

EXAMINATION REGULATIONS AND SYLLABUS

The Malaysian Institute of
Certified Public Accountants
(Institut Akauntan Awam Bertauliah Malaysia)



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INTRODUCTION

This booklet is for the guidance of students, prospective students, principals and organisations providing training of CPAs. It is divided into three parts, the first provides the Institute's examination regulations which have been revised in January 2006, the second sets out the examination syllabus and the third contains the transitional arrangements for registered students for conversion to the revised examination structure.

The syllabus for the Professional Stage Examination was revised in 2002 and implemented with effect from the November 2002 examination. The syllabus for the Advanced Stage Examination has recently been revised and implemented with effect from the November 2006 examination.

PART ONE – EXAMINATION REGULATIONS

1. *Definitions*

For ease of reference, the following definitions in the Institute's Articles of Association and bye-laws are relevant to examinations.

Approved practical experience means practical training and experience approved by the Council and obtained at an approved training organisation.

Approved training organisation means a firm, body or undertaking which is for the time being approved in accordance with the regulations made by the Council to train registered students.

Principal means a member of the Institute with whom a registered student or provisional member is serving.

Registered student means a candidate for membership of the Institute who has fulfilled all the requirements provided for by these Articles and the bye-laws of the Institute in respect of fitness for student registration and has upon application been accepted for registration as a registered student of the Institute.

Training contract means a contract of approved training registered with the Institute and in such form and containing such provisions as the Council may from time to time in its absolute discretion require or approve, made between a candidate for membership of the Institute and a principal as described under bye-law 78. A training contract which was in force immediately prior to the date when this definition comes into effect shall, for the purposes of these bye-laws, be deemed to be a training contract as now defined.

2. *Eligibility for Examination*

2.1 No person shall be eligible to sit any of the Institute's examinations unless he is a registered student of the Institute or a member of an accountancy body recognised by the Institute who intends to apply for membership of the Institute pursuant to bye-law 33(d).

2.2 Students must sit the six modules in the examination syllabus in the order specified. Students may attempt more than one module at any one sitting but will not be allowed to attempt a module in the Advanced Stage Examination until he has passed or been granted exemption from all the papers in the Professional Stage Examination.

2.3 Students who are claiming exemption from any papers of the Institute's examinations must have obtained the approval for the exemption at least one month before the closing date for acceptance of examination entries.

2.4 Professional Stage Examination

Students may take Module A and Module B in separate sittings or in the same sitting. All the papers in a module must be attempted in the same sitting. Students must have passed Module A in order to take Module B on its own.

2.5 Advanced Stage Examination

Students may sit the Advanced Stage Examination according to the following conditions:

- (i) they must have passed or being granted exemption from all the papers in the Professional Stage Examination;
- (ii) they must take Modules C, D, E and F in the order specified;
- (iii) they may take one or more modules in a sitting but Module F shall be taken only after they have completed at least nine months of approved practical experience prior to the month in which the examination is held. In addition, they must have passed Modules C, D and E in order to take Module F on its own.

3. Application for Examination

3.1 Applications for admission to examination must be made in the form prescribed by the Examination Committee. Separate forms are provided for each examination and the application must be made in the form which is relevant to the examination part and the session to which the student wishes to be admitted. Application forms are available on request from the Institute's Secretariat and also available from the MICPA website.

3.2 Applications must be received by the Examination Committee on or before the closing date set for acceptance of applications. The application must be accompanied by:

- (a) The appropriate fee payable in respect of the examination.
- (b) A certificate in the form prescribed by the Examination Committee that the candidate is a fit and proper person to be admitted to the examination. The certificate is to be signed:
 - (i) in the case of students in Stream I who are currently serving a training contract or who are sitting for the examination for the first time after the expiration of the training contract by their principals;
 - (ii) in the case of students in Stream II who are working in an approved training organisation (ATO) by their training supervisors;
 - (iii) in the case of students in Stream II who are not working in an ATO by their current employers or who are currently unemployed by a member of the Institute.

4. Acceptance of Entries

The dates for each examination session and acceptance of entries will be notified to students via a circular as well as announced on the MICPA website.

Entries reaching the Institute after the closing date will only be accepted up to 7 calendar days from the closing date upon receipt of the late entry fee at 2 × published examination fee.

Late entries after 7 calendar days will not be accepted for any examination and no allowance shall be made for any special circumstances nor for any error or omission by a candidate, or by any person acting on behalf of the candidate.

5. Refund of Examination Fees

If after the payment of the examination fee, a candidate withdraws his entry or fails to present himself for examination in one or more papers, the fee may be wholly or partly refunded as follows:

- (a) A candidate whose request to withdraw from an examination is received before the closing date for acceptance of entries will obtain a refund of the fee paid for the examination less a sum equivalent to 20% of the fee paid subject to a maximum of RM100.
- (b) A candidate whose request to withdraw from an examination is received after the closing date for acceptance of entries will not be entitled to any refund of the fee paid, except that the Examination Committee may:
 - (i) on receipt of satisfactory medical evidence grant a refund to a candidate who, by reason of illness, withdraws from an examination after the closing date or who is absent from all the papers in an examination for which he has entered;
 - (ii) grant a refund in such other circumstances as the Committee may seem fit.

An application for such a refund of fees must be received by the Examination Committee, with supporting evidence, within twenty-eight days of the start of the examination for which the candidate has entered. A sum equivalent to 20% of the fee paid subject to a maximum of RM100, will be deducted from the fee paid when the refund is made.

6. Exemption from Examination

The Council may at its discretion grant exemption from such papers of the Institute's examinations to any registered students who can produce evidence to the satisfaction of the Council of their success in any examinations which shall be recognised by the Council as providing a satisfactory test to qualify for exemption from such papers.

Applications for exemption must be submitted, with supporting documents, at least one month before the closing date for acceptance of entries for the examination sitting to which the student wishes to be admitted.

7. Time Limit to Complete Examination

7.1 The Institute's examinations must be completed in the manner and within the time bar or number of attempts prescribed below.

7.2 Professional Stage Examination

- (a) Students must sit for the two modules in the Professional Stage Examination in the order specified. However, students may take one or both the modules in a sitting.
- (b) All the papers in a module (for which exemption has not been granted) must be attempted in the same sitting. A student who is unsuccessful in only one paper in a module will be allowed to refer in that paper provided he has obtained a marginal fail. The referred paper must be passed within the next two consecutive examination sittings, otherwise all the papers in the module must be re-attempted.

Where less than three papers are sat in a module as a result of exemptions or conversion passes being granted, a student will be regarded as having completed the module only if all the outstanding papers in the module are passed in the same sitting. No referral will be allowed in this case.

- (c) The Professional Stage Examination must be completed in a maximum of six attempts (excluding the attempts for referred papers) within the time bar prescribed in paragraph 7.3(c) below.

7.3 Advanced Stage Examination

- (a) Students will not be allowed to attempt the Advanced Stage Examination until they have passed all the papers in the Professional Stage Examination (for which exemption has not been granted) within the prescribed number of attempts.
- (b) Students must sit for the four modules in the Advanced Stage Examination in the order specified. Students may take one or more modules in a sitting but Module F shall be taken only after they have completed a period of not less than nine months of practical experience in an ATO in public practice, commerce, industry or the public sector. In addition, students must have passed Modules C, D and E in order to take Module F on its own.
- (c) The Advanced Stage Examination must be completed within the following time bars:
 - (i) In the case of holders of a recognised diploma in accountancy or a non relevant degree with no exemption from the Institute's examinations, all the papers up to Module D must be passed within 8 years from the date of registration as a student and Module E and Module F must be passed within the following 4 years.
 - (ii) In the case of graduates with a recognised degree with concentration in accounting or equivalent qualification who are granted exemption from one or more papers of the Professional Stage Examination, all the papers (for which exemption has not been granted) up to Module D must be passed within 6 years from the date of registration as a student and Module E and Module F must be passed within the following 4 years.
 - (iii) Where a student's time bar to complete the Advanced Stage Examination falls within the month in which the examination is held, that examination shall be the final attempt. Where a student's time bar to complete the Advanced Stage Examination falls in any of the other months, the student shall be granted one final attempt to be taken in the next immediate examination session following the time bar.

8. *Misconduct in Examination*

- 8.1 It is the duty of the chief invigilator to report to the Examination Committee all cases of misconduct in connection with an examination. Misconduct includes, inter alia:
 - (a) being in possession of any books, notes or other unauthorised material while in the examination room;
 - (b) aiding, or attempting to aid another candidate or obtaining, or attempting to obtain aid from another candidate;

- (c) failing to obey any instructions of the invigilators;
- (d) giving false or misleading information to the invigilators.

