

December 2010

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

Greetings



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

A Merry Christmas and a Happy New Year

National Annual Corporate Report Awards 2010

We are pleased to inform you that the adjudication for the National Annual Corporate Report Awards (NACRA) 2010 is now in its final stage.

NACRA is an annual competition jointly organised by Bursa Malaysia Berhad, Malaysian Institute of Accountants (MIA) and The Malaysian Institute of Certified Public Accountants (MICPA) with the objective to recognise excellence in the quality of financial and corporate reporting principally by PLCs in Malaysia.

The theme of NACRA, *Towards Accountability & Excellence*, underscores the vital role of annual reports in promulgating transparency and enhancing the integrity of the capital market.

The winners of NACRA 2010 will be announced at a dinner presentation ceremony, which will be held on **Thursday, January 27, 2011 at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur.**

The NACRA Organising Committee has invited YB Dato' Sri Ismail Sabri bin Yaakob, Minister of Domestic Trade, Co-operatives and Consumerism to officiate the function.

For further information on the event, please contact the Institute's Public Affairs & Communications Manager on Tel: 03-2698 9622 or email: vic.pr@micpa.com.my.

Students' Networking Dinner

The Cyberjaya Accounting Club (CAC) of Multimedia University in collaboration with MICPA is organising the Students' Networking Dinner with the theme "Professionals Rendezvous" on Tuesday, January 11, 2011.

The objective of the student networking dinner is to provide the students an opportunity to network/ meet with professionals working in the accountancy fields of their interest. In this way they will be able to discuss their career prospects, what they may face in the employment world once they graduate and the opportunity to present themselves as prospective employees. 3 sharing sessions with professionals have been planned drawn from the accounting firms and commerce and industry.

The event is also part of the Institute's on-going efforts and commitment to have engagement sessions with potential students. The event is being sponsored by MICPA and organised by the students. These activities will definitely enhance the soft skills of the students, which is also important when they are exposed in the corporate world.

For further information on the event, please contact the Institute's Public Affairs & Communications Manager on Tel: 03-2698 9622 or email: vic.pr@micpa.com.my.

MICPA Education & Training

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 on the Pathways route and the 2011 submission dates and fees, please click [here](#).

Revised MICPA Programme - Tuition Provider: Sunway-TES

We are pleased to inform that the Institute has appointed Sunway-TES as the sole tuition provider to provide tuition for the Revised MICPA Programme. For further information, please contact Sunway-TES on Tel: 03-7491 8622 / 7491 8623.

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.

In this regard, the following presentations were made in December 2010:

KPMG

- On Tuesday, December 2, 2010, the Institute made an on-boarding presentation to 35 new recruits;
- On Monday, December 13, 2010, the Institute made an on-boarding presentation to 28 new recruits;

Deloitte Malaysia

- On Wednesday, December 15, 2010, the Institute made an on-boarding presentation to 45 new recruits.

Taylors University Open Day

In conjunction with Taylors University, Lakeside Campus Open Day, the Institute in collaboration with PricewaterhouseCoopers made a presentation on "Be a Versatile Accountant" on Friday, December 17, 2010. The presentation was made by Mr Patrick Ng, Partner at PwC.

Sponsorship of University Activities

In view that university students are a major source of the Institute's student intake as well as to foster closer relationship with this target group, the Institute had sponsored the following student activities organised by the accounting clubs including:

- **Universiti Putra Malaysia (UPM)**

Seminar GSM-FEP 2010

The Graduate School of Management and the Faculty of Economics and Management of UPM is organising the *GSM-FEP Seminar 2010* with the theme 'Re-orientating Research Strategies Towards New Economic Model' on December 1 – 3, 2010. The MICPA contributed RM1,000 towards the event.

Streams of Training

The MICPA provides for two streams of training. The MICPA students may undertake their training in 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 List of CPA Firms 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: yic.pr@micpa.com.my.

MICPA Technical Updates

INLAND REVENUE BOARD OF MALAYSIA (IRB)

Guideline on the Procedures on Submission of Amended Return Forms

Further to Circular No.TEC/066/12/2010W dated December 3, 2010, members are informed that the IRB has issued a guideline with regard to the Procedures on Submission of Amended Return Forms on November 30, 2010.

