

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

Resignation of Council Member

The MICPA wishes to announce that Mr Lim Tian Huat has resigned as Council Member of the Institute with effect from May 12, 2012. Mr Lim was appointed as a Council Member in 1999 and served as Chairman of the Institute's Insolvency Practice Committee and Member of the Membership Affairs Committee.

The MICPA would like to extend their sincere gratitude to Mr Lim Tian Huat for his contributions to the Institute.

Appointment of Council Members

The MICPA is pleased to announce the appointment of Mr Ong Chee Wai as Council Member of the Institute effective May 12, 2012.

Appointment of Chairman of Insolvency Practice Committee

We are pleased to announce that YBhg Dato' Gan Ah Tee has been appointed as Chairman of the Insolvency Practice Committee with effect from May 12, 2012.

Annual Report 2011

We are pleased to inform that the Institute's Annual Report 2011 has been posted on the MICPA website www.micpa.com.my. To view the annual report, please click [here](#).

MICPA 54th Annual General Meeting

The Institute's 54th Annual General Meeting will be held on **Saturday, June 23, 2012 at 10:00 a.m., at FR Dillenia (Ground Floor), Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, Kuala Lumpur.**

For further information, please refer to the Circular No. ADM/01/04/12 dated April 11, 2012 which can be downloaded from the MICPA website at www.micpa.com.my in the Members' Area.

MICPA PUBLICATION

Audit Guide for Practitioners – Revised Edition

We are pleased to inform members that the updated *Audit Guide for Practitioners* is available for sale which incorporates the latest clarified International Standards on Auditing (ISA) as of June 2011.

The updated Audit Guide for Practitioners is designed to provide guidance on the performance of audits in accordance with approved auditing standards and maintaining quality control for audit work. It covers the development of an audit plan, audit programme and audit management. The guide also contains sample working papers, internal control questionnaires and checklists on disclosure requirements.

The Audit Guide includes separate audit programmes for medium large companies, small companies and dormant companies.

ACTIVITIES OF THE INSTITUTE

MICPA Participates in Professional Career Talks

The Institute continues to embark on an aggressive marketing strategy to position the Revised MICPA Programme and the CPA (M) and CA (Austr) designation respectively.

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.

The following presentations were made in May 2012 to the following firms, universities and colleges. It was also an opportunity for the Institute to promote the MICPA -Students Sponsorship Programme (MICPA-SSP).

- May 2: Professional Career Talk, Deloitte Orientation
- May 7: Exhibition at KPMG On-Boarding
- May 14: Courtesy Visit to Khazanah Nasional
- May 18: Professional Career Talk, Universiti Teknologi MARA Sarawak
- May 18: Professional Career Talk, Universiti Teknologi Malaysia (UTM)
- May 22: Professional Career Talk, Malaysia Airlines System (MAS)
- May 24: Courtesy Visit to British American Tobacco
- May 29: Guest Lecture, Universiti Utara Malaysia
- May 30: Briefing on MICPA-SSP, CIMB Bank

Approved Training Employers

The MICPA provides for two streams of training. The MICPA students may undertake their training with Approved Training Employers - in approved accounting firms or in Approved Training Organisations (ATOs) in commerce, industry or the public sector.

To date, over 480 members' firms and 77 ATOs are registered with the Institute where students can undertake their training. For further information, please visit the MICPA website www.micpa.com.my and go to **Explore and click on Approved Training Employers in the Homepage.**

Job Opportunities on MICPA Website

As part of the Institute's service to members, Members' Firms and Approved Training Organisations of the Institute 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: micpa@micpa.com.my.

MICPA EDUCATION & TRAINING

MICPA-Students Sponsorship Programme (MICPA-SSP)

The Students Sponsorship Programme (SSP) is a programme launched jointly by the MICPA and approved accounting firms or approved training organisations recently. The objective of the programme is to assist students who are interested to pursue the revised MICPA programme while pursuing the final year of an accredited Bachelor of Accountancy degree programme, It also provides an avenue to approved accounting firms or approved training organisations in identifying suitable candidates for internship and employment.

Under the SSP, approved accounting firms or approved training organisations will sponsor students who are interested to pursue the Taxation module and the Financial Reporting module of the revised MICPA programme while pursuing the final year of their Bachelor of Accountancy degree programme.

Candidates under the SSP will be required to work for the approved accounting firms or approved training organisations during their internship as well as upon completion of the Bachelor of Accountancy degree programme for a period of not less than 3 years.

The SSP is open to candidates who meet the following minimum criteria:

- Pursuing final year of a 4-year Bachelor of Accountancy degree programme accredited by MICPA or ICAA
- Minimum CGPA of 3.5 after completing 3-years of the Bachelor of Accountancy degree programme
- Active participation in extra-curricular activities
- Excellent communication skills, both oral and written. Fluency in written and spoken English is critical
- Must be a Malaysian citizen with good personality traits

The MICPA works together with the various accredited public and private universities in Malaysia to identify suitable candidates who are interested to pursue the revised MICPA programme.

