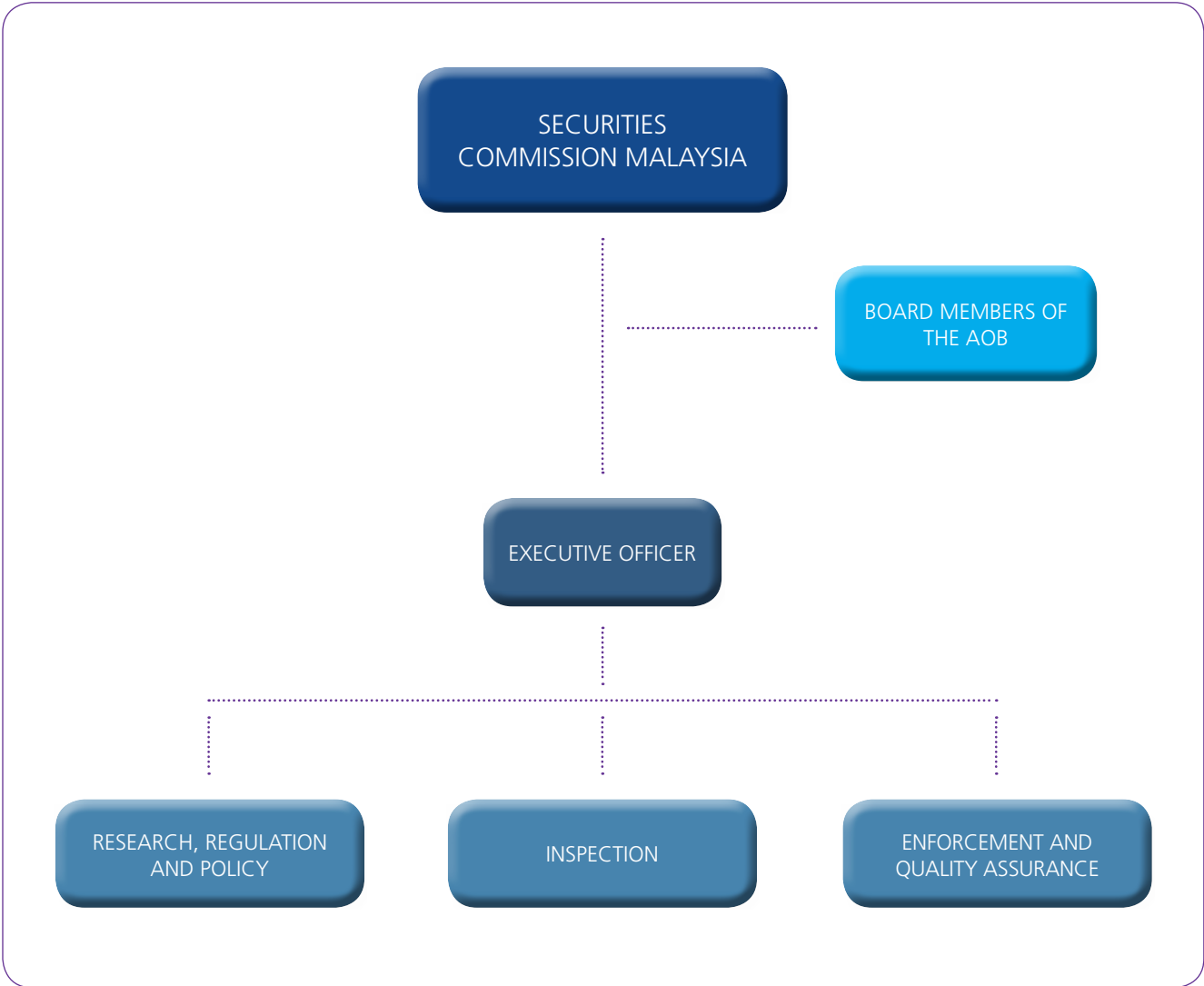
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<sup>1</sup> Completed his term as Non-Executive Chairman on 30 November 2023.

<sup>2</sup> Completed her term as Non-Executive Member on 31 March 2023.

