

December 2008

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

Greetings



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

A Glittering Starlit Christmas & A Happy New Year.

The Institute of Cost and Works Accountants of India (ICWAI)

- Visit to MICPA

A 9-member delegation visit to the Institute was made by The Institute of Cost and Works Accountants of India on Friday, December 12, 2008. The Institute certainly welcomes the exchange of information between fellow accountancy bodies to strengthen professional relationship and understanding of the current developments in the accountancy profession and business environment in the various countries.

The delegates were briefed on the activities of the Institute by the President of the Institute, YBhg Dato' Nordin Baharuddin. Also in attendance was Encik Abdul Halim Lassim, Council Member and Mr Foo Yoke Pin, Executive Director of the Institute.

We would like to commend ICWAI on the initiatives undertaken to create an accounting body that promotes the highest global standards. We have no doubt that ICWAI will achieve even higher levels of professional excellence in the years ahead, and to grow from strength to strength.

MICPA 50th Anniversary Commemorative Lecture cum Luncheon

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

In this regard, we have pleasure in inviting you, 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

Approved Training Organisation

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

Practical training is an integral part of the Institute's CPA programme. Under the Stream II training, candidates may undertake the CPA examinations prior to the start of practical training or during the training period and are not required to enter into a training contract but must maintain a training log book as a record of their practical experience, which must be obtained in an approved training organisation (ATO) under the supervision of a member of MICPA or approved professional body. To date, 76 approved training organisations (ATOs) are registered with the Institute where students can undertake training. To view the list of ATOs, visit the MICPA website www.micpa.com.my under the List of CPA Firms.

Collaboration with Universities

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

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 respect, 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 and CFiA qualification. The Institute welcomes participation from young CPA members' 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

Job Opportunities on MICPA Website

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

Members Update

MICPA Technical Updates

We are pleased to inform members' that the following Technical Circulars have been posted on the MICPA website:

TEC/041/12/2008/W dated December 12, 2008

Companies Commission of Malaysia

- ***Authenticity of Company & Business Information Printed Electronically Through elInfo System***

TEC/042/12/2008/W dated December 15, 2008

Inland Revenue Board of Malaysia

- ***Income Tax Return Form with Amended Year of Assessment***

TEC/043/12/2008/W dated December 15, 2008

Malaysian Accounting Standards Board

- ***Proposed Amendments to Financial Reporting Standards ED 58, ED 59, [draft] IC Interpretations 11, 12, 13 & 14***

TEC/044/12/2008/W dated December 15, 2008

Malaysian Accounting Standards Board

- ***FRS 4, FRS 7, FRS 8 and IC Interpretations 9 & 10***

TEC/045/12/2008/W dated December 15, 2008

Bursa Malaysia Berhad

Amendments to the Listing Requirements of Bursa Malaysia Securities Berhad for the Main and Second Boards – Listing of Sukuk and Debt Securities Under an Exempt Regime

TEC/046/12/2008/W dated December 19, 2008

Royal Malaysian Customs

Frequently Asked Questions (FAQs) on Customs Valuation

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

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.

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.

CPA Tax and Investment Review 2008

The *CPA Tax and Investment Review*, an annual publication of the Institute is intended to serve as a quick source of reference on the latest changes in tax laws and regulations as well as Government's policies and guidelines on investment and incentives. The publication is a handy source of reference on the latest changes and developments in tax laws, investment policies, incentives and other relevant information on doing business in Malaysia. Members' who require additional copies of the booklet, please click [here](#) to order.

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

Strategic Tax Planning For Corporate Restructuring

A one-day Workshop on *Strategic Tax Planning for Corporate Restructuring* was held on December 18, 2008 at the Legend Hotel, Kuala Lumpur. The workshop assisted participants in understanding strategic tax planning for corporate restructuring to ensure that tax efficiency is built into the very way that they do business. Efficient tax planning and corporate structuring can lead to significant cost savings and increased profitability for companies. Mr Harvindar Singh, Managing Partner of Harvey & Associates led the workshop session.

Updates from Regulatory Bodies

SECURITIES COMMISSION MALAYSIA

Global Financial Institutions Pick Malaysia as Islamic Fund Management Hub

In a press release dated November 18, 2008, the Securities Commission (SC) announced the approval of two applications from leading financial institutions to establish their Islamic fund management operations in Malaysia, reaffirming the growing interest among international players to make Malaysia the global hub for their Islamic fund management activities.

