

December 2008

CPA Students eCommunicator is a monthly electronic newsletter designed for our CPA students to give quick updates on recent developments at the Institute and the Profession.

From the Desk of the Executive Director

Greetings



The President, Council, Management and Staff of the MICPA would like to wish all our Christian Students

Merry Christmas and A Happy New Year!

CPA Students Corner

November 2008 Examination Results

The November 2008 Examination results is expected to be released at the end of January 2008. For further information, please contact the Examination Officer at Tel: 03-2698 9622 or e-mail: hl.exam@micpa.com.my.

Young CPA Group

We are pleased to inform you that the *Young CPA Group* was established in 2004 with the aim of encouraging our younger members to take part in the Institute's work and activities. Young members play an important role in identifying the professional needs of its members and provide valuable feedback and suggestions and recommendations to the Institute. CPA Students are encouraged to join the Young CPA Group.

Please register yourself online at www.micpa.com.my. ***Membership is FREE!***

Be Different by Joining the Young CPA Group Today?

Articles of Interest

In the October issue, we had created a new section called *Articles of Interest*. We have since uploaded articles on Single Tier Tax System and Fair Value Accounting. For this issue, we have uploaded the article titled *Business Valuation from a Regulatory and Corporate Governance Perspective and Approach to Valuation – Part 1*. We hope that you will find the article informative and value-add.

Business Valuation from a Regulatory and Corporate Governance Perspective and Approach to Valuation

All investors neither want to pay more for an asset than what it is worth, nor get shortchanged by receiving less than what the asset is worth when disposing of it. Therefore, it is imperative to get the valuation right when companies undertake business acquisitions or disposals.

Some have argued that the transaction value of a business should not be questioned since there is willing buyer who is prepared to pay for it. However, the question is how an investor would know whether the value of the business to be acquired or disposed reflects its fair market value? Although a formal valuation exercise is not the absolute answer to this question, it will assist a decision maker in making an informed decision on the transaction. Please click [here](#) to view the full article

Single Tier Tax System

The single-tier tax system was introduced in Budget 2008 to replace the imputation system with effect from year of assessment 2008. Under this system, corporate income is taxed at corporate level and this is a final tax. Companies may declare single tier exempt dividend that would be exempt from tax in the hands of their shareholders. Please click [here](#) to view the full article

Fair Value Accounting

Following its international implementation by the Basel II accord and the affirmation in the International Financial Reporting Standards (IFRSs) by the International Accounting Standards Board (IASB), fair value accounting is certainly the mainstream of accounting and auditing standard setters worldwide. International financial reporting has evolved a long way since its classical introduction by Luca Pacioli, from historical cost accounting to other fashionable forms of accounting such as current cost accounting and current purchasing power accounting, and back to historical cost accounting before turning to the present fair value accounting. Please click [here](#) to view the full article

Activities of the Institute

MICPA 50th Anniversary Commemorative Lecture cum Luncheon

The Institute will be holding its 50th Anniversary Commemorative Lecture cum Luncheon on **Tuesday, March 10, 2009 at Sapphire Ballroom, Mandarin Oriental Kuala Lumpur at 12.30 p.m.** The Commemorative Lecture cum Luncheon provides an opportunity for members of the accountancy profession, the Government, regulatory authorities and the business community to get together to evaluate the

most pertinent issue affecting the Malaysian and global economies, and the role of the accountancy profession.

In this regard, we have pleasure in inviting you and your colleagues and business associates to the Commemorative Lecture and Luncheon. For further information, please contact the Public Affairs & Communications Manager on Tel: 03-2698 9622 or e-mail: vic.pr@micpa.com.my

National Annual Corporate Report Awards (NACRA) 2008

The NACRA Presentation Ceremony was held on Wednesday, November 19, 2008 at Shangri-La Hotel Kuala Lumpur. The event was officiated by Yang Berhormat Encik Jelaing Mersat, Deputy Minister of Domestic Trade and Consumer Affairs who also presented the awards to the winners of NACRA 2008.

