

***The CPA e-Newslines 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.***

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## **ANNOUNCEMENTS**

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### ***Appointment of President and Vice-President***

At the recent Council meeting held immediately after the Institute's 54th Annual General Meeting on Saturday, June 23, 2012, Mr Ken Pushpanathan was elected as President and En Mohamed Raslan Abdul Rahman as Vice-President of the Institute for the term 2012/2013.

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## **MICPA PUBLICATION**

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### ***Audit Guide for Practitioners – Revised Edition***

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

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

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

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## **ACTIVITIES OF THE INSTITUTE**

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### ***MICPA Participates in Professional Career Talks***

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

In this regard, the Institute participates actively in career fairs and exhibitions across the country to promote accountancy as a career, and in particular to create greater awareness.

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

- June 11: Professional Career Talk, Deloitte Orientation
- June 11: Exhibition at KPMG On-Boarding
- June 20: Courtesy Visit to Genting Group

### ***Approved Training Employers***

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

At the Council meeting held on June 23, 2012, the MICPA Council has approved British American Tobacco (Malaysia) Berhad and BAT Aspac Service Centre Sdn Bhd as ATOs under Stream II.

To date, over 480 members' firms and 79 ATOs are registered with the Institute where students can undertake their training. For further information, please visit the MICPA website [www.micpa.com.my](http://www.micpa.com.my) and go to **Explore and click on Approved Training Employers in the Homepage.**

### ***Job Opportunities on MICPA Website***

As part of the Institute's service to members, Members' Firms and Approved Training Organisations of the Institute who wish to advertise any job opportunities in their respective firms are welcome to send in the job vacancy to the Institute.

The opening will be posted on the MICPA website for one (1) month from the date of posting. For further information, please contact the Public Affairs & Communications Manager on Tel: 03-2698 9622 or email: [micpa@micpa.com.my](mailto:micpa@micpa.com.my).

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## **MICPA EDUCATION & TRAINING**

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### ***MICPA-Students Sponsorship Programme (MICPA-SSP)***

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

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

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

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

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

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

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

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

### ***Membership to ICAA***

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

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

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

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

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

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

### ***Pathways Route to ICAEW Membership***

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

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

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## **MICPA TECHNICAL UPDATES**

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### ***Joint Tax Working Group on Financial Reporting Standards***

Further to the Circular No. TEC/015/03/2011/W dated March 23, 2011, please be informed that the Joint Tax Working Group on Financial Reporting Standards (JTWG-FRS) has further reviewed the following Malaysian Financial Reporting Standards (MFRSs) / Financial Reporting Standards (FRSs):

- MFRS 117 / FRS 117: Leases (*Discussion Paper updated June 2012*)
- MFRS 119 / FRS 119: Employee Benefits
- MFRS 136 / FRS 136: Impairment of Assets
- IC 12: Service Concession Arrangements

Members are encouraged to study the draft Discussion Papers on major tax implications related to the implementation of the MFRSs/FRSs and provide comments to the JTWG-FRS. The draft Discussion Papers can be downloaded from the MICPA website at [www.micpa.com.my](http://www.micpa.com.my) in the Members' Area.

## **INLAND REVENUE BOARD OF MALAYSIA (IRB)**

### ***Public Ruling No. 4/2012:***

#### ***Deduction for Loss of Cash and Treatment of Recoveries***

Further to the Circular no. TEC/044/06/2012 dated June 12, 2012, members are informed that the Inland Revenue Board (IRB) has issued Public Ruling No. 4/2012: Deduction for Loss of Cash and Treatment of Recoveries on June 1, 2012. This Ruling supersedes Public Ruling No. 5/2005 issued on November 14, 2005.

This Ruling explains the deductibility of loss of cash in the course of business caused by theft, defalcation or embezzlement and the income tax treatment of recoveries in respect of the loss of cash which has been given a tax deduction in an earlier year.

The above Public Ruling can be downloaded from the IRB's website at: [http://www.hasil.gov.my/pdf/pdfam/PR\\_No\\_4\\_2012.pdf](http://www.hasil.gov.my/pdf/pdfam/PR_No_4_2012.pdf).

### **Technical Guidelines Issued by IRB**

Further to the Circular no. TEC/046/06/2012 dated June 15, 2012, members are informed that the Inland Revenue Board (IRB) has recently issued the following Guidelines:

1. Guideline on Deduction of Expenses under Paragraphs 34(6)(m) and 34(6)(ma) of the Income Tax Act, 1967 for the Purpose of Income Tax Computation;
2. Gross Income Recognition Guidelines for Property Developers Using the 10/90 Scheme under the "Build-Then-Sell" Method;
3. Guideline on Tax Treatment of Property Maintenance and Management Fees Received by Developers, Joint Management Committees and Management Councils; and
4. Guideline and Procedure for Claims of Tax and Stamp Duty Exemption on Expenditures to Obtain Green Building Index Certification.

Please be informed that the above Guidelines can be downloaded from the IRB's website at <http://www.hasil.gov.my/goindex.php?kump=5&skum=5&posi=3&unit=7000&sequ=2>

### **Use of MyCoID in Dealing with IRB on Income Tax Matters**

Further to the Circular no. TEC/047/06/2012 dated June 15, 2012, members are informed that the Inland Revenue Board (IRB) has issued a press statement that effective July 1, 2012, companies registered with Companies Commission of Malaysia (SSM) can use their MyCoID (Malaysia Corporate Identity) number in dealing with the IRB on income tax matters.

