

May 2009

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

Announcements/ Activities

ICAEW Recognition

We are pleased to announce that the CPA Malaysia qualification was recognised by The Institute of Chartered Accountants of England and Wales (ICAEW) in 2004 where exemptions were granted. Recently, ICAEW have undertaken further assessment of the CPA Malaysia qualification in comparison with the ACA qualification introduced in 2007.

Members of MICPA are now able to gain credit from ICAEW's Professional Stage comprising of 12 Papers and the Technical Integration Business Reporting Paper. In order to gain the ACA qualification, members of MICPA will need to pass the Advanced Stage Business Change paper and Case Study, as well as complete the Structured Training in Ethics programme.

Members of MICPA will no longer be required to acquire three years' work experience in an ICAEW authorised training employer, which further simplifies the process for MICPA members to become ICAEW members.

The exemption awarded by ICAEW to the CPA qualification offered by the MICPA further endorses the close co-operation between the two bodies in the education and training of professional accountants.

The changes come into effect from January 1, 2009.

Recognition Status of Bachelor of Accounting Degree From Universiti Malaysia Terengganu

The Council has recently recognised the Bachelor of Accounting Degree from Universiti Malaysia Terengganu (UMT). In this regard, graduates of the Bachelor of Accounting (Hons) degree from UMT will be exempted from Module A and Module B of the Institute's Professional Stage Examination.

Schedule of MICPA Events for 2009

We are pleased to inform members that the schedule of events for 2009 has been made available on the MICPA website under Events/CPD in the Homepage. For further information, please visit www.micpa.com.my

MICPA 50th Anniversary Commemorative Lecture

The Institute's 50th Anniversary Commemorative Lecture was held on Thursday, May 14, 2009 and was delivered by YABhg Tun Mohamed Dzaiddin Hj Abdullah, Chairman of Bursa Malaysia Bhd on the topic *What is Bursa Malaysia's Voice in Embracing the Global Meltdown with Confidence*. To read the full text of the Lecture, please click [here](#)

MICPA 51st Annual Dinner

The Institute's 51st Annual Dinner will be held on Friday, June 19, 2009 at Sheraton Imperial Kuala Lumpur Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur at 7:30 p.m. For further information, please contact the Public Affairs & Communications Manager on Tel: 03-2698 9622 or e-mail: vic.pr@micpa.com.my

51st Annual General Meeting

Members are informed that the 51st Annual General Meeting of the Institute has been scheduled for Saturday, June 20, 2009 at 10:00 a.m. to be held at Bilik Bunga Raya (Level 3) Best Western Premier Seri Pacific Hotel, Jalan Putra, Kuala Lumpur.

The Notice of the Annual General Meeting and the Institute's Annual Report had been mailed out to members on Friday, May 29, 2009. The minutes of the 50th Annual General Meeting has been posted on the MICPA website www.micpa.com.my in the Members' Area.

Visits to Members' Firms and Approved Training Organisations

The Institute continues in its efforts to make courtesy visits to members' firms and ATOs as a means of further enhancing the synergistic partnership which already exists between both parties and to identify ways to collaborate and strengthen professional relationship. In the month of May 2009, the Institute made the following visits which have been well received:

- CIMB Group on May 5, 2009;
- Malaysia Airlines Bhd on May 15, 2009; and
- Bank Negara Malaysia on May 19, 2009.

Collaboration with Universities

With the recent signing of the Memorandum of Understanding with The Institute of Chartered Accountants in Australia (ICAA), the Institute has embarked on an active programme to promote the revised programme, which will be launched in June 2009 to Universities and Institutions of higher learning by making scheduled visits and participating in road-shows.

During the career talks, our distinguished speakers communicate the value of our home-grown CPA Malaysia as the preferred choice for prospective accountants, share the ingredients for success with the students and highlighted that the Institute has a strong pool of successful luminaries and business professionals in our fold of CPAs and the diverse roles they undertake in their careers. The aim is to also attract the younger generation to join the CPA programme.

In the month of May 2009, the following visits were held:

- On May 6, 2009, the Executive Director of the Institute presented a talk to about 50 students currently undertaking the Bachelor of Accountancy programme at International Islamic University Malaysia.