The profile of the identified candidates will be submitted to the approved accounting firms or approved training organisations for their consideration. The approved accounting firms or approved training organisations will conduct an interview with the identified candidates in order to consider the suitability of the candidates meeting the needs of the approved accounting firms or approved training organisations. An acceptance letter will be given to the successful candidates.

For further information on the Students Sponsorship Programme, please contact the Institute's Education & Training Manager on Tel: 03-2698 9622 or email: micpa@micpa.com.my.

Membership to ICAA

As you are aware, The Institute of Chartered Accountants in Australia (ICAA) and The Malaysian Institute of Certified Public Accountants (MICPA) signed a Memorandum of Understanding (MoU) in February 2009.

The MoU includes the mutual recognition of accounting qualifications. In this regard, we are pleased to announce and inform that members of MICPA are now eligible to apply for membership of The Institute of Chartered Accountants in Australia (ICAA). The membership arrangements will further increase the mobility and open the door to numerous professional opportunities.

To apply for membership to ICAA, MICPA members are required to:

- be a MICPA member in good standing;
- have successfully completed the MICPA's professional programme introduced prior to the revised MICPA programme; and
- pass an Online Ethics Module within 3 months of application.

For further information on the reciprocal membership, kindly click on the links provided below:

- [Frequently Asked Questions](#)
- [MICPA to ICAA Flowchart](#)
- [Application Form](#)

Pathways Route to ICAEW Membership

The MICPA qualification was recognised by The Institute of Chartered Accountants of England and Wales (ICAEW) in 2004. ICAEW undertook further assessment of the MICPA qualification in comparison with the ACA qualification introduced in 2007 and granted further exemptions to MICPA members in January 2009.

We are pleased to inform members that the Council of ICAEW has agreed to extend the **Pathways to Membership Scheme to MICPA members with effect from January 1, 2010**. The Pathways to ICAEW membership further endorses the close co-operation between the two Institutes in the education and training of professional accountants. For further information, please click [here](#).

MICPA TECHNICAL UPDATES

INLAND REVENUE BOARD OF MALAYSIA (IRB)

Public Ruling No. 2/2012: Foreign Nationals Working In Malaysia – Tax Treaty Relief

Further to Circular no. TEC/033/05/2012/W dated May 9, 2012, members are informed that the Inland Revenue Board (IRB) has issued Public Ruling No. 2/2012: Foreign Nationals Working in Malaysia – Tax Treaty Relief on May 3, 2012.

Public Ruling No. 2/2012 explains the application of tax treaty relief to foreign nationals from treaty countries seconded to Malaysia by their employers that are not resident in Malaysia.

The above Public Ruling can be downloaded from the IRB's website at: http://www.hasil.gov.my/pdf/pdfam/PR2_2012.pdf.

Public Ruling No. 3/2012: Appeal Against an Assessment

Further to Circular no. TEC/034/05/2012/W dated May 11, 2012, members are informed that the Inland Revenue Board (IRB) has issued Public Ruling No. 3/2012: Appeal against an Assessment on May 4, 2012. This Ruling supersedes Public Ruling No. 3/2001 issued on January 18, 2001 and its addendum issued on May 18, 2009.

Public Ruling No. 3/2012 explains the procedure in respect of appeals against assessments made or deemed made and the requirements to be complied with when making appeals.

The above Public Ruling can be downloaded from the IRB's website at: http://www.hasil.gov.my/pdf/pdfam/PR3_2012.pdf.

Refund of Tax Credits for Companies Struck Off by Registrar Under Section 308 of the Companies Act, 1965

Further to Circular no. TEC/033/05/2012/W dated May 29, 2012, members are informed that the Inland Revenue Board (IRB) has notified the Institute via a letter that where, after a company has been struck off the register under the provision of Section 308 of the Companies Act, 1965, there remains any outstanding assets including tax credits, by the operation of Section 310 of the same Act shall be vested in the Registrar. Directors and/or shareholders of the dissolved company are disqualified to represent the company to apply for any refund of tax credits. The directors and/or shareholders of the dissolved company will need to submit an application for a Court order to reinstate the company if they wish to claim for a refund of tax credits. The Companies Commission of Malaysia (SSM) has no authority to reinstate the company which name has been struck off the register.

Company applying for dissolution of the company shall submit Applicant's Declaration Statement to the SSM stating among others "*The Company has no assets and liabilities, including any outstanding charges in the Register of Charges kept at the office of the Registrar of Companies*". Companies should ensure that all assets are realised before an application is made.

As such, application for refunds for the abovementioned cases will be forwarded directly to and in the name of "Companies Commission of Malaysia".

A copy of the IRB's letter on the above matter can be downloaded from the Institute's website at www.micpa.com.my in the Members' Area.

Additional Claim Codes Added in Guide Book for Form C 2012

Further to Circular no. TEC/039/05/2012/W dated May 29, 2012, members are informed that the Inland Revenue Board (IRB) has added additional claim codes 149 and 150 on Appendix D in the Guide Book for Form C 2012.

The Guide Book for Form C 2012 can be viewed or downloaded from the IRB's website at: http://www.hasil.gov.my/pdf/pdfam/C2012_Guidebook_2.pdf.