<sup>3</sup> Appointed to the Registration Committee on 19 May 2023.

# Organisation Structure

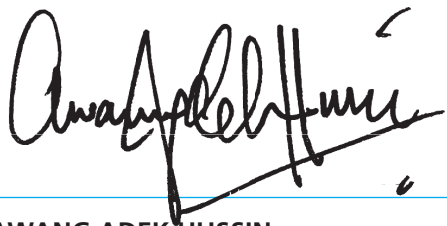


# STATEMENT OF FINANCIAL POSITION

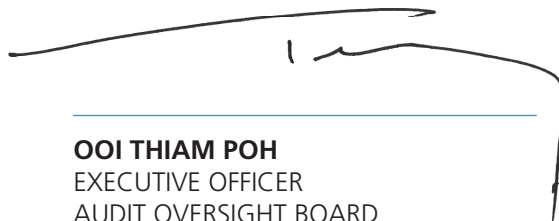
## AS AT 31 DECEMBER 2023

	Notes	2023 RM	2022 RM
<b>CURRENT ASSETS</b>			
Other receivables	4	38,191	105,841
Other investments	5	3,125,772	2,894,466
Cash and cash equivalents	6	441,917	231,789
		<u>3,605,880</u>	<u>3,232,096</u>
<b>LESS: CURRENT LIABILITIES</b>			
Other payables and accruals	7	(645,597)	(363,459)
NET CURRENT ASSETS		<u>2,960,283</u>	<u>2,868,637</u>
<b>REPRESENTED BY:</b>			
Funds from the Securities Commission Malaysia		42,516,438	38,016,438
Accumulated deficit		(39,556,155)	(35,147,801)
		<u>2,960,283</u>	<u>2,868,637</u>

The notes on pages 52 to 60 are an integral part of these financial statements.



**AWANG ADEK HUSSIN**  
CHAIRMAN  
SECURITIES COMMISSION MALAYSIA



**OOI THIAM POH**  
EXECUTIVE OFFICER  
AUDIT OVERSIGHT BOARD

30 January 2024

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Notes	2023 RM	2022 RM
Registration fees		3,144,000	3,104,000
Finance income from fixed deposits		117,033	65,530
Penalty income		75,000	1,014,500
Other income		-	90,898
		<u>3,336,033</u>	<u>4,274,928</u>
Administrative expenses	8	(7,744,387)	(7,329,073)
Deficit before tax		<u>(4,408,354)</u>	<u>(3,054,145)</u>
Tax expense	9	-	-
Deficit and total comprehensive loss for the year		<u>(4,408,354)</u>	<u>(3,054,145)</u>

The notes on pages 52 to 60 are an integral part of these financial statements.

## STATEMENT OF CHANGES IN ACCUMULATED FUNDS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Funds from the Securities Commission Malaysia RM	Accumulated deficit RM	Total RM
At 1 January 2022	34,516,438	(32,093,656)	2,422,782
Funds from the Securities Commission Malaysia	3,500,000	-	3,500,000
Deficit and total comprehensive loss for the year	-	( 3,054,145)	(3,054,145)
At 31 December 2022/1 January 2023	38,016,438	(35,147,801)	2,868,637
Funds from the Securities Commission Malaysia	4,500,000	-	4,500,000
Deficit and total comprehensive loss for the year	-	(4,408,354)	(4,408,354)
At 31 December 2023	42,516,438	(39,556,155)	2,960,283

The notes on pages 52 to 60 are an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit before tax	(4,408,354)	(3,054,145)
Adjustment for:		
Finance income from fixed deposits	(117,033)	(65,530)
<b>OPERATING DEFICIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(4,525,387)</b>	<b>(3,119,675)</b>
Changes in working capital:		
Other receivables	83,200	(13,360)
Other payables and accruals	282,138	(99,967)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(4,160,049)</b>	<b>(3,233,002)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	101,483	55,039
Placement in fixed deposit with licensed banks	(3,125,772)	(2,894,466)
Receipt of fixed deposits upon maturity	2,894,466	2,191,477
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(129,823)</b>	<b>(647,950)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Funds from the Securities Commission Malaysia	4,500,000	3,500,000
<b>NET CASH FROM FINANCING ACTIVITY</b>	<b>4,500,000</b>	<b>3,500,000</b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>210,128</b>	<b>(380,952)</b>
CASH AND CASH EQUIVALENTS AT 1 JANUARY	231,789	612,741
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	441,917	231,789

