

July 2007

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

Announcements/Activities

11th MICPA Accountancy Week

The 11th MICPA Accountancy Week is scheduled to be held from August 4 – 11, 2007 featuring the theme *AAA – Accountants Are Assets*. A wide range of activities have been planned for the Accountancy Week including AccQuiz for upper secondary schools, Accounting Students Quiz for students at university and professional study levels, Management Simulation Game, Inter-Varsity Debate, Sports and Games Competition and Career Counselling Sessions. For further information on the *11th MICPA Accountancy Week*, please contact Ms Vicky Rajaretnam, Public Affairs & Communications Manager at 03-26989622 or E-mail: vic.pr@micpa.com.my

This year's Accountancy Week is held to commemorate the *World Accountancy Week* organised by the International Federation of Accountants (IFAC), which has been scheduled for December 2 – 8, 2007.

Presentation of 2007 MICPA Excellence Awards, Examination Certificates, Prizes, Membership & Practising Certificates

The presentation of 2007 MICPA Excellence Awards, Examination Certificates, Prizes, Membership & Practising Certificates will be held on Saturday, August 25, 2007 to be held at Seri Pacific Kuala Lumpur. To add grandeur to the occasion, the presentation of Membership Certificates to newly admitted members and Practising Certificates to members who have been granted practise rights during the year will be presented at the same Ceremony.

All registered students who have completed the Advanced Stage Examination in November 2006 or May 2007 are strongly encouraged to register for the presentation ceremony. For further information, please contact Ms Vicky Rajaretnam, Public Affairs & Communications Manager at 03-26989622 or E-mail: vic.pr@micpa.com.my or click here for [registration details](#) or here for [rental of graduation gown](#).

MICPA-Bursa Malaysia Business Forum 2007

The MICPA-Bursa Malaysia Business Forum 2007 with the theme *Malaysia – The New Arena* will be held on September 3 – 4, 2007 to be held at Shangri-La Hotel Kuala Lumpur. YB Dato' Dr Awang Adek bin Hussin, Deputy Minister of Finance II, will deliver the Opening Keynote Address at the Business Forum. A panel of distinguished speakers and commentators including corporate leaders, senior government officers, business professionals and capital market regulators will lead

discussions and share their knowledge, experiences and best practices with participants over the two-days in the Plenary Sessions. For further information, please contact Mr Joseph Leong, Education & Training Manager at 03-26989622 or E-mail: bizforum07@micpa.com.my

Members Update

Members' Handbook Supplement 105 Exposure Draft of the MICPA Code of Ethics

Members are informed that the Council of the Institute has approved the issuance of the proposed MICPA Code of Ethics [the proposed Code] as an Exposure Draft for comment. The proposed Code is based on the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. The proposed Code sets out the fundamental principles of professional ethics for members and a conceptual framework for applying these principles. Specific guidance and examples are also provided on the application of these principles.

The proposed Code is available at the MICPA website at www.micpa.com.my under Members' Handbook in the Members' Area. Comments on the proposed Code should be submitted in writing, preferably by e-mail (micpa@micpa.com.my), to be received by September 15, 2007 and addressed to The Executive Director, MICPA, No.15 Jalan Medan Tuanku, 50300 Kuala Lumpur.

Group Insurance Plan

Members are informed that Great Eastern Life Assurance (Malaysia) Berhad in collaboration with Apex Goodwill (M) Sdn Bhd is offering MICPA members a Group Insurance Plan, called Multiple Benefits Insurance Scheme (GMBIS). The scheme covers all members', employees of member firms', their spouses and also children against Death, Total Permanent Disability, Personal Accident, Hospital Benefit and also the 36 Critical Illnesses for just RM33 per month.

We hope that you will find the scheme interesting and useful to complement and supplement any existing coverage that you may already possess. For details of the insurance plan in English and Bahasa Malaysia, please click [here](#) or visit <http://www.groupinsure2u.com.my> for further information and to download documents to sign up.

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.

