

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

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## **ANNOUNCEMENTS**

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### ***MICPA 53<sup>rd</sup> Commemorative Lecture***

The Institute's 53<sup>rd</sup> Anniversary Commemorative Lecture was held on March 27, 2012. YB Dato' Sri Idris Jala, Minister in the Prime Minister's Department and CEO of PEMANDU delivered the Lecture titled *Economic Transformation Programme Update* with focus on Public Finance. To view the presentation slides, please click [here](#).

The Institute would like to thank all member firms and organisations for supporting the event.

## **MICPA PUBLICATION**

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

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

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

The Audit Guide includes separate audit programmes for medium large companies, small companies and dormant companies. For further information, please contact the Institute's Membership Department on 03-2698 9622 or email: [membership@micpa.com.my](mailto:membership@micpa.com.my).

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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 March 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).

- March 5: Exhibition at KPMG On-boarding
- March 6: Professional Career Talk, Universiti Malaya  
Courtesy Visit, Universiti Malaysia Terengganu
- March 14: Professional Career Talk, Universiti Kebangsaan Malaysia
- March 15: Exhibition, Universiti Malaya
- March 16: Professional Career Talk, Universiti Teknologi MARA (UiTM)
- March 17: Exhibition at Multimedia Universiti (MMU), Melaka – IVAQ  
2012
- March 14-16: Exhibition & Professional Career Talk, Curtin University  
Sarawak
- March 19: Professional Career Talk, Deloitte Orientation
- March 24: Exhibition & Professional Career Talk, Maktab Sains Rendah  
MARA (MSRM), Merbok Kedah
- March 25: Professional Career Talk for SPM School Leavers
- March 29: Professional Career Talk, Universiti Utara Malaysia
- March 30-31 Professional Career Talk & Exhibition, Universiti Sains  
Malaysia

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

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

To date, over 480 members' firms and 77 ATOs are registered with the Institute where students can undertake their training. For further information, please visit the MICPA website [www.micpa.com.my](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: [vic.pr@micpa.com.my](mailto:vic.pr@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 will work 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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### **INLAND REVENUE BOARD OF MALAYSIA (IRB)**

#### ***Programme for Submission of Year 2012 Tax Return Forms (Revised)***

Further to Circular No.TEC/016/03/2012/W dated March 5, 2012, members are informed that the Inland Revenue Department has amended the Filing Programme for Income Tax Return Forms (ITRF) in the Year 2012.

The following paragraphs were added to the Filing Programme for ITRF in the Year 2012:

1. Para 1.2(A)(iii) : This grace period also applies to payment of the balance of tax under Section 103(1) of the Income Tax Act, 1967 (ITA);
2. Para 1.2(B)(ii) : This grace period also applies to payment of the balance of tax under Section 103(1) of the ITA for ITRF sent by post; and

3. Para 2.2(B)(ii) : This grace period also applies to payment of the balance of tax under Section 103(1) of the ITA for ITRF sent by post.

The para 2.2(A)(iii) has been amended as follows:

“This grace period also applies to payment of:

- a. the balance of tax under Section 103(1) of the ITA 1967; and
- b. debt to the Government under Finance Act 2007 (Act 683) and Finance Act 2009 (Act 693).”

Members may download the latest Filing Programme for ITRF in the Year 2012 at [www.hasil.gov.my](http://www.hasil.gov.my).

### ***Programme for Submission of Year 2012 Tax Return Forms (Revised)***

Further to our Circular No.TEC/015/02/2012/W dated February 28, 2012, members are informed that the e-Form for Year of Assessment 2011 (e-Be, e-B, e-M, e-P and e-E) is accessible at <https://e.hasil.gov.my> and not at <https://elatihan.hasil.gov.my> as informed earlier. The error is regretted.

Members may contact IRB at [helpitef@hasil.gov.my](mailto:helpitef@hasil.gov.my) for any enquiries or further clarification.

### ***Issues for Discussion with IRB***

Further to our Circular No.TEC/018/03/2012/W dated March 9, 2012, members are informed that the Institute together with other professional bodies are in the process of compiling various operational issues related to the filing programme for income tax return forms in the year 2012 and the implementation and interpretation of tax legislation for discussion with the Inland Revenue Board.