The notes on pages 52 to 60 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 1 GENERAL INFORMATION

On 1 April 2010, the Securities Commission Malaysia (SC) established the Audit Oversight Board (AOB) under Section 31C of the *Securities Commission Malaysia Act 1993* (SCMA). The AOB was established for the purposes set out in Section 31B of the SCMA, namely:

- (a) to promote and develop an effective and robust audit oversight framework in Malaysia;
- (b) to promote confidence in the quality and reliability of audited financial statements in Malaysia.
- (c) to regulate auditors of public interest entities or schedule funds; and
- (d) to exercise oversight over any person who prepares a report in relation to financial information required to be submitted under the securities laws, guidelines issued by the Commission or the rules of a stock exchange of a:
  - (i) public-interest entity (PIE) or schedule fund;
  - (ii) non-public-interest entity seeking approval to become a public-listed company or a corporation listed on the stock exchange; or
  - (iii) non-schedule fund seeking approval to become a schedule fund.

To facilitate the abovementioned purposes, a fund known as the AOB Fund was established under Section 31H of the SCMA. The AOB Fund is administered by the SC. The SC provides administrative and accounting support to the AOB Fund and the accounts are kept separately from the accounts of the SC in accordance with Section 31L(5) of the SCMA. The SC will continue to provide the necessary financial support to the AOB for the foreseeable future.

### 2 BASIS OF PREPARATION

- (a) Statement of compliance

The financial statements of the AOB have been prepared in accordance with the *Malaysian Financial Reporting Standards* (MFRS) and *International Financial Reporting Standards* (IFRS).

- (i) Amendments to published standards that are effective

The AOB has applied the following amendments to published standards for the first time for the financial year beginning on 1 January 2023:

- MFRS 17 'Insurance Contracts'
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'
- Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS Practice Statement 2 'Disclosure of Accounting Policies'
- Amendments to MFRS 112 'International Tax reform – Pillar Two Model Rules'
- Amendments to MFRS 108 'Definition of Accounting Estimates'

- (ii) Amendments to published standards that have been issued but not yet effective

New amendments to published standards and annual improvements that are effective for financial year beginning after 1 January 2024 are set out below:

- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024)

(ii) Amendments to published standards that have been issued but not yet effective (*continued*)

- Two amendments to MFRS 101 'Presentation of Financial Statements'
  - The first amendment, 'Classification of liabilities as current or non-current'
  - The second amendment, 'Non-current Liabilities with Covenants'
- Amendments to MFRS 107 and MFRS 7 'Supplier finance arrangements' (effective 1 January 2024)
- Amendments to MFRS 121 'Lack and Exchangeability' (effective 1 January 2025)

The amendments shall be applied retrospectively

These amendments to published standards and annual improvements will be adopted on the respective effective dates. The AOB has started a preliminary assessment on the effects of the above amendments to published standards and annual improvements and the impact is still being assessed.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than those as disclosed in Note 3.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the AOB's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.



### 3 MATERIAL ACCOUNTING POLICIES

The AOB adopted amendments to MFRS 101 'Presentation of Financial Statements and – Disclosure of Accounting Policies' from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the AOB, unless otherwise stated.

#### (a) Financial instruments

##### (i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the AOB becomes a party to the contractual provisions of the instrument.

A financial asset or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance.

An embedded derivative is recognised separately from host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host.

##### (ii) Financial instrument categories and subsequent measurement

###### Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the AOB changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

###### Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Finance income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Finance income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(c)) where the effective interest rate is applied to the amortised cost.

(ii) Financial instrument categories and subsequent measurement (*continued*)

Financial liabilities

Amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Finance expense is recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the AOB currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(b) Cash and cash equivalents

Cash and cash equivalents consist of balances and deposits with licensed banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the AOB in the management of its short term commitments.

