

**REGULATORY AND FINANCIAL REPORTING  
FRAMEWORK OF MALAYSIA**

**Aim:** To ensure that candidates:

- (a) Have a sound knowledge and understanding of the law governing the capital structure, management and administration of companies.
- (b) Understand the regulatory framework governing financial reporting and are able to apply their knowledge of accounting practices.
- (c) Are able to evaluate and react to current issues and developments in the regulatory framework for financial reporting.

**Introduction**

This paper covers the law relating to companies registered under the Companies Act 1965 and the regulatory framework governing the preparation and presentation of financial statements and requirement for audit.

Candidates are expected to be familiar with the requirements of the Companies Act 1965 and related legislation and regulations governing the financing, management and administration of companies and are able to apply their knowledge.

In addition, candidates are expected to understand to apply their knowledge of the regulatory framework governing financial reporting in Malaysia and the current practices.

Candidates must also be able to evaluate and discuss current and emerging issues in accounting and financial reporting.

| SYLLABUS CONTENT AREA                                                                                                                                                                     | WEIGHTING |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>Company Law</b><br>Formation of a company<br>Capital and financing of a company<br>Management and administration of a company<br>Company transformation<br>Receivership and winding up | 45%       |
| <b>Financial Reporting Framework</b><br>The institutional framework<br>The regulatory framework<br>Corporate governance<br>Code of professional conduct and ethics                        | 45%       |
| Current issues and developments in accounting, financial reporting and auditing                                                                                                           | 10%       |
| Total                                                                                                                                                                                     | 100%      |

## **EXAMINATION FORMAT**

This is a 3-hour written paper consisting of two parts

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

## **SYLLABUS CONTENT**

### **Company Law**

#### **1. Formation of a Company**

- a. Procedure for incorporation of companies
- b. Duties of promoters
- c. Memorandum and articles of association
- d. Powers of a company and the doctrine of ultra vires

#### **2. Capital and Financing of a Company**

- 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

**3. Management and Administration of a Company**

- a. Directors
  - i. Appointment
  - ii. Qualification and disqualification
  - iii. Removal
- 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
- f. Shareholders
  - i. Rights of shareholders
  - ii. Majority control and the protection of minority shareholders
- g. 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

**4. Company Transformation**

- a. Reconstructions and schemes of arrangements
  - i. Procedures and safeguards
- b. Mergers and takeovers
  - i. Code on takeovers and mergers

**5. Receivership and Winding Up**

- a. Receivership
  - i. Qualifications and appointment of receivers and managers
  - ii. Duties and liabilities of receivers and managers
- 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

**Financial Reporting Framework**

**6. The Institutional Framework**

- a. The role of the Malaysian Accounting Standards Board (MASB) and Financial Reporting Foundation (FRF)
  - i. Aims and functions of MASB and FRF
  - ii. MASB's standard setting process
  - iii. Compliance and enforcement of MASB standards
- b. The role of the International Accounting Standards Board (IASB) and the International Federation of Accountants (IFAC)

**7. The Regulatory Framework**

- a. Statutory reporting requirements
  - i. Companies Act 1965
  - ii. Securities Commission Act and regulations
- b. Reporting requirements of the Bursa Malaysia
  - i. Disclosure of financial information
  - ii. Continuing obligations of public listed companies dealing with:
    - annual financial statements
    - interim financial reporting
    - preliminary profit announcements

**8. Corporate Governance**

- a. Objective, relevance and importance of Corporate Governance
- b. The Malaysian Code of Corporate Governance
  - i. Best practices in corporate governance
  - ii. Requirements relating to the composition of the board of directors and their responsibilities
  - iii. Directors' statement on corporate governance and internal control
  - iv. Audit committee
  - v. Relationship between the board and shareholders
  - vi. Requirements relating to the reporting responsibilities of auditors

**9. Code of Professional Conduct and Ethics**

- a. The public interest
- b. Integrity and objectivity
- c. Professional competence

**10. Current Issues and Developments in Accounting and Financial Reporting**

Impact of current and emerging issues in accounting on the regulatory framework for financial reporting.

**EXAMINABLE ACCOUNTING STANDARDS**

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

THE MALAYSIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
(INSTITUT AKAUNTAN AWAM BERTAULIAH MALAYSIA)

**RECOMMENDED BASIC TEXTS**

|                                     |                                          |                                             |
|-------------------------------------|------------------------------------------|---------------------------------------------|
| A.A Arens,<br>J.K. Loebbecke et.al. | Auditing in Malaysia                     | Prentice Hall                               |
| Lipton &<br>Hertzberg (2001)        | Understanding Company Law<br>In Malaysia | Sweet &<br>Maxwell                          |
| Walter Woon (2001)                  | Company Law                              | Sweet & Maxwell,<br>2 <sup>nd</sup> Edition |

**RECOMMENDED REFERENCE TEXTS**

|                         |                                           |             |
|-------------------------|-------------------------------------------|-------------|
| W.F. Messier &<br>M.Boh | Auditing & Assurance Services in Malaysia | McGraw-Hill |
|-------------------------|-------------------------------------------|-------------|

**Relevant Statutes and Regulatory Guidelines**

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  
The MICPA Code of Ethics  
The Malaysian Code on Corporate Governance  
Approved accounting standards and other pronouncements, exposure drafts and discussion documents issued by MASB  
Approved accounting and auditing standards and guidelines, exposure drafts and discussion documents issued by MICPA  
The Malaysian Accountant and other professional journals

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