8.2 The Examination Committee reserves the right to withhold publication of the examination results of a candidate suspected of having been involved in any misconduct in connection with an examination pending inquiry into the alleged misconduct. The Examination Committee may refer the candidate concerned to the Investigation Committee.

9. Examination Results

9.1 Declaration of Results

The decision of the Examination Committee in regard to individual candidates' examination results is final and no correspondence shall be entered into with the candidates themselves, their principals or employers, their parents or any persons or organisations claiming interest.

9.2 Performance

(a) Professional Stage Examination

Candidates' performance in a paper is based on the results achieved in the 3-hour written examination.

Candidates are deemed to have passed a module only if they pass all the papers (for which exemption has not been granted) constituting the module in the same sitting, or pass the paper in which they have been referred from a previous examination sitting.

(b) Advanced Stage Examination

Candidates' performance in a module is based on the following assessment components:

Results achieved in workshop sessions	30%
Results achieved in the final module examination	70%

(c) Candidates will be advised of their performance in each paper/module classified as Pass, Marginal Fail, Fail or Bad Fail.

9.3 Referral

Candidates who are unsuccessful in only one paper in Module A or Module B will be allowed to refer in that paper provided they have sat for all three papers in the module and obtained a marginal fail in that paper. The referred paper must be passed within the next two consecutive examination sittings, otherwise all three papers in the module shall be re-attempted.

Where less than three papers are sat in Module A or Module B as a result of exemptions or conversion passes being granted, a candidate will be regarded as having passed the module only if all the outstanding papers in the module are passed in the same sitting.

9.4 **Bad Failure**

Candidates who have obtained an aggregate mark for all the papers constituting a module of less than 20% of the aggregate pass mark for the module shall be barred from sitting for the module concerned as well as the other outstanding modules at the next immediate examination session.

The Examination Committee may at its discretion relax the above regulation on receipt of satisfactory evidence that the poor performance is due to illness or other special circumstances.

10. **Prizes**

Prizes are awarded to candidates whose performance in an examination is outstanding on the following basis:

(a) **Professional Stage Examination**

- (i) A prize for best performance will be awarded for each individual paper.
- (ii) Only candidates who have passed a module as a whole will be considered for prize awards. Referral candidates are not eligible for prize awards.

(b) **Advanced Stage Examination**

A prize for best performance will be awarded for each module.

11. **Candidates Requiring Special Assistance**

Candidates suffering from a serious physical disability who require special arrangements for sitting the examination should make an application for such arrangements as early as possible. The application should be supported by the following information:

- (a) A supporting letter from the candidate's training office or employer.
- (b) A doctor's certificate describing the nature of the candidate's condition and an indication of any special arrangements deemed appropriate, e.g. special chair or equipment.

The Institute will try to accommodate the candidate's needs as far as possible.

12. **Examination Administration**

12.1 **Date of Examination**

The Institute's examinations are held twice a year, usually in the last week of May and November.

12.2 **Notice of Examination**

An examination docket will be issued to each examination candidate about two weeks before the examination date stating the examination number, the examination part and subjects entered for and the location of the examination centre. The docket serves as authority to enter the examination hall.

On receipt of the docket, candidates should check carefully the information contained therein. Candidates are also advised to read carefully the detailed instructions which accompany the docket. If they have any doubt, they should contact the Institute's Examination Officer immediately.

12.3 **Rejected Application**

Where an applicant has been refused permission to sit for an examination, the applicant may make an appeal in writing for reconsideration within 7 days of the notification. Such appeal shall be considered by the Examination Committee whose decision shall be final.

12.4 **Examination Centre**

The usual centres for conducting the Institute's examinations are at Kuala Lumpur, Ipoh, Penang, Johor Bahru, Kuantan, Kota Kinabalu, Kuching and Sandakan. Candidates may elect to sit at the centre of their choice. However, if the total number of candidates sitting for any paper at a particular centre is too few, the candidates will be instructed to go to another centre.

PART TWO – EXAMINATION SYLLABUS

1. *Syllabus Outline*

The MICPA examination consists of 10 papers divided into 6 modules, which are arranged into two stages as follows:

Professional Stage Examination	Advanced Stage Examination
Module A Financial Accounting and Taxation Business and Company Law Management Information and Control	Module C Advanced Taxation
Module B Financial Reporting Auditing and Assurance Business Finance and Management	Module D Advanced Financial Reporting
	Module E Advanced Auditing & Assurance
	Module F Advanced Business Management & Integrative Case Study

2. *Syllabus Content Specification*

The syllabus for each examination paper is designed to assess candidates' knowledge and skills more precisely. In order to assist the examiners in this objective and students in their preparation for the examination, a specification grid has been drawn up for each paper indicating the relative weightings of the main sections of the syllabus.

In addition, each topic in the syllabus is broken down into a number of areas and a level of knowledge (ranging from A to C) is shown against each area to indicate the depth at which students can expect to be examined.

The levels of knowledge are defined as follows:

- Level A A thorough and detailed knowledge and substantial comprehension, together with the ability to solve problems where candidates have to select the information required from the fairly unstructured data provided and exercise professional judgement.
- Level B A detailed knowledge of the principles, concepts and techniques with the ability to solve problems where the information needed is clearly indicated.
- Level C An overview or current awareness only.

3. *Examinable Material*

3.1 **Legislation**

Questions involving knowledge of legislation will be based on Malaysian legislation and students are expected to have knowledge of any current changes in legislation. However no questions on new legislation will be set until at least 6 months have elapsed since the last day of the month in which Royal Assent was given to the new legislation.

3.2 **Technical Pronouncements**

At the Professional Stage Examination, students are expected to have a working knowledge of, and answer in accordance with the requirements of approved accounting standards, approved auditing standards, generally accepted accounting principles, generally accepted auditing standards and Malaysian legislation.

At the Advanced Stage Examination, students are expected to have a detailed knowledge of, and answer in accordance with the requirements of approved accounting standards, approved auditing standards, generally accepted accounting principles, generally accepted auditing standards, exposure drafts, and regulations and legislation relating to financial accounting, reporting and auditing.

Questions involving knowledge of new approved accounting standards, approved auditing standards and exposure drafts will not be set until at least 6 months have elapsed since the last day of the month in which the statement became effective or was published.

Notes:

(a) **Approved Accounting Standards**

Approved accounting standards comprise:

- (i) Approved accounting standards and other technical pronouncements issued by the Malaysian Accounting Standards Board (MASB);
- (ii) Malaysian Accounting Standards (MAS) issued by MICPA, which have not been replaced by MASB Standards.

Technical Bulletins and other statements issued by the Council of the MICPA relating to accounting are to be regarded as opinions on best current practice and thus form part of generally accepted accounting principles (GAAP).

(b) **Approved Auditing & Assurance Standards**

Approved auditing and assurance standards comprise:

- (i) International Standards on Quality Control (ISQC), International Standards on Auditing (ISA), International Standards on Assurance Engagements (ISAE), and International Standards on Related Services (ISRS) approved and issued by MICPA;
- (ii) International Auditing Practice Statements (IAPS) approved and issued by MICPA.

Auditing Technical Releases and other statements issued by the Council of the MICPA relating to auditing are to be regarded as opinions on best current practice and thus form part of generally accepted auditing standards (GAAS).

FINANCIAL ACCOUNTING AND TAXATION

AIM

To equip students with:

- (a) A sound knowledge and understanding of accounting principles and concepts and their application in the preparation of financial statements
- (b) A good understanding of ratios and trends in the interpretation of financial statements so as to be able to evaluate the financial performance and position of an organisation
- (c) A sound knowledge and understanding of the core areas of Malaysian income tax and the ability to prepare income tax computations for individuals, companies and partnerships in compliance with statutory obligations

INTRODUCTION

This paper covers Financial Accounting (60%) and Taxation (40%).

The syllabus on Financial Accounting is designed to ensure that students are able to apply the principles of recognition and measurement in recording transactions and to prepare and present financial statements for sole traders, partnerships and limited companies, in conformity with legal requirements and approved accounting standards in Malaysia.

The syllabus on Taxation is designed to provide a sound grounding in the principles of Malaysian taxation and the essential working knowledge required for the computation of income tax liability of individuals, companies and other entities. Students studying this paper are expected to have prerequisite knowledge of the structure and administration of the Malaysian tax system, and the basic concepts and principles of Malaysian taxation.

Students can expect some of the examinations questions to be integrative, testing on the application of both parts of the syllabus.