The two, Reliance Asset Management and Global Investment House, join three other international Islamic fund managers already licensed by the SC. They are Kuwait Finance House (Malaysia), DBS Asset Management and CIMB Principal Islamic Asset Management. In addition, the SC is reviewing applications by other international financial institutions keen to make Malaysia their regional and global centre for Islamic fund management activities.

In granting the approval, the SC had considered, among other things, the scope of operations that will be established by the two Islamic fund management companies (IFMCs) in Malaysia, their fund management and banking experience, brand value, expertise in various markets, geographical presence, and compliance and risk management capabilities. For further information, please visit www.sc.com.my

Updated List of Shariah-Compliant Securities by SC's Shariah Advisory Council

In a press release dated November 27, 2008, the SC released an updated list of Shariah-compliant securities approved by its Shariah Advisory Council (SAC). The updated list of Shariah-compliant securities listed on Bursa Malaysia which took effect on November 28, 2008.

The updated list comprises a total of 855 securities which are classified by the SAC as Shariah-compliant securities. These constitute 87% of the listed securities on Bursa Malaysia.

The full list, which is updated twice a year, is available on the SC website. The next updated list will be available in May 2009. The list will also be published in a booklet form and distributed free by the SC in December 2008.

For further information, please visit www.sc.com.my

Malaysia Scores Top Marks for Compliance with International Standards in Securities Regulation

The Malaysian capital market regulatory framework scored top marks and achieved a very high level of compliance in an independent assessment conducted recently. The assessment was based on the *IOSCO Objectives and Principles of Securities Regulation*, the key global benchmark for the regulation of the capital market.

The rigorous and intensive assessment, which was conducted by a team of four international securities market regulatory experts, reviewed key aspects of securities regulation, including the responsibilities of the regulator, its enforcement powers, the

regulation and supervision of primary and secondary markets and market intermediaries, and the management and operation of unit trusts.

The results achieved reaffirms that the Malaysian capital market regulatory framework, which maintains a high level of efficiency, fairness and transparency, is internationally benchmarked and is on par with many of the developed markets. For further information, please visit www.sc.com.my

BURSA MALAYSIA BERHAD

Bursa Malaysia's New Securities Trading Platform Goes Live

In a press release dated December 1, 2008, Bursa Malaysia announced the successful launch of its Bursa Trade Securities trading platform. The launch of this trading platform for the equities market will provide greater accessibility for both local and international investors, as well as enhancing trading efficiency and transparency in the market. For further information, please visit www.bursamalaysia.com

New Rules for Sukuk and Debt Securities Listing on Bursa Malaysia to Boost Standing as a Premier Islamic Investment Centre

In a press release dated December 4, 2008, Bursa Malaysia announced the introduction of new rules under the Listing Requirements for the listing of Islamic securities or sukuk and debt securities on the Exchange. Under the new framework, sukuk or debt securities denominated in ringgit and foreign currencies issued by local and international listed and non-listed entities will be allowed to be listed on the Exchange. The requirements under the framework are also comparable with practices in other exchanges that provide similar listing facilities and applications for listing will be approved within one day by the Exchange.

The complete text of the amendments is also available for reference along with a set of frequently asked questions and answers on Bursa Malaysia's website www.bursamalaysia.com

INLAND REVENUE BOARD OF MALAYSIA (IRB)

Relocation of LHDNM Alor Star Branch

Please be informed that LHDNM, Alor Star Branch will be relocated from Bangunan Menara Zakat to Wisma Hasil Anak Bukit, Bandar Sultan Muazam Shah, 06550 Alor Star, Kedah Darul Aman with effect from December 21, 2008.. For further information, please visit www.hasil.gov.my

SURUHANJAYA SYARIKAT MALAYSIA (SSM)

The Closure of Information Service Counters at SSM Kuala Lumpur, Selangor and Negeri Sembilan

In a notification release dated September 22, 2008, the Companies Commission of Malaysia (SSM) announced that with effect from October 6, 2008, SSM will only open 1 (one) counter for supply of company and business information. This counter is for acquisition of more than 20 (twenty) applications and customers with less than 20 applications, are required to use the SSM e-info service kiosk.

This new directive will take effect at SSM Head Office KL, SSM Selangor and SSM Negeri Sembilan before it will be implemented nationwide in stages. There would be a transition period of 3 months to enable the customer to familiarise with the new system/procedure. The full closure of the service counters would take effect on January 1, 2009 in these locations. For further information, please visit www.ssm.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

Monetary Policy Statement

At the Monetary Policy Committee (MPC) meeting held on November 24, 2008, Bank Negara Malaysia (BNM) decided to reduce the Overnight Policy Rate (OPR) to 3.25%. The ceiling and floor rates of the corridor for the OPR are correspondingly reduced to 3.50% and 3.00% respectively.