MALAYSIAN ACCOUNTING STANDARDS BOARD

Exposure Draft 76, Management Commentary

Further to Circular no. TEC/035/05/2012/W dated May 14, 2012, members are informed that the Malaysian Accounting Standards Board ("MASB") has recently issued Exposure Draft 76, *Management Commentary* ("MASB ED 76" or "[draft] Guidance"), which is identical to the International Financial Reporting Standards ("IFRS") Practice Statement on Management Commentary issued by the International Accounting Standards Board ("IASB").

MASB ED 76 introduces a broad, non-binding framework for the presentation of narrative reporting to accompany financial statements prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"). The objective of the [draft] Guidance is to assist management in presenting useful management commentary that relates to such financial statements. It should be noted that the [draft] Guidance is not an MFRS and that it is not mandatory for entities applying MFRSs to comply with the [draft] Guidance.

The [draft] Guidance emphasises that management commentary should provide users of financial statements with integrated information that provides a context for the related financial statements. The [draft] Guidance also recommends that the information to be included in the management commentary should be determined based on the needs of the primary users of financial reports, i.e. existing and potential investors, lenders and other creditors.

The [draft] Guidance proposes that management commentary should supplement and complement information presented in the financial statement, as well as provide management's view of the entity's performance, position and progress. To achieve this, the disclosure of forward looking information and information that possesses the qualitative characteristics described in the *Conceptual Framework for Financial Reporting* is encouraged.

Members are encouraged to study the Exposure Draft and provide feedback to MASB. The Exposure Draft is available on MASB website at www.masb.org.my. The deadline for submission of comments to MASB is **July 30, 2012**.

Government Loans (Amendments to MFRS 1 And FRS 1)

Further to Circular no. TEC/040/05/2012/W dated May 30, 2012, members are informed that the Malaysian Accounting Standards Board ("MASB") has recently issued amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*, and amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*.

The amendments are as follows:

1. *Government Loans* (Amendments to MFRS 1)
2. *Government Loans* (Amendments to FRS 1)

The amendments to MFRS 1 and FRS 1 shall apply to financial statements of annual periods beginning on or after January 1, 2013. Earlier application is permitted.

The amendments provide relief to first-time adopters that received below-market rate of interest loans from the government. Such government loans are measured at fair value on initial recognition under MFRS 120, *Accounting for Government Grants and Disclosure of Government Assistance*, and FRS 120, *Accounting for Government Grants and Disclosure of Government Assistance*, whichever applicable.

The amendments to MFRS 1 add an exception to the retrospective application of MFRSs. First-time adopters are required to apply MFRS 120 prospectively to government loans at a below-market rate of interest existing at the date of transition to MFRSs, and shall not recognise the corresponding benefit of such government loan as a government grant. Accordingly, a first-time adopter shall use its previous carrying amount of the loan at the date of transition to MFRSs as the carrying amount of the loan in the opening MFRS statement of financial position.

However, first-time adopters may choose to apply the requirements in MFRS 120 retrospectively if the information required to do so was obtained at the time of initially accounting for that loan. This option is available on a loan-by-loan basis.

The amendments to FRS 1 are similar to the amendments to MFRS 1, the difference being that the references to MFRSs should be read as references to FRSs.

These pronouncements are available at MASB website www.masb.org.my.

THE MINISTRY OF HOUSING & LOCAL DEVELOPMENT

Implications of Housing Development (Control and Licensing) (Amendment) Act 2012 on Insolvency Practitioners

Further to the Circular no. TEC/036/05/2012/W dated May 16, 2012, members are informed that The Housing Development (Control and Licensing) (Amendment) Act 2012 was gazetted on February 9, 2012. The effective date of the Act has yet to be announced.

The Ministry of Housing and Local Government has proposed that the Housing Development (Control and Licensing) Act 1966 be amended for more protection to house buyers and to minimise the occurrence of abandoned projects. The amendments which involved eight existing provisions, one new provision and one abolished provision were passed in the Parliament in December 2011.

A new section (Section 18A) was introduced in the Housing Development (Control and Licensing) (Amendment) Act 2012 which enables house buyers to initiate criminal proceedings against any licensed housing developers who abandon or cause to be abandoned housing projects. The licensed developer who abandons or causes a housing development to be abandoned can be fined between RM250,000 and RM500,000 or jailed up to 3 years, or both.

The Act has also been amended to extend the interpretation of a 'housing developer' to include a person or body appointed by a court of competent jurisdiction to be the provisional liquidator or liquidator for the housing developer in a case where the housing developer is under liquidation. Hence, the liquidator is subjected to the duties imposed by the Act and may be liable for the offences of breaching such duties of a housing developer.

In view of the seriousness of the amendment to the interpretation of a "housing developer", members are advised to seek legal advice before taking on any abandoned housing project. Meanwhile, the Institute is engaging with the relevant authorities to discuss the implications of the Housing Development (Control and Licensing) (Amendment) Act 2012 on insolvency practitioners. Members will be informed of the outcome in due course.

A copy of the Housing Development (Control and Licensing) (Amendment) Act 2012 can be downloaded from the Institute's website at www.micpa.com.my in the Members' Area.