SYLLABUS WEIGHTING

SYLLABUS CONTENT AREA	WEIGHTING
Overview of the Malaysian Financial Reporting Framework Conceptual Framework: Preparation and Presentation of Financial Statements	10%
Accounting for share capital and debentures Accounting for assets and liabilities Accounting for investments Preparation of financial statements	40%
Analysis of financial statements	10%
Principles of taxation Taxation of individuals, companies and partnership	40%
Total:	100%

EXAMINATION FORMAT

A 3-hour written paper comprising 5-6 compulsory questions

SYLLABUS CONTENT

LEVEL

FINANCIAL ACCOUNTING

- | | |
|--|----------|
| 1. Overview of the Malaysian Financial Reporting Framework | B |
| a The regulatory framework | |
| b The financial reporting framework | |
| c Exempt enterprises | |
| d Role of the professional accountancy bodies | |
| e Role of the Financial Reporting Foundation (FRF) and the Malaysian Accounting Standards Board (MASB) | |
| 2. Conceptual Framework: Preparation and Presentation of Financial Statements | B |
| a Purpose of financial statements | |
| b Assumptions and concepts | |
| c Elements and components of financial statements | |
| d Presentation of financial statements | |
| 3. Accounting for Share Capital and Debentures | B |
| a Issue of ordinary shares, including share premium and share discount | |
| b Issue of bonus shares | |
| c Issue of preference shares | |
| d Issue of debentures | |
| 4. Accounting for Current Assets and Current Liabilities | B |
| Recognition, measurement and disclosure issues relating to: | |
| a Inventories | |
| b Receivables and payables | |
| c Short-term borrowings | |
| 5. Accounting for Non-Current Assets and Non-Current Liabilities | B |
| Recognition, measurement and disclosure issues relating to: | |
| a Property, plant and equipment including depreciation, revaluation and impairment | |
| b Research and development costs | |
| c Goodwill and other intangible assets | |
| d Bank loans and other borrowings | |

LEVEL

- 6. Accounting for Investments** **B**
- a Equity investments
 - b Debt securities (excluding warrants and derivatives)
- 7. Preparation of Financial Statements** **A**
- a Preparation and presentation of income statement, balance sheet and cash flow statement for:
 - i sole traders
 - ii partnerships
 - iii limited companies
 - b Calculation of allocation and distribution of profit for partnerships (including partners' admission and retirement)
- 8. Analysis of Financial Statements** **B**
- Assessment of an organisation's performance and liquidity using:
- a Accounting ratios
 - b Trend analysis
 - c Profitability analysis (activity ratios, profitability ratios)

TAXATION

- 9. Principles of Taxation** **B**
- a Scope of income tax – chargeable persons, residence status
 - b basis periods (including change of accounting dates)
 - c Distinction between capital and revenue receipts/expenses (including case law)
- 10. Taxation of Income of Individuals and Companies** **A**
- a Ascertainment of gross income, adjusted income, statutory income aggregated income, total income and chargeable income (excluding bilateral/unilateral credits)
 - b Computation of capital allowances on plant and machinery and industrial building, including disposals of assets subject to control
 - c Computation of section 108 balance
 - d Withholding taxes
- 11. Partnerships** **A**
- a Existence of a partnership
 - b Ascertainment of provisional adjusted income
 - c Divisible income and allocation of income

EXAMINABLE ACCOUNTING STANDARDS

MASB 1, MASB 2, MASB 3, MASB 4, MASB 5, MASB 9, MASB 14, MASB 15, MASB 23, IAS 25

RECOMMENDED BASIC TEXTS

MICPA (2003)	Financial Accounting & Taxation Study Manual	MICPA
Veerinderjeet Singh (2005)	Malaysian Taxation - Administrative & Technical Aspects	Longman Malaysia 6 th Edition
A. Subramaniam	Malaysian Income Tax Manual	Pelanduk

OTHER REFERENCES

CCH Tax Editors (2006)	Malaysian Master Tax Guide	CCH Asia Pte Ltd 23 rd Edition
Chin Yoong Kheong	Malaysian Taxation	Butterworths 4 th Edition
Choong Kwai Fatt	Malaysia Taxation – Principles and Practice	Infoworld 7 th Edition

Relevant MASB standards and IASs

Companies Act 1965

Income Tax Act 1967 and Finance Acts

Relevant Income Tax Rules and Exemption Orders

Relevant Public Rulings and Guidelines issued by the Inland Revenue Board

BUSINESS AND COMPANY LAW

AIM

To ensure that students have a sound knowledge and understanding of the legal implications of business transactions as well as the statutory requirements applicable to the management and administration of companies.

INTRODUCTION

This paper covers Business Law (25%) and Company Law (75%).

The Business Law syllabus is designed with the aim that students should be able to understand the implications of business contracts. An understanding of the law of partnership and agency is essential particularly in relation to the legal environment within which businesses operate.

Company Law is an important area in the training of CPAs as it has direct impact on their work either as auditors, accountants, company secretaries or insolvency practitioners. The syllabus is thus designed to equip students with a strong knowledge of the statutory requirements pertaining to the formation, financing, management and administration of a company. In addition, corporate governance requires a sound knowledge of the duties and responsibilities of directors, company secretaries and managers. Students are expected to be familiar with the provisions of the Companies Act 1965 and other laws and regulations in the legal framework governing the operation of companies. They must also be aware of important recent developments in the legal framework affecting companies.

Students can expect some of the questions to be integrative, testing on the application of both parts of the syllabus.

SYLLABUS WEIGHTING

SYLLABUS CONTENT AREA	WEIGHTING
Contract law	10%
Agency and partnership law	15%
Formation of company	15%
Capital and financing of a company	20%
Management and administration of a company	20%
Company transformation, receivership, and winding up	20%
Total:	100%

EXAMINATION FORMAT

A 3-hour written paper consisting of two parts:

Section A	2 compulsory question	40%
Section B	Choice of 4 from 6 questions	60%

SYLLABUS CONTENT

LEVEL

BUSINESS LAW

1. Contract Law

a	Essential elements of contract	A
i	Offer	
ii	Acceptance	
iii	Consideration	
iv	Intention to create legal relations	
v	Capacity	
vi	Certainty	
b	Terms of contract	A
i	Standard form contracts	
ii	Exclusion clauses	
c	Void and illegal agreements	B
i	Contracts in restraint of trade	
ii	Contracts that are :	
•	Forbidden by law	
•	Defeats the law	
•	Fraudulent	
•	Against public policy	
d	Factors vitiating a contract	B
i	Coercion	
ii	Undue influence	
iii	Misrepresentation	
iv	Fraud	
v	Mistake	
e	Discharge of contract	B
i	Performance	
ii	Agreement	
iii	Impossibility or frustration	
iv	Breach	

	LEVEL
f Remedies for breach of contract	B
i Damages	
ii Specific performance	
iii Injunction	
iv Quantum meruit	
2. Agency and Partnership Law	
a Agency	B
i Nature and creation of agency	
ii Rights and duties of agent and principal	
iii Authority of agent	
iv Termination of agent	
v Effects of agency contracts	
b Partnership	B
i Nature and definition of partnership	
ii Differences between partnership and other forms of business	
iii Creation of partnership	
iv Rights and obligations of partners	
v Relationship of partners to persons dealing with them and each other	
vi Dissolution of partnership	

COMPANY LAW

3. Formation of a Company	B
a Types of companies	
b Principle of corporate personality and the effect of incorporation	
c Procedure for incorporation of companies	
d Duties of promoters	
e Pre-incorporation contracts	
f Memorandum and articles of association	
i Contents	
ii Legal effect of memorandum and articles of association	
iii Alteration of memorandum and articles of association	
g Powers of a company and the doctrine of ultra vires	

4. Capital and Financing of a Company

A

- a Share capital
 - i Classes of shares
 - ii Prospectus
- b Issue and transfer of shares
 - i Issue of shares at a discount
 - ii Issue of shares at a premium
 - iii Procedure for transfer of shares
- c Capital maintenance
 - i Doctrine of maintenance of capital
 - ii Purchase of own shares
 - iii Financial assistance for purchase of shares
 - iv Reduction of capital
 - v Dividends
- d Charges and Debentures
 - i Loan capital
 - ii Types of debentures
 - iii Fixed and floating charges
- e Regulation of companies with publicly traded securities
 - i Listing Requirements of Bursa Malaysia
 - ii Securities Commission's policies and guidelines

5. Management and Administration of a Company

A

- a Directors
 - i Appointment
 - ii Qualification and disqualification
 - iii Removal
 - iv Compensation for loss of office
- b Directors' duties
 - i Fiduciary duties
 - ii Duty of care and skill
- c Directors' powers
- d Directors' transactions with the company
 - i Loans to directors
 - ii Insider dealing
 - iii Offence of insider trading with reference to the Securities Industry Act 1983
- e Company Secretary
 - i Qualification and appointment
 - ii Status, duties and liability

