

March 2009

The CPA e-Newsline is a monthly electronic newsletter designed to provide members, and the public with quick updates on recent developments at the Institute and in the business environment.

Announcements/ Activities

Publicity on ICAA-MICPA MoU

We are pleased to attach for your information the publicity on the recent signing of the Memorandum of Understanding (MoU) between ICAA and MICPA. Kindly click on the link provided to view the Press Clippings. We will keep members updated on any publicity that is featured.

www.micpa.com.my/micpamember/public/pressrelease.asp

Schedule of MICPA Events for 2009

We are pleased to inform members that the schedule of events for 2009 has been made available on the MICPA website under Events/CPD in the Homepage. For further information, please visit www.micpa.com.my

MICPA 50th Anniversary Commemorative Lecture cum Luncheon

The Institute's 50th Anniversary Commemorative Lecture cum Luncheon has been **re-scheduled to Thursday, May 14, 2009** to be held at **Sapphire Ballroom, Mandarin Oriental Kuala Lumpur** at **12.30 p.m.** due to the availability of the Guest of Honour.

The Commemorative Lecture will be delivered by YABhg Tun Mohamed Dzaiddin Hj Abdullah, Chairman of Bursa Malaysia Berhad.

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, 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

MICPA 51st Annual Dinner

The Institute's 51st Annual Dinner will be held on **Friday, June 19, 2009** at **Sheraton Imperial Hotel Kuala Lumpur**. **YB Tan Sri Nor Mohamed Yakcop, Minister of Finance II** will officiate the event. For further information, please contact the Public Affairs & Communications Manager on Tel: 03-2698 9622 or e-mail: vic.pr@micpa.com.my

51st Annual General Meeting

Members are informed that the **51st Annual General Meeting of the Institute has been scheduled for Saturday, June 20, 2009 at 10:00 a.m. to be held at Bilik Bunga Raya (Level 3) Best Western Premier Seri Pacific Hotel, Jalan Putra, Kuala Lumpur.** Notice of the Annual General Meeting, minutes of the 50th Annual General Meeting and the Institute's Annual Report will be dispatched to members in the last week of May 2009.

Visits to Members' Firms and Approved Training Organisations

The Institute is aware that a two-way flow of communication is important and emphasis is being attributed to improving the framework of communication between the Institute, members' firms and Approved Training Organisations. In moving forward, the Institute is making courtesy visits to members' firms and ATOs as a means of further enhancing the synergistic partnership which already exists between both parties and to identify ways to collaborate and strengthen professional relationship. The following meetings have been scheduled:

- Azman Wong Salleh & Co/ Folks DFK on Wednesday, March 4, 2009, members' firm;
- Mazars on Tuesday, April 7, 2009, members' firms;
- Arab Malaysian Corporation Bhd on Thursday, April 9, 2009, ATO;
- Sime Darby Bhd on Friday, April 10, 2009, ATO;
- Ferrier Hodgson MH & Baker Tilly Monteiro Heng on Monday, April 13, 2009, members' firm;
- Malaysia Airlines Bhd on Tuesday, April 14, 2009, ATO;
- CIMB Investment Bank Bhd on Monday, April 27, 2009, ATO; and
- Abu Bakar Rajudin & Co on Tuesday, April 28, 2009, members' firm.

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.

For the month of March, the Institute has presented talks to the following universities:

- Sunday, March 1, 2009 at Universiti Utara Malaysia (80 students);

- Tuesday, March 3, 2009 at MultiMedia Universiti, Cyberjaya Campus (50 students);
- Thursday, March 12, 2009 at Universiti Teknologi MARA (UiTM), Campus Sg Petani (200 students);
- Tuesday, March 17, 2009 at Universiti Teknologi MARA (UiTM), Campus Alor Gajah (130 students);
- Tuesday, March 17, 2009 at Universiti Teknologi MARA (UiTM), Campus Sri Iskandar (200 students); and
- Friday, March 20, 2009 at Universiti Teknologi MARA (UiTM), Campus Arau (150 students).

To establish a working relationship with Australian Universities, the Institute visited Curtin University, Miri Campus on Friday, March 6, 2009. The Executive Director of the Institute met with the faculty and academic staff of the School of Business.

The Institute also sponsored the following events organised by the Accounting Clubs:

Universiti Teknologi MARA (UiTM), Shah Alam

Pre-Graduation Dinner 2009

The Faculty of Accountancy will be organising a *Pre-Graduation Dinner 2009* on Saturday, April 11, 2009 at The Summit, Subang Jaya. The objective of the dinner is to bid farewell to the final semester students as well as to celebrate and award the graduating students upon their achievements, service and contributions to the faculty and UiTM. The MICPA is a sponsor for the event.