MyCoID refers to the company incorporation number which is used as a single source of reference for registration and transactions purposes with relevant Government agencies. Presently, the five participating Government agencies are the Inland Revenue Board (IRB), Employees Provident Fund (EPF), Human Resources Corporation Berhad (PSMB), Social Security Organisation (SOCSO) and SME Corporation Malaysia.

Incorporation of companies and simultaneous registration with participating Government agencies can be made simultaneously through the electronic MyCoID gateway. This new initiative enables starting of a business done in one day.

Should you have any enquiries on the above matter, please visit SSM's website at [www.ssm-mycoid.com.my](http://www.ssm-mycoid.com.my)

A copy of the IRB's press statement on the above matter can be downloaded from the Institute's website at [www.micpa.com.my](http://www.micpa.com.my) in the Members' Area.

### **Public Ruling No. 5/2012:**

#### **Clubs, Associations or Similar Institutions**

Further to the Circular no. TEC050/06/2012 dated June 27, 2012, members are informed that the Inland Revenue Board (IRB) has issued Public Ruling No. 5/2012: Clubs, Associations or Similar Institutions on June 25, 2012.

This Ruling explains the taxation of clubs, associations or similar institutions which are established and controlled by its members.

The above Public Ruling can be downloaded from the IRB's website at: [http://www.hasil.gov.my/pdf/pdfam/PR\\_5\\_2012.pdf](http://www.hasil.gov.my/pdf/pdfam/PR_5_2012.pdf)

## **COMPANIES COMMISSION OF MALAYSIA**

### ***SSM 2012 Incentive Package for Business Registration and Renewal of Business Registration***

Further to Circular no. TEC/042/06/2012 dated June 12, 2012, members are informed that the Companies Commission of Malaysia (SSM) has issued a press statement to notify the SSM 2012 Incentive Package for Business Registration and Renewal of Business Registration.

Under this package, incentives offered from June 1, 2012 until December 31, 2012 are as follows:

- (i) Fee for business registration or yearly renewal of business registration for sole proprietorship and partnership are charged at RM50 for 5 years (as compared to the existing total fees chargeable of RM150 or RM300); and
- (ii) Payment of compound for late registration or late renewal of registration reduced by 50%.

However, this incentive package DOES NOT include the RM10 fee imposed on business information which is supplied after the business registration process is completed.

Due to technical reasons, to enjoy this incentive package, the applicant may only conduct business registration or renewal of business registration and payment of compound at any SSM's counters throughout the country. Meanwhile, the SSM service facilities through BSN counters and e-lodgement will not handle the registration of this incentive package at the moment until further notice.

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## **MEMBERS' UPDATES**

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### ***Membership Data Update***

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

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

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

### ***MICPA Practising Certificate***

The Membership Affairs Committee of the Institute in considering applications for practising certificate has frequently come across cases where a member has commenced public practice before he is issued with a practising certificate by the Institute.

The Committee would like to remind members that in accordance with **bye-law 56 of the Institute's bye-laws**, a member shall be entitled to engage in public practice in Malaysia only if he holds a practising certificate issued by the Institute. If members need clarification on the above requirement, you may forward your inquiry to [membership@micpa.com.my](mailto: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](http://www.micpa.com.my), **login as a Member, click on Membership Update on the Left-hand Menu and go to Section F to update your CPD records.**

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## **CONTINUING PROFESSIONAL DEVELOPMENT (CPD) PROGRAMMES**

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

### **One-Day Workshop on [Tax Planning for SMEs and IHCs](#)**

**July 10, 2012 - Seri Pacific Hotel Kuala Lumpur**

Participants will receive a complimentary MICPA publication, subject to availability of stock.

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

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

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

### **Two-Day Workshop on [CFO of the Future Intensive Workshop 2012](#)**

**July 16 & 17, 2012 - Renaissance Kuala Lumpur Hotel**

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

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

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

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

**August 8 & 9 - Renaissance Kuala Lumpur Hotel**

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

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

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

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

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

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

**August 13, 2012 - Seri Pacific Hotel Kuala Lumpur**

Withholding tax is an important tax collection mechanism within the Malaysia income tax system. And as transactions become more cross border in nature, understanding the practical issues and developments in relation to withholding tax is important to avoid penalties imposed for non-compliance. The workshop provides a good understanding of the intricacies of withholding tax together with practical steps towards compliance.

Scenarios and case studies will be used to illustrate typical challenges and pitfalls in dealing with withholding tax and cross border transactions.

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

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## **NEWS FROM REGULATORY BODIES**

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### **SECURITIES COMMISSION MALAYSIA (SC)**

#### ***SC: Companies must Internalise Corporate Governance Beyond Box-ticking to Doing the Right Things***

Companies need to move beyond what is mandatory and should internalise the values, spirit and purpose behind the regulations, leaders of industry were told at a seminar on the new Malaysian Code on Corporate Governance 2012 (CG Code 2012), organised by the Securities Industry Development Corporation (SIDC), the training and development arm of the Securities Commission Malaysia (SC). The CG Code 2012 was introduced by the SC earlier this year.



Datuk Ranjit Ajit Singh, Chairman of the SC, urged all parties to play their respective roles effectively as the successful development of a robust and credible corporate governance environment must also be premised on a collaborative effort.

"Through a collective commitment, by shareholders who actively exercise their rights and voice their expectations, directors who embrace the right mindset and lead by example and industry associations which foster self-discipline, companies can achieve growth and lift the confidence of shareholders and investors" said Datuk Ranjit.

The CG Code 2012 seeks to strengthen governance through clarifying the role of the board, enhance board effectiveness, ensuring timely and quality disclosures, and strengthening the relationship between a company and its stakeholders.

Board effectiveness was a dominant theme during the seminar with several of the speakers giving strong emphasis to this area.