A CPD On-Line 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. For further information, please contact Mr Joseph Leong, Education & Training Manager at 03-26989622 or E-mail: joseph.edu@micpa.com.my

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 the bye-laws of the Institute, 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 Cik Adzlyn at membership@micpa.com.my or Cik Ruhaizah at ri.stud@micpa.com.my or call 03-2698 9622.

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.

Upcoming Continuing Professional Development (CPD) Programmes

Audit Guide for Practitioners

The Institute is conducting a series of two-day Workshop on *Audit Guide for Practitioners* during July to December 2007 in the major cities. The objective of the Workshop is to equip participants with the technical knowledge and skills in conducting an audit of financial statements in accordance with International Standards on Auditing, which have been adopted for application in Malaysia. The Workshop will cover the fundamental auditing principles, the development of an audit plan, performance of audit procedures, documentation, audit conclusions and reporting. For further information, please click [here](#)

All participants at the Workshop will receive a complimentary copy of the MICPA Audit Guide for Practitioners. The Audit Guide is also available for sale at RM250 for MICPA members and at RM350 for others.

An Update of the Financial Reporting Standards

A one-day Seminar on *An Update of the Financial Reporting Standards* will be held on August 15, 2007 at Seri Pacific Hotel Kuala Lumpur. The Seminar is intended to provide insights on the key issues in the implementation of the FRSs. It will also highlight the impact of some of the FRSs on a company's profits and balance sheet. For further information, please click [here](#)

Risk Management

A one-day Workshop on Risk Management will be held on August 22, 2007 at The Legend Hotel Kuala Lumpur. The workshop will focus on implementation and execution of risk management programmes with practical examples and lessons learned from real life case studies in risk management. It will also prove a road map to best practices in risk management. For further information, please click [here](#)

Updates from Regulatory Bodies

Malaysian Accounting Standards Board (MASB)

MASB Releases 2 New Proposed Standards for Greater Transparency

The Malaysian Accounting Standard Board (MASB) on July 2, 2007 released ED 56 *Financial Instruments: Disclosures* (ED 56) and ED 57 *Operating Segments* (ED 57) seeking greater transparency in ways companies manage their resources as well as their exposure to risks arising from their involvement in financial instruments.

ED 56 and ED 57 are virtually identical with IFRS 7 *Financial Instruments: Disclosures* (IFRS 7) and IFRS 8 *Operating Segments* (IFRS 8) respectively.

IFRS 7 and IFRS 8 were issued by the International Accounting Standard Board (IASB) in August 2005 and November 2006 respectively. IFRS 7 replaced IAS 30 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions* and some requirements in IAS 32 *Financial Instruments: Disclosure and Presentation*. IFRS 8 replaced IAS 14 *Segment Reporting* (IAS 14).

Financial instruments disclosures standard applies not only to financial institutions but also other entities that hold financial instruments. The degree of disclosures depends on how broadly the entity uses financial instruments. Amongst others, the Standard proposes disclosure of sensitivity analysis for each type of market risks to which the entity is exposed and disclosures of how an entity manages risks arising from financial instruments. With these disclosures, users are informed about the extent of financial risks involved in the entity's undertakings.

Simultaneously with the issuance of ED 56, there is a proposed limited amendment to FRS 101 *Presentation of Financial Statements* dealing with capital disclosures. The capital disclosure is important as it helps users to assess an entity's policies and processes for managing capital. Users will be able to assess the entity's risk profile as well as entity's ability to withstand unexpected adverse events and ability to pay dividends.

Another proposed Standard issued by MASB is on operating segments which requires management to report how it has used its resources to manage the entity. ED 57 *Operating Segments* enables users of financial statements to see an entity through the eyes of management by requiring disclosure of information in the format and structure used by management. The existing Standard, FRS 114₂₀₀₄ *Segment Reporting* requires companies to disclose information based on products and services, and on geographical areas. ED 57, when finalised, is expected to reduce cost of reporting segment information as it uses information that is readily available and generated for management's use.