In this regard, members were invited to submit to the Institute any operational issues and problems related to the filing programme that you may have encountered in your work or practice and where deemed appropriate, the issues would be submitted to the Inland Revenue Board for discussion at the relevant dialogues.

The due date for submission was **March 16, 2012**.

### ***Business Codes and Criteria on Incomplete Income Tax Return Forms***

Further to our Circular No.TEC/021/03/2012/W dated March 9, 2012, members are updated on the following:

#### **1. Business Codes**

As Members are aware, Business Codes can be obtained from Attachment G of the Guide Book for Forms C, C1, TA, B, M, P, TP, TJ and TF. For ease of reference, the LHDN has made available the Business Codes (Bahasa Malaysia and English versions) in the LHDNM website, under the header “Forms” and sub-header “Business Codes”.

#### **2. Criteria on Incomplete Income Tax Return Forms (ITRF)**

Members are informed that the criteria on ITRF has been updated by the IRB and is available from the LHDNM website, under the header “Forms” and sub-header “Criteria on Incomplete ITRF”.

Members are also informed that ITRF is deemed as incomplete if the business code was not completed by the taxpayer.

Members may contact IRB at [helpitef@hasil.gov.my](mailto:helpitef@hasil.gov.my) for any enquiries or further clarification.

## **COMPANIES COMMISSION OF MALAYSIA (SSM)**

### ***Relocation of Kedah Office***

Further to Circular No. TEC/022/03/2012/W dated March 27, 2012, members are informed that the Companies Commission of Malaysia (SSM) Kedah has moved its office to:

1<sup>st</sup> & 2<sup>nd</sup> Floor, Wisma PERKESO  
No. 186 Jalan Teluk Wan Jah  
05538 Alor Setar, Kedah Darul Aman

All future correspondences and dealings with the SSM Kedah Office should be directed to the above address with effect from March 25, 2012.

A copy of the above SSM's announcement can be downloaded from the MICPA website at [www.micpa.com.my](http://www.micpa.com.my) in the Members' Area.

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

### ***Private Entities, The Way Forward***

Further to Circular No. TEC/019/03/2012/W dated March 12, 2012, members are informed that The Malaysian Accounting Standards Board ("MASB") has recently issued Request for Views ("RFV") on *Private Entities, the Way Forward*, to further seek views from interested parties about the future financial reporting framework for private entities in Malaysia.

This RFV is issued following comments received with regard to MASB ED 52, *Private Entity Reporting Standards*, MASB ED 72, *Financial Reporting Standards for Small- and Medium-sized Entities*, and MASB ED 74, *Amendments to Financial Reporting Standards arising from Reduced Disclosure Requirements*. MASB ED 52 was issued in 2006 while MASB ED 72 and MASB ED 74 were issued in 2010.

The RFV seeks feedback on the following broad issues:

- **Whether replacing the Private Entity Reporting Standards ("PERS") Framework with a new set of standards only in 2015 with the effective date of 2016 is in the best interest of financial reporting for private entities.**

MASB is proposing to replace the PERS Framework with a new set of standards only in 2015 with the effective date of 2016 to be in line with Malaysia's eXtensible Business Reporting Language ("XBRL") initiative by the Suruhanjaya Syarikat Malaysia ("SSM").

- **Whether there are any immediate changes that the PERS Framework requires if private entities continue applying it until 2015**

Many constituents, including international parties, have expressed concerns that the PERS Framework, which was developed based on 2003-version of International Accounting Standards, comprises an outdated set of standards and has not kept in pace with the evolving business environment. Various principles of the PERS Framework are also noted to be inconsistent with those of the Malaysian Financial Reporting Standards (“MFRS”) Framework as a result of the developments in financial reporting in recent years.

As a practical expedient, MASB may consider reviewing the PERS Framework if there are areas that need immediate improvement or amendment so as to mitigate the increasing concerns about the gap differences between PERS and MFRS reporting.