"Board effectiveness must be demonstrated through the composition of the board, the independence of the board and diversity in terms of skill sets as well as gender" commented Professor Mak Yuen Teen from the National University of Singapore.

Tan Sri Dato' Dr Munir Majid, Chairman of Bank Muamalat Malaysia, said "Governments and controlling shareholders should not be overbearing. They should also have regard for the essence and values of the code. For example, nomination committees should be allowed the space to consider the best directors for the company without imposition or limitation. That process of search and assessment, which is assumed in the code, should be allowed to take place."

In his discussion on global corporate governance developments, Charles Grieve, senior director of the Hong Kong Securities and Futures Commission, shared examples of where the power of shareholder participation and activism had catalysed a number of new corporate governance proposals such as the UK's proposal for external board evaluations once every three years and a binding vote on board's remuneration policy; the US 'Say-on-Pay' Vote and Australia's "Two-strikes out" vote, also on directors' remuneration.

About 100 corporate leaders participated in the seminar which featured panel discussions on the key principles and recommendations of the code by prominent local and regional corporate governance experts and advocates.

### ***Malaysia to Revise Screening Methodology Determining Shariah-Compliant Status Of Listed Companies***

The Shariah Advisory Council (SAC) of the Securities Commission Malaysia (SC) on June 18, 2012 announced the adoption of a revised screening methodology to determine the Shariah-compliant status of listed companies.

In view of the developments and growing sophistication of the Islamic finance industry since the introduction of the current screening methodology in 1995, the SAC has revised the methodology by adopting a two-tier quantitative approach which applies the business activity benchmarks and the newly-introduced financial ratio benchmarks.

The outcome of the revised methodology will be reflected in the List of Shariah-compliant Securities by the SC's SAC effective from November 2013.

In addition to the above two-tier quantitative assessment, the existing qualitative assessment will continue to be applicable while the release of the list of Shariah-compliant securities will remain twice a year.

"The revision to the screening methodology will further facilitate the orderly development of the Islamic equity market and fund management industry at both domestic and international levels, in line with the growth strategies outlined under the Capital Market Masterplan 2," said Zainal Izlan Zainal Abidin, Executive Director, Islamic Capital Market of the SC.

The SC will engage with relevant stakeholders and a set of FAQs, in respect of details and operationalisation of the revised methodology, is available at SC website.

Consisting of prominent Shariah scholars, jurists and market practitioners, the SC's SAC is responsible for ascertaining and issuing rulings on the application of Shariah principles on matters pertaining to the Islamic capital market (ICM).

### ***Next Phase of Growth for Islamic Capital Market to Feature Greater Internationalisation***

The Islamic finance industry is presently at a crucial stage where it needs to redefine and establish the enabling environment that will spur its next phase of growth.

Zainal Izlan Zainal Abidin, Executive Director, Islamic capital market, of the Securities Commission Malaysia (SC), said on June 27, 2012, at the 7th Islamic Markets Programme (IMP), that Islamic finance has developed into an industry with global appeal, marked by a 15% average annual growth rate over the past decade, to reach US\$1.3 trillion today.

"The next phase of growth of the Islamic capital market will be characterised by greater internationalisation which entails, among others, a growing number of product issuers and service providers expanding beyond their home market, more investors seeking products or instruments with international exposure, as well as greater diversity in terms of currencies used in issuing Shariah-compliant instruments," said Izlan in his welcome remarks at the four-day (24-28 June) IMP, a flagship programme by the training and education arm of the SC, the Securities Industries Development Corporation.

Malaysia's Islamic capital market is expected to grow at an average rate of 10.6% per annum, over the ten-year period to 2020, according to the Capital Market Masterplan 2. Islamic finance has developed not only in traditional Muslim markets like Malaysia and the Middle East, but also in conventional markets and financial centres such as the UK, with a growing number of jurisdictions across the globe at various stages of developing their capabilities in Islamic finance, according to Izlan.

Themed "*Building the Environment for the Growth of Islamic Finance*", the IMP attracted 41 local and international participants including Islamic finance practitioners, members of academia and regulators.

Speakers at the programme include senior industry practitioners Rafe Haneef, Managing Director of HSBC Amanah Malaysia, Rafiza Ghazali, Head of Islamic Finance, Asia, of Thomson Reuters, prominent academician Professor Datuk Dr. Syed Othman Alhabshi, Chief Academic Officer of INCEIF, and Ijlal Ahmed Alvi, CEO of IIFM, an international Islamic financial market organization.

First organised in 2006, the IMP has hosted 289 participants from various regions around the world including the Middle East, Asia, Europe, Africa, Australia, South East Asia, which reflects the global reach, diversity and acceptance of Islamic finance today.

## **BANK NEGARA MALAYSIA (BNM)**

### **Global Islamic Finance Forum 2012 on Internationalisation of Islamic Finance : Bridging Economies**

Bank Negara Malaysia will be hosting the third Global Islamic Finance Forum (GIFF). GIFF 2012 that will be held in Sasana Kijang, Bank Negara Malaysia, Kuala Lumpur from 18 – 20 September 2012. The theme of the Forum is “*Internationalisation of Islamic Finance: Bridging Economies*”.

GIFF 2012 is a high-level multi-track event that brings together regulators, scholars and financial industry players who are key drivers in the global development of Islamic finance. This event is organised in collaboration with the Securities Commission, Malaysia, Bursa Malaysia, the Association of Islamic Banking Institutions Malaysia (AIBIM), Malaysian Takaful Association (MTA) and the International Shari’ah Research Academy for Islamic Finance (ISRA). The main coordinator for the event is the Islamic Banking and Finance Institute Malaysia (IBFIM).