Universiti Putra Malaysia (UPM)

National Accounting Career Conference

Universiti Putra Accounting Club (UPAC) is organising the National Accounting Career Conference which will be held on July 24 - 26, 2009 at UPM. The aim of the conference is to promote and increase awareness of the various career paths and options of accountancy to the students. The MICPA is a Silver sponsor for the event.

Career Talks at Secondary Schools

Accountancy has become one of the more popular courses being pursued by young Malaysians. The Institute is always seeking opportunities to foster closer relationship with the secondary schools, to promote accountancy as a career and in particular to create awareness of the CPA Malaysia qualification. In this respect, a series of scheduled career talks at secondary schools to Forms 4, 5 and 6 students undertaking the Principles of Accounting subject has been planned.

The Institute presented a talk on *Career in Accountancy* to:

- 70 students of SMK Bandar Sri Damansara I on Friday March 6, 2009;
- 70 students of SMK Seksyen 5 Wangsa Maju on Wednesday, March 11, 2009.

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 One (1) month

from the date of posting. For further information, please contact the Public Affairs & Communications Manager on Tel: 03-2698 9622 or email: vic.pr@micpa.com.my.

IFRS Manual of Accounting

The Manual explains in detail the rules that apply to preparing financial statements and considers the other statements that appear in annual reports. It also deals with the reporting requirements for interim reports and preliminary announcements. There are hundreds of practical worked examples as well as model IFRS financial statements which help to illustrate the explanations.

The 2009 edition includes the following key updates:

- Revision of all chapters for implications of the IFRS annual improvements project issued in May 2008, impacting 20 standards with effective dates starting from January 1, 2009;
- Guidance on first-time adoption of IFRS updated for implications of amendments to IFRS 1 and IAS 27;
- Guidance on first-time adoption of IFRS updated for implications of amendments to IFRS 1 and IAS 27;
- Revised guidance on financial instruments for implications of amendments to IAS 32, IAS 1 and IAS 39 and of IFRIC 16;
- Updated guidance on revenue, employee benefits and share-based payments for implications of IFRIC 15, 14 and IFRS 2 respectively.

This manual comprises two publications. The supplement, understanding New IFRSs for 2009, contains guidance on the standards that will come into force but can be early adopted such as:

- IAS 1 (revised), *Presentation of financial statements*
- IFRS 8, *Operating Segments*
- IAS 27 (revised), *Consolidated and separate financial statements*
- IFRS 3 (revised), *Business Combinations*

The 2009 set is priced at £95.00 and is now available to pre-order on the CCH website: <http://www.cch.co.uk>.

Members Update

Payment of Members Annual Fee for 2009

In accordance with bye-law 50 of the Institute's bye-laws, any member who fails to pay the annual fee or other sum payable by him to the Institute by the thirtieth day of June in the year in which it becomes due shall thereupon cease to be a member of the Institute. Members are reminded to remit the amount payable to the Institute **before June 30, 2009**. For further information, please contact the Institute's Accounts Department on Tel: 03-2698 9622 or e-mail: ksl.acc@micpa.com.my

MICPA Technical Updates

Inland Revenue Board of Malaysia

Programme For Submission of Year 2008 Income Tax Return Forms

Further to Circular No. TEC/007/02/2009/W dated February 27, 2009 members are informed that the Inland Revenue Board (IRB) has issued the programme for submission of year 2008 income tax return forms. In this regard, members are advised to take note and comply with the due dates for the filing of income tax return forms for the various categories of taxpayers. All income tax return forms should be submitted to Pusat Pemprosesan of the IRB in Pandan Indah, Kuala Lumpur. The Circular and a copy of the programme for submission can be downloaded from the MICPA website at www.micpa.com.my in the Members' Area.

Inland Revenue Board of Malaysia

Second Addendum to Public Ruling No.1/2006- Perquisites From Employment

Further to Circular No. TEC/008/03/2009/W dated March 3, 2009 members are informed that the Inland Revenue Board (IRB) has issued Second Addendum to public Ruling No. 1/2006 dated February 25, 2009 pertaining to Perquisites from Employment.

In this regard, the Second Addendum to the Public Ruling can be downloaded from the IRB website at http://www.hasil.org.my/english/eng_NO4_5_2.asp.