- **Whether the existing PERS Framework should be replaced by MASB ED 52, MASB ED 72 or MASB ED 74 post-2015**

According to the results of a survey conducted by MASB in 2010, MASB ED 72 which is identical to the International Financial Reporting Standards for Small- and Medium-sized Entities (“IFRS for SMEs”) was found to be the preferred option. It should be noted that the International Accounting Standards Board plans to review the IFRS for SMEs soon in order to identify any implementation issues.

MASB also found that there was support for MASB ED 74 in view that its measurement and recognition criteria were identical to the MFRS Framework, thereby improving comparability of financial statements as well as facilitating consolidation with MFRS reporting entities.

- **Whether the proposed timeframe is sufficient to enable a private entity to properly transition to the new financial reporting requirements.**

Many private entities currently apply the PERS given it is a simpler set of standards. As a consequence, time is required to conduct training and possibly system changes may be required to implement the new standards.

It is acknowledged that SMEs in Malaysia account for a majority of the establishments in economic sectors such as manufacturing, services and agriculture. Taking into consideration the aforementioned concerns and issues, as well as the important role that private entities play in the economy, MASB believes that it is critical for affected parties to provide its feedback on the future financial reporting framework for private entities in Malaysia.

Members are encouraged to study the RFV and provide feedback to MASB. The RFV is available on MASB website <http://www.masb.org.my>. Members who wish to provide their comments electronically may do so through “Comment Online” on MASB website. The deadline for the submission of comments to MASB is **June 29, 2012**.

### ***Minor Amendments to Financial Instrument Standards***

Further to Circular No. TEC/020/03/2012/W dated March 13, 2012, members are informed that the MASB has recently issued minor amendments to the financial instrument standards. These pronouncements are identical to those issued by the International Accounting Standards Board (“IASB”) and will affect the related

standards in both the Malaysian Financial Reporting Standards (“MFRS”) Framework and the Financial Reporting Standards (“FRS”) Framework.

These new amendments to financial instrument standards represent the first batch of issuance subsequent to MASB’s announcement on its new MFRS Framework on November 19, 2011. The due process of the MFRS Framework aligns the MASB’s due process timeline to that of the IASB with the objective of putting the new or amended standards in place for adoption and application within a timely manner. This is to ensure that the effective date of the new or amended standards will be the same as that of IFRSs.

These pronouncements are available at MASB website [www.masb.org.my](http://www.masb.org.my) or from MASB after March 16, 2012.

For further information, please refer to the Circular posted on the MICPA website [www.micpa.com.my](http://www.micpa.com.my) in the Members’ Area.

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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:

### ***Taxation for Property Developers and Construction Companies***

The MICPA is organising a one-day Workshop on *Taxation for Property Developers and Construction Companies* on April 5, 2012 at Seri Pacific Hotel Kuala Lumpur.

The objective of the Workshop is to discuss the developments in the latest Public Rulings and illustrate differences in accounting and tax principles when recording property development and construction activities. The tax treatment and planning implications for expenditure and features unique to the industries will also be discussed in detail. For further information on the Workshop, please click [here](#).

### ***Basic Practical Guide to Auditing***

The MICPA is organising a two-day Workshop on *Basic Practical Guide to Auditing* on April 23 & 24, 2012 at Menara SSM@Sentral.

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 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. For further information on the Workshop, please click [here](#).

### ***Deferred Taxation – A Fundamental and Practical Approach***

The MICPA is organising a one-day Workshop on *Deferred Taxation – A Fundamental and Practical Approach* on April 17, 2012 at Renaissance Kuala Lumpur Hotel.

The Workshop is intended to provide a fundamental and practical understanding of the complexities of MFRS 112/MASB 25 Income Taxes that relate to the recognition, measurement, presentation and disclosure of deferred taxes. For further information on the Workshop, please click [here](#).

### ***Capital Allowance Maximisation***

The MICPA is organising a one-day Workshop on *Capital Allowance Maximisation* on April 19, 2012 at Seri Pacific Hotel Kuala Lumpur.

The Workshop will provide guidance on the provisions of Schedule 3 of the Income Tax Act 1967 as well as the rules, guidelines and public rulings pertaining to capital allowances. Participants will also obtain insight into various issues and receive tips on effective management and planning in order to maximise claims and manage complications involved in the process. For further information on the Workshop, please click [here](#).