The Executive Director has also met up with:

- The Head and faculty members at the School of Business, Monash University, Sunway Campus on April 30, 2009;
- The Chief Executive, Kolej Yayasan UEM on April 30, 2009; and
- The Programme Director, Taylors Business School on May 4, 2009.

The aim of the visits were to discuss on potential areas of collaboration and to establish a working relationship.

Sponsorship of Student Activities

The Institute continues to sponsor student activities organised by the Accounting Clubs:

Universiti Putra Malaysia (UPM)

National Accounting Career Conference

Universiti Putra Accounting Club (UPAC) is organising the National Accounting Career Conference which will be held on July 24 - 26, 2009 at UPM. The aim of the conference is to promote and increase awareness of the various career paths and options of accountancy to the students. The MICPA is a Silver sponsor for the event.

Job Opportunities on MICPA Website

As part of the Institute's service to members', Members' Firms who wish to advertise any job opportunities in their respective firms are welcome to send in the job vacancy to the Institute. The opening will be posted on the MICPA website for 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.

Members Update

Payment of Members Annual Fee for 2009

In accordance with bye-law 50 of the Institute's bye-laws, any member who fails to pay the annual fee or other sum payable by him to the Institute by the thirtieth day of June in the year in which it becomes due shall thereupon cease to be a member of the Institute. Members are reminded to remit the amount payable to the Institute **before June 30, 2009**. For further information, please contact the Institute's Accounts Department on Tel: 03-2698 9622 or e-mail: ksl.acc@micpa.com.my

MICPA Technical Updates

Malaysian Accounting Standards Board

FRS 123, Amendments to FRS 1, Amendments to FRS 2, IC

Interpretations 11, 13 & 14

Further to Circular No. TEC/0025/05/2009/W dated May 25, 2009 members are informed that the Malaysian Accounting Standards Board (MASB) has recently announced the issuance of a revised standard and two limited amendments to the

Financial Reporting Standards (FRS), together with three new IC Interpretations, which are identical to those issued by the International Accounting Standards Board (IASB), as follows:

- FRS 123, *Borrowing Costs*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards* and FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 2, *Share Based Payment: Vesting Conditions and Cancellations*
- IC Interpretation 11, FRS 2 – *Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The Standards mentioned above are mainly improvements and guidance issued by the IASB after their consultative process with standard-setters worldwide and interested parties.

For further information, please refer to the Circular which can be downloaded from the MICPA website at www.micpa.com.my in the Members' Area.

Bursa Malaysia Berhad
Main Market Listing Requirements and ACE Market Listing Requirements

Further to Circular No. TEC/024/05/2009W dated May 25, 2009 members are informed that Bursa Malaysia Securities Berhad (Bursa Securities) has reviewed the Listing Requirements for the Main Board and Second Board (LR) and the Listing Requirements for MESDAQ Market (MMLR).

The Securities Commission (SC) and Bursa Securities have jointly reviewed the framework for listings and equity-raising to enhance the competitiveness and to strengthen the positioning of Bursa Securities as a conducive capital raising destination.

This enhanced framework entails the merging of the current Main Board and Second Board into a single board for established corporations. It would also transform the current MESDAQ Market into a sponsor-driven alternative for corporations from all business sectors.

The merged Main Board and Second Board will be known as Main Market whilst the MESDAQ Market will be known as ACE Market with effect from August 3, 2009. With the restructuring, all existing issuers listed on the Main Board and Second Board will be listed on the Main Market whilst those companies currently listed on the MESDAQ Market will be listed on the ACE Market effective August 3, 2009.

The reviewed LR and MMLR will be known as Bursa Securities Main Market Listing Requirements (Main LR) and Bursa Securities ACE Market Listing Requirements (ACE LR) respectively.

Under the enhanced framework, changes will be made to the Capital Markets and Services Act 2007 (CMSA) and the regulatory roles of SC and Bursa Securities will be streamlined.

For further information, please refer to the Circular which can be downloaded from the MICPA website at www.micpa.com.my in the Members' Area.

Inland Revenue Board of Malaysia (IRB)

- ***Addendum to Public Ruling No. 3/2001 – Appeal Against an Assessment***
Further to Circular No. TEC/023/05/2009W dated May 22, 2009 members are informed that the Inland Revenue Board (IRB) has issued Addendum to Public Ruling No. 3/2001 dated May 18, 2009 pertaining to Appeal against an Assessment.