GIFF is a platform for regulators, Shariah Scholars, renowned industry leaders and financial market participants from across the globe to discuss and exchange views and insights on the growth and opportunities in the internationalisation of Islamic finance and its potential role in strengthening cross border economic interlinkages.

The multi-track events of the GIFF 2012 include the Executive Masterclass on Banking Business Model and Risk Management in Islamic Finance, Global Islamic Liquidity Management Conference, Islamic Microfinance and Financial Inclusion Forum, Bridging Economies Forum, Global Islamic Finance Taxation Forum, International Shariah Scholars Forum, Regulators Forum, The Takaful Rendezvous, International Islamic Capital Market Forum and the SMEs Workshop on Leveraging on Islamic Financing Opportunities.

Attendance at GIFF 2012 is by invitation. In view of the growing global interest in Islamic finance, it is expected to draw interest from international and local participants. Senior officials from regulatory agencies, statutory bodies, government agencies, Islamic and conventional financial institutions, financial markets players and professional services in Malaysia and abroad may register their interest to participate in the event on the GIFF 2012 website. Registrants accepted for the programme will be notified by email by the organisers. For further information on GIFF 2012 and for registration, kindly visit [www.GIFF.com.my](http://www.GIFF.com.my).

## **BURSA MALAYSIA (BM)**

### **Bursa Malaysia Offers Straight-Through Processing Facility to Enhance CDS Operations**

Bursa Malaysia on June 18, 2012 introduced the CDS Straight-Through Processing (CDS-STP) facility for its market participants to better manage transactions performed by Central Depository System (CDS) account holders.

With the rolling-out on June 18, 2012 of the first phase of the CDS-STP service, subscribing brokers will be able to receive regular updates of their clients' CDS account balances. This will enable clients, especially those who trade through the internet, to keep abreast of their updated CDS account balances, thus minimising the risk of overselling their positions. Subscribing brokers will need to obtain their clients' written consent to receive CDS account balances from Bursa Malaysia under this phase.

Dato' Tajuddin Atan, Chief Executive Officer of Bursa Malaysia, said, "The introduction of CDS-STP is aimed at enhancing the overall efficiency of CDS operations in the industry as it is able to handle high volumes of transactions at increased speed and accuracy. This will reduce operational risks and data entry errors, as well as enhance the interface connectivity between the back offices of market participants and the CDS operations of Bursa Malaysia.

"We have received very encouraging response from the industry. Investors will benefit by having access to timely and updated information on their CDS account balances, while market participants will be able to achieve greater efficiency in their back office operations."

Additionally, under this phase market participants will be provided with information on all securities listed on Bursa Malaysia, which includes details such as stock name, stock code, stock short name, date listed, ISIN code, stock type, board lot size, par value and share registrar's information and subsequent updates to these details.

Bursa Malaysia expects to fully implement the CDS-STP by the end of the year to allow market participants to receive intraday updates on the changes in shareholding positions as well as to automate data entry on selected CDS transactions. The full-fledged CDS-STP service will reduce manual data-entry, shorten turnaround times and facilitate faster data capturing for market participants' back office operations.

## **MALAYSIAN ACCOUNTING STANDARDS BOARD (MASB)**

### **MASB Extends Transitional Period for Agriculture and Real Estate Companies**

The Malaysian Accounting Standards Board (the Board) has decided to allow agriculture and real estate companies (Transitioning Entities) to defer the adoption of the Malaysian Financial Reporting Standards (the MFRS Framework) for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2014. This decision comes after an extensive deliberation by the Board and taking into account both local and international developments affecting these standards.

In November 2011, the Board published the MFRS Framework, an IFRS-compliant set of accounting standards applicable to all non-private entities with effect from 1 January 2012. However, the Board decided to give Transitioning Entities the option in 2012 to either apply the MFRS Framework or continue with the Financial Reporting Standards (FRS Framework) in view of the outstanding issues of both MFRS 141 and IC 15. The option was announced to be available to Transitioning Entities for one year and entities that elected for this option were required to apply the MFRS Framework for annual periods beginning on or after 1 January 2013. Transitioning Entities are entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and/or IC Interpretation 15 Agreements for the Construction of Real Estate (IC 15), including a parent, significant investor and venturer of such Transitioning Entity.

When the Board made the decision for the Transitioning Entities, it was based on the International Accounting Standards Board's (IASB) October 2011 work plan. At that time, the IASB planned that by second half of 2012, it would issue the new Revenue standard, following which IFRIC 15 would be withdrawn. They were also to finalise their decision on the Agenda Consultation of which a limited amendment to IAS 41 was listed as one of the project suggestions.

However, according to a recent IASB report, the new Revenue standard is now expected to be issued by mid-2013. In the report, the IASB noted the delays in completing the new Revenue standard are unfortunate but necessary to ensure that any changes are implementable.

As to the next step on the Agenda Consultation, the IASB in its May 2012 meeting supported giving priority to developing proposals for potential amendments to IAS 41 in relation to bearer crops. However, the Board notes that it is unlikely the potential amendments will be finalised prior to 2013.

In light of these developments and the revision of the project timeline at the IASB, the Board has decided that Transitioning Entities will be given an option of another one year to continue with the existing FRS Framework. In other words, Transitioning Entities will continue to have the option to either apply the MFRS Framework or the FRS Framework for annual periods beginning on or after 1 January 2013 and the adoption of the MFRS Framework will become mandatory for all companies for annual periods beginning on or after 1 January 2014.