MEMBERS' UPDATES

Membership Data Update

Further to Circular No.MEM/01/12/2011/W dated December 7, 2011, members are informed that as a member-based organisation, one of the strategic objectives of the Institute is to provide support and services that benefit members. It is also the Institute's aim to continually improve the communication links between the Institute and members. In this regard, the Institute intends to update the membership database with regard to your personal particulars.

The Institute would like to seek your kind cooperation to complete the membership data update form and return it by post/ fax at +603-2698 9403 attention to the Secretary of the Institute. Please click here to download the form.

Members may also update your personal data by sending an email to membership@micpa.com.my. Alternatively, you may also update your personal data on-line via the MICPA website www.micpa.com.my by clicking on the Members Profile Update in the Members' Area.

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 +603-2698 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 Membership Update on the Left-hand Menu and go to Section F to update your CPD records.**

CONTINUING PROFESSIONAL DEVELOPMENT (CPD) PROGRAMMES

It is an integral part of the Institute to conduct CPD Programmes to enhance the skills and knowledge of members. Our training covers a wide range of areas, including auditing, financial reporting, tax and more. The following CPD Programmes have been planned:

One-Day Workshop on [Tax Planning – Mergers and Acquisitions](#) June 14, 2012 – Renaissance Kuala Lumpur Hotel

Apart from the regulatory and financing issues considered by companies undertaking corporate exercises such as mergers and acquisitions and initial public offerings, it is imperative that companies also consider the tax implications arising from these exercises. The tax implications can be very wide ranging and will encompass issues like income tax implications, stamp duty implications and effects of change in shareholding on tax losses.

The objective of this Workshop is to highlight to participants on the tax implications and incentives to be considered while undertaking such corporate exercises. The Workshop Leader will also share his vast practical experience with participants on the tax planning areas relevant to the above corporate exercises.

Half-Day Seminar on [Practical Aspects of Managing Transfer Pricing Risks](#) June 19, 2012 – Concorde Hotel Kuala Lumpur

In recent years, managing transfer pricing risk has been a key concern for organizations operating internationally as tax authorities are consistently stepping up efforts to enforce transfer pricing compliance.

In Malaysia, Section 140A of the Income Tax Act 1967 was enacted to enhance the transparency in respect of tax treatment of related party transactions and is effective from January 1, 2009. The Act requires organizations with related party transactions to determine and apply the arm's length price for the acquisition or supply of property and services.

The objective of this Seminar is to enable participants to understand and evaluate the transfer pricing risks of their organisations. Transfer pricing audit considerations such as sufficiency of documentation and IRB approach to transfer pricing audits will also be discussed.

***One-Day Workshop on [Risk Management](#)
June 25, 2012 – Seri Pacific Hotel Kuala Lumpur***

As business transactions evolve in complexity and volume, organisations become increasingly exposed to operational and financial risks. It is thus critical in today's operating environment to establish a risk management framework that is successful at identifying risk factors affecting existing operations as well as future ventures.

This Workshop aims primarily to aid participants with integrating an enterprise-wide risk management framework that is both functional and relevant in their respective organisations. The Workshop will provide a background of the governance framework that led to the establishment of risk management as a business function including case studies of lessons from past organisational risk failures. This Workshop will expose to participants to various types of organisational risks as well as the risk management cycle. At the end of the Workshop, participants will know the critical aspects and leading techniques that successful risk managers must have in order to meet the challenging risk environment.

***One-Day Workshop on [Tax Planning for SMEs and IHCs](#)
July 10, 2012 – Seri Pacific Hotel Kuala Lumpur***

Effective tax planning is a tool that can be used by businesses, especially SMEs, to mitigate tax exposure and optimise tax savings. SMEs can take advantage of various tax incentives introduced by the Government to spur the economy through the development of the SME sector.

The objective of this Workshop is to highlight the latest tax planning tools and incentives available for SMEs. The Workshop also discusses the viability of using investment assets from a tax perspective.

The workshop leader, with his vast experience in tax consultancy, will brief participants on the scenarios and conditions whereby maximum tax savings can be achieved for their businesses.

***Two-Day Workshop on [CFO of the Future Intensive Workshop 2012](#)
July 16 & 17, 2012 – Renaissance Kuala Lumpur Hotel***

Gain an insight into the strategic skills and mindset of a CFO needs to drive business growth in 2012 and beyond in the CFO of the Future Intensive Workshop. This condensed intensive format is designed to provide maximum impact while reducing your time out of office.

Specially designed for aspiring and existing CFOs, this two-day workshop will give you the practical tools and techniques to guide your organisation's strategic direction to achieve a leading competitive advantage.

The Institute of Chartered Accountants in Australia (ICAA) has conducted the CFO of the Future Intensive Workshops in Australian territories to a very positive response, leading to its inclusion in the MICPA training programme line-up.