Companies Commission of Malaysia

Invitation to Briefing Sessions on SSM e-Lodgement Services

Further to Circular No. TEC/009/03/2009/W dated March 4, 2009 members are informed that the Companies Commission of Malaysia (SSM) is organising a series of briefing sessions on SSM e-Lodgement services. The briefing session will be conducted free-of-charge. The purpose of the briefing session is to explain the dynamics of e-Lodgement and to provide a hands-on experience in the application of the system.

Members who wish to attend the briefing session are required to register with SSM using the registration form. The Circular and a copy of the form (Annexure I) for submission can be downloaded from the MICPA website at www.micpa.com.my in the Members' Area.

Malaysian Accounting Standards Board

Proposed Amendments to Financial Reporting Standards MASB ED 61, MASB ED 62, MASB ED 63 and MASB ED i-3

Further to Circular No. TEC/010/03/2009W dated March 6, 2009 members are informed that the Malaysian Accounting Standards Board (MASB) has issued four (4) exposure drafts (ED) for comment as follows:

- *MASB ED 61* *Presentation of Financial Statements*
- *MASB ED 62* *Improvements to FRSs*
- *MASB ED 63* *Amendments to Standards on Financial Instruments*
- *MASB ED i-3* *Presentation of Financial Statements of Islamic Financial Institutions*

Members are encouraged to study the exposure drafts and provide feedback to MASB. Members who wish to provide their comments electronically may do so

through ED online on MASB website. The deadline for the submission of comments to **MASB is April 3, 2009**. The Circular can be downloaded from the MICPA website at www.micpa.com.my in the Members' Area.

Auditor's Certification For Exempt Private Companies Pursuant to the Requirement of Section 165A of Companies Act 1965

Further to Circular No. TEC/011/03/2009W dated March 11, 2009 members are informed that Section 165A of the Companies Act 1965 (Act) requires a company that is not required by this Act to lodge accounts with the Registrar to include in or attach to its annual return a statement relating the accounts of the company signed by the auditor of the company:

- (a) Stating whether the company has in his opinion kept proper accounting records and other books during the period covered by those accounts;
- (b) Stating whether the accounts have been audited in accordance with the Act;
- (c) Stating whether the auditor's report on the accounts was made subject to any qualification, or included any comment under section 174 (3), and if so, particulars of the qualification or comment; and
- (d) Stating whether as at the date to which the profit and loss account has been made up, the company appeared to have been able to meet its liabilities as and when they fall due.

It has been brought to the Institute's attention that an auditor may not be able to provide the opinion as required in the requirement (d) above as the period to which the opinion is rendered on is not specified in the requirement.

The Institute has consulted the Companies Commission of Malaysia (SSM) on this matter and the SSM has confirmed that the period in question is limited to the next 12 months after the balance sheet date.

The Circular can be downloaded from the MICPA website at www.micpa.com.my in the Members' Area.

***Companies Commission of Malaysia
Draft Bill on Limited Liability Partnership***

Further to Circular No. TEC/012/03/2009W dated March 13, 2009 members are informed that the Companies Commission of Malaysia (SSM) has issued a discussion draft on Limited Liability Partnership (LLP) Bill for members' feedback and comment.

The purpose of the LLP Bill is to confirm the recommendations that were proposed in The Consultative Documents on LLP which was issued in April 2008. The LLP Bill has also taken into consideration comments received during the consultative period.

The Circular and a copy of the Draft Bill can be downloaded from the MICPA website at www.micpa.com.my in the Members' Area.

2009 Second Stimulus Package Tax Commentary

Further to Circular No. TEC/013/03/2009 dated March 16, 2009, on March 10, 2009, the Deputy Prime Minister and Minister of Finance, YAB Dato' Sri Mohd Najib Tun Razak unveiled the Second Stimulus Package 2009 of RM60 billion, which is made of RM15 billion for fiscal injection. RM25 billion for Guarantee Funds, RM10 billion for equity investments, RM7 billion for private finance initiatives and off-budget projects and RM3 billion for tax incentives.

In this regard, members are informed that MIA, MIT and MICPA in association with Horwath KL Tax Sdn Bhd has published the *2009 Second Stimulus Package Tax Commentary* for members reference.

The *2009 Second Stimulus Package Tax Commentary* is now available on the MICPA website www.micpa.com.my in the Members' Area under the heading *Budget Commentary*.