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## **NEWS FROM IFAC AND IASB**

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### **INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC)**

#### **Guide to Quality Control for Small And Medium Sized Practices (Third Edition)**

Further to the Circular no. TEC/045/06/2012 dated June 14, 2012, members are informed that The International Federation of Accountants Small- and Medium-sized Practices Committee ("IFAC SMP Committee") had released the third edition of the *Guide to Quality Control for Small- and Medium-sized Practices* ("QC Guide") in August 2011.

The QC Guide was first released in 2009, and was designed to promote consistent application of the International Standard on Quality Control ("ISQC") 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, by offering a practical "how-to" approach that practitioners may use when developing their firms' quality control system. Ultimately, the QC Guide is expected to help SMPs provide high quality service to their clients, enabling them to better serve SMEs and, in turn, the wider public interest.

The third edition of the QC Guide features enhancements to the earlier manuals, as well as other refinements for clarity and consistency with ISQC 1. The QC Guide contains the requirements set out in ISQC 1, as well as implementation guidance, discussion material and an integrated case study that can be used as the basis for education and training.

The QC Guide provides non-authoritative guidance on the application of ISQC 1, and is meant to be a supplement to help practitioners understand and consistently implement this standard within their firms when developing a system of quality control for audits and reviews of financial information, and other assurance and related service engagements. The QC Guide is not a substitute for reading ISQC 1.

Members are also reminded that professional judgement is required based on the particular facts and circumstances involved in the firm and each particular engagement and where interpretation of a particular standard is required.

The IFAC SMP Committee has also issued a PowerPoint slide deck to introduce users to the structure, features, and key topics in the QC Guide.

The QC Guide and the PowerPoint slide deck are available at [www.ifac.org](http://www.ifac.org) and [www.slideshare.net](http://www.slideshare.net) respectively.

### ***IFAC Opens Debate on Public Interest:***

#### ***Issues Policy Position Paper 5, A Definition of the Public Interest***

The International Federation of Accountants (IFAC), the global organisation for the accountancy profession, on June 29, 2012 issued Position Paper 5, [\*A Definition of the Public Interest\*](#).

A hallmark of the accountancy profession is its obligation to act in the public interest. But it is not always apparent what this means, and how accountants can determine whether they are meeting this expectation. IFAC, by developing this position paper, is seeking to advance its understanding of this important issue. The paper, which presents a practical definition of the public interest, was developed in the context of IFAC's mission, to enable IFAC to assess the extent to which its actions and decisions are made in the public interest.

In light of the challenges presented by prevailing market and economic conditions, policy makers, regulators, standard setters, professional accountants, and others in the financial system are examining their roles, responsibilities, and actions; and therefore it is timely to consider the basis on which these actions are taken, and decisions made.

"IFAC developed this definition of the public interest to assist us in evaluating whether our actions and decisions are in fact in the public interest," said IFAC CEO Ian Ball. "Whether we are using it to develop public policy positions, professional standards, or guidance and tools, we believe the definition provides rigor, objectivity, and consistency in assessing the important public interest perspective of our work. It applies not only to evaluating past and current actions and decisions; but also guides our behavior and the manner in which we assess future actions and decisions. We believe that the definition may also be relevant to other organizations and individuals that seek to act in the public interest, and feel the need for increased rigor in evaluating their actions and decisions."

The development of the position paper included a public consultation process. Comments and feedback received from a range of stakeholders in the accountancy profession, regulatory community, and academia were considered, and incorporated into the final paper. "While we consulted widely on this policy position paper before issuing it, we continue to invite dialogue on the subject," continued Ball. "Clearly it is a complex subject, and we hope that this paper is the beginning, rather than the end, of the debate."

IFAC welcomes comments on this paper to: [PubInt@ifac.org](mailto:PubInt@ifac.org).

### ***IFAC Issues New Guidance to Help Organisations Improve Internal Control***

The Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC) has issued new International Good Practice Guidance, [\*Evaluating and Improving Internal Control in Organisations\*](#), highlighting areas where the practical application of existing internal control standards and frameworks often fails in many organisations.

“Sound internal control practices that are continuously adapted to changing circumstances are critical for organisations,” said Roger Tabor, chair of the PAIB Committee.

“Organisations are most successful when they can take advantage of opportunities and defend against threats, both of which are enabled by an appropriate system of internal control.”

The new guidance will assist professional accountants in business as they work with their organisations to continuously evaluate and improve internal control, and ensure that it is an integrated part of the organisation’s systems of governance and risk management. Better integrated internal controls can save the organisation time and money while helping to create and preserve value.

“Organisations need to evaluate and review their internal controls at all levels and within all functions to continue to achieve their objectives,” said Henny Kapteijn, chair of the PAIB Committee’s Risk Management and Internal Control Task Force. “A Professional accountant in business, armed with this guidance, can help lead his or her organisation through this process to ensure ongoing, effective internal control.”

### ***IPSASB Publishes Public Sector Combinations Consultation Paper***

The International Public Sector Accounting Standards Board (IPSASB) on June 25, 2012 released for comment the Consultation Paper, [Public Sector Combinations](#). The IPSASB considers guidance on reporting public sector combinations necessary to meet the objectives of financial reporting, which are to provide information that is useful to users of General Purpose Financial Reports (GPFRs) for accountability and decision-making purposes. This project aims to present a principles-based approach to developing guidance for public sector entities on accounting for public sector combinations.

The Consultation Paper describes different types of public sector combinations and explores possible approaches to recognizing and measuring public sector combinations in GPFRs. It proposes a distinction between acquisitions and amalgamations. The Consultation Paper then considers approaches to combinations of entities and operations that are not under common control and of entities and operations that are under common control.