Two-Day Seminar on [Updates on 2012 IFRS-Compliant MFRSs - Preparing for Convergence to IFRSs](#)

August 8 & 9 – Renaissance Kuala Lumpur Hotel

The objective of this Seminar is to enable participants to understand the implications of the full convergence to IFRSs. The Seminar will highlight the salient features of the IFRS-Compliant financial reporting standards that are effective on or after January 1, 2012 and assist participants to prepare for convergence at January 1, 2012 and thereafter.

Two-Day Workshop on [Basic Practical Guide to Auditing](#)

August 8 & 9, 2012 - Menara SSM@Sentral, Kuala Lumpur

The objective of this Workshop is to equip participants with the technical knowledge and skills in conducting an audit of financial statements in accordance with the clarified International Standards on Auditing (ISA), which have been adopted for application in Malaysia. The Workshop is designed to impart the theory and practice of auditing in an interactive setting whereby participants will be exposed to practical examples through workshop activities for the topics under discussions.

Each participant will receive a complimentary copy of the MICPA Audit Guide for Practitioners (revised 2011) which has been updated to include ISAs issued under the IAASB's Clarity Project and acts as a useful tool for accounting firms to maintain quality control for audit work.

One-Day Workshop on [Withholding Tax and Cross Border Transactions](#)

August 13, 2012 – Seri Pacific Hotel Kuala Lumpur

Withholding tax is an important tax collection mechanism within the Malaysia income tax system. And as transactions become more cross border in nature, understanding the practical issues and developments in relation to withholding tax is important to avoid penalties imposed for non-compliance.

The workshop provides a good understanding of the intricacies of withholding tax together with practical steps towards compliance. Scenarios and case studies will be used to illustrate typical challenges and pitfalls in dealing with withholding tax and cross border transactions.

The Workshop will also focus on general areas of uncertainty and potential trigger points to help you avoid costly penalties.

NEWS FROM REGULATORY BODIES

SECURITIES COMMISSION MALAYSIA (SC)

Group Audit Dominates Discussions on Implementation of ISA 600

The Audit Oversight Board of Malaysia (AOB) hosted regulators from Malaysia, Singapore and Thailand, other related agencies and representatives from the Big-4 audit firms, at a roundtable in Kuala Lumpur today, to discuss issues relating to the implementation of the International Standards in Auditing No 600 (ISA 600). Under the standard, the group engagement partner is responsible for the direction, supervision and performance of the group audit engagement in compliance with professional standards and regulatory and legal requirements. The group engagement partner also determines whether the auditor's report that is issued is appropriate.

Group audit is becoming an important topic given that many companies are operating in more than one jurisdiction and could be audited by more than one audit firm. Under these circumstances, the ability of the group engagement partner to comply with the requirements of ISA 600 is critical in ensuring quality audit.

The audit firms shared their challenges in implementing the standards, including the difficulties faced in obtaining information from significant components accounted for under the equity method, especially if their shares are listed. The audit regulators on the other hand shared the findings, obtained through their audit inspections in the three countries, on how audit firms applied ISA 600.

The roundtable was held on the side of the ASEAN Audit Regulators Group (AARG) meeting attended by the AOB, the Accounting and Corporate Regulatory Authority of Singapore and the Securities and Exchange Commission, Thailand. The AARG was set up to enable audit regulators in ASEAN to share information regarding audit oversight activities and to co-operate in enhancing audit quality in ASEAN.

The three regulators would also be meeting with the leadership of the Big-4 audit firms of Malaysia, Singapore and Thailand to discuss audit quality and industry issues.

SC Chairman Elected to Leadership Role in Global Securities Regulatory body

Datuk Ranjit Ajit Singh, Chairman of the Securities Commission Malaysia (SC), has been elected as a member of the Board of the International Organization of Securities Commissions (IOSCO), the governing body of IOSCO responsible for leading the direction and process of standard-setting and decision-making on policy issues affecting global capital markets. He has also been appointed the Vice-Chairman of the Emerging Markets Committee (EMC), comprising 86 jurisdictions, at its 37th Annual Meetings and Conference in Beijing, China.

Datuk Ranjit, in his remarks made at the Opening Session of the Annual Conference, said that "global securities regulators must address key issues affecting capital markets with a view to ensuring that we achieve the appropriate balance to ensure growth of our capital markets in an environment of stability and market integrity". The Annual Conference and meetings was attended by, among others, the Governor of the People's Bank of China, the Chairman of the China Securities and Regulatory Commission and Chairs of global securities regulators.

"Malaysia's part in shaping the international financial architecture is a critical one and imperative to the positioning of Malaysia's capital market as a leading capital market centre, including in the area of Islamic Finance," said Datuk Ranjit.

It was also agreed for the SC to host a Roundtable on Islamic capital markets between IOSCO and the Islamic Financial Services Board (IFSB) in Kuala Lumpur in September 2012.

IOSCO is the world's most important forum for securities regulators and its members regulate more than 90 percent of the world's securities markets. As the leading international policy forum and standard-setter for securities regulation, IOSCO plays a key role in setting international standards for securities regulation, identifying issues affecting global markets, and implementing policies to meet those challenges.