LEVEL

- f Shareholders
 - i Rights of shareholders
 - ii Majority control and the protection of minority shareholders
 - g Meetings and procedures
 - i Types of meetings
 - ii Conditions for a valid meeting
 - iii Types of resolutions
 - h Related party transactions
 - i Disclosure of related party transactions
 - ii Offence of related party transactions with reference to the Securities Industry Act 1983 and Listing Requirements of Bursa Malaysia
 - i The Malaysian Code on Corporate Governance
 - i Composition of the board of directors
 - ii Independent directors
 - iii Audit Committee
 - iv Relationship between the board and shareholders
- 6. Company Transformation B**
- a Reconstructions and schemes or arrangements
 - i Procedure and safeguards
 - b Mergers and takeovers
 - i Code on take-overs and mergers
- 7. Receivership and Winding Up B**
- a Receivership
 - i Receivers and managers
 - ii Qualifications and appointment
 - iii Duties and liabilities
 - b Winding Up
 - i Types of winding up
 - ii Qualifications and appointment of liquidators
 - iii Duties and liabilities of liquidators
 - iv Proof and priority of debts in a liquidation
 - c Transactions arising in a liquidation

RECOMMENDED BASIC TEXTS

MICPA (2003)	Business and Company Law Study Manual	MICPA
Vohrah & Wu Min Aun	The Commercial Law of Malaysia	Longman
Walter Woon	Company Law	Sweet & Maxwell 2 nd Edition
Lipton & Herzberg (2005)	Understanding Company Law	Sweet & Maxwell 13 th Edition

RECOMMENDED REFERENCE TEXTS

Ivamy ER Hardy Power, Winson Smith	Malaysian Law on Partnership – Cases and Materials	Butterworths
Gower LCB	Modern Company Law	Stevens
Ford H.A.J.	Principles of Corporate Law	Butterworths 8 th Edition

Relevant Statutes and Regulatory Guidelines

Civil Law Act 1956 (Revised 1972)

Contracts Act, 1950

Partnership Act, 1961

Companies Act 1965

Code on Take-Overs and Mergers 1998

Securities Commission Act 1993

Securities Industry Act 1983

Securities Commission's Policies and Guidelines on Issue/Offer of Securities

Listing Requirements of Bursa Malaysia

MANAGEMENT INFORMATION & CONTROL

AIM

To equip students with:

- (a) A sound knowledge and understanding of management accounting techniques for producing information to support the management process of planning, control and decision making
- (b) A good understanding of the importance of information systems to the strategic management of an organisation

INTRODUCTION

This paper covers areas of management accounting and information technology.

Management accounting employs information both financial and operational to guide managers on the efficient and effective use of resources in an organisation operating in a dynamic and competitive environment. It refers to the managerial processes of decision making and performance evaluation involving the use of management accounting techniques and information technology.

This paper also covers the strategic importance of information to an organisation and how information supports business strategy. Students are assumed to have basic knowledge of the applications of information technology, networks and information systems.

SYLLABUS WEIGHTING

SYLLABUS CONTENT AREA	WEIGHTING
Costing systems Standard costing and variance analysis Inventory management	25%
Performance measurement Pricing and output decisions	30%
Budgetary planning and control	15%
Information systems Strategic information management	30%
Total:	100%

EXAMINATION FORMAT

A 3-hour written paper consisting of two parts:

- Section A: 2 compulsory questions 40%
- Section B: Choice of 3 from 4 questions 60%

SYLLABUS CONTENT

LEVEL

- | | LEVEL |
|---|--------------|
| 1. Costing Systems | A |
| a Marginal and absorption costing | |
| b Activity-based costing | |
| c Target costing | |
| d Life cycle costing | |
| 2. Standard Costing and Variance Analysis | A |
| a Determination of standards | |
| b Calculation of variances between actual performance and standards or budgets in terms of price and volume effects | |
| – sales, material, labour, variable overhead and fixed overhead | |
| c Planning and operational variances | |
| d Interpretation of variances | |
| e Investigation of variances | |
| 3. Inventory Management | A |
| a Concept of holding costs, stock-out costs, lead time and buffer stocks | |
| b Just in time (JIT) approach | |
| c Economic Order Quantity (EOQ) model | |
| 4. Performance Measurement | B |
| a Financial and non-financial indicators of performance | |
| – key performance indicators, benchmarking, balanced scorecard | |
| b Divisional performance measures | |
| – controllable profit, return on investment and residual income | |
| c Goal congruence | |
| – design of appropriate performance measures | |
| 5. Pricing and Output Decisions | A |
| a Cost ascertainment and methods of pricing | |
| – full cost, full cost including return on investment, marginal cost and opportunity cost | |
| b Pricing of new products and services | |
| c Pricing of internal transfers | |
| – optimal transfer pricing | |
| 6. Budgetary Planning and Control | B |
| a Budgetary systems | |
| – fixed and flexible, zero based and activity based | |
| b Budget development process | |
| c Preparation of budgets, including cash budgeting | |
| d Budget review and analysis of variance | |
| e Target setting and motivation | |

LEVEL**7. Information Systems****B**

- a Value and cost of information
- b Types of information systems
 - transaction processing systems, management information systems, decision support systems, executive information systems, expert systems

8. Strategic Information Management**B**

- a Alignment of information systems strategy with business strategy
- b Use of qualitative information in planning, control and performance monitoring
- c Use of information systems to improve competitiveness
- d Concept of electronic commerce and its potential impact on business strategy
- e Concept of knowledge management

RECOMMENDED BASIC TEXTS

MICPA (2003)	Management Information & Control Study Manual	MICPA
Collin Drury (2004)	Management and Cost Accounting	Thomson Learning 6 th Edition
Kenneth Laudon & Jane Laudon (2005)	Management Information Systems	Prentice Hall 9 th Edition
Hansen D.R. & Mowen, MM (2005)	Management Accounting	Thomson International Publishing 5 th Edition

RECOMMENDED REFERENCE TEXTS

Horngren, C T (2000) International	Costing Accounting	Prentice-Hall 10 th Edition
John Page & Paul Hooper	Accounting Information Systems	Prentice-Hall
Atkinson, Banker, Kaplan & Young (2001)	Management Accounting	Prentice-Hall 3 rd Edition
Kim Langsield Smith, Helen Thorne, Ronald W. Hilton (2006)	Management Accounting	McGraw-Hill

FINANCIAL REPORTING

AIM

To ensure that students are able to:

- (a) Prepare and present financial statements of limited companies and simple groups
- (b) Account for changes in company structure
- (c) Evaluate company financial statements and recognise their limitations
- (d) Understand the concepts related to the measurement of income and capital

INTRODUCTION

This paper builds on the knowledge and skills obtained in Financial Accounting and Taxation in Module A.

Students should be able to recommend accounting treatments for items in the financial statements, and to prepare and present the financial statements of limited companies and groups in accordance with approved accounting standards, statutory requirements and generally accepted accounting principles in Malaysia.

SYLLABUS WEIGHTING

SYLLABUS CONTENT AREA	WEIGHTING
Limited company financial statements Group financial statements	65%
Changes in company structure The measurement of income and capital	15%
Analysis and interpretation of financial statements	20%
Total:	100%

EXAMINATION FORMAT

A 3-hour written paper comprising 5 – 6 compulsory questions

SYLLABUS CONTENT

LEVEL

1. Limited Company Financial Statements

A

- a Prepare and present the financial statements of limited companies in conformity with legal requirements, approved accounting standards and generally accepted accounting principles
- b Identify and recommend accounting treatments for items in financial statements

This section of the syllabus focuses in particular on:

- i revenue recognition
- ii fundamental errors and changes in accounting policies
- iii the effects of foreign exchange rates in relation to foreign currency transactions
- iv construction contracts and property development activities
- v leases
- vi investment properties
- vii impairment of assets
- viii provisions and contingencies
- ix taxes on income
- x reporting of financial information by segments
- xi employee benefits
- xii borrowing costs
- xiii discontinuing operations
- xiv post balance sheet events
- xv disclosure and presentation of financial instruments
- xvi earnings per share

2. Changes in Company Structure

A

- a Capital reconstruction and capital reduction scheme
- b Share buybacks
- c Conversion of debt and equity instruments

3. Group Financial Statements

A

Prepare and present consolidated financial statements in conformity with legal requirements, approved accounting standards and generally accepted accounting principles in situations that may involve one or more direct subsidiaries, associates and joint ventures

This section of the syllabus includes :

- i definition of a subsidiary and need for group financial statements
- ii business combinations
- iii consolidated balance sheet and consolidated income statement
- iv treatment of intra-group transactions and balances, pre-acquisition dividends, and fair value adjustments

LEVEL

- v goodwill
 - vi treatment of minority interests
 - vii accounting for associates and joint ventures
 - viii acquisitions and disposals of subsidiaries (excluding piecemeal acquisitions)
 - ix exclusion of subsidiaries and associates from the consolidated financial statements
 - x consolidated cash flow statement
 - xi foreign operations
- 4. Analysis and Interpretation of Financial Statements** **A**
- a Evaluate and report on the financial position and performance of companies (in non-group and group situations) through the use of ratios, including stock market ratios and cash flows
 - b Comment on the limitations of financial statements and financial statement analysis
- 5. The Measurement of Income and Capital** **B**
- Understand the concepts of capital maintenance, income measurement and asset valuation

EXAMINABLE ACCOUNTING STANDARDS

All extant approved accounting standards and other technical pronouncements in accounting issued by MASB and MICPA excluding FRS 1, FRS 2, FRS126, FRS134, FRS202, FRS203, FRS204.