NACRA is an annual event jointly organised by Bursa Malaysia Berhad, Malaysian Institute of Accountants (MIA), Malaysian Institute of Management (MIM) and The Malaysian Institute of Certified Public Accountants (MICPA). To view the winners list for NACRA 2008, please click [here](#)

MICPA Participates in Career Fairs and Exhibitions

The Institute continues to embark on a more aggressive marketing strategy to position the CPA and CFiA as the designated choice. In this regard, the Institute participates actively in career fairs and exhibitions across the country to promote accountancy as a career, and in particular to create greater awareness of the CPA Malaysia qualification. The Institute welcomes participation from students who would like to support and participate in these activities. For further information, please contact the Public Affairs & Communications Manager on Tel: 03-2698 9622 or e-mail: vic.pr@micpa.com.my

Collaboration with Universities

As part of the Institute's efforts to foster closer collaboration with the academic staff of universities in a positive and mutually beneficial manner, the Institute has scheduled meetings with the Deans of the Faculty of Accountancy of the various public universities. The aim is to promote the CPA and CFiA qualifications to university students and lecturers. To date the Institute has made visits to UPM, UKM, USM, UUM, IIUM, UM, UiTM (Shah Alam, Sri Iskandar & Arau), UNITEN, MMU and Politeknik Ungku Omar and Politeknik Tuanku Sultanah Bahiyah.

Appointment of New Approved Training Organisation

We are pleased to announce that ***Prokhas Sdn Bhd*** has been appointed as an Approved Training Organisation of the Institute under Stream II. Prokhas is a company wholly owned by Minister of Finance, Incorporated and they have been entrusted to manage the residual recovery assets of the Danaharta Companies beginning January 1, 2006. Their core function has broadened to that of consulting and advisory business.

Practical training is an integral part of the Institute's CPA programme. Under the Stream II training, candidates may undertake the CPA examinations prior to the start of practical training or during the training period and are not required to enter into a training contract but must maintain a training log book as a record of their practical experience, which must be obtained in an approved training organisation (ATO) under the supervision of a member of MICPA or approved professional body.

To date, 76 approved training organisations (ATOs) are registered with the Institute where students can undertake training. To view the list of ATOs, visit the MICPA website www.micpa.com.my under the List of CPA Firms in the Homepage.

Job Opportunities on MICPA Website

As part of the Institute's service to members', Members' Firms who wish to advertise any job opportunities in their respective firms are welcome to send in the job vacancy to the Institute. The opening will be posted on the MICPA website for **1 month** and this is on a free of charge basis. For further information, please contact the Public Affairs & Communications Manager on Tel: 03-2698 9622 or email: vic.pr@micpa.com.my

Announcements

Change of Correspondence and E-mail Address

Students are reminded that they should inform the Institute of any change in their correspondence and e-mail addresses. **This is to ensure that you receive all notices, circulars, publications, correspondences and e-mail broadcasts promptly.** Please click [here](#) to download the form and fax the completed form to the MICPA Secretariat at Fax No 03-2698 9403.

Upcoming Continuing Professional Development (CPD) Programmes

Strategic Tax Planning For Corporate Restructuring

A one-day Workshop on *Strategic Tax Planning for Corporate Restructuring* will be held on December 18, 2008 at the Legend Hotel, Kuala Lumpur. The workshop will assist participants in understanding strategic tax planning for corporate restructuring to ensure that tax efficiency is built into the very way that they do business. Efficient tax planning and corporate structuring can lead to significant cost savings and increased profitability for companies. For further information, please click [here](#)

News from Regulatory and Professional Bodies

Malaysian Accounting Standards Board (MASB)

MASB Proposes Amendments to 2 Standards and Issues 4 Draft Interpretations

The Malaysian Accounting Standards Board (MASB) in a press release dated November 17, 2008 has released two proposed amendments to Financial Reporting Standards (FRSs) and four draft accounting interpretations for public comment. The proposed amendments and draft interpretations are virtually identical to the International Accounting Standards Board (IASB) amendments to accounting standards and interpretations respectively.

The Proposed Amendment to FRSs and Draft Interpretations are:

- ED 58 *Borrowing Costs*;

- ED 59 *Amendment to FRS 2 Share-based Payment: Vesting Conditions and Cancellations*;
- [Draft] IC Interpretation 11 FRS 2 - *Group and Treasury Share Transactions*;
- [Draft] IC interpretation 12 *Service Concession Arrangements*;
- [Draft] IC Interpretation 13 *Customer Loyalty Programmes*; and
- [Draft] IC Interpretation 14 FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

Interested parties, including the business communities, are encouraged to study the proposed amendments and draft interpretations and provide feedback to MASB before February 16, 2009. For further information and to view the exposure drafts, please visit MASB website at www.masb.org.my

MASB Issues 3 Standards and 2 Interpretations

The MASB in a press release dated November 17, 2008 announced the issuance of 3 new Financial Reporting Standards (FRSs) and 2 Interpretations related to financial instruments.

The New FRSs and Interpretations are:

- FRS 4 *Insurance Contracts*;
- FRS 7 *Financial Instruments: Disclosures*;
- FRS 8 *Operating Segments*;
- IC Interpretation 9 *Reassessment of Embedded Derivatives*; and
- IC Interpretation *Interim Financial Reporting and Impairment*.