Comments on the proposed Standards are to be submitted to the MASB before September 28, 2007. The proposed Standards are available on MASB website at <http://www.masb.org.my>

Inland Revenue Board (IRB)

Submission of Borang C and Borang R by Companies with Financial Years Ended December 31, 2006 and March 31, 2007

Members are informed that the Inland Revenue Board has agreed to extend the deadline for submission of Borang C and Borang R of companies with financial years ended December 31, 2006 and March 31, 2007 until August 14, 2007 and November 14, 2007 respectively. All Borang C and Borang R must be submitted to Pusat Pemprosesan at Pandan Indan on or before the dates mentioned above.

The extension of time also applies to the payment of the balance of tax payable under Section 103(1) of the Income Tax Act 1967.

Companies Commission of Malaysia (SSM)

Amendments to Companies Act Marks New Era in Corporate Governance in Malaysia

In fulfilling its mandate under the Companies Commission of Malaysia Act 2001, the Companies Commission of Malaysia has taken the lead in enhancing the corporate governance framework in Malaysia. This is reflected in the amendments to be implemented under the Companies (Amendment) Act 2007 [Act 1299]. The aim of CCM in introducing the amendments is to ensure that corporate governance in Malaysia flourishes and investor confidence in Malaysian companies is enhanced. For further information, please visit www.ssm.com.my

Half Day Seminar on Latest Updates of Companies Act 1965

The Companies (Amendment) Bill 2007 which was passed by Parliament on May 23, 2007, will bring about significant changes to the corporate governance framework in Malaysia. CCM is organising a half day Seminar to provide insights in relation to the amendments in various cities in the country. The registration fee is RM200 per person. For further information, please visit www.ssm.com.my

Extension of Payment Counter Operating Hours during Peak Periods in July and August 2007

The Companies Commission of Malaysia recently announced the extension of operating hours of payment counters during the peak periods in July and August 2007. The operating hours will be extended for the lodgement of annual returns and financial statements ONLY, at the 13th floor payment counters, Putra Place, Kuala Lumpur. The extension of the payment counter operating hours commenced on July 16, 2007 until August 7, 2007 as follows:

- Monday to Friday: extended time until 6:30 p.m.; and
- Saturday: 8:30 a.m. to 5:00 p.m.

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

Invitation to the Companies Commission of Malaysia Regional Dialogue (Southern Leg) 2007

Members are informed that the Institute has been invited by the Companies Commission of Malaysia to attend the Regional Dialogue (Southern Leg) which has been scheduled to be held on Thursday, August 2, 2007 at the Grand Ballroom, Hyatt Regency Johor Bahru at 8:30 a.m. The main objective of the dialogue is to obtain feedback, views and proposals from private sector, government agencies as well as statutory bodies concerning matters relating to the Companies Act 1965 and the Registration of Businesses Act 1956. In this regard, members who wish to attend the Dialogue session are required to complete the [Form](#) and submit to the MICPA Secretariat by e-mail to micpa@micpa.com.my or fax to 603-2698 9403 by July 27, 2007.

Securities Commission (SC)

Two more investment scam websites blocked

The Securities Commission (SC) in collaboration with the Malaysian Communications and Multimedia Commission and CyberSecurity Malaysia (formerly known as NISER), has blocked access to another two websites offering illegal investment schemes to the public in Malaysia on July 10, 2007. With this latest move, a total of 10 websites have been blocked thus far. This exercise is an ongoing process, with more websites to be blocked as the SC continues its investigations. The public are advised to refer to the SC's *Frequently Asked Questions: "Do Not Invest in Illegal Internet Investment Schemes"* available at www.sc.com.my

SC Obtains International Mareva Injunction against SwissCash

In a milestone enforcement action against investment scams, the SC had on June 21, 2007 obtained a worldwide Mareva injunction (Mareva) against persons involved in the Swisscash internet investment scheme, preventing them from disposing their assets in and outside of Malaysia. The Mareva, which can be viewed at www.sc.com.my, restrains and prohibits the defendants from:

- carrying on the business of Swisscash,
- targeting, soliciting and/or collecting funds from the public for investments in Swisscash or any other internet investment scheme, and
- hosting or operating the Swisscash websites or operating any other such websites which solicit investments for Swisscash or any other internet investment scheme.