MICPA Practising Certificate

The Membership Affairs Committee of the Institute in considering applications for practising certificate has frequently come across cases where a member has commenced public practice before he is issued with a practising certificate by the Institute. The Committee would like to remind members that in accordance with **bye-law 56 of the Institute's bye-laws**, a member shall be entitled to engage in public practice in Malaysia only if he holds a practising certificate issued by the Institute. If members need clarification on the above requirement, you may forward your inquiry to membership@micpa.com.my or call 03-2698 9622.

CPD On-Line Record

Effective January 1, 2007, it is mandatory for all members to complete at least 120 hours of relevant Continuing Professional Development (CPD) activity in each rolling three-year period, of which 60 hours should be verifiable. Members are required to submit an annual declaration as to compliance with the CPD requirements prescribed in the CPD Statement.

An On-Line CPD Record functionality has been added to the MICPA website, which facilitates members to update their CPD records on-line in the format provided. Please visit the MICPA website at www.micpa.com.my, login as a Member, click on Members Update on the Left-hand Menu and go to Section F to update your CPD records.

Young CPA Group

As members are aware, 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 can play an important role in identifying the professional needs of its members and provide valuable feedback, suggestions and recommendations to the Institute. If you are a CPA below the age of 40, please register yourself online at www.micpa.com.my.

Change of Correspondence and E-mail Address

Members and 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 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. You may also send an e-mail to membership@micpa.com.my for the change of correspondence and e-mail address.

Continuing Professional Development (CPD) Programmes

Response to Assessed Risks

A two-day Workshop on *Response to Assessed Risks* will be held on April 8-9, 2009 at the Legend Hotel Kuala Lumpur. Participants will acquire knowledge to:

- Design further audit procedures in response to assessed risks (perform tests of controls, tests of details and evaluating audit evidence) – ISA 330 *The Auditor's Procedures in Response to Assessed Risks*;
- Identify the components of internal control – ISA 315 *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*;
- Ascertain how different aspects of an entity's internal control system may affect the audit; and
- Be able to consider the risks of material misstatements in the financial statements due to fraud – ISA 240 *The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements*.

For further information, please click [here](#)

Credit Management – Merits of Trade Credit Management

A two-day Workshop on *Credit Management – Merits of Trade Credit Management* will be held on April 15-16, 2009 at the Legend Hotel, Kuala Lumpur. This workshop examines ways of managing and protecting this all important asset: accounts receivable in the context of the continuing decline in economic activity. With the combination of topics covered – from importance of credit management and risk mitigation to effective credit policies and processes, this Workshop will be valuable to those involved directly or indirectly in the credit function. The workshop will be conducted by Dr Salima Paul, an internationally well-known speaker in Credit Management from United Kingdom. For further information, please click [here](#)

Transfer Pricing

A one-day Workshop on *Transfer Pricing* will be held on April 23, 2009 at The Legend Hotel, Kuala Lumpur. This workshop will assist participants in understanding the issues involved and pitfalls to avoid to minimise potential tax penalties. The workshop will be conducted by Mr Harvindar Singh. For further information, please click [here](#)

An Update of the International Financial Reporting Standards (IFRS)

A one-day Workshop on *An Update of the International Financial Reporting Standards (IFRS)* will be held on May 6, 2009 at the Concorde Hotel, Kuala Lumpur. The workshop will examines the technical contents on new documents and explain the potential impact on financial statements. Implementation issues will also be discussed and clear guidance will be provided through practical examples. The workshop will be conducted by Mr Danny Tan Boon Wooi. For further information, please click [here](#)

A Practical Guide to Auditing

A two-day Workshop on *A Practical Guide to Auditing* will be held on May 13-14, 2009 at the Legend Hotel, Kuala Lumpur. The objective of the workshop is to equip participants with the technical knowledge and skills in conducting an audit of financial statements in accordance with international standards on auditing, which have been adopted for application in Malaysia. The workshop will cover the fundamental auditing principles, the development of an audit plan, performance of audit

procedures, documentation, audit conclusions and reporting. For further information, please click [here](#).

Each participant will receive a complimentary copy of the MICPA Audit Guide for Practitioners worth RM350.00.

Updates from Regulatory Bodies

SECURITIES COMMISSION MALAYSIA

Meeting the Challenges in 2009

At a press conference in conjunction with the release of the SC's Annual Report 2008, the Securities Commission (SC) Chairman Dato' Sri Zarinah Anwar said that the main thrusts for 2009 will be maintaining investor confidence and ensuring that the markets operate in a fair and orderly manner.