With the introduction of Section 77B of the Income Tax Act 1967 (ITA), taxpayers are allowed to make self amendment on the information or assessment on the Income Tax Return Forms furnished in accordance with the provisions under Sections 77(1) or 77A(1) of the ITA with effect from year of assessment 2009. This Guideline aims to provide the procedures on the submission of the above-mentioned amended return forms.

Please note that the above Guideline can be downloaded from the IRB's website at: http://www.hasil.gov.my/pdf/pdfam/GPHDN1_2010.pdf.

MALAYSIAN ACCOUNTING STANDARDS BOARD (MASB)

MASB Issues Revised Standard on Related Party Disclosures, 1 New Interpretation and Amends FRSs & Interpretations

Further to Circular No.TEC/067/12/2010W dated December 10, 2010, members are informed that the MASB has recently issued a revised Financial Reporting Standard (FRS), a new Interpretation, and amendments to existing Financial Reporting Standards (FRSs) and an existing Interpretation.

The pronouncements are as follows:

1. FRS 124, *Related Party Disclosures*
2. IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
3. Amendments to FRSs contained in the document entitled "*Improvements to FRSs(2010)*"

4. *Prepayments of a Minimum Funding Requirement* (Amendments to IC Interpretation 14)

FRS 124 shall apply to financial statements of annual periods beginning on or after January 1, 2012.

Amendments to FRSs shall apply to financial statements of annual periods beginning on or after January 1, 2011.

IC Interpretation 19 and Amendments to IC Interpretation 14 shall apply to financial statements of annual periods beginning on or after July 1, 2011.

These pronouncements are identical to those issued by the International Accounting Standards Board (IASB). Some are already effective internationally whilst some will be effective next year.

FRS 124, *Related Party Disclosures*

The revised FRS 124 simplifies the definition of related party, clarifies its intended meaning and eliminates inconsistencies from the definition. The revised FRS 124 also includes a partial exemption from the disclosure requirements for government-related entities, whereby related party transactions between government-related entities require disclosure only if the transactions are individually or collectively significant.

Prior to the issuance of the revised FRS 124, state-controlled entities were not required to disclose transactions with other state-controlled entities in the financial statements. The partial exemption from disclosure for government-related activities aims to draw attention to the occurrence of as well as to indicate the extent of such related party transactions.

IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*

IC Interpretation 19 addresses accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to its creditor to extinguish all or part of the financial liability, sometimes referred to as “debt for equity swaps”. It does not address accounting by the creditor. This Interpretation is a result of requests for guidance on the application of FRS 139, *Financial Instruments: Recognition and Measurement*, and FRS 132, *Financial Instruments: Presentation*, when an entity issues its own equity instruments to extinguish all or part of a financial liability.

The IFRS Interpretations Committee acknowledged that there were diversities in practice on how entities measured the equity instruments issued to extinguish a financial liability, and issued this Interpretation in its efforts to standardise application of the IFRSs in a debt for equity swap transaction. This Interpretation aims to clarify that the entity’s equity instruments issued to a creditor form part of the consideration paid to extinguish the financial liabilities.

Diversities in practice include the recognition of equity instruments at the carrying amount of the financial liability without recognising any gain or loss in the profit or loss, or the recognition of equity instruments at the fair value of either the liability or the equity instruments issued with the difference between that amount and the carrying amount of the financial liability subsequently being recognised in the profit or loss.

Improvements to FRSs (2010)

Improvements to FRSs (2010) contain amendments to ten FRSs and one Interpretation. These amendments are a result of the IASB initiative in 2008 to start an annual improvements process to address necessary but non-urgent amendments to existing International Financial Reporting Standards (IFRSs).

The annual improvements project aims to enhance the quality of existing IFRSs by amending existing IFRSs to clarify guidance and wordings or to correct for relatively minor unintended consequence, conflicts or oversights. In view of the IFRS convergence plan in 2012, the MASB has accelerated the issuance due process of the Improvements as they help to clarify the requirements of or provide further explanation into existing FRSs.