RECOMMENDED BASIC TEXTS

MICPA (2003)	Financial Reporting Study Manual	MICPA
Tan Liong Tong (2005)	Consolidated Financial Statements	PAAC 4 th Edition

RECOMMENDED REFERENCE TEXTS

Ng Eng Juan	Consolidated Accounts	Pearson Professional Singapore
Ernst & Young	International GAAP	LexisNexis
Glautier, M.W.E. & Underdown, B.	Accounting Theory and Practice	Pitman

OTHER REFERENCES

Companies Act 1965
Relevant MASB Standards and IASs

AUDITING AND ASSURANCE

AIM

- (a) To ensure that students have a good understanding of the nature and objective of audit of financial statements with particular emphasis on audits required under the Companies Act, 1965 and approved standards on auditing
- (b) To equip students with grounding in the principles and procedures of auditing and the provision of other forms of assurance services so as to enable them to integrate this knowledge with training and work experience

INTRODUCTION

This syllabus covers the fundamental principles and concepts of auditing of financial statements. Students are required to have a good understanding of the legal and professional framework governing the proper conduct of an audit. In addition, they are expected to have a thorough knowledge of the audit process of evidence accumulation and reporting. This process would ordinarily include planning, assessment of risk and materiality, performance of tests of control and substantive procedures and the final issuance of an auditor's report.

The syllabus also covers the basic principles and procedures relating to other assurance engagements which include internal audit and other work where opinion is provided to interested parties who have participated in setting the scope of the engagement.

SYLLABUS WEIGHTING

SYLLABUS CONTENT AREA	WEIGHTING
Overview of audit framework	10%
Legal & professional considerations Audit Committee	15%
Audit planning	10%
Understanding internal control & evaluation of control risk	25%
Performance of audit Internal audit and other assurance engagements	25%
Reporting and communications	15%
Total:	100%

EXAMINATION FORMAT

A 3-hour written paper comprising 5 – 6 compulsory questions

SYLLABUS CONTENT

LEVEL

- | | |
|--|----------|
| 1. Overview of Audit Framework | B |
| a Objectives and principles governing a financial statements audit | |
| b Basic auditing concepts | |
| i True and fair view | |
| ii Materiality | |
| iii Risk | |
| iv Evidence | |
| c Approved accounting and auditing standards | |
| i Definition | |
| ii Standard setting authority | |
| iii Enforcement and compliance | |
| d Principles of corporate governance | |
| e Audit procedures and types of tests | |
| f Quality control in audit work | |
| 2. Legal and Professional Considerations | B |
| a Ethical considerations | |
| i Independence, objectivity and integrity | |
| ii Competence and proficiency | |
| iii Changes in professional appointment | |
| iv Confidentiality | |
| b Professional responsibility and liability | |
| i Fraud and error | |
| ii Non compliance with laws and regulations | |
| c Legal requirements | |
| i Requirements relating to annual audit | |
| ii Appointment, removal and resignation | |
| iii Duties and rights of auditors | |
| 3. Audit Committees | B |
| a Role and functions | |
| b Composition and appointment | |
| c Interfacing with internal and external auditors | |
| 4. Audit Planning | A |
| a Terms of engagement | |
| b Knowledge of client business | |
| c Preliminary assessment of risk and materiality | |
| d Development of audit plan and audit programme | |
| e Documentation and working papers | |
| f Reliance on the work of experts | |

- 5. Understanding Internal Control and Evaluation of Control Risk** **A**
- a Components of internal control
 - b Understanding, documentation and evaluation of internal control and control risk
 - c Reliance on internal auditing
 - d Internal control in information technology environment
 - e Internal control in small businesses
- 6. Performance of Audit** **B**
- a Management assertions and audit objectives
 - b Procedures to obtain and evaluate evidence
 - i Balance and transaction testing for financial statement components
 - ii Analytical procedures
 - iii Computer assisted audit techniques (CAATs)
 - iv Audit sampling
 - c Final evidential evaluation processes
 - i Review for contingencies, commitments and subsequent events
 - ii Going concern considerations
 - iii Management representations
 - iv Review of financial statement presentation and disclosure
- 7. Internal Audit and Other Assurance Engagements** **B**
- a Internal audit
 - i Role and functions of internal audit
 - ii Relationship between internal audit and external audit
 - iii Assessment of internal auditing
 - b Audit related services
 - i Review engagements
 - ii Agreed-upon procedures
 - iii Compilation of financial information
- 8. Reporting and Communications** **B**
- a Elements of auditors' report
 - b Modified auditor's reports
 - c Communications with those charged with governance

EXAMINABLE AUDITING STANDARDS AND GUIDELINES

All extant approved auditing standards and other pronouncements issued by the MICPA excluding ISA 720, ISA 810, IAPS 1000, IAPS 1004, IAPS 1006, IAPS 1010, ATR 2, ATR 5.

RECOMMENDED BASIC TEXTS:

MICPA (2003)	Audit and Assurance Study Manual\	MICPA
A.A. Arens, J.K. Loebbecke et.al. (2005)	Auditing in Malaysia	Prentice Hall 11 th Edition
W.F. Messier & M. Boh	Auditing & Assurance Services in Malaysia	McGraw-Hill

RECOMMENDED TEXT

Emile Woolf	Auditing Today	Pearson Education Asia (6 th Edition)
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OTHER REFERENCES:

Companies Act, 1965 (as amended)
Listing Requirements of Bursa Malaysia
The MICPA Code of Professional Conduct and Ethics

BUSINESS FINANCE AND MANAGEMENT

AIM

To equip students with:

- (a) A good understanding of the organisation's environment, business strategy and key functional areas
- (b) A sound knowledge of the principles of financial management
- (c) The ability to evaluate business finance decisions

INTRODUCTION

In order to run or manage a business, one has to know the concept of business and its environment, how the business is formed and organised. Hence, it is important to understand the organisation's objective, strategies and various functional areas to see how goods or services are produced and distributed, and how costs and income are accounted for and managed. The syllabus on Business Management should enable students to be an effective contributor to the successful management of a business organisation.

The syllabus on Business Finance covers the financial management and control of an organisation. Emphasis is given to evaluation of sources of finance and their effects on decision making, valuation of business, analysis of capital structures and formulation of financing decisions and strategies.

Students should be able to integrate and apply the principles and knowledge learnt from both parts of the syllabus to practical business problems.

SYLLABUS WEIGHTING

SYLLABUS CONTENT AREA	WEIGHTING
Business environment Business planning	15%
Business strategies	25%
Financial strategy Sources of finance Financing decisions	25%
Management of working capital	10%
Investment appraisal Investment risk and return	25%
Total:	100%

EXAMINATION FORMAT

A 3-hour written paper consisting of two parts:

Section A : 2 compulsory questions 40%

Section B : Choice of 3 from 4 questions 60%

SYLLABUS CONTENT

LEVEL

BUSINESS MANAGEMENT

1. Business Environment

B

- a Impact of national economic objectives and regulatory framework
- b Impact of international trade and globalisation
- c The challenges of multinational management

2. Business Planning

B

- a Purpose of the organisation
 - i Stakeholders' expectations
 - ii Mission, objectives and strategies
- b Introduction to strategic management
 - i Defining corporate and business strategy
 - ii Rational strategy process
 - iii Business strategy formulation
- c Introduction to strategic analysis and choices
 - i Assessment of environmental influences on a business using Porter's Five Forces model and PEST analysis
 - ii Corporate appraisal process
 - iii Evaluating strategic choices

3. Business Strategies

- a Organisational structures **B**
 - i Types of organisational structure and characteristics
 - ii Centralisation vs decentralisation
 - iii Concept of power, authority, responsibility and delegation
 - iv Principles of corporate governance
 - v Business ethics and social responsibility
- b Marketing **B**
 - i Segmentation, targeting & positioning
 - ii Strategies of market leaders, followers, challengers and nichers (Porter's Generic Competitive Strategies)
 - iii Development and application of marketing mix strategies (PIMS and Ansoff's Growth vector matrix)