Against a backdrop of a difficult market environment underscored by heightened risk aversion, the SC will focus on providing an efficient and facilitative platform for fund-raising and corporate restructuring while upholding high standards of disclosure and transparency.

"We must work closely together to meet these challenges head-on. All of us who have a stake in the Malaysian capital market must remain vigilant and prove ourselves equal to the task. There is no room for complacency," she said.

At the same time, efforts will continue to be taken to strengthen the competitive positioning of Malaysia's capital market in the regional landscape through structural reforms in the area of capacity building and intermediation efficiency. For further information, please visit www.sc.com.my

New Measures to Facilitate Greater Access to the Capital Market

Following the announcement of the second stimulus package by the Deputy Prime Minister and Minister of Finance, YAB Dato' Sri Mohd Najib Tun Razak on March 10, 2009, which specifies new measures to facilitate greater access to the capital market, the Securities Commission (SC) would like to inform:

- The initiatives in relation to revisions to the terms and conditions of bonds and sukuk as well as the exemption from the mandatory credit rating requirement for convertible and exchangeable bonds and sukuk will take effect on March 16, 2009; and
- The exemptions on the other initiatives will come into force following the gazette of a Ministerial Order, which will be communicated at a later date.

A set of Frequently-Asked-Questions (FAQ) providing operational details of these capital market measures are available on the SC website www.sc.com.my

BANK NEGARA MALAYSIA (BNM)

BNM Guidelines & Circulars

Bank Negara Malaysia's Guidelines and Circulars are now available for public viewing. For further information, please visit www.bnm.gov.my

Appointment of Encik Bakarudin Ishak and Dr. Sukhdave Singh As Assistant Governors

In a Press Release dated March 6, 2009, Bank Negara Malaysia announced the appointment of Encik Bakarudin Ishak and Dr. Sukhdave Singh as Assistant Governors of BNM with effect from March 5, 2009. For further information, please visit www.bnm.gov.my

News from IFAC and IASB

INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC)

IFAC Publishes Award-Winning Articles

Financial leadership, measuring board performance, and managing strategic risk are among the topics covered in a new publication, *Articles of Merit*, released by the International Federation of Accountants (IFAC). This publication includes 11 previously published articles that were selected by IFAC's Professional Accountants in Business (PAIB) Committee as part of its annual *Articles of Merit Award Program For Distinguished Contribution to the Roles and Domain of Professional Accountants in Business*.

The winning article for 2008 is "Black Holes in Accounting" by Ron Lutka. First published in CMA Canada's monthly members' magazine, *CMA Management*, the article focuses on how professional accountants may better identify and address areas within their organisations that may be negatively impacting performance. It also aims to assist professional accountants in recognising and preventing the causes of the problems within these areas.

For the first time in the history of the award program, professional accountants were invited to participate in the selection process. The PAIB Committee took into account these views when selecting the winning articles. Votes were collected through an online public voting process.

Although the articles were originally published before the extent of the financial crisis was fully known, many of the articles promote financial leadership and better practices for professional accountants in business, which are relevant in today's financial and economic climate. Other articles of merit cover topics and issues that have been highlighted as challenges for improving organisational performance and achieving sustainable growth.

The 2008 *Articles of Merit*, together with past issues, can be downloaded free-of-charge from the IFAC online bookstore (www.ifac.org/store). The 11 articles in the 2008 publication may also be individually downloaded from the IFAC bookstore.

IAASB Completes Clarity Project; New Web Page Features Full Set of Standards and Resources

The International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board under the auspices of the IFAC, has completed its Clarity Project* with the release of the final seven clarified International Standards on Auditing (ISAs), following the consideration and approval by the Public Interest Oversight Board (PIOB) of due process. As a result of this landmark achievement, auditors worldwide will have access to 36 newly updated and clarified ISAs and a clarified International Standard on Quality Control.

The standards are all featured in a new Clarity Center on the IAASB website (www.ifac.org/IAASB).

With the completion of the Clarity Project, the IAASB has issued all its auditing standards in a form designed to enhance the understanding and implementation of them, as well as to facilitate translation. The clarified standards are effective for audits of financial statements for periods beginning on or after December 15, 2009.

Titles of the seven final clarified ISAs are as follows:

- ISA 210 (Redrafted), *Agreeing the Terms of Audit Engagements*;
- ISA 265, *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*;
- ISA 402 (Revised and Redrafted), *Audit Considerations Relating to an Entity Using a Service Organization*;
- ISA 700 (Redrafted), *Forming an Opinion and Reporting on Financial Statements*;
- ISA 800 (Revised and Redrafted), *Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*;
- ISA 805 (Revised and Redrafted), *Special Considerations-Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*; and
- ISA 810 (Revised and Redrafted), *Engagements to Report on Summary Financial Statements*.