Measures for a More Competitive Capital Market in line with CMP2

The initiatives announced by the Prime Minister at Invest Malaysia follow from the Prime Minister's launch of the Capital Market Masterplan (CMP2) at last year's Invest Malaysia. As envisioned in the CMP2, these initiatives are part of the overall strategy towards creating a capital market that is internationally competitive, fair and efficient.

The establishment of a RM420 million Consolidated Capital Market Compensation Fund is a significant development which we hope will boost investor confidence and catalyse greater retail participation in the capital market. The current framework is fragmented into four separate compensation regimes and not aligned with the single licensing framework which allows a Capital Market Services Licence holder to carry out more than one regulated activity under one licence. As investors find themselves in a more integrated market, in which intermediaries distribute or provide advice on a wide range of retail financial products and services, there is a need for a stronger and more consumer-friendly compensation system to protect the investing public.

The establishment of a Capital Market Task Force under the leadership of the Minister of Finance 2 will help address a number of priority issues identified in the CMP2 which cut across the market, straddling dimensions that lie beyond the direct purview of the SC and Bursa. The SC will be the secretariat to the Task Force.

The establishment of a CMDF-funded Foundation under the chairmanship of Tan Sri Dr Wan Abdul Aziz bin Wan Abdullah, the Secretary-General of Treasury, will address some of the growth gaps identified in the CMP2, particularly with respect to capacity building. The Capital Market Development Fund, a statutory trust fund created under the Capital Market and Services Act, will earmark RM100 million to fund the Foundation's projects and initiatives that are in line with the CMDF's statutory mandate.

BANK NEGARA MALAYSIA (BNM)

Introduction of Collateralised Murabahah

Bank Negara Malaysia wishes to announce the introduction of a new Islamic monetary instrument, the Collateralised Murabahah.

Collateralised Murabahah is essentially a Shariah-compliant financing secured by assets in which the financier has the right to sell the asset should the client fail to repay the financing. It combines the widely accepted Murabahah financing transaction with Sukuk that forms as the pledged asset to back the transaction.

The Collateralised Murabahah will be a new low credit-risk financial instrument that enables collateralised interbank transactions in the Islamic Money Market in Malaysia. It will add diversity to the existing liquidity management tool and further promotes greater liquidity in the Islamic financial market.

Collateralised Murabahah can be used by Islamic financial institutions to obtain liquidity from the Bank under the standing facility and it will also be expanded to facilitate daily Islamic money market operation in the interbank market.

NEWS FROM IFAC AND IASB

INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC)

Eleven Principles for Effective Business Reporting Processes

The Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC) has issued proposed International Good Practice Guidance, [*Eleven Principles for Effective Business Reporting Processes*](#), for public comment. The aim of this guidance is to establish a benchmark for good practice in implementing effective business reporting processes in an organization. The guidance will help professional accountants in business and their organizations create a cycle of continuous improvement for their business reporting processes to assist stakeholders in making informed decisions about the organization.

“High-quality business reports are crucial for strong capital markets and sustainable economic growth,” said Roger Tabor, chair of the PAIB Committee. “And producing high-quality business reports requires organizations to have effective business reporting processes in place.”

With this guidance, the PAIB Committee aims to provide principles-based guidance that supports professional accountants in business by helping them apply good practices. This guidance is directed at all organizations wishing to enhance their reporting processes—no matter their size or structure, or whether they are private or public.

“This guidance will help professional accountants in business and their organizations ensure that they implement the most effective reporting processes,” said Karyn Brooks, chair of the PAIB Committee’s Business Reporting Task Force. “Implementing these processes will enable them to provide stakeholders—both internal and external—with high-quality financial and non-financial information.”

Professional accountants, their professional organizations, and other interested parties are encouraged to respond to the proposed guidance to help improve its applicability to professional accountants in organizations of all sizes.

IFAC Applauds the Pan African Federation of Accountants for its Adoption of International Accounting Standards

International Federation of Accountants Chief Executive Officer Ian Ball on May 22, 2012 praised the Pan African Federation of Accountants (PAFA) for its recent decision to adopt international standards in accounting and auditing, calling it “an important benchmark in underscoring the value of accountancy and the accountancy profession to governments and to business on the African continent.”

PAFA was launched in May 2011 and consists of 39 professional accountancy organizations from 34 African nations. Its General Assembly took the action at the inaugural meeting held May 4 in Tunis, Tunisia, resolving to adopt:

- International Standards on Auditing (ISAs) developed by the International Auditing and Assurance Board (IAASB);
- International Public Sector Accounting Standards (IPSASs) developed by the International Public Sector Accounting Standards Board (IPSASB);

- International Education Standards (IESs) developed by the International Accounting Education Standards Board (IAESB);
- International Financial Reporting Standards (IFRSs) developed by the International Accounting Standards Board (IASB);
- International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs) developed by the IASB; and
- Code of Ethics for Professional Accountants developed by the International Ethics Standards Board for Accountants (IESBA).

“ISAs provide the framework against which the auditor examines a company’s financial statements and judges whether they can be relied upon by investors, capital market participants, and policymakers,” Ball said. “The adoption of IPSASs, along with international standards on education and ethics, is particularly important in Africa, and so this resolution by PAFA is an important milestone. A sound financial infrastructure—in the form of high-quality, recognized standards in auditing, ethics, public sector accounting, and related regulation—is the only way that sustainable economic development is truly achievable as Africa seeks a larger role in the global economy.”