LEVEL

- c HR planning **B**
 - i Strategic role of human resources
 - ii Recruitment
 - job analysis, job descriptions and job specifications
 - Methods of recruitment
 - iii Staff training and development
 - iv Staff appraisal and performance evaluation
- d Managing people **B**
 - i Motivation
 - Importance of job satisfaction
 - Contemporary theories of motivation
 - ii Leadership & teamwork
 - iii Management of change
- e Organisational culture **B**
 - i Elements and manifestations of culture
- f Information systems / technology issues **B**
 - i Information systems / technology as a strategic resource
 - ii Managing IS development

BUSINESS FINANCE

- 4. Financial Strategy** **B**
 - a Financial objectives
 - i Relationship between financial objectives and organisational strategy
 - ii Conflict of objectives between shareholders, managers and other stakeholders
 - b Components of business risk
 - i Operational risk, compliance risk and financial risk
 - c Returns to investors
 - i Dividends, capital growth and interest
- 5. Sources of Finance** **B**
 - a Equity financing
 - i New equity issues, rights and bonus issues
 - ii Methods of valuation of equity issues
 - iii Effects of dividend policies
 - b Debt and near-debt financing
 - i Preferred shares, convertible debt and warrants
 - ii Various forms of short, medium and long term bank finance including leasing, factoring and import/export financing

- c Governmental sources of finance including funding available for small and medium size organisations
 - d Concept of efficient market hypothesis
- 6. Financing Decisions** **A**
- a Cost of capital
 - i Cost of equity issues, preference shares and long term debt
 - ii Weighted average cost of capital
 - iii Marginal cost of capital
 - b Capital structure
 - i Financial gearing and its impact on the value of firms
 - ii Modigliani and Miller propositions on capital structure and valuation of firms
 - iii Limits to debt in capital structure, the bankruptcy and agency concerns
- 7. Management of Working Capital** **A**
- a Management of cash including cash flow forecast
 - b Management of inventories
 - i Techniques of inventory management
 - ii Economic order quantity
 - c Management of debtors
 - i Assessment of customers' credit-worthiness
 - ii Terms of credit and cash discounts
 - iii Debt collection techniques
 - iv Factoring and invoice discounting
 - d Management of creditors
 - i Availability of credit
 - ii Methods of paying suppliers
 - iii Dangers of trading on credit
- 8. Investment Appraisal** **A**
- a Capital budgeting process
 - b Capital budgeting under certainty and uncertainty
 - c Invest appraisal techniques
 - i Payback period
 - ii Accounting rate of return
 - iii Net present value
 - iv Internal rate of return
 - d Effects of taxation and inflation
 - e Sensitivity analyses
 - f Return on investment

9. Investment Risk and Return

B

- a Risk assessment methods
- b Risk-return management
 - i Portfolio theory
 - ii Capital asset pricing model
 - iii Arbitrage pricing theory
- c Determination of unsystematic risk attached to projects and risk adjusted discount rate

RECOMMENDED BASIC TEXTS

MICPA (2003)	Business Finance and Management Study Manual	MICPA
Mullins LJ	Management and Organisational Behaviour	Pitman 5 th Edition
Richard Pike & Bill Neale (2005)	Corporate Finance and Investment	Prentice Hall 5 th Edition
Johnson, Scoles & Whittington (2005)	Exploring Corporate Strategy Text & Cases	Prentice Hall 7 th Edition
Ross, Westerfield & Jaffe (2005)	Corporate Finance	McGraw-Hill International Edition
Thomas S. Bateman & Scott A. Snell	Management	McGraw-Hill

RECOMMENDED REFERENCE TEXTS

Gitman, L	Principles of Management Finance	Addison Wesley 8 th Edition
Ross, S, Randolph, W & Jaffe, J	Corporate Finance	Irwin 4 th Edition
Brigham, Gapenski & Ehrhardt	Financial Management Theory and Practice	Dryden Press 9 th Edition
Glen Arnold (2005)	Corporate Financial Management	Prentice Hall 3 rd Edition
Buchanan & Huczynski (2004)	Organisational Behaviour – An Introductory Text	Prentice Hall 5 th Edition

ADVANCED TAXATION

AIM

To equip students with

- (a) An in-depth knowledge and understanding of the concepts and principles of taxation
- (b) The ability to solve practical problems which draw on the interaction of different taxes as well as case law

INTRODUCTION

This paper is designed to provide students a thorough understanding of the fundamental concepts and principles of the Malaysian taxation system and the relevance of taxation to personal and business decision making.

Students are expected to display an in-depth understanding of the impact of all major taxes on the transactions of individuals, companies and special undertakings and be able to identify, discuss and advise on the tax issues in a particular situation as well as planning opportunities to minimise potential tax liabilities.

At the advanced stage, students must not only be fully conversant with the Malaysian income tax system but also a good understanding of real property gains tax, investment incentives and indirect taxation.

SYLLABUS WEIGHTING

SYLLABUS CONTENT AREA	WEIGHTING
Taxation of individuals and companies Principles of taxation Real property gains tax Investment incentives Labuan as an international offshore financial centre Tax planning	60%
Taxation of special cases Cross border activities Indirect taxation	25%
Tax audit & investigations Tax policies	15%
Total:	100%

EXAMINATION FORMAT

A 3-hour written paper comprising 5-6 compulsory questions

SYLLABUS CONTENT	LEVEL
1. Taxation of Individuals and Companies Computation and advice on tax liabilities of individuals and companies drawing on the relevant principles of taxation expressed in the syllabus.	A
2. Taxation of Special Cases	
a Agriculture industry	A
i Agriculture allowances/charges under Schedule 3	
ii Expenditure on approved agricultural projects under Schedule 4	
b Timber industry	A
i Forest allowances/charges under Schedule 3	
c Sea and air transport undertakings	B
d Insurance business	B
i General insurance	
ii Life insurance	
iii Inward re-insurance	
iv Offshore insurance	
e Banking institutions	B
f Leasing companies	B
g Co-operative societies, trade associations and clubs	B
h Property developers	B
i Unit trusts	B
j Charitable institutions	B
k Trusts and estates under administration	B
l Settlements	B
m Investment holding companies	B
n Operational headquarters company	B
3. Principles of Taxation Advanced aspects of taxation including case law relating to assessability of receipts, deductibility of expenses, commencement and cessation of business, capital allowances.	A
4. Cross Border Activities	B
a Trading in/with Malaysia	
b Principles of avoidance of double taxation	
c Bilateral/unilateral credits under Schedule 7	
d Double taxation agreements	

	LEVEL
<p>5. Real Property Gains Tax</p> <p>Principles, scope, chargeable assets/persons, exemptions, tax rates, administrative aspects and computation of tax under the Real Property Gains Tax, 1976 including transactions involving shares in real property companies.</p>	A
<p>6. Investment Incentives</p> <p>Incentives under the Promotion of Investments Act, 1986 and the Income Tax Act, 1967 including venture capital and Multimedia Super Corridor incentives.</p>	A
<p>7. Labuan as an International Offshore Financial Centre</p> <p>Principles, scope, administration and computation of tax under the Labuan Offshore Business Activity Tax Act, 1990.</p>	B
<p>8. Tax Planning</p> <p>Identifying opportunities to legally avoid, mitigate or defer the impact of direct taxation, including utilisation of unabsorbed losses and capital allowances, remuneration packages, restructuring of business operations, etc.</p>	A
<p>9. Indirect Taxation</p> <p>a Organisational structure and powers of the Royal Customs and Excise Department.</p> <p>b Principles, scope, administration and computation of sales tax and service tax under the Sales Tax Act, 1972 and the Service Tax Act, 1975</p> <p>c Stamp duties and customs duties</p>	B
<p>10. Tax Audit and Investigation</p> <p>a Distinction between tax avoidance and tax evasion.</p> <p>b Power of the Director General of Inland Revenue.</p> <p>c Procedure and compliance aspects.</p> <p>d Preparation of capital statement and ascertainment of income understated.</p>	B
<p>11. Tax Policies</p> <p>Tax reforms and awareness of any recent developments in the field of taxation.</p>	B

RECOMMENDED BASIC TEXTS

MICPA (2006)	Advanced Taxation Study Manual	MICPA
CCH Tax Editors (2006)	Malaysian Master Tax Guide	CCH Asia Pte Ltd
Chin Yoong Kheong	Malaysian Taxation	Butterworths 4 th Edition
A. Subramaniam	Malaysian Income Tax Manual	Pelanduk

RECOMMENDED REFERENCE TEXT

Veerinderjeet Singh (2005)	Malaysian Taxation - Administrative & Technical Aspects	Longman Malaysia 6 th Edition
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Tax Legislation/Guidelines (As Amended)

Income Tax Act 1967 and Finance Acts
Real Property Gains Tax Act 1976 (Act 169) and Finance Acts
Promotion of Investments Act 1986 (Act 327) and Amendment Acts
Labuan Offshore Business Activity Tax Act 1990 (Act 445)
Sales Tax Act 1972 (Act 64) and amendments/regulations
Service Tax Act 1975 (Act 151) and amendments/regulations
Income Tax (Capital Allowance and Charges) Rules 1969
Income Tax (Approved Agricultural Projects) Order 1989
Income Tax Leasing Regulations 1986
Various orders/rules made under the Promotion of Investments Act 1986
Double Taxation Agreements
Income Tax Rules and Exemption Orders
Public Rulings and Guidelines Issued by the Inland Revenue Board

ADVANCED FINANCIAL REPORTING

AIM

To ensure that students are able to demonstrate competence and exercise judgement in the preparation and presentation of quality financial information in group as well as non-group situations.