The Clarity Center of the IAASB website features updated versions of each of the standards, which can be used as the basis for translations. These versions incorporate conforming amendments to the standards, as well as changes in the approved clarified ISAs as a result of a review for consistency and other matters of clarity agreed upon by the IAASB at its December 2008 meeting. The IAASB also plans to publish the set of clarified ISAs in a handbook, expected to be released in April 2009.

National standard setters, IFAC member bodies, regulators and oversight bodies, and other stakeholders are encouraged to visit the Clarity Center at <http://web.ifac.org/clarity-center/index> for further information, including frequently asked questions (FAQs) and upcoming video modules. For further information, please visit www.ifac.org

Forum of Firms Welcomes Completion of IAASB Clarity Project and Encourages Firms to Focus on Implementation Issues

Members of the Forum of Firms are pleased to note the completion of the International Auditing and Assurance Standards Board's (IAASB) Clarity Project and

are encouraging their members to plan now for the timely implementation of the revised International Standards on Auditing (ISAs).

The IAASB Clarity Project involves a comprehensive review of all ISAs and International Standards on Quality Control to improve their clarity and thereby their consistent application.

During the process, a number of standards, including those dealing with group audits, related parties, external confirmations, audit of accounting estimates, and the use of experts were also significantly revised in order to enhance audit quality in these key areas.

Thirty-six standards in all were revised or restated. The due process surrounding their development and approval has been reviewed and endorsed by the Public Interest Oversight Board, an independent body established by the international financial regulatory community. All 36 clarified ISAs come into effect for audits of financial statements for periods beginning on or after December 15, 2009.

"We have been encouraging Forum members to consider implementation matters as and when the standards were promulgated so they have sufficient time to update audit methodologies and training programs in advance of the effective date," emphasizes Nick Fraser, chairman of the IFAC Transnational Auditors Committee, the executive arm of the Forum of Firms. "However, there is no doubt that timely adoption of the ISAs by national regulators will also provide significant impetus in promoting the convergence process, and we look forward to seeing rapid progress in this respect."

The Forum of Firms, formally established in 2002, is an association of international networks of accounting firms. These firms perform audits of financial statements that are or may be used across national borders. The Forum's goal is to promote consistent and high-quality standards of financial reporting and auditing practices worldwide. Accordingly, its members have committed to maintaining appropriate quality control standards in accordance with International Standards on Quality Control issued by the IAASB, to have policies and methodologies for the conduct of transnational audits that are based on ISAs, and to have policies and methodologies which conform to the IFAC *Code of Ethics for Professional Accountants* and national Code of ethics. For additional details on the Forum of Firms, please visit: www.ifac.org/Forum_of_Firms.

IAASB's Annual Report Focuses on the Clarity Standards as a Foundation for Global Audit Quality

The IAASB, an independent standard-setting board under the auspices of the IFAC, issued its 2008 Annual Report that highlights the culmination of the Clarity Project. With the completion of the Clarity Project, the IAASB has issued all its auditing standards in a form designed to enhance the understanding and implementation of them, as well as to facilitate translation. The annual report also details the IAASB's strategy and future direction as it continues to promote the adoption of International Standards on Auditing (ISAs) and develops new standards in response to extensive public consultation undertaken during 2007 and 2008 with key stakeholders. For further information, please visit www.ifac.org

New IFAC Guidance Focuses on the Development and Training of Accounting Technicians

An important means to build capacity in the accountancy profession in developing countries is through the development of accounting technicians. As part of its strategy to develop the accountancy profession worldwide, the IFAC Developing Nations Committee has released a new good practice guide entitled, *The Education, Training and Development of Accounting Technicians*. The new guide is designed to raise awareness of the role and value of accounting technicians in both the public and private sectors.

The guide promotes the importance of having accounting technician-level programs in both developed and developing economies so that individuals have access to education and training. The guide also encourages professional accountancy organisations to support the development of accounting technicians by offering technician programs that lead to certification and membership in the organisation.

"In developing and emerging economies, individuals often do not have the resources to qualify as professional accountants, but there is a strong demand by governments and organisations for skilled individuals to contribute to the financial reporting and decision-making process. The development of accounting technicians is important to fulfilling this gap and setting a pathway for qualified accounting technicians to develop further as professional accountants," states Ignatius Sehoole, Chairman of the Developing Nations Committee.