The Addendum to the Public Ruling can be downloaded from the IRB website at http://www.hasil.org.my/english/eng_NO4_5_2.asp.

- ***Minutes of Meeting of Working Group with Accounting Bodies- Desire Bil. 1/2009***
Further to Circular No. TEC/021/05/2009W dated May 11, 2009 members are informed that a meeting was held between the IRB and representatives of the MICPA, MIT, MIA, MAICSA, MATA, ICMA and MACS on March 27, 2009 to discuss issues on e-Filing.

The minutes of the meeting of the working group with accounting bodies (Desire Bil. 1/2009) setting out the issues discussed and the comments / clarification provided by the IRB can be downloaded from the MICPA website www.micpa.com.my as per Annexure I for members' reference in the Member's Area.

Royal Malaysian Customs

We refer to Circular No. TEC/022/05/2009W dated May 13, 2009 on the following:

- ***Bank Guarantee for Payment of Taxes and Customs Duty Through Cheques***
The Royal Malaysian Customs has recently amended the format of the bank guarantee for payment of customs duties/taxes, sales tax (import) and excise duty (import) made through cheques, in view of the uncertainty of the current economic condition. The rationale for the amendment is to enable taxpayers to submit a bank guarantee equivalent to the actual amount of duties/taxes payable instead of the current practice which imposed three (3) times the face value of cheque issued for payments of duties.

The new format of the Bank Guarantee is effective May 15, 2009. The amendments to Perintah Tetap Kewangan Bil.4 will be effected in due course.

For further information, please refer to the Circular which can be downloaded from the MICPA website at www.micpa.com.my in the Members' Area.

- ***Issues For Discussion By Consultative Panel Between Customs and Private Sector***
The Institute serves on the Consultative Panel between Customs and Private Sector. The Panel provides a forum for the discussion of practical issues and suggestions relating to customs and excise submitted by the private sector. In

this regard, members were invited to submit any suggestions or practical problems that they encountered in the course of their work or practice relating to customs and excise, and where deemed appropriate by the Institute, would be submitted for discussion by the Panel.

For further information, please refer to the Circular which can be downloaded from the MICPA website at www.micpa.com.my 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 or call 03-2698 9622.

CPD On-Line Record

Effective January 1, 2007, it is mandatory for all members to complete at least 120 hours of relevant Continuing Professional Development (CPD) activity in each rolling three-year period, of which 60 hours should be verifiable. Members are required to submit an annual declaration as to compliance with the CPD requirements prescribed in the CPD Statement.

An On-Line CPD Record functionality has been added to the MICPA website, which facilitates members to update their CPD records on-line in the format provided. Please visit the MICPA website at www.micpa.com.my, login as a Member, click on Members Update on the Left-hand Menu and go to Section F to update your CPD records.

Young CPA Group

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

Change of Correspondence and E-mail Address

Members and Students are reminded that they should inform the Institute of any change in their correspondence and e-mail addresses. This is to ensure that you receive all circulars, publications, correspondences and e-mail broadcasts promptly. Please click [here](#) to download the form and fax the completed form to the MICPA Secretariat at Fax No. 03-2698 9403. You may also send an e-mail to membership@micpa.com.my for the change of correspondence and e-mail address.

Continuing Professional Development (CPD) Programmes

Strategic Tax Planning for Corporate Restructuring

A one-day Workshop on *Strategic Tax Planning for Corporate Restructuring* will be held on June 15, 2009 at The Legend Hotel, Kuala Lumpur.

This Workshop will assist participants in understanding strategic tax planning for corporate restructuring to ensure that tax efficiency is built into the very way that they do business. Strategic tax planning advice on all aspects of the business operations will be briefed in order to help participants to maximise tax efficiency, return on investment, shareholder value and ultimately profitability for the companies.

The Workshop will be conducted by Mr Harvindar Singh. For further information, please click [here](#)

Business Combinations and Issues in Consolidated Financial Statements (FRS 3 and FRS 127)

A one-day Workshop on *Business Combinations and Issues in Consolidated Financial Statements (FRS 3 and FRS 127)* will be held on June 18, 2009 at The Legend Hotel, Kuala Lumpur.