The documents, identical to international standards, have been exposed to the public between 2006-2007 and will take effect from January 1, 2010 except for FRS 8 which will be effective on or after July 1, 2009.

For further information, please visit www.masb.org.my

Malaysian Institute of Accountants (MIA)

World Congress of Accountants 2010

Malaysia will host the 18th *World Congress of Accountants 2010* which will be held in Kuala Lumpur on November 8-11, 2010 at the Kuala Lumpur Convention Centre. For further information, please click [here](#)

News from IFAC AND IASB

International Accounting Standards Board (IFAC)

Global Accountancy Leaders Address Credit Crisis and Focus on Needs of Small Business

To mark the beginning of World Accountancy Week, the IFAC has released the results of its 2008 Global Leadership Survey. This year's survey sought the views of leaders of accountancy institutes worldwide on the current credit crisis and other top

issues for the profession. Chief executives and presidents of 110 accountancy organizations* worldwide responded to the survey.

The majority of these organisations have been actively engaged, like IFAC, in identifying and executing appropriate responses to the crisis, supporting their members in understanding applicable international standards, and working with regulators, business groups and others to find solutions. Many of these initiatives are featured on IFAC's website in its new page on the global financial crisis (<http://www.ifac.org/financial-crisis/>).

Leaders of accountancy organisations reported an increased trend in the need for services that are related in some way to the crisis. For example, in the coming year they expect their members in public practice to be more involved in corporate recovery and insolvency services, assurance services (other than audit), as well as risk and compliance related work. Members employed in business and industry are also expected to be more involved in risk management, as well as in the areas of corporate social responsibility and sustainability, internal control, and governance and compliance work.

Respondents believe that the most important issues for the accountancy profession in the coming year are:

- Addressing the needs of small and medium enterprises (SMEs) and small and medium practices (SMPs);
- Meeting expectations to identify and prevent fraud;
- Dealing with the changing regulatory landscape; and
- Transitioning to International Standards on Auditing.

They also believe it is increasingly important to address the transition to International Financial Reporting Standards, auditor liability issues, the use of new technologies like XBRL, and corporate social responsibility issues.

Other survey results point to an increase in the attractiveness of the profession to students. According to survey respondents, the factors positively influencing students are the career options available and earning potential. However, leaders of accountancy institutes indicated that the two factors having the most negative impact on the attractiveness of the profession are work/life balance and legal liability. Most respondents indicated that they have initiatives in place to address these issues.

During World Accountancy Week, December 7, 2008 to December 13, 2008, accountancy institutes will be communicating the benefits of pursuing a career in accountancy and the role of professional accountants in contributing to economic growth and development.

For further information, please visit www.ifac.org

International Accounting Standards Board (IASB)

IASB Chairman Welcomes Moves Towards IFRSs in North America

In a press release dated November 17, 2008, Sir David Tweedie, Chairman of the International Accounting Standards Board (IASB), welcomed actions by authorities in Mexico, Canada and the United States regarding their adoption of International

Financial Reporting Standards (IFRSs). For further information, please visit www.iasb.org

IASB Issues a Revised Version of IFRS 1 with Improved Structure

In a press release dated November 27, 2008, the IASB issued a revised version of IFRS 1, *First-time Adoption of International Financial Reporting Standards*. The revised version has an improved structure but does not contain any technical changes. Since it was issued in 2003 IFRS 1 has been amended many times to accommodate first-time adoption requirements resulting from new or amended IFRSs, and as a result the text has become increasingly complex. In 2007 the IASB therefore proposed, as part of the annual improvements project, to restructure IFRS 1 to make it easier for the reader to understand and to allow it to accommodate more easily any future changes that might be necessary.

The revised version is effective for entities applying IFRSs for the first time for annual periods beginning on or after January 1, 2009. Earlier application is permitted. For further information, please visit www.iasb.org

IASB Updates Reclassification Amendment for Financial Instruments to Clarify Effective Date

In a press release dated November 27, 2008, the IASB issued an updated version of the recent reclassification amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* (issued on October 13, 2008) to clarify the effective date of the amendments.

Following publication of the amendments, and in response to requests, the IASB subsequently clarified the effective date requirements at its meeting in October. The clarification was published in the October issue of IASB Update and it has now been incorporated in the amendments.

For further information on *Reclassification of Financial Assets*, please visit www.iasb.org

IFRIC Issues Guidance on Distributions of Non-Cash Assets to Owners

In a press release dated November 27, 2008, the International Financial Reporting Interpretations Committee (IFRIC) issued an Interpretation that will standardise practice in the accounting treatment of distribution of non-cash assets to owners.