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## **NEWS FROM REGULATORY BODIES**

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

#### ***Tan Sri Zarinah to Retire as SC Chairman***

Tan Sri Zarinah Anwar, who has been Chairman of the Securities Commission Malaysia (SC) since 2006, will retire when her term ends on March 31, 2012.

YAB Dato' Sri Najib Tun Abdul Razak, Prime Minister and Minister of Finance has appointed Datuk Ranjit Ajit Singh to succeed Tan Sri Zarinah as Chairman of the SC and Dato Dr Nik Ramlah Mahmood as Deputy Chief Executive. Both currently serve as Managing Directors of the SC and their new appointments take effect from 1 April 2012.

Tan Sri Zarinah has played a key role in strengthening and developing the Malaysian capital market over the past ten years, establishing a robust regulatory and governance framework which has contributed to the growth of the market, and investing resources in building regulatory capacity.

#### ***ASEAN Corporations to Enjoy Expedited Review of Secondary Listings***

The ASEAN Capital Markets Forum (ACMF) have announced that the securities regulators and stock exchanges of Malaysia, Singapore and Thailand have signed a Memorandum of Understanding (MOU) on Expedited Review Framework for Secondary Listings.

The Expedited Review Framework is an initiative under the ACMF Implementation Plan endorsed by the ASEAN Finance Ministers in 2009. The objective of the Framework is to speed up the processing of secondary listing applications together with the relevant disclosure documents. This Framework is available to corporations which are incorporated and whose shares are primarily listed on the main market of an exchange in jurisdictions which are signatories to the MOU. Where corporations satisfy the requirements set out in the Framework, signatories to the MOU will review these applications within a shortened time period of 35 business days.

Malaysia, Singapore and Thailand are the first three jurisdictions to sign the MOU. Other securities regulators and stock exchanges of ASEAN jurisdictions may join the Framework by signing the Memorandum of Understanding on Expedited Review Framework for Secondary Listings as and when they are able to satisfy the requirements of the Framework.

The Expedited Review Framework for Secondary Listings is expected to encourage more listed companies to seek cross-listings in the region as a means of broadening their investor base.

More information on the ACMF Implementation Plan can be found at <http://www.theacmf.org/ACMF/report/ImplementationPlan.pdf>.

### ***SIDC and UiTM to Jointly Develop Talent for the Capital Market***

The Securities Industry Development Corporation (SIDC), the training and development arm of the Securities Commission Malaysia (SC) has entered into a Memorandum of Understanding (MoU) with Universiti Teknologi MARA (UiTM) to introduce a capital market syllabus for its university students. This collaboration is aimed at supporting the talent development requirements in the Malaysian capital market and building a graduate talent pool that is "work-ready" for the industry.

The MoU was signed by Tan Sri Zarinah Anwar, Chairman of the SC who is also the chairman of the Board of SIDC, and the Vice Chancellor of UiTM, Dato' Prof. Ir Dr Sahol Hamid bin Abu Bakar in a ceremony at UiTM.

Pursuant to the MOU, UiTM students will gain invaluable exposure to the capital market knowledge and skills required by the industry via fit-for-purpose educational programmes aimed at improving the marketability of these graduates once they enter the industry. The SIDC's support will also extend to the lecturers and students through career opportunity awareness initiatives, industry talks, training programmes, industrial visits, licensing examinations and others.

The MoU between the SIDC and UiTM marks a ground-breaking collaboration that underlines a continuing commitment by these two organisations to sustain and expand Malaysia's vibrant capital market environment through human capital development.

### ***Funds Approved in Capital Market Increased 54% in 2011***

The Malaysian capital market continued to grow with fund raising approved by the SC reaching RM118.93 billion at the end of 2011, compared to RM77.02 billion in 2010.

This marked increase reflects strong confidence in the fund raising environment and sukuk approvals which had more than doubled to RM78.9 billion from RM38.3 billion the year before. The approvals included the world's largest corporate sukuk programme of RM23.3 billion by Projek Lebuhraya Usahasama Berhad, under which issuance commenced in January 2012. Malaysia remains at the forefront of the sukuk market, accounting for 73% of the total sukuk issued globally.