Given the heightened downside risks to growth and the diminishing inflationary pressures, the reduction in the OPR is a pre-emptive measure aimed at providing a more accommodative monetary environment. To further reduce the cost of intermediation, the MPC also decided to reduce the Statutory Reserve Requirement (SRR) from 4% to 3.5%, with effect from December 1, 2008.

Going forward, the global economic and the international financial conditions are expected to continue to remain volatile and uncertain. BNM will monitor closely the evolving developments and will undertake the appropriate policy response to avoid a severe economic downturn. For further information, please visit www.bnm.gov.my

Published Reports

BNM has published the following reports:

- Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2008;
- International Reserves of Bank Negara Malaysia as at November 28, 2008.

For further information, please visit www.bnm.gov.my

News from Other Regulatory And Professional Bodies

INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC)

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

To mark the beginning of World Accountancy Week, the International Federation of Accountants (IFAC) has released the results of its 2008 *Global Leadership Survey*. This year's survey sought the views of leaders of accountancy institutes worldwide on

the current credit crisis and other top issues for the profession. Chief executives and presidents of 110 accountancy organisations worldwide responded to the survey.

The majority of these organisations have been actively engaged, like IFAC, in identifying and executing appropriate responses to the crisis, supporting their members in understanding applicable international standards, and working with regulators, business groups and others to find solutions.

Many of these initiatives are featured on IFAC's website in its new page on the global financial crisis (<http://www.ifac.org/financial-crisis/>). For further information, please visit www.ifac.org

IFAC Invites Professional Accountants in Business to Help Select the 2008 Article of Merit Award Winner

The Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC) is recognising World Accountancy Week - December 7-13, 2008 by launching an initiative to reach out to more professional accountants in business. The committee is inviting their participation in selecting the winner of its 2008 Articles of Merit Award Program. The program seeks to identify and promote outstanding articles on financial and management accounting topics that have been published by IFAC's 158 member bodies and associates. This is the first time that individual accountants worldwide have been invited to be part of the selection process.

Ten articles focused on leading-edge issues that PAIBs are addressing today have been selected by the PAIB Committee for global distribution and have been nominated for the top Article of Merit Award. Professional accountants in business are invited to rate their usefulness. This input will be used to select the winning article.

The ten articles may be viewed by going to <http://web.ifac.org/PAIB/articles-of-merit-2008>. They focus on the following topics, among others:

- *Outsourcing the finance and accounting function;*
- *Measuring board performance;*
- *Analyzing mergers and acquisitions;*
- *Managing strategic risk;*
- *Planning multi-year strategies; and*
- *Achieving employee alignment and motivation.*

Individuals are requested to review and rate these articles by January 11, 2009. The winning article will be announced in early 2009. For further information, please visit www.ifac.org

New IFAC Paper Highlights Roles of Regulators and Profession In Standard-Setting Process

In a policy position paper released on December 12, 2008, by the IFAC, the paper describes and explains the international standard-setting process, particularly for International Standards on Auditing (ISAs). The paper, *International Standard Setting in the Public Interest*, explains how responsibility is shared between public and private sector organisations to produce high quality standards that are in the public interest. The paper identifies the underlying principles of legitimacy, independence,

accountability, transparency and performance that are key to a successful standard-setting process, and it describes how the structures and processes of the independent standard-setting boards in the areas of international auditing, ethics and accounting education are consistent with these principles.

In the immediate post Sarbanes-Oxley period, IFAC and the international regulatory community took initiatives to strengthen the international auditing standard-setting process in line with these principles. Among the most important actions was the establishment of the Public Interest Oversight Board (PIOB) to provide independent public interest oversight of the key elements of the standard-setting structure and process. The PIOB, formed in 2005, oversees the International Auditing and Assurance Standards Board (IAASB), the International Accounting Education Standards Board, the International Ethics Standards Board for Accountants, as well as the IFAC Member Body Compliance Program.

For further information, please visit www.ifac.org

IAASB Nears Finalisation of the Clarity Project with the Issuance of Eight Standards

The International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board under the auspices of the IFAC, moves closer to completion of its Clarity Project with the release of seven clarified International Standards on Auditing (ISAs) and one clarified International Standard on Quality Control (ISQC), following the consideration and approval by the Public Interest Oversight Board (PIOB) of the due process. To date, the IAASB has released 29 final redrafted ISAs and one final redrafted ISQC in the new clarity style.