Existing International Financial Reporting Standards (IFRSs) do not address how an entity should measure distributions of assets other than cash when it pays dividends to its owners. At present the dividend payable is sometimes recognised at the carrying amount of the assets to be distributed and sometimes at their fair value. As a result significant diversity in practice has developed and the IFRIC was asked to provide guidance.

The IFRIC released a draft Interpretation in January 2008 and in the light of the responses finalised the Interpretation issued today, IFRIC 17 *Distributions of Non-cash Assets to Owners*. The Interpretation clarifies that:

- *a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity.*
- *an entity should measure the dividend payable at the fair value of the net assets to be distributed.*

- *an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.*

The Interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation.

IFRIC 17 applies to pro rata distributions of non-cash assets except for common control transactions.

Recognising the difficulty that entities would face in recognising past distributions at their fair values the IFRIC requires prospective application of the guidance. The Interpretation is effective for annual periods beginning on or after July 1, 2009. Earlier application is permitted.

For further information, please visit www.iasb.org

Trustees Seek Views on a Broad Range of Constitutional Issues

The Trustees of the International Accounting Standards Committee (IASC) Foundation, the body that oversees the IASB on December 8, 2008, published for public comment a discussion document on the second part of the five-yearly review of the IASC Foundation's Constitution.

The purpose of the discussion document is to seek comment on the full range of constitutional issues that were not addressed in the first part of the review, such as the possible need for emergency due process procedures, funding arrangements and the IASB's agenda-setting procedures.

While not limiting comment to any particular issue, the Trustees would especially welcome responses on the issues set out in the discussion document. Comments and suggestions should be sent to arrive by March 31, 2009. The Trustees expect to continue their consultations in a series of round-table meetings to encourage further debate and comment from stakeholders around the world.

The Trustees plan to conclude the second part of the review at their meeting in October 2009 in accordance with the timetable published on the Website. The amendments to the Constitution would take effect on or after January 1, 2010.

The discussion document Review of the Constitution: Identifying issues for Part 2 of the Review can be viewed on the IASB website www.iasb.org

News from Universities

Universiti Sains Malaysia (USM)

3rd International Conference on Postgraduate Education

The Malaysian Deans of Graduate Studies Council (MyDegs) in collaboration with the Institute of Graduate Studies, USM will be organising the *3rd International Conference on Postgraduate Education* with the theme Postgraduate Education: Multidisciplinary Perspectives on December 16 – 17, 2008 in Penang. The MICPA is a sponsor of the Conference.

Universiti Putra Malaysia (UPM)

FEP Seminar 2008

The Faculty of Economics and Management, Universiti Putra Malaysia is organising a Seminar with the theme *Economics and Business : Towards a Sustainable Future* on December 17 – 19, 2008 in Melaka. The MICPA is a sponsor for the Seminar.

Down Memory Lane

Did You Know That?

In January 2002, the change of the Association name to The Malaysian Institute of Certified Public Accountants (MICPA) took effect on January 29, 2002.

In March 2002, the MICPA and MIA jointly hosted the International Auditing Practices Committee (IAPC) meeting in Kuala Lumpur.

In March 2002, WinSKiPEZy, a computer-based learning and training solution for financial accounting, won a Gold Medal for invention and innovation. The project was funded by the MACPA Educational Trust Fund (MACPA ETF).

In June 2002, YB Dato' Kerk Choo Ting, Deputy Minister of International Trade and Industry officially launched the new name of the Institute at the Institute's 44th Annual Dinner.

In June 2002, the Institute launched the inaugural *Anugerah Presiden Award*. The award is presented to a member who has made exceptional contributions to the development of the Institute, the accountancy profession as well as the community. The recipient was Encik Abdul Rahman bin Abdul Hamid, a past president of the Institute.

In August 2002, rollout of the new CPA programme certification including the Professional Certificate in Accountancy (PCA), which was launched by YBhg Datuk Dr Abdul Samad Hj Alias.

In October 2002, MICPA hosted the 2nd Inter-Malaysian Accounting Groups (IMAG) Golf Tournament.

Thought for the Day

Quotations to Inspire

Anonymous

"Forget your past mistakes and focus on your successes encouraging yourself to greater achievements in the future."

CPA Students eCommunicator is produced by MICPA's Public Affairs & Communications Department. Contact Ms Vicky Rajaretnam at Tel: 03-2698 9622 or e-mail: vic.pr@micpa.com.my for further information.

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