LEARNING OUTCOMES

On completion of this module, students should be able to:

- Demonstrate an understanding of and evaluate the regulatory and financial reporting framework
- Select appropriate accounting policies for a business entity
- Apply judgement and make recommendations in a variety of business transactions and events by applying approved accounting standards and generally accepted accounting principles
- Prepare financial statements for group and non-group entities in accordance with the regulatory and financial reporting framework
- Evaluate current developments and emerging issues in financial reporting
- Demonstrate an understanding of financial reporting by specialised industries

SYLLABUS WEIGHTING

SYLLABUS CONTENT AREA	WEIGHTING
The regulatory and financial reporting framework	10%
Issues in financial reporting	40%
Group financial statements	30%
Financial reporting by specialised industries	10%
Emerging issues in corporate reporting	10%
Total:	100%

EXAMINATION FORMAT

A 3 1/2-hour written paper comprising 5 – 6 compulsory questions

SYLLABUS CONTENT**LEVEL**

- | | | |
|------|--|---|
| 1. | The Regulatory and Financial Reporting Framework | A |
| a | The International Accounting Standards Board (IASB) | |
| i | The role of IASB | |
| ii | The standard setting process | |
| b | The Malaysian Accounting Standards Board (MASB) | |
| i | The role of MASB | |
| ii | The standard setting process | |
| iii | Authority of approved accounting standards | |
| c | The framework for the preparation and presentation of financial statements | |
| i | Objective of financial statements | |
| ii | Qualitative characteristics of financial statements | |
| iii | Elements of financial statements | |
| iv | Recognition and measurement of elements of financial statements | |
| v | Fair value basis of measurement | |
| vi | Concepts of capital and capital maintenance | |
| d | Other Influences on Financial Reporting | |
| 2. | Issues in Financial Reporting | A |
| a | Accounting policies and changes in accounting policies | |
| b | Business transactions and events, including | |
| i | Revenue recognition | |
| ii | Property, plant and equipment | |
| iii | Intangible assets | |
| iv | Investment property | |
| v | Financial assets and liabilities | B |
| vi | Leases | |
| vii | Taxation | B |
| viii | Provisions, contingent assets and contingent liabilities | |
| ix | Employee benefits | |
| x | Equity | B |
| xi | Share-based payments | B |
| xii | Impairment of assets | |
| xiii | Events after the balance sheet date | |
| xiv | Foreign currencies | |
| xv | Related parties transactions | |
| xvi | Non-current assets held for disposal and discontinued operations | |
| c | Interim financial reporting | |

		LEVEL
d	Reporting financial performance	A
	i Earnings per share	
	ii Segmental reporting	
	iii Cash flow statement	
	iv Statement of changes in equity	
	v Correction of errors	
3.	Group Financial Statements	A
a	Group financial statements in accordance with legal requirements, approved accounting standards and generally accepted accounting principles, including	
	i Direct and indirect interests in subsidiaries, associates and joint ventures	
	ii Acquisitions, including acquisition in stages	
	iii Disposals and dilutions in interest	
	iv Foreign operations	
b	Group cash flow statements	
c	Changes in ownership of entities within the group	B
4.	Financial Reporting by Specialised Industries	B
a	Agriculture	
b	Banking institutions	
c	Insurance business	
d	Extractive industries	C
5.	Current issues in Corporate Reporting including	C
a	Management commentary	
b	Corporate social and environment reporting	
c	Reporting by small and medium-sized companies	B
d	Current and emerging issues in discussion documents, exposure drafts and proposed standards issued by the MASB, MICPA and international standard setting bodies	

EXAMINABLE ACCOUNTING AND FINANCIAL REPORTING STANDARDS

All extant approved accounting standards, exposure drafts, other technical pronouncements issued by MASB as well as all extant approved accounting standards, exposure drafts and other technical pronouncements issued by the MICPA.

RECOMMENDED BASIC TEXTS

MICPA (2006)	Advanced Financial Reporting Study Manual	MICPA
Tan Liong Tong (2005)	Consolidated Financial Statements	PAAC 4 th edition
Ng Eng Juan (2006)	A Practical Guide to Financial Reporting Standards (Malaysia)	CCH Asia (2006)

RECOMMENDED REFERENCE TEXT

Ernst & Young	International GAAP	LexisNexis
Hoyle, J.B., Schaefer, T. and Douppnik, T. (2006)	Advanced Accounting	McGrawhill/ Irwin 8 th edition

OTHER REFERENCES:

Companies Act 1965

Listing Requirements of Bursa Malaysia

Approved accounting standards and other pronouncements, exposure drafts, and discussion documents issued by MASB

Approved accounting standards and guidelines, exposure drafts and discussion documents issued by MICPA

The Malaysian Accountant and other professional journals

ADVANCED AUDITING AND ASSURANCE

Aim

To develop a comprehensive knowledge relating to the performance of and reporting on financial statement audits and other assurance and related engagements in the context of professional and external regulatory framework.

Learning Outcomes

On completion of this module, students should be able to :

- Identify and evaluate legal, professional and ethical considerations relevant to statutory audits of financial statements, other assurance engagements and related services.
- Identify corporate governance issues, significant business risks and internal control of an entity and assess their effect on engagement strategy.
- Plan, perform and complete statutory audits, other assurance engagements and related services in accordance with professional standards.
- Evaluate and communicate findings and conclusions to interested parties in accordance with the nature of the engagement and professional and legal provisions.

SYLLABUS WEIGHTING

SYLLABUS CONTENT AREA	WEIGHTING
Audit of financial statements	35%
Other assurance engagements and related services	25%
Legal and professional environment, including professional ethics	35%
Current issues in auditing	5%
Total:	100%

EXAMINATION FORMAT

A 3 1/2-hour written paper comprising of 5 – 6 compulsory questions

SYLLABUS CONTENT

	LEVEL
1. Audit of Financial Statements	A
a Audit process	
i Risk and materiality assessment procedures including fraud considerations	
ii Evidence gathering and documentation including management representations, using the work of an expert	
iii Overall review including subsequent events and going concern considerations	
iv Impact of IT environment on audit process	
b Reporting	A
i Form and content of auditor's report for statutory and financial audits	
ii Other information in documents containing audited financial statements	
iii Discovery of facts subsequent to date of auditors' report	
iv Communications with management and those charged with governance	
c Group engagements	
i Risk assessment in complex group environment	
ii Using the work of other auditors	
iii Reporting on group financial statements	
2. Other Assurance Engagements and Related Services	A
a Special purpose audits	
b Review of financial information and interim financial statements	
c Agreed-upon procedures engagements	
d Prospective financial information	
e Pro forma financial information	
f Form and content of auditor's report and nature of engagement	

		LEVEL
3.	Legal and Professional Environment	A
	<ul style="list-style-type: none"> a Code of professional ethics <ul style="list-style-type: none"> i Integrity and objectivity ii Conflict of interest and independence iii Professional competence and due care iv Duty of confidentiality v Professional fees and pricing vi Changes in professional appointments b Professional responsibility and liability <ul style="list-style-type: none"> i Considerations and reporting of breaches in laws and regulations ii Professional negligence and liability iii Fraud detection and expectation gap iv Quality control procedures and practice review c Corporate accountability <ul style="list-style-type: none"> i Corporate governance principles and practices ii Audit committee and good governance iii Internal audit and risk management 	
4.	Current Issues in Auditing	B
	Current and emerging issues in discussion documents, exposure drafts and proposed standards issued by MICPA and international standard setting bodies	

EXAMINABLE AUDITING AND ASSURANCE STANDARDS

All extant approved standards on auditing, assurance and related services, exposure drafts, and other technical pronouncements issued by the MICPA.