Titles of the newly issued standards are as follows:

- International Standard on Quality Control (ISQC) 1 (Redrafted), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*
- ISA 220 (Redrafted), *Quality Control for an Audit of Financial Statements*
- ISA 500 (Redrafted), *Audit Evidence*
- ISA 501 (Redrafted), *Audit Evidence—Specific Considerations for Selected Items*
- ISA 505 (Revised and Redrafted), *External Confirmations*
- ISA 520 (Redrafted), *Analytical Procedures*
- ISA 620 (Redrafted), *Using the Work of an Auditor's Expert*
- ISA 710 (Redrafted), *Comparative Information—Corresponding Figures and Comparative Financial Statements*

The PIOB has also considered and approved the due process of four additional ISAs that were approved by the IAASB at its September 2008 meeting. However, in finalising ISA 210 (Redrafted), *Agreeing the Terms of Audit Engagements*, at its meeting last week, the IAASB approved conforming amendments to the following four reporting standards:

- 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 IAASB agreed that these four ISAs will be issued only after the PIOB has considered and approved the due process applied to ISA 210 (Redrafted), which is expected in February 2009. The IAASB recognises that the four reporting standards present fewer implementation challenges than other ISAs, and so the interest in issuing a final text including conforming changes outweighs the desire to make them immediately available.

In addition to ISA 210 (Redrafted), at its meeting last week the IAASB approved new ISA 265, *Communicating Deficiencies to Those Charged with Governance and Management*, and ISA 402 (Revised and Redrafted), *Audit Considerations Relating to an Entity Using a Service Organisation*. Subject to PIOB approval, these ISAs will be released in March 2009. The IAASB has also agreed to changes in the approved clarified ISAs as a result of a review for consistency and other matters of clarity; they will be made available on the IAASB's website in early 2009.

The IAASB considers that, with its approval of the final three ISAs (subject to PIOB approval) and its review of consistency, its work in redrafting its international standards under the Clarity Project is now complete.

The complete set of clarified ISAs will be effective for audits of financial statements for periods beginning on or after December 15, 2009. The ISAs can be downloaded free-of-charge from the IFAC online bookstore at <http://www.ifac.org/store>. The IAASB also plans to publish the set of clarified ISAs in a handbook, expected to be released in April 2009.

Mark Allison Elected to Lead IFAC's International Accounting Education Standards Board

In a press release dated December 22, 2008, IFAC announced the appointment of Prof. Mark Allison, MA, CA, as Chair of the International Accounting Education Standards Board (IAESB), an independent standard-setting board under the auspices of IFAC. Mr. Allison's appointment, which has been approved by the Public Interest Oversight Board (PIOB), is for a three-year term, beginning January 1, 2009. The PIOB oversees the IAESB's activities to ensure that they are properly responsive to the public interest.

As Chair of the IAESB, Mr. Allison will lead the IAESB's continuing efforts to develop high quality International Education Standards (IESs) and guidance and promote their convergence globally.

For further information, please visit www.ifac.org

INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

Paul Cherry to Chair Standards Advisory Council

In a press release dated December 3, 2008, the Trustees of the International Accounting Standards Committee (IASC) Foundation, the body that oversees the International Accounting Standards Board (IASB), announced that Paul Cherry has been appointed as Chairman of the Standards Advisory Council for three years beginning on January 1, 2009. He succeeds Professor Nelson Carvalho, whose term expires at the end of 2008. For further information, please visit www.iasb.org

IFRIC Meeting Cancelled

In a press release dated December 5, 2008, the IASB announced that the meeting of the IFRIC scheduled for January 8 & 9, 2009 has been cancelled. The IFRIC has made rapid progress recently on finalising draft interpretations issued in July 2007. The few new items added to the IFRIC's agenda are at a relatively early stage of consideration, with most requiring the completion of further research requested by the IFRIC.

In addition, as of the November 2008 meeting the IFRIC had made tentative agenda decisions on all the issues submitted at that time. Items received thereafter will be ready to be considered at the March meeting. As a result, there were not sufficient agenda items for the IFRIC to consider to warrant a meeting. For further information, please visit www.iasb.org

Trustees Seek Views on a Broad Range of Constitutional Issues

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

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

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

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

IASB Publishes Revised Proposal to Eliminate Unnecessary Disclosures for State-Controlled Entities

In a press release dated December 11, 2008, the IASB published a revised proposal to simplify the disclosure requirements that apply to state-controlled entities.