PAFA’s resolution reflects strong support for IFAC’s Statements of Membership Obligations (SMOs), which form the basis of the IFAC Member Body Compliance Program. SMOs serve as a framework for credible and high-quality professional accountancy organizations focused on serving the public interest. PAFA’s resolution underscores the SMO requirements for IFAC members and associates to adopt and support implementation of international standards and maintain adequate enforcement mechanisms to ensure the professional behavior of their individual members.

The SMOs are issued under the IFAC Board’s authority, and the Compliance Advisory Panel (CAP), together with IFAC Compliance staff, is responsible for reviewing their continuing relevance and sufficiency.

INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

IFRS Interpretations Committee Publishes Proposed Guidance on Levies Charged by Public Authorities on Entities that Operate in a Specific Market

On 31 May 2012 the IFRS Interpretations Committee, responsible, in co-operation with the IASB, for developing amendments and interpretations of International Financial Reporting Standards (IFRSs), published for public comment proposed guidance on the accounting for levies charged by public authorities on entities that operate in a specific market.

A public authority may impose a levy on entities that operate in a specific market, such as a specific country, a specific region or a specific market in a specific country. The Interpretations Committee was asked to consider how an entity would account for the payment of levies, other than income taxes, in its financial statements; specifically, when the liability to pay a levy should be recognised. The proposed guidance clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy as identified by the legislation.

IFRS Interpretations Committee Publishes Proposed Guidance on Put Options Written on Non-Controlling Interests

The IFRS Interpretations Committee, responsible, in co-operation with the IASB, for developing amendments and Interpretations of International Financial Reporting Standards (IFRSs), has on May 31, 2012 published for public comment proposed guidance on the accounting for a put option written by a parent entity on the shares of its subsidiary held by a non-controlling-interest shareholder. A put option is a contract that gives the holder of the option the right to sell a specified asset to the writer of the option at a specified price within a specified time.

If a parent entity is obliged to purchase the shares of its subsidiary for cash or for another financial asset, the parent must recognise a financial liability in its consolidated financial statements for the present value of the option exercise price. The Interpretations Committee was asked to consider how to subsequently measure that financial liability, because diversity exists in practice.

In response to that request, the Interpretations Committee has proposed that all changes in the measurement of that financial liability should be recognised in profit or loss in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 9 *Financial Instruments*.

Martin Edelmann Appointed to the IASB

The Trustees of the IFRS Foundation, the oversight body of the International Accounting Standards Board (IASB), announced on May 18, 2012 the appointment of Martin Edelmann as a member of the IASB for an initial five-year term from 1 July 2012 and renewable for a further three-year term.

Mr Edelmann served as a member of the German Accounting Standards Board (GASB) from 2006 until 2011. He is a former Head of Group Reporting at Deutsche Bank AG, where he was responsible for internal and external reporting activities between 1997 and 2011. During his time at the Bank, he oversaw a number of major projects including the Bank's conversion from US GAAP to IFRS in 2007 and a major increase in the Bank's underlying capital in 2010. Before joining Deutsche Bank, Mr Edelmann worked at KPMG for nine years, becoming Senior Manager. He is currently a senior adviser at German consultancy firm zeb/rolfes.schierenbeck.associates (Zeb).

Mr Edelmann was a member of the Accounting Working Group of the German Banking Association for 14 years and served as Chairman from 2004-2011.

Commenting on the appointment, Robert Glauber, Chairman of the Trustees' Nominating Committee said:

"We are very pleased to welcome Martin to the IASB. He has extensive technical knowledge of IFRS and US GAAP, having prepared and developed accounting policies for one of the world's largest financial institutions for many years. Germany is a key constituent of the global economy and Martin's knowledge and experience of its financial and regulatory systems will prove invaluable to the IASB as it furthers its aim of establishing global accounting standards".

Martin Edelmann said:

"I am delighted with my appointment to the IASB. This is an exciting time to become involved in such an important organisation and I look forward to working alongside the staff and other Board members."

IASB Concludes the 2009-2011 Annual Improvements Cycle

The International Accounting Standards Board (IASB) on May 17, 2012 issued ***Annual Improvements 2009–2011 Cycle***, a collection of amendments to International Financial Reporting Standards (IFRSs), in response to six issues addressed during the 2009–2011 cycle, as its latest set of annual improvements.

The IASB uses the Annual Improvements process to make necessary, but non-urgent, amendments to IFRSs that will not be included as part of any other project. By presenting the amendments in a single document rather than as a series of piecemeal changes, the IASB aims to ease the burden of change for all concerned.

The amendments reflect issues discussed by the IASB during the project cycle that began in 2009, and that were subsequently included in the exposure draft of proposed amendments to IFRSs, *Improvements to IFRSs* (published June 2011). The amendments are effective for annual periods beginning on or after 1 January 2013, although entities are permitted to apply them earlier.