Total funds raised via the PDS market increased by 32.8% to RM71.2 billion in 2011 from RM53.6 billion in 2010. There has also been growing interest from global investors in search of stable income with higher yields and total foreign investment in private debt securities increased from RM14.3 billion as at end-2010 to RM15.1 billion at end-2011, of which RM10.09 billion was in conventional PDS with the remaining RM5.05 billion in sukuk.

The SC approved 14 IPOs for the Main Market in 2011. The capitalisation of the Malaysian equity market stood at RM1.28 trillion at end 2011, with overall average trading activity higher by a daily average of 1.34 billion units, an increase of 31.6% from the year before. Total funds raised via the equity market fell to RM12.6 billion in

2011 from RM32.1 billion the year before in line with a general slowdown in IPO activity worldwide. Despite continuing uncertainties in the global financial market, the FBMKLCI grew marginally to end the year at 1,530.73 points, having risen 11 points from its 2010 close of 1,518.91. Although growth was marginal, the FBMKLCI still outperformed the MSCI Emerging Asia Index and MSCI World Index during 2011, where both indices fell by 19% and 8% respectively.

The fund management industry managed a total of RM423.6 billion as at 31 December 2011, compared to RM377.5 billion in 2010, an increase of 12.2%. Unit trust funds continued to constitute the largest share of the Malaysian fund management industry and the aggregate NAV of unit trust funds grew by 9.99% to RM249.5 billion in 2011 (compared to RM226.81 billion in 2010), accounting for 19.42% of Bursa Malaysia's market capitalisation at the end of 2011.

"Over the next 10 years, the capital market will have to take on an even bigger role to provide the long-term financing required to sustain domestic growth amid a challenging global environment for growth and jobs, while adapting and remaining resilient to major shifts in the economic and financial landscape", said Tan Sri Zarinah Anwar, Chairman of the SC on the release of the regulator's Annual Report 2011.

### ***Malaysia's New CG Code Puts Strong Emphasis on Board Effectiveness***

The SC on March 29, 2012 released the *Malaysian Code on Corporate Governance 2012* (MCCG 2012) as the first major deliverable of the *Corporate Governance Blueprint 2011* (Blueprint) launched in July last year.

Aimed at enhancing board effectiveness of listed companies through strengthening board composition, reinforcing the independence of directors and fostering commitment of directors, the new code will supercede the *Malaysian Code on Corporate Governance 2007*.

"In essence, the Malaysian Code on Corporate Governance 2012 and the Blueprint seek to embed a culture of good corporate governance, addressing the key components of the corporate governance ecosystem to strengthen self and market discipline. Boards and shareholders must embrace the fact that good business is not just about achieving the desired financial bottom line by being competitive. It is equally about creating shareholder value, which can only be sustained by well-informed strategic direction and engaged oversight, which stretch beyond short-term financial performance," said Tan Sri Zarinah Anwar, Chairman of the SC.

The new CG code sets out eight broad principles and specifies the best practices of good corporate governance at a higher level than that expected by regulations. Each principle is followed by a series of recommendations, which include the formalisation of a board charter, capping of the tenure of independent directors to nine years and the separation of chairman and CEO roles. It also elaborates on the need for boards to recognise and manage risks and for companies to encourage shareholder participation.

To support and enhance the capacity of directors to fulfill the demands of their role, the new code puts greater emphasis on the role of the Nominating Committee, chaired by a senior independent director, in relation to the recruitment, assessment, and training needs of directors.

"Good corporate governance cannot be achieved merely on the strength of regulations. Directors have a duty not just in setting strategic direction and overseeing the conduct of business in compliance with laws, they should also be effective stewards and guardians of the company in respect of ethical values, and ensuring an effective governance structure for the appropriate management of risks and level of internal controls," added Tan Sri Zarinah.

The MCCG 2012 will be effective on December 31, 2012 although listed companies are encouraged to make an early transition to the principles and recommendations elaborated in this new code.

The new CG code, as well as a set of FAQs, is available at the SC website.

For further information, please visit [www.sc.com.my](http://www.sc.com.my).