The workshop is organised with the primary objective of assisting participants master the technique of preparing consolidated financial statements and providing a forum for discussing controversial issues in the preparation of consolidated financial statements. The workshop will cover some hot topics on how to account for frequently encountered transactions not covered under FRS 3 and FRS 127, including accretion or dilution of interest in subsidiary, business combinations involving entities under common control.

The workshop will be led by Mr Thaya Sangara Pillai, partner in the assurance practice of PricewaterhouseCoopers Malaysia. For further information, please click [here](#)

Evening Talk on Market Outlook – Green Shoots or Grey Skies?

The Commerce and Industry Committee (CAIC) of MICPA is organising an Evening Talk cum Hi-Tea on *Market Outlook – Green Shoots or Grey Skies?* to be held on June 26, 2009 at The Legend Hotel, Kuala Lumpur.

For the past few weeks, the stock markets globally have rallied strongly since the lows seen in March 2009. Have we seen the worst? Are "green shoots" really emerging? The strength in the markets seems to suggest so. But given the depth of the current recession, there are many others who think that this is only a mirage, and we are not out of the woods yet.

Mr Terence Wong, Head of Research (Retail) at DMG & Partners Securities Pte Ltd will share his views on the stock market and where the country is likely to be headed in the current economic situation. For further information, please click [here](#)

Updates from Regulatory Bodies

SECURITIES COMMISSION OF MALAYSIA (SC)

SC & Bursa Malaysia Launch New Fund-Raising Framework & Board Structure – More Efficient Access to Capital & Investments

The Securities Commission (SC) and Bursa Malaysia Securities Berhad (Bursa Malaysia) on May 8, 2009 jointly launched a new framework for listings and equity fund-raising in one of the most comprehensive reforms to the country's capital market.

The reforms are aimed at allowing efficient access to capital and investments, as well as making Bursa Malaysia a more attractive platform for Malaysian and foreign companies.

The new framework also entails the merging of Bursa Malaysia's Main Board and Second Board into a single board for established corporations. In addition, it involves transforming the current MESDAQ Market into an alternative market open to companies of all sizes and from all economic sectors.

The merged Main Board and Second Board are now known as the "Main Market" while the MESDAQ Market as the "ACE Market". The two new Markets will come on-stream on August 3, 2009.

Along with the new structure, there is also a significant shift in the regulatory approach with regards to listings and equity fund-raising. SC Chairman, YBhg Dato' Sri Zarinah Anwar said the shift to a more market-based regulatory approach is to ensure greater efficiency and competitiveness without compromising on investor protection.

"This is by far the most robust process that we have undertaken in reviewing our regulatory approach," Dato' Sri Zarinah said in her speech at the launching ceremony. In reviewing the framework, the SC and Bursa Malaysia held extensive consultations with the industry and the public by holding more than 300 brainstorming sessions and focus group discussions.

Chairman of Bursa Malaysia, YABhg Tun Mohamed Dzaidin HjAbdullah, said in his speech the change in the board structure reflected the evolving landscape of the capital market. "More importantly, this move is poised to bring Bursa Malaysia in line with international markets in positioning us as a conducive capital-raising destination."

Key Changes in the New Framework

Under the new framework, rules and processes for equity fund-raising have been streamlined in order to provide greater certainty, shorter time-to-market and lower regulatory costs.

Currently, the SC assesses suitability of corporate proposals based on their viability. Under the new framework, the SC's review of corporate proposals will focus on the following:

- Compliance with minimum requirements;
- Standards of corporate governance;
- Resolution of conflicts of interest;
- Preservation of public interest; and
- Adequacy of disclosures to enable investors to make informed investment decisions.

SC's approval under section 212 of the Capital Market and Services Act 2007 (CMSA) would only be required for the following substantive corporate proposals in the Main Market:

- Initial Public Offerings (IPOs);
- Acquisitions resulting in a significant change in business direction or policy of a listed corporation (Reverse take-overs and back-door listings);
- Secondary listings and cross listings; and

- Transfer of listings from the ACE Market to the Main Market.