RECOMMENDED BASIC TEXTS

MICPA (2006)	Advanced Auditing & Assurance Study Manual	MICPA
A.A. Arens, J.K. Loebbecke et.al.	Auditing in Malaysia	Prentice Hall

OTHER REFERENCES:

Companies Act 1965

Securities Commission Act 1993

List Requirements of Bursa Malaysia

The MICPA Code of Professional Conduct and Ethics

The Malaysian Code on Corporate Governance

Approved auditing standards and guidelines, exposure drafts and discussion documents issued by MICPA

The Malaysian Accountant and other professional journals

ADVANCED BUSINESS MANAGEMENT AND INTEGRATIVE CASE STUDY

AIM

To ensure that students can exercise judgement and apply techniques in strategic business management to enable them to contribute to the formulation of business strategy and other decision making. It also provides an opportunity for students to learn to adapt to changes in factors that impact on business decisions. Students should be able to see how specific functional areas are integrated in order to arrive at strategic business decisions.

INTRODUCTION

This capstone paper is designed to equip students with the knowledge and skills in making strategic business and financial management decisions. Apart from the topics listed in this syllabus, students are required to demonstrate an integrated understanding of all the knowledge studied in previous modules and skills acquired in the training environment.

This paper comprises two scenario based questions testing on particular aspects of the syllabus and a two-hour case study which will require students to deal with material in less structured situations. The case study integrates the material covered in this syllabus and also draws on material covered in earlier papers and requires the application of professional skills of synthesis, analysis, evaluation and action planning.

The aim of this paper to ensure that by the time of qualification, students have acquired the technical knowledge and competencies to become effective CPA and business advisors.

SYLLABUS WEIGHTING

SYLLABUS CONTENT AREA	WEIGHTING
Overview of strategic management Strategic formulation Strategic implementation Monitoring, controlling, and assessment	20%
Financial decisions	20%
Valuation of securities Acquisition and restructuring Investment decisions and risk analysis Performance measurement	40%
International trade and investment	20%
Total:	100%

EXAMINATION FORMAT

A 4-hour written paper consisting of two parts:

Section A:	Case Study	50%
Section B:	Choice of 2 from 3 questions	50%

SYLLABUS CONTENT

LEVEL

- | | LEVEL |
|--|--------------|
| 1. Overview of Strategic Management | B |
| a Understanding basic concept of strategic management | |
| b Corporate governance | |
| i Principles of corporate governance | |
| ii Principles of risk management | |
| iii Board structure and directors' responsibilities | |
| iv Internal controls | |
| c Overview of environmental changes and industrial analysis | |
| d Overview of internal factors and organisational analysis | |
| 2. Strategic Formulation | A |
| a Situational analysis and business strategy | |
| b Corporate strategy | |
| i Integration of IT strategy with corporate strategy | |
| ii Strategies for international groups | |
| iii Impact of digital economy | |
| c Functional strategy | |
| i E-business | |
| ii E-business risks | |
| iii Product portfolio | |
| iv Management information requirements | |
| 3. Strategic Implementation | A |
| a Action plans – behavioural implications, resource requirements, value creation | |
| b Staffing – location, training, motivation of staff | |
| 4. Monitoring, Controlling, and Assessment | A |
| a Computer auditing | |
| b Internal audit | |
| c Reporting requirements, frequency, degree of detail | |
| d Application of relevant financial accounting and reporting standards | |
| 5. Financing Decisions | A |
| a Sources of finance | |
| i Implications of debt and equity financing | |
| ii Evaluation of financing alternatives including leasing, convertible securities and warrants | |
| b Cost of capital | |
| i Cost of equity using capital asset pricing model (CAPM) and dividend valuation models | |
| ii Cost of debt, including redeemable and irredeemable debt | |
| iii Weighted average cost of capital | |

- c Dividend policy
 - d Working capital, including treasury management
 - e Venture capital
 - f Tax implications
- 6. Valuation of Securities B**
- a Valuation of equity issues
 - i Asset based valuation
 - ii Earnings based valuation
 - iii Cash flow based valuation
 - iv Concepts of economic value added (EVA) and shareholder value added (SVA)
 - b Models for valuation of debt and other securities
 - c Concept of free cash flow and its use in financial planning and valuation
- 7. Investment Decisions and Risk Analysis A**
- a Investment decision-making techniques with specific emphasis on:
 - i Adjusted present value (APV)
 - ii Portfolio theory and capital asset pricing model (CAPM)
 - b Financial risk management
 - i Futures
 - ii Options
 - iii Swaps
 - iv Forward rate agreements
- 8. Mergers, Acquisitions and Restructuring A**
- a Strategic purposes of mergers and acquisitions, search identification and valuation of acquisition targets
 - b Pre and post merger defenses available for target companies
 - c Impact on shareholder wealth and the merger aftermath
 - d Management/leveraged buy-outs
 - e Corporate restructuring
- 9. Performance Measurement A**
- a Measures of divisional performance
 - b Transfer pricing
 - c Goal congruence
 - d Internal controls and reporting

10. International Trade and Investment

B

- a Sources of finance for international trade
- b Foreign exchange risk management
- c Interest rate and currency risk management
- d Financial management of a multinational group
 - i International cash management
 - ii International transfer pricing
- e Effect of taxation on international investment, including double taxation
- f Governmental policies affecting international investments

RECOMMENDED BASIC TEXTS

MICPA (2003)	Study Manual for Advanced Business Management & Integrative Case Study	MICPA
Richard Pike & Bill Neale	Corporate Finance and Investment	Prentice Hall 4 th Edition
Richard Brealey & Stewart Myres	Principles of Corporate Finance	McGraw Hill 7 th Edition
Thomas Wheelan & David Hunger (2005)	Strategic Management and Business Policy	Prentice Hall (N.J.) 10 th Edition
Johnson, Scholes Whittington (2005)	Exploring Corporate Strategy Text & Cases	Prentice Hall 5 th Edition

RECOMMENDED REFERENCE TEXTS

Lawrence Gitman	Principles of Management Finance	Addison Wesley, 10 th Edition
Steven Ross, Randolph Westerfield & Jefferey Jaffe	Corporate Finance	McGraw-Hill Irwin 6 th Edition
Coulter, Mary K.	Strategic Management in Action	Prentice Hall, 2 nd Edition (New Jersey)
Arthur Thompson & A. J. Strickland	Strategic Management Concept and Cases	Irwin McGraw-Hill (NY)
Robert F. Bruner	Case Studies in Finance, Managing for Corporate Value Creation	Irwin McGraw-Hill 3 rd Edition
Eiteman/Stonehill/Moffett	Multinational Business Finance	Pearson/Addison Wesley 10 th Edition

OTHER REFERENCES

Listing Requirements of Bursa Malaysia

Securities Commission's Policies and Guidelines on Issue/Offer of Securities

Malaysian Code on Take-overs and Mergers

Companies Act 1965

Malaysian Code on Corporate Governance

PART THREE – TRANSITIONAL ARRANGEMENTS

1. Comparison of Current and New Examination Structures for Advanced Stage Examination (ASE)

The new syllabus for ASE will be implemented in November 2006. A comparison of the current and new examination structures is shown in Table 1.

Table 1 : Comparison of Current and New Examination Structure	
Current Structure	New Structure
<p><i>Advanced Stage Examination</i></p> <p>Module C Advanced Taxation</p> <p>Module D Advanced Financial Reporting</p> <p>Module E Advanced Business Management & Integrative Case Study</p>	<p><i>Advanced Stage Examination</i></p> <p>Module C Advanced Taxation</p> <p>Module D Advanced Financial Reporting</p> <p>Module E Advanced Auditing & Assurance</p> <p>Module F Advanced Business Management & Integrative Case Study</p>

There will be a knowledge gap for students who began their examination studies on the current syllabus and have to sit the examination based on the new syllabus. These students should pay particular attention to the changes in the syllabus on transferring to the new structure.

2. Transitional Arrangements for Advanced Stage Examination (ASE)

The following transitional arrangements will apply to students who have not passed Module D under the old syllabus when the first session of the new Module D and Module E is conducted at the November 2006 examination :

- (1) Students whose last attempt to complete ASE is at the November 2006 sitting will be allowed two additional attempts to complete ASE.
- (2) Students whose last attempt to complete ASE is at the May 2007 sitting will be allowed one additional attempt to complete ASE.

This means each of the students mentioned above will be given a minimum of three attempts at ASE, to be taken consecutively. The transitional arrangements do not apply to students who have passed Module D under the current syllabus at examination sittings prior to the November 2006.

3. Time Limit to Complete Examination

The normal time-bar for completing the whole of the MICPA examination will be extended by the additional attempt(s) granted for completing ASE as a result of the transition to the new Module D and Module E.

No extension of time to complete the MICPA examination will be granted to students who are not affected by the circumstance described in paragraph 2 above.