The guide can be downloaded free-of-charge from the IFAC online bookstore (www.ifac.org/store). For more information on IFAC's work to support developing nations, visit www.ifac.org/developingnations.

IFAC Publishes Quality Control Implementation Guide for SMPs

To further help small and medium practices (SMPs) in the implementation of international standards, IFAC has published a *Guide to Quality Control for Use by Small- and Medium-sized Practices*. This non-authoritative implementation guide is intended to help SMPs understand and efficiently apply International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services*, as redrafted under the IAASB's Clarity Project* (<http://web.ifac.org/clarity-center/index>).

Developed by CGA-Canada for IFAC's Small and Medium Practices (SMP) Committee, the guide uses an integrated case study to illustrate how to implement the requirements of ISQC 1, and includes two sample firm policy manuals and key checklists and forms. It can be downloaded free-of-charge from IFAC's online bookstore at www.ifac.org/Store/. A Microsoft Word version is available to allow for translation and adaptation by institutes and small firms.

Sylvie Voghel, SMP Committee Chair, remarked, "the guide will help SMPs provide high-quality services to their clients and contribute to improving audit quality."

In December 2007, the committee published IFAC's first implementation guide, the *Guide to International Standards on Auditing for Use in the Audits of Small and Medium-Sized Entities* (ISA Guide). Last year, this was IFAC's second most popular publication and has been translated into over 10 languages. An updated version, to support the redrafted ISAs and accommodate feedback from users of the current edition, is scheduled for release in December 2009.

These guides form part of the SMP Committee's strategy to provide comprehensive practical support for SMPs, in the form of implementation materials and web-based resources. For further information, please visit www.ifac.org

INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

IASB Enhances Financial Instruments Disclosures

The International Accounting Standards Board (IASB) on March 5, 2009 issued amendments that improve the disclosure requirements about fair value measurements and reinforce existing principles for disclosures about the liquidity risk associated with financial instruments.

The amendments form part of the IASB's focused response to the financial crisis and addresses the G20 conclusions aimed at improved transparency and enhanced accounting guidance. The improvements also reflect discussions by the IASB's Expert Advisory Panel on measuring and disclosing fair values of financial instruments when markets are no longer active.

Responding to the calls of policymakers, many investor groups and other interested parties, the IASB is bringing the disclosure requirements of International Financial Reporting Standards (IFRSs) more closely into line with US standards. The amendments to IFRS 7 Financial Instruments: Disclosures introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements. These disclosures will help to improve comparability between entities about the effects of fair value measurements.

In addition, the amendments clarify and enhance the existing requirements for the disclosure of liquidity risk. This is aimed at ensuring that the information disclosed enables users of an entity's financial statements to evaluate the nature and extent of liquidity risk arising from financial instruments and how the entity manages that risk.

The amendments to IFRS 7 apply for annual periods beginning on or after January 1, 2009. However, an entity will not be required to provide comparative disclosures in the first year of application. For further information, please visit www.iasb.org

IASB Clarifies the Accounting Treatment for Embedded Derivatives When Reclassifying Financial Instruments

The IASB on March 12, 2009 clarified the accounting treatment of embedded derivatives for entities that make use of the reclassification amendment issued by the IASB in October 2008.

The reclassification amendment allows entities to reclassify particular financial instruments out of the 'at fair value through profit or loss' category in specific circumstances. The amendments to IFRIC 9 and IAS 39 issued clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements.

The amendments form part of the IASB's response to views received in the round-table discussions organised jointly with the US Financial Accounting Standards Board in November and December 2008. Participants asked the IASB to clarify the accounting treatment of embedded derivatives in the reclassification amendments in order to avoid divergence in practice.

The amendments set out in Embedded Derivatives apply retrospectively and are required to be applied for annual periods ending on or after June 30, 2009. For further information, please visit www.iasb.org

ASBJ and IASB Meet to Review Progress in Achieving Convergence in Accounting Standards

The Accounting Standards Board of Japan (ASBJ) and the IASB have held their ninth meeting to accelerate convergence of Japanese Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRSs). Led by Ikuo Nishikawa, Chairman of the ASBJ, and Sir David Tweedie, Chairman of the IASB, the meeting was held in Tokyo on March 11 & 12, 2009. As part of this meeting, representatives of the IASB provided an update on the progress of projects described by the Memorandum of Understanding (MOU) agreed in 2006 by the IASB and the US Financial Accounting Standards Board (FASB) and updated in 2008.