IFRS Interpretations Committee 2012 Appointments

The Trustees of the IFRS Foundation, the oversight body of the International Accounting Standards Board (IASB), announced on May 14, 2012 appointments and reappointments to the IFRS Interpretations Committee.

Sandra Peters and John O’Grady have both been appointed to serve initial three-year terms, renewable once. Ms Peters is Head of Financial Reporting Policy with the CFA Institute in the United States and Mr O’Grady is the Asia-Pacific IFRS Leader for Ernst & Young.

The appointments fill vacancies that will arise when Ruth Picker and Sara York Kenny reach the end of their second terms in June 2012.

Kazuo Yuasa and Laurence Rivat will complete their first terms at the end of June 2012 and have been reappointed for a further three-year term.

Commenting on the appointments, Robert Glauber, Chair of the Trustees’ Nominating Committee said:

“Sandra and John are well-known and highly-regarded figures in the world of international financial reporting. I am delighted that they have agreed to join the Committee, and that Kazuo and Laurence have agreed to serve second terms.

On behalf of the Trustees, I would also like to thank Ruth Picker and Sara York Kenny for their long service and for their contribution over the past six years.”

Trustees Publish Proposed Enhancements to IFRS Foundation Due Process Handbook

The Trustees of the IFRS Foundation, responsible for the governance and oversight of the International Accounting Standards Board (IASB), have on May 8, 2012 published for public comment an updated version of the ***IFRS Foundation Due Process Handbook*** (‘the Handbook’).

The Handbook describes the steps followed by the IASB in developing or revising International Financial Reporting Standards (IFRSs), required or permitted for use by companies in more than 100 countries. Although previous revisions have been made to the handbook, this is the first time a major review has been undertaken since 2006.

The revised Handbook fully incorporates the necessary due process enhancements recommended by the recent Monitoring Board Governance Review and Trustees' Strategy Review, as well as recommendations from the Trustees' Review of the Efficiency and Effectiveness of the IFRS Interpretations Committee.

The proposed revisions to the Handbook are to:

- consolidate the due process requirements of the IASB and the IFRS Interpretations Committee, in addition to the protocols for due process oversight by trustees, into a single document
- include a more extensive discussion of the process of assessing the likely effects of an IFRS.
- propose a methodology for the completion of post implementation reviews.
- reflect the ability of the Monitoring Board to refer urgent issues for consideration by the IASB.
- include consideration of due process requirements related to the extensive programme of outreach activities that is now routinely conducted by the IASB as part of its standard-setting activities.
- incorporate other enhancements to the IASB's due process resulting from the more active dialogue with the Trustees' Due Process Oversight Committee (DPOC).

Commenting on the publication of the report, David Sidwell, Chairman of the DPOC, said:

"This is a major revision to a document that describes the steps the IASB and the Interpretations Committee must follow when developing new IFRSs or interpretations. It represents the culmination of almost two years of work to further improve what is already a highly transparent and robust due process."

IASB Publishes Proposals for Amendments under Its Annual Improvements Project

The International Accounting Standards Board (IASB) on May 3, 2012 published for public comment an exposure draft of proposed amendments to eleven International Financial Reporting Standards (IFRSs) under its annual improvements project. The project provides a streamlined process for dealing efficiently with a collection of narrow scope amendments to IFRSs.

The proposed amendments reflect issues discussed by the IASB in the project cycle that began in 2010. These amendments meet the criteria for the annual improvements process that were approved by the IFRS Foundation Trustees in February 2011 as part of a revision to the *Due Process Handbook for the IASB*.

The proposed effective date for the amendments is for annual periods beginning on or after 1 January 2014, while the amendment to IFRS 3 *Business Combinations* and the proposed consequential amendment to IFRS 9 *Financial Instruments* are for annual periods beginning on or after 1 January 2015. Early adoption is permitted for all the proposed amendments.

NEWS FROM PROFESSIONAL AND OTHER BODIES

THE MALAYSIAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS (MAICSA)

MAICSA Annual Conference 2012

The MAICSA will be organising its *Annual Conference 2012* with the theme **Moving Forward: Changing Perspectives** which will be held on July 9 & 10, 2012 at the Sime Darby Convention Centre.

The MICPA is a supporting body of the conference and members who register for the conference will be able to enjoy a preferential registration fee as follows:

- RM1,250 before March 16, 2012;
- RM1,480 for the two-day conference; and
- RM1,350 for 3 or more delegates from the same organisation.

For further information on the above news, please visit www.maicsa.org.

CHARTERED TAX INSTITUTE OF MALAYSIA (CTIM)

2012 National Tax Conference

We are pleased to inform that CTIM in collaboration with the Inland Revenue Board of Malaysia (IRBM) is jointly organising the *2012 National Tax Conference* with the theme “**Taxation Challenges in a Borderless Economy**” which will be held on July 17 & 18, 2012 at the Kuala Lumpur Convention Centre.

We are pleased to inform that the MICPA is a supporting body of the conference. For further information on the Conference and registration details, please contact Ms Nursalmi or Ms Fadeah at Tel: 03-2162 8989 Ext 106/ 113 or email: nur@ctim.org.my or fadeah@ctim.org.my.

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