IAS 24 Related Party Disclosures requires entities to provide disclosures about transactions with related parties. However, state-controlled entities may find it difficult

and costly to provide all the required details for transactions with other state-controlled entities. The IASB believes that it is possible to omit some of the required details while still providing sufficient information to users of financial statements.

As a result, the IASB published in 2007 a proposal to exempt state-controlled entities from providing disclosures about transactions with other state-controlled entities if specified conditions were met. However, respondents were concerned about the complexity of the proposals. The IASB has therefore modified its proposed exemption for state-controlled entities and has publishing this revised proposal.

Unlike the original proposal, the revised exemption would not require state-controlled entities to assess the extent of state influence. It would exempt such entities from providing full details about transactions with other state-controlled entities and the state. Instead, (unlike the 2007 exposure draft) it would require general disclosures about the types and extent of significant transactions.

The IASB invites comments on the exposure draft Relationships with the State (Proposed amendments to IAS 24) by March 13, 2009. For more details on the project or to view the exposure draft, visit the 'Related Party Disclosures' project page on www.iasb.org.

Change in Effective Date of Restructured IFRS 1

At its December 2008 meeting the Board decided to change the effective date of revised IFRS 1 First-time Adoption of International Financial Reporting Standards (published in November 2008) from January 1. 2009 to July 1, 2009.

The amendment corrects a potential technical problem arising from the interaction of IFRS 1 and the revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements, both published in January 2008.

The amendment does not affect the application of IFRS 1 by first-time adopters. The change in the effective date will be reflected in the electronic version of IFRS 1 (published in November 2008) included in eIFRS and in the 2009 Bound Volume of IFRSs. For further information, please visit www.iasb.org

IASC Foundation Publishes Update on Responses to the G20 Conclusions

The IASC Foundation on December 17, 2008 published a table summarising the actions and ongoing work by the IASB and IASC Foundation in response to the conclusions reached by the G20 leaders in their summit in Washington DC on 15 November 2008.

The G20 leaders met to discuss the global financial crisis and its implications in the markets. In their conclusions they endorsed global financial reporting standards and identified six topics that the IASC Foundation (and the IASB as its standard-setting body) should consider in the light of the crisis.

Some of the conclusions reached confirm the recommendations made earlier this year by the Financial Stability Forum. The IASB has been working with the FSF to address those suggested financial reporting enhancements. It is continuing that work and is taking additional steps to respond to the conclusions reached by the G20.

For further information, please visit www.iasb.org

IASB Publishes Proposed New Consolidation Standard as Part of Comprehensive Review of Balance Sheet Risk

The IASB on December 18, 2008 published for public comment proposals to strengthen and improve the requirements for identifying which entities a company controls.

The proposals form part of the IASB's comprehensive review of off balance sheet activities and address an area cited by the G20 leaders at their November meeting. The proposals also respond to the recommendations contained in a report published in April 2008 by the Financial Stability Forum (FSF). Further proposals on off balance sheet items, covering the derecognition of assets and liabilities, are due to be published in the first quarter of 2009, consistent with the G20 target date of March 31, 2009.

The proposals address those concerns by presenting a new, principle-based, definition of control of an entity that would apply to a wide range of situations and be more difficult to evade by special structuring. The proposals also include enhanced disclosure requirements that would enable an investor to assess the extent to which a reporting entity has been involved in setting up special structures and the risks to which these special structures expose the entity. The proposals would apply not only to the banking sector but to any entity that uses legal entities to manage its activities.

For further information, please visit www.iasb.org

IASB and FASB Propose Joint Approach for Revenue Recognition

The IASB and the US Financial Accounting Standards Board (FASB) on December 19, 2008 published for public comment a discussion paper setting out a joint approach for the recognition of revenue.

Revenue is an important number to users of financial statements in assessing a company's performance and prospects. However, revenue recognition requirements in US Generally Accepted Accounting Principles (GAAP) differ from those in International Financial Reporting Standards (IFRSs) and both are considered in need of improvement. The requirements in US GAAP comprise numerous standards - many are industry-specific and some can produce conflicting results for economically similar transactions. Although IFRSs contain fewer standards on revenue recognition, its two main standards have different principles and can be difficult to understand and apply beyond simple transactions.