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

### ***Renminbi Settlement Services in RENTAS***

With effect from March 21, 2012, the Real-time Electronic Transfer of Funds and Settlement System (RENTAS) of Bank Negara Malaysia will extend its real-time gross settlement services to include the Renminbi. In addition to providing greater efficiency and competitiveness in trade settlements, the Renminbi Settlement Services (RSS) complements various regional initiatives already in place that foster greater financial integration.

Banking institutions in Malaysia are expected to gain operational efficiency in executing the settlement of Renminbi transactions through RENTAS to provide the assurance to their counterparties in meeting settlement obligations. The RSS will not only further facilitate bilateral trade between Malaysia and People's Republic of China, but also provide a natural hedge against the fluctuations and volatility of other currencies while eliminating settlement risk for Renminbi transactions.

Bank of China (Malaysia) Berhad has been appointed as the onshore settlement institution for the RSS.

In promoting the use of the RSS, fees tied to this service are waived until 31 December 2012.

### ***News Update***

Bank Negara Malaysia has released the following documents:

- The 2011 Financial Stability and Payment Systems Report including briefing slides
- The 2011 Bank Negara Malaysia Annual Report including briefing slides.

Both documents are in Portable Document File (PDF) format.

For further information, please visit [www.bnm.gov.my](http://www.bnm.gov.my).

**INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC)*****IFAC Forum Addresses Challenges and Opportunities Facing Small & Medium Practices in an Ever-Changing Global Marketplace***

On March 19, 2012, over 200 delegates from 40 professional accountancy organizations in 36 countries convened in Singapore for the sixth annual IFAC Small and Medium Practices (SMP) Forum. Co-hosted with the Institute of Certified Public Accountants of Singapore (ICPAS), this year's event featured a keynote address by Ms. Jessica Tan, Chairman of the Government Parliamentary Committee for Finance and Trade & Industry in Singapore, and speakers from the Singapore Business Federation (SBF) and Accounting and Corporate Regulatory Authority (ACRA) of Singapore.

Delegates from IFAC member bodies convened with representatives from the regulatory community, leading regional business associations, and international standard setters to discuss the hot-button challenges facing the SMP sector and to collaborate on the solutions on a global level. Plenary panel session topics included shaping regulations and standards and how SMPs can capitalize on emerging opportunities in an ever-changing marketplace.

In his opening remarks, IFAC Deputy President Warren Allen gave an overview of IFAC's role in the changing SME/SMP landscape: "The results of the [2011 IFAC Global Leadership Survey](#) highlighted that the needs of SMPs and small- and medium-sized entities (SMEs) continue to be a high-priority area among IFAC's membership. This may be because SMEs—and the SMPs that serve them—often constitute the backbone of economic stability. Here in Singapore, for instance, SMEs and small components (subsidiaries, branches, etc.) of multinational corporations contribute up to half of gross domestic product (GDP). And that is why IFAC is speaking out to ensure that world leaders recognize that the small business sector is a public interest issue, and that policy, regulation, and standards are developed in a way that will facilitate the growth of this sector."

***IFAC Releases Policy Position Paper Four, Calling for Enhanced Public Sector Financial Management Transparency and Accountability***

The IFAC has released Policy Position Paper 4, *Public Sector Financial Management Transparency and Accountability: The Use of International Public Sector Accounting Standards*.

The paper sets out IFAC's view that governments around the world must provide clear and comprehensive information regarding the financial consequences of economic, political, and social decisions, in order to protect the public as well as investors in government bonds. It is issued at a time when deficiencies in many governments' financial management, transparency, and accountability have become more prominent, as a result of the worsening sovereign debt problems around the globe. Transparency and accountability can only be provided through a high-quality, robust, and effective accrual-based financial reporting system, which allows for government assets and liabilities (including debt) to be appropriately recorded, reported, and disclosed—and hence effectively monitored.

The most globally accepted high-quality accrual-based financial reporting system is the International Public Sector Accounting Standards (IPSASs), issued by the International Public Sector Accounting Standards Board (IPSASB), an independent standard-setting board supported by IFAC.

IFAC's global seminar, [\*The Sovereign Debt Crisis, A Matter of Urgency—from Lessons to Reform\*](#), was held on March 19-20, 2012, in Vienna. The Seminar features prestigious guest speakers that include: Vincenzo LaVia, Chief Financial Officer of the World Bank Group; Hon. David Walker, Founder and CEO of the Comeback America Initiative and Former United States Comptroller General; and Göran Persson, Former Prime Minister of Sweden.