All other equity-based corporate proposals such as acquisitions (other than reverse take-overs and back-door listings), disposals, placements of securities, rights offerings and issuance of warrants would no longer require SC's approval. The SC would continue to vet and register prospectuses to ensure adequate and meaningful disclosures to investors. Bursa Malaysia will take on a more active role as the frontline regulator for secondary equity fund-raising.

Another key reform to the ACE Market is, apart from it now being sponsor-driven and open to companies of all sizes and from all sectors, there will be no prescribed minimum operating history or profit track record requirements for entry to the alternative market, as the sponsors will be empowered to assess the suitability of listing applicants. The current system of requiring the services of a sponsor for a period of at least three years by the listed issuer is maintained.

As part of our effort to inject both breadth and depth to the Malaysian capital market, the SC and Bursa Malaysia are also introducing the listing of Special Purpose Acquisition Companies (SPACs), shell companies without operations that goes public with the intention of merging with or acquiring operating companies or businesses with the proceeds of their IPO. The listing of SPACs will promote private equity activity, spurring corporate transformation and encouraging mergers and acquisitions.

In order to further spur the number and types of structured warrants in our market, Bursa Malaysia will provide a fee incentive scheme for listing of structured warrants in terms of waiver of initial and annual listing fee.

New Guidelines & Listing Requirements

A total of five guidelines are published to give effect to the new regulatory approach. They are the *Equity Guidelines*, *Principal Adviser Guidelines*, *Prospectus Guidelines*, *Asset Valuation Guidelines*; and *Structured Warrants Guidelines*. In conjunction with this, Bursa Malaysia has also revamped its listing requirements for the Main Market and ACE Market.

Except for the Structured Warrants Guidelines and the related structured warrant prospectus requirements which take effect immediately, the new guidelines and the revamped listing requirements will take effect on August 3, 2009, giving industry participants ample time to familiarise themselves with the new equity fund-raising framework.

The guidelines and related FAQs as well as the revamped listing requirements are now available on the websites of the SC and Bursa Malaysia at www.sc.com.my and www.bursamalaysia.com respectively.

BANK NEGARA MALAYSIA (BNM)

Danajamin Established to Support Corporations to Raise Funds in Bond Market

Further to the announcement made during the Second Economic Stimulus Package on March 10, 2009, the Government announced the establishment of the national financial guarantee institution.

The institution is named Danajamin Nasional Berhad (Danajamin). Danajamin will provide credit enhancements to facilitate corporations with viable businesses and

investment grade ratings to enhance their access to the Malaysian bond market. As a corporation rated AAA by RAM Rating Services Berhad and Malaysian Rating Corporation Berhad, Danajamin aims to enhance the ability of corporations to tap the bond market for funding at reasonable cost.

The establishment of Danajamin signifies the commitment of the Government to ensure that viable corporations continue to have access to financing. Danajamin is owned by the Government with an initial paid-up capital of RM1 billion. The paid-up capital will be raised to RM2 billion, if necessary. With an initial paid-up capital of RM1 billion, it is expected that Danajamin will be able to underwrite guarantees of up to RM15 billion in bonds.

Danajamin is licensed as an insurance company pursuant to the Insurance Act 1996 and subject to the regulatory purview of Bank Negara Malaysia. As a licensed entity that undertakes financial guarantee insurance business, Danajamin will be governed by strict corporate governance and prudential requirements to ensure its commercial sustainability over the medium and longer term. The management of Danajamin will report to an independent Board of Directors comprising mainly private sector professionals that have extensive experience in the financial sector. YBhg Dato' Sri Abdul Hamidy Abdul Hafiz, who has an extensive experience in the Malaysian banking sector, has been appointed as Chairman of the Board.

Danajamin complements the various reforms and initiatives that have been put in place to enhance the role of the bond market in the economy. Today, corporations source their financing requirements mainly from the bond market, accounting for 58% of their total financing requirements as compared to 21% in 1998. This is a significant transformation over the years and augurs well towards strengthening the role of the financial sector in the economy. Danajamin is also expected to enhance the vibrancy and robustness of the bond market to continue to support the requirements of the economy.