Prepayments of a Minimum Funding Requirements (Amendments to IC Interpretation 14)

The Amendments to IC Interpretation 14 apply in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendments permit the entity to treat the benefit of such early payment as an asset.

These pronouncements are available at MASB website <http://www.masb.org.my> or from MASB office at: Malaysian Accounting Standards Board, Wisma UOA Pantai, Suite 5.02, Level 5, No. 11, Jalan Pantai Jaya, 59200 Kuala Lumpur.

Members Updates

Membership Data Update

Members are duly 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: +603-2698 9403. You may also send an e-mail to membership@micpa.com.my for the change of correspondence and e-mail address.

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 Members Update on the Left-hand Menu and go to Section F to update your CPD records.

Young CPA Group

As members are aware, the *Young CPA Group* was established in 2004 with the aim of encouraging our younger members to take part in the Institute's work and activities. Young members can play an important role in identifying the professional needs of its members and provide valuable feedback, suggestions and recommendations to the Institute. If you are a CPA below the age of 40, please register yourself online at www.micpa.com.my.

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 were held in December 2010:

- One-day Seminar on *Malaysian Taxation Landscape: Current and Future* on December 6, 2010. The seminar was organised in collaboration with Taylor's Business School;
- One-day Seminar on *Financial Reporting for Insurance Business: Insurance Contracts (FRS 4)* on December 8, 2010. The seminar was supported by Life Insurance Association of Malaysia (LIAM) and Persatuan Insurans Am Malaysia (PIAM).
- One-day Workshop on *Tax Planning and Strategies for Cross Border Transactions* on December 9, 2010;
- One-day Seminar on *Transfer Pricing: A Bird's Eye View* on December 14, 2010; and
- Two-day Workshop on *Preparation of Group Accounts (Revised FRS 3 and Revised FRS 127)* on December 15 - 16, 2010.

Deferred Taxation: Computation to Disclosure (FRS 112)

The MICPA is organising a one-day Workshop on *Deferred Taxation: Computation to Disclosure (FRS 112)* on January 27, 2011 at Concorde Hotel Kuala Lumpur.

The workshop will introduce the fundamental accounting principles for future tax consequences in accordance with FRS 112 and provides a step-by-step guidance chart to illustrate the rules in constructing a balance sheet liability computational schedule. Participants will gain a good understanding of the basic principles as well as working knowledge in the recognition, measurement, presentation and disclosure of deferred taxation.

The workshop will be led by Mr Danny Tan Boon Wooi. For further information, please click [here](#).

News from Regulatory Bodies

JABATAN AKAUNTAN NEGARA MALAYSIA

Puan Wan Selamah Wan Sulaiman has been appointed as the new Accountant General with effect from November 29, 2010.

She obtained her Master in Business Administration (Finance) from Universiti Kebangsaan Malaysia (UKM) in 1992. She is a member of MIA and also a Fellow of the Association of Chartered Certified Accountants (ACCA).

Her career with the Government started in 1979 as Treasury Accountant in the Examination Syndicate Department of the Ministry of Education. In 1982, she served the Ministry of Defense before joining the Accountant General's Department, where she has been since 1984.

For further information on the above news, please visit www.anm.gov.my.

BANK NEGARA MALAYSIA (BNM)

Bank Negara Malaysia Accords "Emas" Status for the Issuance of Sukuk by the Islamic Development Bank

Bank Negara Malaysia is pleased to accord "Emas" status for the issuance of the Islamic Development Bank (IDB) USD500 million sukuk in October 2010, to be listed today on Bursa Malaysia. This sukuk is part of IDB's USD3.5 billion multicurrency Islamic Medium Term Note (MTN) or sukuk programme. "Emas" is Malaysia's designation accorded to foreign currency denominated bonds and sukuk originating from Malaysia in the global capital market. "Emas" is the Malay word for gold which symbolises universal value and security.

IDB is the first multilateral development institution to issue and list its foreign currency sukuk programme in Malaysia. Sukuk issuance originating in Malaysia accounts for 62% of total global sukuk outstanding.