(c) Impairment

Financial assets

The AOB recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The AOB measures loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the AOB considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the AOB's historical experience and informed credit assessment and including forward-looking information, where available.

(c) Impairment (*continued*)

Financial assets

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the AOB is exposed to credit risk.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the AOB assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the AOB determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the AOB's procedures for recovery of amounts due.

(d) Other Income

(i) Registration fees

Registration fees are recognised at a point in time upon submission of registrations by registrants.

(ii) Finance income

Finance income is recognised as it accrues using effective interest method in profit or loss.

(iii) Penalty income

Penalty income is recognised at a point in time pursuant to Section 31Z of the SCMA where the AOB imposes monetary penalty on auditors for failure to comply with the AOB's registration conditions. The penalty amount is restricted and shall be utilised for planning and implementing capacity building programmes in relation to the accounting and auditing profession.

(e) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave, contribution to social security contributions (SOCISO), Employees Provident Fund (EPF) or Private Retirement Scheme (PRS) are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the AOB has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### 4 OTHER RECEIVABLES

	2023 RM	2022 RM
Other receivable	-	83,200
Accrued finance income	38,191	22,641
	<u>38,191</u>	<u>105,841</u>

#### 5 OTHER INVESTMENTS

Other investments represent deposits placed with licensed banks with maturity terms of more than 3 months and interest income earned at a rate of 2.30% - 3.05% per annum (2022: 2.30% - 2.80% per annum).

The deposits arose from monies received from penalty income imposed by the AOB. The monies are reserved for planning and implementing capacity building programmes in relation to the accounting and auditing profession.

#### 6 CASH AND CASH EQUIVALENTS

	2023 RM	2022 RM
Cash and cash equivalents	441,917	231,789

#### 7 OTHER PAYABLES AND ACCRUALS

	2023 RM	2022 RM
Registration fee received in advance	608,000	336,000
Other payables and accruals	37,597	27,459
	<u>645,597</u>	<u>363,459</u>

#### 8 ADMINISTRATIVE EXPENSES

	2023 RM	2022 RM
The administrative expenses consist of:		
Auditors' remuneration	28,287	24,597
Non-executive members' allowance	254,500	278,000
Other miscellaneous charges	416,941	694,555
Capacity-building programmes	34,030	5,580
Staff costs:		
Remuneration, bonus, staff medical, staff training and overtime	6,082,170	5,423,743
Defined contribution plan	726,657	688,408
Other employees benefits	201,802	214,190
	<u>7,744,387</u>	<u>7,329,073</u>

## 9 TAX EXPENSE

The AOB is a unit of the SC and is not a tax entity.

## 10 FINANCIAL INSTRUMENTS

### 10.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost (AC):

	Carrying amount RM	AC RM
<u>2023</u>		
<u>Financial assets</u>		
Other receivables	38,191	38,191
Other investments	3,125,772	3,125,772
Cash and cash equivalents	441,917	441,917
	<u>3,605,880</u>	<u>3,605,880</u>
 <u>Financial liabilities</u>		
Other payables and accruals*	<u>(37,597)</u>	<u>(37,597)</u>
 <u>2022</u>		
<u>Financial assets</u>		
Other receivables	105,841	105,841
Other investments	2,894,466	2,894,466
Cash and cash equivalents	231,789	231,789
	<u>3,232,096</u>	<u>3,232,096</u>
 <u>Financial liabilities</u>		
Other payables and accruals*	<u>(27,459)</u>	<u>(27,459)</u>

\* Exclude non-financial instruments.

## 10.2 Financial risk management

The AOB is primarily exposed to liquidity risk in the normal course of the AOB's operations. As the AOB is administered by the SC, the AOB is subject to the SC's financial risk management policies.

## 10.3 Liquidity risk

Liquidity risk is the risk that the AOB will not be able to meet its financial obligations as they fall due. The AOB's exposure to liquidity risk arises principally from its various payables.