For further information on obtaining a Danajamin wrap, interested issuers can refer to Danajamin's website at www.danajamin.com. Issuers can also contact Danajamin at Tel: 03-20359669 • Fax: 03-20359767 • email: danajamin@danajamin.com

COMPANIES COMMISSION OF MALAYSIA (SSM)

SSM International Conference on “Malaysia: Discovering New Business Frontier”

The Companies Commission of Malaysia is organising a 2-day International Conference with the theme *Malaysia: Discovering New Business Frontier* on August 11 & 12, 2009 at Shangri-La Hotel Kuala Lumpur.

The Keynote Address will be delivered by the Honourable Prime Minister of Malaysia, YABhg Dato' Sri Mohd Najib Tun Abdul Razak.

For further information on the Conference and registration details, please download brochure [here](#)

Training Incentives Offered by COMTRAC wef April 1, 2009

The Companies Commission of Malaysia's Training Academy which was operationalised in April 2007 is now known as 'COMTRAC' or 'Companies Commission of Malaysia Training Academy.

With the adoption of the new name, Companies Commission of Malaysia (SSM) believes that COMTRAC can move forward to offer various training programmes to every stakeholder who wishes to gain better understanding in all aspects with regards to businesses and companies matters.

As a part of SSM's initiatives to support the Government's Economic stimulus Package, one of the incentives is the reduction in COMTRAC's standard course fees charged between the range of RM250 to RM300 to RM200 for a period of 1 year beginning April 1, 2009. For the list of courses offered by COMTRAC, please visit www.ssm.com.my

News from IFAC and IASB

INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC)

IFAC President Says Government Bailouts Bring International Public Sector Accounting Standards to the Forefront

Speaking at the Higher Education Forum of the National Association of College and University Business Officers (NACUBO), Robert L. Bunting, President of the International Federation of Accountants (IFAC), described the enormous changes happening as a result of the global financial crisis and explained why convergence and implementation of international standards is needed to rebuild and sustain the global financial system.

"We are rapidly moving to one world in accounting, auditing, and corporate governance," emphasised Mr. Bunting, adding, "IFAC is expediting the development of standards and guidance on key issues, such as going concern, fair value, financial instruments, and corporate governance and other issues that have been raised as a result of the crisis so accountants worldwide operate on a level playing field."

He pointed out that government bailouts of the financial and automotive industries are also resulting in calls for greater accountability and transparency on the part of governments, and indicated that governments can achieve this by adopting International Public Sector Accounting Standards (IPSASs). "Convergence to IPSASs, which has proceeded at a slower pace than convergence to those in the private sector, is now urgent," Mr. Bunting emphasised. Such standards are used by the United Nations, NATO, IFAC, and the Organisation for Economic Cooperation and Development, are supported and promoted by the World Bank, and are already used by many governments around the world.

Mr. Bunting called on university leaders to broaden their curriculum to address the growing need for convergence to international standards: "Teaching only US GAAP (Generally Accepted Accounting Principles) handcuffs students to the US economy. Academic institutions must incorporate International Standards on Auditing, IPSASs, and International Financial Reporting Standards into their accounting curriculum."

For further information, please visit www.ifac.org

International Public Sector Accounting Standards Board

IFAC's International Public Sector Accounting Standards Board Proposes New Guidance to Strengthen Financial Reporting by Governments

The International Public Sector Accounting Standards Board (IPSASB) of the IFAC is expanding its guidance in two significant areas: accounting for intangible assets and entity combinations. It has published two new exposure drafts (EDs): ED 40, *Intangible Assets* and ED 41, *Entity Combinations from Exchange Transactions*, which propose important new guidance for professional accountants working in Government and other public sector entities.

"During the current economic crisis, Governments around the world have been acquiring business entities that might otherwise be liquidated. These EDs propose financial reporting requirements that will ensure that these transactions are reported in a consistent and transparent manner, ensuring that governments remain accountable for their actions," explains IPSASB Chair Mike Hathorn.

The issuance of the exposure drafts is part of the IPSASB's global convergence program that will substantially converge IPSASs with International Financial Reporting Standards (IFRSs) approved at December 31, 2008. The project is scheduled for completion by December 31, 2009.

ED 40 proposes an IPSAS that converges with the IASB International Accounting Standard 38, *Intangible Assets*. ED 40 also incorporates guidance on website costs set out in the Interpretation 32 of the IASB's Standing Interpretations Committee, entitled *Intangible Assets - Web Site Costs*. It also includes guidance on intangible heritage assets.