"Acquisitions and amalgamations occur regularly in the public sectors around the world. This Consultation Paper is the first step in proposing financial reporting requirements that will ensure that these transactions are reported in a consistent and transparent manner, ensuring that users' are able to obtain the information needed to evaluate the nature and financial effect of a public sector combination," explained IPSASB Chair Andreas Bergmann.

### ***IAASB Indicates Future Direction of Improved Auditor Reporting; Consults on Value, Viability, and Illustrative Report***

The International Auditing and Assurance Standards Board (IAASB) on June 22, 2012 released a key milestone consultation document in its work to enhance, on a global basis, the communicative value of the auditor’s report on financial statements. The IAASB’s [Invitation to Comment: Improving the Auditor’s Report](#) sets out the indicative direction of the board’s future standard-setting proposals to improve how and what auditors report in accordance with International Standards on Auditing (ISAs).

The Invitation to Comment (ITC) features a revised auditor’s report that illustrates the application of the IAASB’s suggested improvements. The ITC also provides the IAASB’s rationale for the suggested improvements, together with a discussion of their potential value and impediments, and in what areas feedback is sought.

“The global financial crisis has spurred users of audited financial statements to want to know more about individual audits and to gain further insights into the audited entity and its financial statements. While the auditor’s opinion is valued, many perceive that the auditor’s report could be more informative and shine light on key matters based on the auditor’s work. Change, therefore, is essential and the IAASB is strongly committed in the public interest to deliver meaningful improvements to auditor reporting as quickly as possible,” said Prof. Arnold Schilder, IAASB chairman.

At the heart of the suggested improvements is the need for transparency on matters specific to the audited financial statements and the audit that was performed. A proposed new section in the auditor’s report, “Auditor Commentary,” is envisaged to be the mechanism by which auditors may call attention to matters that are, in the auditor’s judgment, likely to be most important to the users’ understanding of the audited financial statements or the audit. There are also suggested improvements with respect to new statements regarding going concern and other information in documents containing the audited financial statements, the description of the responsibilities of the auditor and key features of the audit itself, and enhancement to the format of the report.

“The Consultative Advisory Group (CAG), which comprises over [30 member organizations and observers](#) that are key stakeholders of the IAASB, is of the view that this is a very important project,” said Linda de Beer, IAASB CAG chairman. “All CAG member organizations, but in particular user groups and regulators, are of the view that the auditor’s report should point the reader to key aspects important for an understanding of the entity and its financial statements. Mandatory auditor commentary will go a long way to address this need of shareholders and others. The CAG responded very positively at its meeting in March 2012 to the aspects that the IAASB is addressing in the ITC.”

Noted James Gunn, IAASB technical director, “The IAASB has heard – and indeed embraces – the call from stakeholders to re-examine and, to an extent re-invent, the auditor’s report. There is still much work to be done, and the IAASB will continue its deliberations in 2012 and 2013. However, it is critical that the IAASB hear from a wide range of stakeholders at this stage regarding the suggested improvements and whether they will achieve the value that users seek in order for the board’s future standard-setting proposals to develop in a way that will best serve the public interest.”

The ITC includes planned dates for IAASB roundtables in the North American (September 10), European (September 14), and Asia Pacific (October 8) regions. The IAASB intends to finalize plans for these roundtables in the coming weeks, and will post them on its [Auditor Reporting](#) page.

### ***Jörgen Holmquist Appointed First Independent Chair of the International Ethics Standards Board for Accountants***

The International Federation of Accountants on June 19, 2012 announced that Jörgen Holmquist has been appointed as the first independent chair of the International Ethics Standards Board for Accountants (IESBA), beginning September 2012 for a three-year term. The appointment has been approved by the Public Interest Oversight Board\*.

“Jörgen brings a wealth of experience to the position of independent chair of the IESBA,” said IFAC President Göran Tidström. “In his past roles, as well as in his current position as a public member of the IESBA, he has shown strong leadership skills, technical competence, and a commitment to the IESBA and its mission to protect the public interest. I am confident that, under his leadership, the IESBA will continue to make a highly effective contribution to ethics standard setting as well as, importantly, adoption and implementation. I would like also to acknowledge the exemplary contribution and commitment Ken Dakdduk brought to the role, and to his position on the board, over the past seven years.”



Mr Holmquist has been a public member of the IESBA since 2011. He served as Director General, DG Internal Market and Services, European Commission from 2007 to 2010, where he was responsible for developing the European Union (EU) regulatory response to the financial crisis, including legislation and policy concerning accounting and auditing. Before joining the European Commission in 1997, he served in the Swedish Ministry of Finance for twenty years. Mr Holmquist holds a degree in Economics and Mathematics from the University of Stockholm, Sweden and is a Fellow of the Weatherhead Center for International Affairs at Harvard University.

The appointment of an independent chair for the IESBA was recommended by the Monitoring Group in its *“Review of the IFAC Reforms — Final Report,”* which was issued in 2010.

In his role as chair, Jörgen Holmquist will provide leadership to the IESBA. A key function of the chair is to enable, encourage, and promote a deeper understanding by stakeholders and the public of the strategies and activities of the IESBA. The chair also leads the strategic direction of the IESBA, working closely with IESBA staff, and facilitates the deliberative and consultative processes that underpin the authority of the IESBA and the legitimacy of its standards and activities. In addition, the chair is involved in developing and maintaining effective relationships with national standard setters, regulators, and other key stakeholders.

“Convergence to a single set of high-quality ethical standards will contribute to efficient, sustainable, and vibrant capital markets and is in the public interest,” Jörgen Holmquist commented. “I look forward to advancing the IESBA’s current initiatives, as well as the recently announced additional workstreams, enhancing relationships with national standard setters, regulators, governments, and the public and promoting adoption and implementation of the Code.”