The Mareva also requires the defendants to disclose information pertaining to all their assets in and outside of Malaysia, the companies they have incorporated, and the bank accounts they operate. The SC secured the Mareva following its investigation on the scheme under the *Securities Industry Act 1983* and the *Anti-Money Laundering and Anti-Terrorism Financing Act 2001*. Members of the public are reminded that they should only invest with parties licensed by the SC to be accorded the protection provided under the securities laws. Lists of companies and individuals licensed by the SC to engage in investment activity are available at the SC website at www.sc.com.my

SC maintains high efficiency in approval times amid marked increase in Q2 Corporate Activities

The Securities Commission continued to maintain high standards of efficiency in its approval processes with 99 per cent of licensing applications cleared within the time charter in the second quarter. It also improved its turnaround time for corporate submissions with 94 per cent processed on time, up from 92 per cent in the previous quarter. This high performance was maintained during a period when there was increased corporate activities relating to capital raising, take-overs, establishment of new unit trust funds and licensing applications. In tandem with the encouraging stock market performance, there was a 30 per cent increase in corporate submissions received by the SC during the second quarter of 2007. For further information, please visit www.sc.com.my

News from Other Professional Bodies

International Federation of Accountants (IFAC)

IFAC's International Standards Board for Accountants invites Comments on Proposed Strategic Plan

The International Ethics Standards Board for Accountants (IESBA), an independent standard-setting Board within the International Federation of Accountants (IFAC), is seeking comment from IFAC member bodies, regulators, national ethical standard setters, accountants in professional practice and accountants in business and other interested parties on an exposure draft of its **Strategic and Operational Plan** for the period 2008-2009. The objective of the IESBA is to serve the public interest by setting high quality ethical standards for professional accountants and by facilitating the convergence of international and national ethical standards, thereby enhancing the quality and consistency of services provided by professional accountants. Comments on the exposure draft are requested by August 31, 2007. The exposure draft may be viewed by going to <http://www.ifac.org/EDs>. For further information, please visit www.ifac.org/

Additional Proposals for Auditor Independence issued by IFAC's International Ethics Standards Board for Accountants

The International Ethics Standards Board for Accountants (IESBA), an independent standard-setting board within the International Federation of Accountants (IFAC), has issued an exposure draft proposing to strengthen three components of the independence requirements contained in the IFAC Code of Ethics for Professional Accountants (the Code). In December 2006, as a result of a comprehensive review, the IESBA issued an exposure draft proposing revisions to the existing independence requirements contained in the Code. In that exposure draft, the IESBA indicated that there were there areas that the IESBA would revise in a future exposure draft:

- Provision of internal audit services to an audit client;
- Independence implications related to the relative size of fees received from one assurance client; and
- Contingent fees for services provided to assurance clients.

The IESBA is now seeking comment from interested parties on these three matters. Comments on the exposure draft are requested by October 15, 2007. The exposure

draft may be viewed by going to www.ifac.org/EDs. For further information, please visit www.ifac.org/

Field Test Kit for Draft IFRS for SMEs

The Institute wishes to inform that the International Accounting Standards Board (IASB) has issued an exposure draft International Financial Reporting Standards for Small and Medium-sized Entities (draft IFRS for SMEs) in February 2007. The draft IFRS for SMEs represents a single, self contained document which sets out standards for use by smaller, non-publicly accountable entities. Subsequent to the issuance of the draft IFRS for SMEs for comments, in June 2007, the IASB has issued a Field Test Kit to assist the IASB in achieving an optimal outcome to this project.