Because ED 41 addresses entity combinations that are similar in nature to those in the private sector, it is converged with the IASB's IFRS 3, *Business Combinations*. Entity combinations that arise from non-exchange transactions are being addressed in a separate public sector-specific project.

The exposure drafts are being issued concurrently because ED 40 addresses issues related to intangible assets acquired in an entity combination arising from an exchange transaction. Both exposure drafts contain limited changes from the relevant IFRS; these changes are mainly to ensure consistency with other IPSASs and to address specific public sector issues.

"Converging IPSASs with IFRSs, where appropriate for the public sector, is one of the key objectives of our standards development program," states Hathorn. "These two exposure drafts propose clear financial reporting requirements for an entity in the public sector in order to ensure that the private and public sectors report similar activities in a consistent fashion." For further information, please visit www.ifac.org

IFAC's International Public Sector Accounting Standards Board Launches Review of Cash Basis Reporting in Developing Countries

Primary objective is to Identify Major Technical Issues for Governments and Other Public Sector Entities in Implementing the Standard.

The IPSASB has appointed a task force to review the International Public Sector Accounting Standard (IPSAS), Financial Reporting under the Cash Basis of Accounting. As part of the review process, it is asking those who have been involved

in the adoption of the Cash Basis IPSAS in developing economies-or who have been exposed to the standard-to complete a questionnaire on their experiences, or anticipated experiences, with respect to implementation issues.

The questionnaire, along with an invitation letter that more fully explains the review process, can be downloaded from the IPSASB website at www.ifac.org/PublicSector/Projects.php#InProgress.

These materials are available in English, Spanish, and French. Responses are invited by July 15, 2009 from interested parties, including Ministers of Finance and heads of finance departments or their equivalents, users of financial reports, advisors, and other relevant financial management and similar experts, including members of the international and national aid agencies.

According to IPSASB Chair Mike Hathorn, "While the IPSASB promotes the adoption of the accrual basis of accounting, it also recognizes that many governments adopt a form of cash or modified cash basis reporting, and it has a responsibility to support those jurisdictions in strengthening their cash basis financial reports." The Cash Basis standard, first issued in January 2003, was updated in 2006 and 2007, making the review very timely.

"The primary objective of the review is to identify the major technical issues that governments and other public sector entities in developing economies have encountered, or expect to encounter, in implementing the standard. This will provide input to IPSASB deliberations on whether the standard should be modified and/or if further guidance on its application should be provided," explains IPSASB Deputy Chair, Erna Swart, who is chairing the task force.

The questionnaire is the first step in the IPSASB task force review process. As a follow up, the task force will undertake more detailed discussions with a range of users, implementers, technical advisors, and others in a number of regions who have responded to the questionnaire.

For further information, please visit www.ifac.org

IPSASB Reaffirms its IFRS Convergence Strategy with Emphasis on Financial Instruments

At its recent meeting held in Washington DC, the International Public Sector Accounting Standards Board (IPSASB) of the IFAC reaffirmed its commitment to its global convergence program and the development of standards dealing with financial instruments.

The IPSASB confirmed that it will continue its full consultation on exposure drafts (EDs): ED 37, *Financial Instruments: Presentation*, ED 38, *Financial Instruments: Recognition and Measurement*, and ED 39, *Financial Instruments: Disclosures*, while recognising the intention of the IASB to modify aspects of its current standards relating to the measurement of financial instruments. The IPSASB will consider any changes ultimately adopted by the IASB in due course.

"The IPSASB believes the public sector and its constituents are best served by having IPSASs on financial instruments and removing reliance on the hierarchy at this time. The IPSASB strategy will provide stability for users and allow the IPSASB to manage the current period of uncertainty. The current global financial crisis

underlines the importance of consistent financial reporting by governments of their exposures to financial instruments,” states Mike Hathorn, Chair of the IPSASB.

Comments on EDs 37–39 are requested by July 31, 2009. The EDs may be viewed by going to www.ifac.org/EDs. For further information, please visit www.ifac.org

IFAC Launches New Comment Letter Submission System

Visitors to the IFAC website are now able to submit comment letters electronically on any IFAC exposure draft or consultation paper. Website users can register on the IFAC website, log in to submit comment letters, and track comments they have submitted. This new system streamlines the submission process and helps to ensure that comment letters are processed promptly by IFAC staff.