This sukuk issuance by IDB follows a series of foreign currency Islamic financing instruments issued in Malaysia after Petronas USD1.5 billion sukuk, Government of Malaysia USD1.25 billion sukuk, Nomura USD100 million sukuk and Khazanah SGD1.5 billion sukuk since 2009 reflecting the strength and growing maturity of Malaysia's sukuk market.

For further information on the above news from BNM, please visit www.bnm.gov.my.

SECURITIES COMMISSION MALAYSIA (SC)

SC Strengthens Ties with Qatar Financial Markets Authority

The Securities Commission Malaysia has entered into a Memorandum of Understanding (MoU) with the Qatar Financial Markets Authority (QFMA)¹ which strengthens the relationship between Malaysia and Qatar and fosters closer regulatory ties and cooperation.

The MoU was signed by the SC Chairman, Tan Sri Zarinah Anwar and QFMA Chief Executive Officer, Mr. Nasser Ahmad Al-Shaibi in Kuala Lumpur.

The MOU seeks to strengthen cooperation and develop deeper ties between the capital market regulators of Qatar and Malaysia, and reiterates their commitment to strengthen cross-border enforcement and enhance overall investor protection.

The MoU establishes a framework for assistance and mutual cooperation to facilitate the supervision and enforcement of the respective capital markets in Malaysia and Qatar, the exchange of technical knowledge as well as collaboration in areas of mutual interest between the two regulators.

The SC is committed to strengthening international cooperation in securities regulation and has signed 29 MoUs with its regulatory counterparts since 1994. The SC is also a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding, a global information-sharing arrangement among securities regulators.

For further information on the above news from the SC, please visit www.sc.com.my.

BURSA MALAYSIA BHD

Bursa Malaysia's Chief Market Operations Officer to Retire

Bursa Malaysia wishes to announce the retirement of Mr Devanesan Evanson, Chief Market Operations Officer (CMOO) after 18 years with the Exchange. Devanesan has been serving as the CMOO for the past two years, and will officially retire December 31, 2010.

He first joined the Exchange in 1992, holding several key positions, including Head of Group Internal Audit and Risk Management, as well as Chief Regulatory Officer. Devanesan has made immense contributions towards the growth of the Exchange during his tenure in the various roles. Bursa Malaysia would like to acknowledge and thank Devanesan for his invaluable services and wish him the best.

Following Devanesan's retirement, Chua Kong Khai, who is currently Head of Exchanges Operations, will assume the role of Acting Chief Market Operations Officer until further notice.

For further information on the above news from Bursa Malaysia, please visit www.bursamalaysia.com.

News from IFAC and IASB

INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC)

IPSASB Publishes 2010 Annual Improvements Standard

The International Public Sector Accounting Standards Board (IPSASB) has published *Improvements to IPSASs—2010*. The publication completes the IPSASB's improvements project for 2010. The IPSASB's improvements project is modeled on the IASB's annual update program. Improvements are made to existing IPSASs to maintain alignment with International Financial Reporting Standards (IFRSs), as well as other general improvements. The 2010 amendments relate primarily to requirements for recognition, measurement, and disclosure. They do not represent substantive revisions to the content of existing standards.

"The IPSASB continually reassesses the IPSASs to ensure that they remain relevant to users of public sector financial statements," said IPSASB Chair Andreas Bergmann.

Improvements to IPSASs—2010 is available to download free of charge from the IPSASB section of IFAC's Publications and Resources site (web.ifac.org/publications). The IPSASB encourages IFAC members, associates, regional accountancy bodies, and firms to use these materials and to promote their availability to members and employees.

IPSASB Publishes International Public Sector Conceptual Framework Documents for Comment

The International Public Sector Accounting Standards Board (IPSASB) has released for comment an exposure draft (ED) and two Consultation Papers related to its project to develop a Conceptual Framework for the general purpose financial reporting of public sector entities. The Conceptual Framework is the IPSASB's key strategic objective for 2010–2012 and is of fundamental importance to the future of global public sector standard setting for at least the next 10–15 years.