### ***IFAC Announces Appointment of Fayeul Choudhury as New Chief Executive Officer***

The International Federation of Accountants (IFAC), the global organisation for the accountancy profession with members and associates in 127 countries, is pleased to announce that Fayeul (Fayez) Choudhury has been selected as the new CEO of IFAC. He succeeds current CEO Ian Ball, whose contract is set to expire in February 2013.

Mr Choudhury was previously with the World Bank, where his last two assignments were as Vice President, Corporate Finance and Risk Management; and Controller and Vice President, Strategic Planning and Resource Management. In this latter role he was the World Bank’s spokesperson on global accounting and auditing issues. Mr Choudhury started his career in 1974 with Price Waterhouse in London, initially in public accounting and later management consulting. During his career with Price Waterhouse, he spent three years in Nigeria, developing the consulting practice in that region.

Mr Choudhury has served on a number of high level representative bodies. He was a member of the Public Interest Oversight Board (PIOB) from its formation in 2005 until 2010. The PIOB was established to ensure that international auditing and assurance, ethics, and education standards for the accountancy profession are set in a transparent manner that reflects the public interest. Mr Choudhury also chaired the Global Steering Committee of the International Forum for Accountancy Development and was a member of the Standards Advisory Council of the International Accounting Standards Board. He served as a member of the Iraq Advisory and Monitoring Board established by the Security Council of the United Nations.

Mr Choudhury has an MA (Hons) in Engineering Science and Economics from the University of Oxford. He is also a Fellow of the Institute of Chartered Accountants of England and Wales.

IFAC President Göran Tidström notes that “Fayez has more than 36 years of experience in the accountancy profession. He brings a strong understanding of the role of accounting in organisations and knowledge of the issues surrounding the global profession. He was instrumental in the discussions that led to the creation of the current private/public sector governance arrangements for international standard-setting and has extensive knowledge of IFAC through his work in the PIOB. We are very happy to welcome Fayez to this new role.”

Mr Choudhury stated “I am honored to have been selected for this position. I firmly believe that accountancy is one of the core professions that anchor the functioning of modern societies and, as such, the role of IFAC is critically important.”

Mr Choudhury was recruited after an extensive global search led by an executive search firm.

### ***IFAC Urges G-20 to Focus on Global Solutions to Global Issues, to Create Sustainability and Growth***

In a [letter](#) submitted in the week of June 8, 2012, the International Federation of Accountants (IFAC), the global organization for the accountancy profession with members and associates in 127 countries, urged the G-20 Leaders at their June 2012 meeting in Mexico to focus on global solutions to global issues, to create sustainability and growth.

The letter, which is a follow-up to previous submissions in 2009, 2010, 2011, and earlier in 2012, recommends that the G-20 take action directed toward the priorities of the current Mexican Presidency to: achieve economic stabilization and structural reforms as foundations for growth and employment; strengthen the financial system and foster financial inclusion to promote economic growth; improve the international financial architecture in an interconnected world; and promote sustainable development, green growth, and the fight against climate change. The recommendations include:

- The adoption and implementation, across all jurisdictions, of:
  - International Financial Reporting Standards (IFRS);
  - International Standards on Auditing (ISAs); and
  - Auditor independence requirements set out in the *Code of Ethics for Professional Accountants*, issued by the International Ethics Standards Board for Accountants (IESBA).
- That the G-20 works to support strengthened resourcing and governance arrangements of international regulatory organizations (including standard setters) that have clearly defined expectations and responsibilities. In this regard, IFAC reiterates its support for shared private sector/public sector arrangements for international standard setting for financial reporting, auditing and assurance, ethics, and accounting education.
- That the G-20 supports initiatives leading to greater transparency in the management of public resources, including improving financial reporting practices by governments, developing an international framework of governance for public sector organizations, combating money laundering and terrorist financing, and ensuring that taxation obligations are properly assessed and collected according to the law.

- That the G-20 formally signals its support for the work being undertaken by the International Integrated Reporting Council (IIRC) with respect to developing a framework for integrated reporting. The IIRC, in which IFAC participates, is an important initiative and represents a collaboration among a broad cross-section of corporate, investment, accounting, securities, regulatory, and academic leaders.
- That governments and regulators adhere to principles of high-quality regulation, especially economic impact assessment, in implementing evidence-based regulatory reform. In particular, they should recognize that regulatory reforms may affect parts of the economy differently; for example, changes targeting large and complex organizations may have unintended consequences when applied to small- and medium-sized entities.
- That G-20 nations support initiatives aimed at strengthening the accountancy profession in developing and emerging countries. In fulfilling its mission, IFAC contributes to the development of strong professional accountancy organizations and high-quality practices by professional accountants in many ways, including through its relationships with the donor community.

“Today’s global issues require global solutions, and the G-20 is uniquely positioned to support global sustainability and growth,” said IFAC Chief Executive Officer Ian Ball. “The current problems being confronted by the global community require enhanced management of public resources, improved non-financial reporting, and more sustainable organizations. The accountancy profession is well-placed to assist in finding and implementing these solutions.”

The letter to the G-20 with the full recommendations is posted on the [IFAC website](#).

### **IAASB Releases New Global Standard on Assurance on Greenhouse Gas Statements**

The International Auditing and Assurance Standards Board (IAASB) on June 6, 2012 released new International Standard on Assurance Engagements (ISAE) 3410, [Assurance Engagements on Greenhouse Gas \(GHG\) Statements](#). This new standard addresses an increasingly relevant global assurance service in support of reliable emissions reporting, whether for regulatory compliance purposes or undertaken on a voluntary basis to inform investors, consumers, and others.