The International Federation of Accountants (IFAC), through the Small and Medium Practices Committee (SMPC) and the Developing Nations Committee (DNC) has been closely following the work of the IASB with regard to this proposal. The SMPC and DNC are encouraging IFAC members and associates and the professional accountants and businesses they work for to comment on the draft IFRS for SMEs and to carry out field testing of the proposals. By doing so, the proposals will actually be tested by users and preparers of SME financial statements and concerns and constructive feedback will be provided to the IASB so that they can develop the most useful final product possible. For further information, please visit www.ifac.org/

International Accounting Standards Board (IASB)

IFRS Conference and Workshops – August 29 & 30, 2007

The International Accounting Standards Committee (IASC) will for the first time hold its annual IFRS Conference in Asia on August 29 & 30, 2007 at the Grand Hyatt Hotel in Singapore. IASB Chairman Sir David Tweedie will chair the Conference. Speakers will discuss IFRS financial statements from the perspectives of financial analysts, preparers and regulators. The Conference and Workshop programme will also include a comprehensive technical update on IASB and IFRIC activities and five technical breakout sessions led by IASB members. For further information, please visit www.iasb.co.uk/

IFRIC issues Interpretation on IAS 19 - Defined Benefit Asset and Minimum Funding Requirements

The International Financial Reporting Interpretations Committee (IFRIC)* on July 5, 2007, issued an Interpretation, IFRIC 14 *IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

IFRIC 14 provides general guidance on how to assess the limit in IAS 19 *Employee Benefits* on the amount of the surplus that can be recognised as an asset. It also explains how the pension assets or liability may be affected when there is a statutory or contractual minimum funding requirement. The Interpretation will standardise practice and ensure that entities recognise an asset in relation to a surplus on a consistent basis.

IFRIC publishes proposed Guidance on Real Estate Sales

The International Financial Reporting Interpretations Committee on July 5, 2007 released for public comment a draft Interpretation, *IFRIC D21 Real Estate Sales*. The proposal is open for public comment until October 5, 2007. The proposed Interpretation aims to standardise accounting practice among real estate developers

for sales of units, such as apartments or houses, 'off plan', i.e. before construction is complete.

At present, real estate developers interpret International Financial Reporting Standards (IFRSs) differently and record revenue for the sale of the units at different times. Some record revenue only when they have handed over the completed unit to the buyer, while others record revenue earlier, as construction progresses, by reference to the stage of completion of the development.

IFRIC D21 proposes that revenue should be recorded as construction progresses only if the developer is providing construction services, rather than selling goods (completed real estate units). It proposes features that indicate that the seller is providing construction services. In many countries, these features tend currently not to be present in typical off plan sale agreements. For further information, please visit www.iasb.co.uk/

IFRIC publishes proposed Guidance on Hedges of a Net Investment in a Foreign Operation

The International Financial Reporting Interpretations Committee on July 19, 2007, released for public comment a draft Interpretation, IFRIC D22 *Hedges of a Net Investment in a Foreign Operation*. The proposal is open for public comment until 19 October 2007. IFRIC D22 clarifies two issues that have arisen on two accounting standards - IAS 21 *The Effects of Changes in Foreign Exchange Rates* and IAS 39 *Financial Instruments: Recognition and Measurement* - about the accounting for hedging foreign currency risk within a company and its foreign operations. The IFRIC proposal clarifies what qualifies as a risk in the hedge of a net investment in a foreign operation and where within a group the instrument that offsets that risk may be held. For further information, please visit www.iasb.co.uk/

**The IFRIC is the interpretative arm of the International Accounting Standards Board*

Other News

The Malaysian Accountant Journal

Contribution of Articles

If you have any article, which in your view, is suitable for inclusion in our columns, please send the article to the Editorial Board at vic.pr@micpa.com.my. We will be happy to review the article for possible publication in *The Malaysian Accountant*.

Advertisement Space

If you would like to place an advertisement in *The Malaysian Accountant*, please contact our Public Affairs & Communications Manager at vic.pr@micpa.com.my for details.

***Prepared by MICPA's Public Affairs & Communications Department.
Contact: vic.pr@micpa.com.my for further information.***

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