Conceptual Framework Exposure Draft 1 (CF-ED1), *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Role, Authority, and Scope; Objectives and Users; Qualitative Characteristics; and Reporting Entity*, refines the issues highlighted in a Consultation Paper published in 2008 and reflects the IPSASB's consideration of the responses to that Consultation Paper. CF-ED1 proposes that the objectives of financial reporting should be to provide information for accountability and decision-making purposes. It also proposes that the scope of financial reporting should extend beyond the traditional financial statements to include more comprehensive financial and non-financial information.

The Consultation Paper, *Elements and Recognition in Financial Statements*, identifies alternative asset and liability-led and revenue and expense-led approaches to financial statements and considers the key characteristics of assets, liabilities, revenue and expenses. It also discusses whether further elements should be defined and examines approaches to the recognition of elements.

The Consultation Paper, *Measurement of Assets and Liabilities in Financial Statements*, considers the measurement bases that may be appropriate for the elements that are recognized in financial statements. It discusses historical cost, market value, and replacement cost and then examines deprival value as an approach to select the most relevant measurement basis. Summaries of the Consultation Papers can be found in the "At a Glance" publications, which have been posted along with the Consultation Papers.

A staff draft, *Key Characteristics of the Public Sector*, identifies and provides an overview of some of the main characteristics of the public sector that distinguish it from the private sector and, therefore, have a potential impact on the development of a public sector Conceptual Framework. The IPSASB is not seeking comments on this draft at this time. This document will be further considered by the IPSASB in 2011 and, following approval, will be formally exposed for comment.

How to Comment:

To access the Exposure Draft and Consultation Papers, or to submit a comment, visit the IFAC website at www.ifac.org/Guidance/EXD-Outstanding.php. Comments on the exposure draft and Consultation Papers are requested by **June 15, 2011**. The

IPSASB encourages IFAC members, associates, and regional accountancy bodies to promote the availability of these documents to their members and employees.

IAESB Proposes Clarified Standard on Continuing Professional Development

The International Accounting Education Standards Board (IAESB) has released for public exposure a proposed revision of International Education Standard (IES) 7, *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence*.

IES 7, drafted in 2004, introduces the concepts of continuing professional development (CPD)—learning that develops and maintains competence to enable professional accountants to perform their roles effectively—as relevant, verifiable, and measurable learning activities and outcomes. The proposed redrafting aims to assist the ongoing worldwide development of CPD systems and compliance mechanisms. IAESB expects to increase the opportunity for mobility of labor, and in so doing to contribute to the global economy through these revision efforts.

This exposure draft is the first in a series of planned revisions over the coming year. The IAESB plans to clarify the obligations of CPD through the revision of IES 7, and to draw international attention to prequalification education for accounting professionals and the competencies of an auditor through revisions of additional standards.

How to comment:

The IAESB invites all stakeholders to comment on its proposals. To access the exposure draft and submit a comment, visit the IAESB's website at www.ifac.org/Education/ExposureDrafts.php. Comments on the exposure draft are requested by **March 8, 2011**.

New Members Appointed to the International Auditing and Assurance Standards Board

The Public Interest Oversight Board (PIOB) has confirmed a number of new and reappointed members of the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board supported by the International Federation of Accountants (IFAC).

The appointments were recommended by the IFAC Board and are effective January 1, 2011. The PIOB is an independent body that oversees IAASB activities. In addition, Diana Hillier was reappointed as deputy chair of the IAASB.

These six new and re-appointed members will work alongside the chairman, Prof. Arnold Schilder, the deputy chair, and the other 10 board members in setting high-quality auditing and assurance standards. In addition to standard setting, the IAASB strives to enhance the quality and uniformity of audit practice throughout the world by promoting the adoption and implementation of its International Standards on Auditing (ISAs).

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

INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

IASB Publishes IFRS Practice Statement on Management Commentary

The International Accounting Standards Board (IASB) has published an IFRS Practice Statement *Management Commentary*, a broad, non-binding framework for the presentation of narrative reporting to accompany financial statements prepared in accordance with IFRSs.