The boards' objective is to improve the existing guidance in both IFRSs and US GAAP by developing a single revenue model that can be applied consistently regardless of industry. Applying the underlying principle proposed by the boards, a company would recognise revenue when it satisfies a performance obligation by transferring goods and services to a customer as contractually agreed. That principle is similar to many existing requirements and the boards expect that many transactions would remain unaffected by the proposals. However, clarifying that principle and applying it consistently to all contracts with customers would improve the comparability and understandability of revenue for users of financial statements.

The discussion paper explains the proposed model and its implications and seeks views from interested parties to assist the boards in further developing that model into a draft standard for both IFRSs and US GAAP. The discussion paper is open for comment until June 19, 2009. For further information, please visit www.iasb.org

IASB Provides Update on Steps Taken in Response to the Global Financial Crisis

In a press release dated December 19, 2008, the IASB announced, as part of its response to the global financial crisis, it has taken a series of actions to address recommendations made by the G20 leaders last month. To view the recommendations, please visit www.iasb.org

IASB Proposes Amendments to Clarify the Accounting for Embedded Derivatives

The IASB on December 22, 2008 published for public comment proposals to clarify the accounting treatment for embedded derivatives.

The proposals respond to requests received from those taking part in the recent round-table discussions organised by the IASB and the US Financial Accounting Standards Board (FASB) to clarify the requirements in IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*.

Participants asked the IASB to act in order to prevent any diversity in practice developing as a result of the amendments made to IAS 39 in October 2008 to permit the reclassification of particular financial assets. The proposals published today would require all embedded derivatives to be assessed and, if necessary, separately accounted for in financial statements.

The proposals are set out in an exposure draft *Embedded Derivatives*, on which the IASB invites comments by January 21, 2009. The exposure draft is available on the Website from the 'open for comment'. For further information, please visit www.iasb.org

IASB Proposes Additional Disclosures for Investments in Debt Instruments

The IASB on December 23, 2008 published for public comment proposals to require entities to provide additional disclosures on all investments in debt instruments, other than those classified in the fair value through profit or loss category.

The proposals, in the form of proposed amendments to IFRS 7 *Financial Instruments: Disclosures*, would require an entity to state in tabular form the fair value, amortised cost and amount at which the investments are actually carried in the financial statements. The amendments would also require an entity to also disclose the effect on profit or loss and equity if all debt instruments had been accounted for at fair value or at amortised cost.

The proposed amendments follow discussions with participants in a series of public round-table meetings on the global financial crisis organised by the IASB and the US Financial Accounting Standards Board (FASB). The outcome of the round tables was presented to the Board at its meeting.

The IASB believes that the proposed disclosures would allow greater comparability between investments in debt instruments held with and by different entities, and so enhance investors' confidence in the financial markets. The FASB is making similar disclosure proposals. The proposals are set out in an exposure draft *Investments in Debt Instruments*, on which the IASB invites comments by January 15, 2009. The exposure draft is available on the Website from the 'open for comment' at www.iasb.org.

MALAYSIAN INSTITUTE OF ACCOUNTANTS (MIA)

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](#)

MALAYSIAN ACCOUNTING STANDARDS BOARD (MASB)

MASB Proposes Amendments to 2 Standards and Issues 4 Draft Interpretations

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

The proposed amendment to FRSs and draft interpretations are:

- ED 58 *Borrowing Costs*;
- ED 59 *Amendment to FRS 2 Share-based Payment: Vesting Conditions and Cancellations*;
- [Draft] IC Interpretation 11 FRS 2: *Group & Treasury Share Transactions*;
- [Draft] IC interpretation 12 *Service Concession Arrangements*;
- [Draft] IC Interpretation 13 *Customer Loyalty Programmes*; and
- [Draft] IC Interpretation 14 FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

The proposed amendments and draft interpretations are virtually identical to the International Accounting Standards Board (IASB) amendments to accounting standards and interpretations respectively.

Interested parties, including the business communities, are encouraged to study the proposed amendments and draft interpretations and provide feedback to MASB before February 16, 2009.

MASB also announced the issuance of 3 new Financial Reporting Standards (FRSs) and 2 Interpretations related to financial instruments.

The new FRSs and Interpretations are:

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

The documents, identical to international standards, will take effect from January 1, 2010 except for FRS 8 which will be effective on or after July 1, 2009. For further information, please visit MASB website at www.masb.org.my

News from Universities

Universiti Sains Malaysia (USM)

3rd International Conference on Postgraduate Education

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

Universiti Putra Malaysia (UPM)

FEF Seminar 2008

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

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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