Representatives of the ASBJ explained that the convergence project to eliminate major differences between Japanese GAAP and IFRSs in use (as defined by the July 2005 CESR assessment of equivalence) was completed on schedule at the end of 2008, and continuous efforts towards convergence of IFRSs and Japanese GAAP as described by the Tokyo Agreement are progressing well. In addition, the representatives of the ASBJ provided an overview of the Draft Interim Report Application of International Financial Reporting Standards in Japan issued in February 2009 by the Planning and Coordination Committee of the Business Accounting Council regarding potential use of IFRSs by listed companies in Japan. Representatives of the boards exchanged views on the following important items, which are the subject of recent discussion papers or exposure drafts published by the IASB.

- Financial instruments
- Revenue recognition
- Consolidation (including special purpose entities)
- Financial statement presentation

Representatives of the boards believe that their discussions will contribute to the future development of high quality accounting standards on the significant items to be improved in the medium and long term. They also reaffirmed that it is essential for the boards to continue to co-operate closely, and for the ASBJ to continue to participate actively in the IASB's standard-setting process. For further information, please visit www.iasb.org

IASB and FASB Launch Public Consultation on a Future Standard on Lease Accounting

The IASB and the FASB on March 19, 2009, launched a public discussion on lease accounting by publishing their preliminary views in a joint discussion paper.

The discussion paper *Leases: Preliminary Views* is a response to concerns raised by investors and other users of financial statements regarding the treatment of lease contracts under International Financial Reporting Standards (IFRSs) and US Generally Accepted Accounting Principles (GAAP).

According to the World Leasing Yearbook 2009, total annual leasing volume in 2007 amounted to US\$760 billion; yet many of those lease contracts do not appear in an entity's statement of financial position (balance sheet). This is because IFRSs and US GAAP split leases into two categories-finance leases (capital leases under US

GAAP) and operating leases-and only the assets and liabilities arising from finance leases are recognised in the statement of financial position. For an operating lease the lessee simply recognises lease payments as an expense over the lease term.

The different accounting treatment of finance and operating leases has given rise to various problems, in particular:

- Many users of financial statements believe that all lease contracts give rise to assets and liabilities that should be recognised in the financial statements of lessees. Therefore these users routinely adjust the recognised amounts in the statement of financial position in an attempt to assess the effect of the assets and liabilities resulting from operating lease contracts.
- The split between finance leases and operating leases can result in similar transactions being accounted for very differently, reducing comparability for users of financial statements.
- The difference in the accounting treatment of finance leases and operating leases also provides opportunities to structure transactions so as to achieve a particular lease classification.

In the discussion paper the IASB and the FASB discuss a possible new approach to lease accounting. The boards propose that lease accounting should be based on the principle that all leases give rise to liabilities for future rental payments and assets (the right to use the leased asset) that should be recognised in an entity's statement of financial position. This approach is aimed at ensuring that leases are accounted for consistently across sectors and industries.

The boards have not yet discussed the method of transition or the effective date. Those issues will be discussed after comments are received on this discussion paper, and included in the provisions of a subsequent exposure draft of the proposed standard.

The boards decided in July 2008 to defer consideration of lessor accounting in order to resolve the problems associated with lessee accounting as quickly as possible. Consequently, the discussion paper deals mainly with lessee accounting. However, it also describes some of the issues that will need to be addressed in a future proposed standard on lessor accounting. For further information, please visit www.iasb.org

News from Other Professional Bodies

MALAYSIAN INSTITUTE OF ACCOUNTANTS (MIA)

Accountancy: Career and Education Fair 2009

The Malaysian Institute of Accountants will be organising the Accountancy: Career and Education Fair 2009 on Saturday, April 4, 2009 at the Mid-Valley Exhibition Centre, Kuala Lumpur. The MICPA will be participating in the above fair as an Exhibitor, so if you are free, do come along and visit us at booth No 2001. For further information, please click here <http://www.acef.my>

World Congress of Accountants 2010

As members are aware, 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 Universities

Universiti Kebangsaan Malaysia

International Management Accounting Conference (IMAC V)

The Faculty of Economics and Business, Universiti Kebangsaan Malaysia is pleased to announce that they will be organising and hosting the fifth International Management Accounting Conference (IMAC V) on October 19 – 21, 2009 to be held in Kuala Lumpur. The theme of the conference is *Emergent Theories and Practices in Accounting*. For further details on the conference, please visit <http://www.ukm.my/imac5>.

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

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