Management commentary fulfils an important role by providing users of financial statements with a historical and prospective commentary on the entity's financial position, financial performance and cash flows. It serves as a basis for understanding the management's objectives and strategies for achieving those objectives.

The Practice Statement permits entities to adapt the information provided to particular circumstances of their business, including the legal and economic circumstances of individual jurisdictions. This flexible approach will generate more meaningful disclosure about the most important resources, risks and relationships that can affect an entity's value, and how they are managed.

The Practice Statement is not an IFRS. Consequently, an entity need not comply with the Practice Statement to comply with IFRSs.

Sir David Tweedie, Chairman of the IASB, said:

Management commentary is one of the most interesting parts of the annual report. It provides management with an opportunity to add context to the published financial information, and to explain their future strategy and objectives. It is also becoming increasingly important in the reporting of non-financial metrics such as sustainability and environmental reporting.

The publication of this Practice Statement will benefit both users and preparers by enhancing the international consistency of this important source of information.

IASB Proposes Improvements to Hedge Accounting

The IASB has published for public comment an exposure draft on the accounting for hedging activities. The exposure draft proposes requirements that will enable companies to reflect their risk management activities better in their financial statements, and, in turn, help investors to understand the effect of those activities on future cash flows.

The proposed model is principle-based, and will more closely align hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. The proposals also include enhanced presentation and new disclosure requirements.

Commenting on the proposals, Sir David Tweedie, Chairman of the IASB, said:

These proposals sweep away the existing rule-based, complex and inflexible hedge accounting requirements and replace them with a simple, principle-based approach. The result, if adopted, will be a much simpler model that better reflects risk management practices whilst providing more useful information to investors. A summary of the proposals (IASB Snapshot) is available to download from the Snapshot library.

The exposure draft builds on proposals contained in the IASB's discussion paper *Reducing Complexity when Reporting Financial Instruments* published in March 2008. The exposure draft forms part of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, and when its proposals are confirmed they will be incorporated into IFRS 9 Financial Instruments.

The exposure draft *Hedge Accounting* is open for comment until March 9, 2011 and can be accessed via the 'Comment on a proposal' section of the IASB website. During the consultation period, the IASB will undertake further outreach to seek views on the proposals. The IASB will re-deliberate the proposals with a view to completing the new hedge accounting requirements in the first half of 2011. In addition to the general hedge accounting proposals in the exposure draft, the IASB is continuing to discuss portfolio macro hedge accounting. To find out more, visit the IFRS 9 *Financial Instruments* section of the IASB website.

IASB Issues Amendments to IAS 12 Income Taxes

The IASB has issued amendments to IAS 12 *Income Taxes*. The amendments set out in *Deferred Tax: Recovery of Underlying Assets*, result from proposals published for public comment in an exposure draft in September.

IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 *Investment Property*. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be, be through sale.

As a result of the amendments, SIC-21 *Income Taxes—Recovery of Revalued Non-Depreciable Assets* would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC-21, which is accordingly withdrawn.

IASB Issues Narrow Amendments to IFRS 1

The IASB has issued two narrow amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* (IFRSs). The amendments confirm proposals that were published as separate exposure drafts for public comment in August and September.

The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

The amendments to IFRS 1 are set out in *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* and are effective from 1 July 2011. Earlier application is permitted. Further details are available from the IASB website at www.ifrs.org.

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

News from Professional Bodies

THE MALAYSIAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS (MAICSA)

Leadership in Governance Award (LIGA) 2010

The inaugural Leadership in Governance Award (LIGA) is an initiative of MAICSA in partnership with the AmBank Group, to award individuals who have demonstrated exceptional effort and/ or achievement in the field of corporate governance.

The objectives of the Award are:

- To identify and recognise individuals who drive their companies' corporate governance agenda by promoting and actively developing good corporate governance practices; and
- To reward these individuals who lead and contribute to their respective companies in terms of strong business ethics, sound policies and procedures and effective and efficient monitoring systems.

For further information on LiGA objectives, award categories, participation/ selection criteria, please visit www.maicsa.org.my/liga. Nominations close on January 31, 2011.

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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