### ***IFAC Releases Revisions to Policy Position – Paper Two; Promoting a Single Set of Auditing Standards for All Audits, Including of Small-and Medium-Sized Entities***

The IFAC has released a revised version of Policy Position Paper 2, *A Single Set of Auditing Standards: Audits Of Small-And Medium-Sized Entities*.

“IFAC reaffirms its view that a single set of auditing standards that can be applied to all audits is in the public interest,” stated Ian Ball, chief executive officer of IFAC. “A key objective of financial reporting is to provide users with relevant and reliable information for decision making; a single set of standards gives users confidence that audits—whether small or large, simple or complex—have been performed to the same high standards.”

The use of International Standards on Auditing (ISAs) for audits of small- and medium-sized entities has again been brought into focus following the release of the European Commission's proposed audit legislation late last year.

“The International Auditing and Assurance Standards Board (IAASB)'s ISAs are designed to be applied in a manner proportionate to the size and complexity of an entity,” continued Prof. Arnold Schilder, chairman of the IAASB. “IAASB is committed to addressing the needs of small- and medium-sized entities and small and medium practitioners.”

Policy Position Paper 2, *A Single Set of Auditing Standards: Audits Of Small-And Medium-Sized Entities*, was first issued by IFAC in 2008. The main revisions to the position paper include updated references to:

- the Clarified ISAs;
- other standards that the IAASB has issued and that are relevant to small and medium practitioners; and
- tools and guidance made available to practitioners by IFAC and the IAASB.

### ***IAASB Enhances Compilations Standard: Addresses SME Needs***

Countless entities around the globe—especially small- and medium-sized entities (SMEs)—look to professional accountants in public practice to assist in the preparation and presentation of their financial information. Recognizing the important role practitioners play in providing accounting and financial reporting expertise to entities in support of high-quality financial reporting, the IAASB has released International Standard on Related Services (ISRS) 4410 (Revised), *Compilation Engagements*, addressing such service engagements.

“This is an important standard in the many jurisdictions where compilation engagements are commonplace, but also in jurisdictions where it is a relatively new service. This enhanced standard contributes to quality in these important engagements and ensures clear communications to users,” stated Prof. Arnold Schilder, IAASB Chairman. “While the standard is applicable to entities of all sizes and for all forms of historical financial information, the needs of SMEs, users of their financial information, and those who provide compilation services were key focus areas in our deliberations.”

ISRS 4410 (Revised) clarifies the practitioner’s role and responsibilities in a compilation engagement and matters that need to be considered when accepting such engagements, and emphasizes the importance of quality control. It also expands the traditional compilation engagement report to make clear to users the practitioner’s contribution to the compiled financial information presented by management, and the key features of a compilation engagement.

The revised standard is effective for compilation engagement reports dated on or after July 1, 2013.

### ***IESBA Revises 2012 Strategy***

The International Ethics Standards Board for Accountants (IESBA) has agreed on a revision to its strategy and activities for 2012. Its revised strategy calls for the board to undertake the following activities in 2012:

**Rotation**—The IESBA will consider firm rotation and also whether the position of the [Code of Ethics for Professional Accountants](#) (the Code) on partner rotation remains appropriate, including whether the requirement to rotate off the audit engagement after serving seven years as a key audit partner and observe a two-year time-out period continues to be appropriate.

**Non-assurance services**—The IESBA will consider whether the Code's position on non-assurance services remains appropriate, including the use of materiality, and, if so, whether guidance should be provided for applying the materiality test. If certain non-assurance services are permitted, the IESBA might also consider whether they should be subject to pre-approval by those charged with governance, restricted in size in relation to the audit fee, or publicly disclosed.

**Structure of the Code**—The IESBA will determine how to increase the visibility of the requirements and prohibitions in the Code and clarify who is responsible for meeting them.

**Part C of the Code**—The IESBA will determine whether recent corporate accounting irregularities reveal ethical implications for professional accountants in business (PAIBs) and whether part C of the Code should be strengthened to provide PAIBs with more guidance and support.