“Today, there is clear and growing demand for companies to disclose their environmental impacts and initiatives and to report detailed emissions information, often through GHG statements. As this demand increases, public confidence in assured GHG emissions information becomes more significant, if not essential,” said Prof. Arnold Schilder, IAASB chairman. “In promulgating this new standard, the IAASB seeks to enhance the consistency and quality of assurance engagements on GHG information, recognizing the importance to the public interest of decisions being made on the basis of that information.”

New ISAE 3410 addresses practitioners’ responsibilities in identifying, assessing, and responding to risks of material misstatement when engaged to report on GHG statements. It sets out requirements and guidance on the work effort and reporting responsibilities of practitioners for both reasonable and limited assurance engagements, as demand for both is increasingly evident in the marketplace. The ISAE is applicable to a broad range of situations, from emissions from electricity used at a single office, to emissions from complex physical or chemical processes at several facilities across a supply chain.

"ISAE 3410 is a landmark standard in many respects," noted James Gunn, IAASB technical director. "It responds to societal demands for standards that support quality in assurance services in areas other than financial reporting. It deals with engagements that largely need to be undertaken by a multidisciplinary team, where the assurance practitioner needs to integrate experts—in engineering or environmental science, for example—into various stages of the engagement. Notably, it also covers reporting for both reasonable and limited assurance engagements. It provides illustrative reports with features that distinguish for readers the difference between reasonable and limited assurance engagements, and shows how limited assurance reports may be further tailored to enhance users' understanding of the assurance obtained."

## **INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)**

### **IASB publishes Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**

On June 28, 2012, the International Accounting Standards Board (IASB) has issued *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* (Amendments to IFRS 10, IFRS 11 and IFRS 12). The amendments clarify the transition guidance in IFRS 10 *Consolidated Financial Statements*.

The amendments also provide additional transition relief in IFRS 10, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

Hans Hoogervorst, Chairman of the IASB, said: "Having listened to feedback received from preparers and other interested parties, we are confident that these amendments should allay the concerns of some who thought that the transition provisions were more burdensome than was originally intended."

The effective date of the amendments is annual periods beginning on or after 1 January 2013, which is aligned with the effective date of IFRS 10, 11 and 12.

### **IASB Invites Comments on Review of the IFRS for SMEs**

The International Accounting Standards Board (IASB) has issued a Request for Information as the first step in its initial comprehensive review of the *IFRS for SMEs*. The objective of the Request for Information is to seek public views on whether there is a need to make any amendments to the *IFRS for SMEs* and, if so, what amendments should be made. The deadline for responses is November 30, 2012.

When it issued the *IFRS for SMEs* in July 2009, the IASB said it would assess the first two years' experience entities have had in implementing it. The IASB also said that, after the initial review, it expected to consider amendments to the IFRS for SMEs approximately once every three years.

The IASB's SME Implementation Group (SMEIG) worked closely with IASB staff to develop the Request for Information. The SMEIG approved and submitted its final draft to the IASB for review with a recommendation for issuing the Request for Information.

The Request for Information asks specific questions on particular sections of the *IFRS for SMEs*, as well as general questions about respondents' experience with it. Respondents are encouraged to raise any other issues that they want to put forward. The document does not contain any preliminary views of the IASB or the SMEIG.

SMEIG chairman Paul Pacter said: "Millions of small companies in around 80 jurisdictions are already using the *IFRS for SMEs*. It is becoming a passport to raise capital on a local or cross-border basis. This comprehensive review will enable the Board to fine-tune the Standard."

### **Harvey Goldschmid Re-appointed as Trustee of the IFRS Foundation**

The Trustees of the IFRS Foundation, the oversight body of the International Accounting Standards Board (IASB), are pleased to announce that the Monitoring Board has approved the re-appointment of Harvey Goldschmid as a Trustee for a second, three year term ending December 31, 2015.

Mr Goldschmid is currently Dwight Professor of Law at Columbia University. He also served as Commissioner of the US Securities and Exchange Commission from 2002-2005.

### **IASB and FASB Agree on Lease Accounting Approach**

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) on June 13, 2012 agreed on an approach for accounting for lease expenses as part of a project to revise lease accounting in International Financial Reporting Standards (IFRSs) and the U.S. Generally Accepted Accounting Principles (U.S. GAAP).

The boards undertook the leases project to address the widespread concern that many lease obligations currently are not recorded on the balance sheet and that the current accounting for lease transactions does not represent the economics of all lease transaction. Decisions on the leasing project reached to date are preliminary. The boards plan to release a joint exposure draft in the fourth quarter of this year.

The boards previously agreed that leases should be recorded on the balance sheet, but have continued to discuss the classification and pattern of expenses in the income statement. In the decision reached today, the boards decided upon an approach in which some lease contracts would be accounted for using an approach similar to that proposed in the 2010 *Leases* exposure draft and some leases would be accounted for using an approach that results in a straight-line lease expense.

Hans Hoogervorst, Chairman of the IASB commented: "The boards have reached agreement on a proposed approach to put leases over one year on the balance sheet. We will publish our proposals for public comment, with a view to completing this important convergence project during 2013."

"The boards carefully considered the diverse views of stakeholders about whether the income statement profile of all leases should be the same. On balance, we decided that leases that convey a relatively small percentage of the life or value of the leased asset should be recognised evenly over the lease term," said FASB Chairman Leslie F. Seidman.

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## **NEWS FROM PROFESSIONAL AND OTHER BODIES**

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### **CHARTERED TAX INSTITUTE OF MALAYSIA (CTIM)**

#### ***2012 National Tax Conference***

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

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

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