The AOB, via the SC, monitors and maintains a level of cash and cash equivalents deemed adequate to finance the AOB's operations and receives financial support from the SC to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

### Maturity analysis

The table below summarises the maturity profile of the AOB's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

	<b>Carrying amount RM</b>	<b>Contractual cash flow RM</b>	<b>Under 1 year RM</b>
<u>2023</u>			
<u>Financial liabilities</u>			
Other payables and accruals	<u>37,597</u>	<u>37,597</u>	<u>37,597</u>
<u>2022</u>			
<u>Financial liabilities</u>			
Other payables and accruals	<u>27,459</u>	<u>27,459</u>	<u>27,459</u>

## 10.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates, that will affect the AOB's financial position or cash flows.

#### 10.4.1 Interest rate risk

The interest rate profile of the AOB's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2023 RM	2022 RM
<u>Fixed rate instruments</u>		
Financial assets	3,125,772	2,894,466

#### Interest rate risk sensitivity analysis

##### *Fair value sensitivity analysis for fixed rate instruments*

The AOB does not account for any fixed rate financial assets at fair value through profit or loss, and the AOB does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

#### 10.5 Fair values

The carrying amounts of cash and cash equivalents, other receivables, other payables and accruals reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

Fair value hierarchy has not been presented as there are no financial instruments carried at fair value nor those not carried at fair value for which fair value is disclosed as at the end of the financial year.

## 11 FUND MANAGEMENT

The AOB's objective is to maintain adequate reserves to safeguard the AOB's ability to perform its duties and functions independently. The reserves are managed by the SC.

## 12 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2023 were authorised by the SC for issuance and signed by the Chairman of the SC and Executive Officer of the AOB on 30 January 2024.

# STATUTORY DECLARATION

I, **Nur Fatin binti Abdul Aziz**, the officer primarily responsible for the financial management of the Audit Oversight Board, do solemnly and sincerely declare that the financial statements set out on pages 48 to 60 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the *Statutory Declarations Act, 1960*.

Subscribed and solemnly declared by the abovenamed Nur Fatin binti Abdul Aziz, NRIC No. 770108-14-5000, at Kuala Lumpur in the Federal Territories on 30 January 2024.



**NUR FATIN BINTI ABDUL AZIZ**  
OFFICER

Before me:



No. 23, 2nd Floor,  
Jalan Medan Tuanku,  
50300 Kuala Lumpur.



# INDEPENDENT AUDITORS' REPORT TO THE AUDIT OVERSIGHT BOARD, SECURITIES COMMISSION MALAYSIA

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of the Audit Oversight Board (AOB) give a true and fair view of the financial position of the AOB as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with the *Malaysian Financial Reporting Standards and International Financial Reporting Standards*.

### What we have audited

We have audited the financial statements of the AOB, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the financial year then ended, and notes to the financial statements, comprising material accounting policy information and other explanatory information, as set out on pages 48 to 60.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and the *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 AOB 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.

### Responsibilities of the Board Members for the financial statements

The Board Members of the SC are responsible for the preparation of the financial statements of the AOB that give a true and fair view in accordance with *Malaysian Financial Reporting Standards and International Financial Reporting Standards*. The Board Members of the SC are also responsible for such internal control as the Board Members of the SC determine is necessary to enable the preparation of financial statements of the AOB that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the AOB, the Board Members of the SC are responsible for assessing the AOB'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 Board Members of the SC either intend to liquidate the AOB 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 AOB 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 the *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.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and the *International Standards on Auditing*, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the AOB, 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.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the AOB's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members of the SC.
- (d) Conclude on the appropriateness of the Board Members of the SC's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the AOB'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 AOB 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 AOB to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the AOB, including the disclosures, and whether the financial statements of the AOB represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board Members of the SC 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.

### OTHER MATTERS

This report is made solely to the Board Members of the SC, as a statutory body and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**PRICEWATERHOUSECOOPERS PLT**  
LLP0014401-LCA & AF 1146  
Chartered Accountants



**MAHESH A/L RAMESH**  
03428/04/2025 J  
Chartered Accountant

Kuala Lumpur  
30 January 2024