These matters will be discussed initially at the IESBA's [June 2012 meeting](#). Depending upon the positions reached, the IESBA ultimately may propose revisions to the Code.

### ***Responding to a Suspected Illegal Act***

At its February 2012 meeting, the IESBA discussed its position on how a professional accountant should respond to a suspected illegal act. The IESBA agreed on the following:

- An auditor and a professional accountant in public practice providing non-assurance services to an audit client should be required to disclose to an appropriate authority suspected illegal acts that affect financial reporting or fall within the expertise of the professional accountant. This requirement would apply when the suspected illegal act is of such consequence that disclosure would be in the public interest and the client has not done so.
- Accountants performing non-assurance services for non-assurance clients and accountants in business should be required to disclose the matter to the external auditor. If the response to the matter is not appropriate, the accountant would be expected to exercise his right to disclose the matter to an appropriate authority.
- Exceptional circumstances may exist where a reasonable and informed third party would conclude that it is not in the public interest to make such disclosure because the probable consequences, such as the risk to the personal safety of the professional accountant or other individuals, would outweigh the benefits of disclosure.

The IESBA expects to approve an exposure draft on this subject at its next meeting in April.

For further information on the above news, please visit [www.ifac.org](http://www.ifac.org).

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

### ***IFRS 2012 Red Book Now Available***

The IFRS Foundation is pleased to announce that the "2012 International Financial Reporting Standards" (IFRS®) Red Book is now available.

This edition is presented in two volume parts A and B, and includes the following changes made during 2011:

- Four new standards—IFRSs 10, 11, 12 and 13;
- One new Interpretation—IFRIC 20;
- Seven revised standards—IFRSs 7 and 9 and IASs 1, 12, 19, 27 and 28;
- Amendments to IFRSs that were issued as separate documents—IFRSs 7 and 9, IASs 1, 19 and 32; and
- Amendments to other IFRSs resulting from those amended standards.

This edition includes amendments to IFRSs that have an effective date after January 1, 2012. It does not contain documents that are being replaced or superseded but remain applicable if the reporting entity chooses not to adopt the newer versions early. For more information please visit the **web shop**.

### ***Republic of Ecuador Adopts IFRS for SMEs for all Non-Publicly Accountable Entities***

The Republic of Ecuador has adopted the IFRS for SMEs for all non-publicly accountable entities for years ending on or after December 31, 2012. There are approximately 60,000 such entities in Ecuador.

### ***New Investor Perspective Published – ‘Improving Disclosures about Intercompany Investments’***

A new Investor Perspective by Paul Pacter entitled 'Improving disclosures about intercompany investments' has been published on the Investor Resources section of the IASB website.

### ***IASB Issues Amendments to IFRS 1***

The International Accounting Standards Board (IASB) today issued amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards.

The amendments, dealing with loans received from governments at a below market rate of interest, give first-time adopters of IFRSs relief from full retrospective application of IFRSs when accounting for these loans on transition. This is the same relief as was given to existing preparers of IFRS financial statements.

The amendments are mandatory for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

### ***Chungwoo Suh Appointed to the IASB***

The Trustees of the IFRS Foundation, the oversight body of the IASB announced the appointment of Chungwoo Suh as a member of the IASB for an initial five-year term from 1 July 2012 and renewable for a further three-year term.

Dr Suh currently serves as an advisor to the Korea Accounting Standards Board (KASB) and is a Professor of Accounting at Kookmin University, Seoul. He served as Chairman of the KASB between 2008 and 2011, during which time he led Korea's preparations to adopt International Financial Reporting Standards (IFRSs) in full from 2011.

For further information, please visit [www.ifrs.org](http://www.ifrs.org).

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

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### **THE MALAYSIAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS (MAICSA)**

#### ***MAICSA Annual Conference 2012***

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

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

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

For further information on the above news, please visit [www.maicsa.org](http://www.maicsa.org).

*CPA e-Newsline is prepared by MICPA's Public Affairs & Communications Department. Please contact Ms Vicky Rajaretnam at Tel: 03-2698 9622 or e-mail [vic.pr@micpa.com.my](mailto:vic.pr@micpa.com.my) for further information.*

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