The new comment letter submission system is accessible through “My IFAC Homepage,” where registered users can also access the public areas of the IFAC website. Registered users may participate in the Global Financial Crisis and Small and Medium Practices discussion boards and in the Professional Accountants in Business Dynamic Links page. Through these social media tools, professional accountants may share their ideas, exchange resources, and make connections with other accountants.

Visit www.ifac.org and click on the [Login/Register](#) link located in the left-hand navigation to register now.

IFAC 2008 Annual Report Highlights Initiatives During Credit Crisis and Need for Convergence to Global Standards

IFAC has released its 2008 annual report today, highlighting initiatives to help restore global financial stability and, in addition, describing how some of IFAC's core work-developing international standards and guidance-became even more relevant in the current economic environment.

The IFAC 2008 annual report can be downloaded from the IFAC website at: www.ifac.org/About2008-annual-report.php

INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

International Accounting Standards Committee (IASC)

Laurence Rivat Appointed to the IFRIC

On May 5, 2009, the Trustees of the International Accounting Standards Committee (IASC) Foundation announced the appointment of one new member of the International Financial Reporting Interpretations Committee (IFRIC) and the reappointment of three existing members.

Laurence Rivat, a partner at the national office of Deloitte France, has been appointed for a three-year term beginning on July 1, 2009. As a leader (since 2001) of one of six Deloitte IFRS Centres of Excellence and a member of the Deloitte IFRS Leadership Team, Ms Rivat is actively involved in global activities on IFRSs on various subjects. The Trustees also announced the reappointment of the following three IFRIC members for an additional three-year term:

- Sara York Kenny, Consulting Advisor, International Finance Corporation (World Bank Group).
- Takatsugu Ochi, Assistant General Manager, Financial Resources Management Group, Sumitomo Corporation.
- Ruth Picker, Partner and Global Director, Global IFRS Services, Ernst and Young.

Two Leading US Analysts Appointed to the IASB

The Trustees of the IASC Foundation on May 21, 2009, announced the appointment of two leading investment analysts to the International Accounting Standards Board (IASB):

- Patrick Finnegan, Director of the Financial Reporting Policy Group, CFA Institute Centre for Financial Market Integrity
- Patricia McConnell, former Senior Managing Director, Equity Research, Accounting and Tax Policy Analyst, Bear Stearns & Co

Both will become full-time members for a five year term starting on July 1, 2009. They will replace Mary Barth and Tom Jones, who are retiring from the IASB at the end of June, 2009. For further information, please visit www.iasb.org.

Additional Board Meeting

The International Accounting Standards Board (IASB) met for an additional Board meeting on May 5, 2009 to discuss its project to replace IAS 39, *Financial Instruments: Recognition and Measurement*.

In particular the Board discussed a possible re-measurement method based on discounted cash flows. This was an educational session and no decisions were made.

The additional Board meeting followed a tentative decision taken by the IASB and the US Financial Accounting Standards Board (FASB) at their joint meeting in March this year to consider three possible measurement methods for financial instruments:

- fair value - defined as an exit price in SFAS 157 Fair Value Measurements and in the forthcoming IAS exposure draft on fair value measurement;
- another re-measurement method, proposed by some FASB members, based on discounted cash flows; and
- amortised cost, (including an impairment approach for financial assets).

At the same meeting, the boards noted their aim of proposing, in a future exposure draft, an accounting model for financial instruments that uses two of the three methods described above. For further information, please visit www.iasb.org.

Web Presentation Introducing the Discussion Paper on Lease Accounting

In March 2009, the IASB and the FASB published their joint discussion paper *Leases: Preliminary Views*. The discussion paper is open for public comment until July 17, 2009.

Jan Engstrom, Member of the Board and Rachel Knubley, Senior Project Manager, introduced the discussion paper in a live web presentation on May 13, 2009. The live

web presentation was followed by an interactive question and answer session. Questions were submitted during the presentation via the web presentation facilities.

The web presentation and the question and answer sessions have been recorded and are available on the project website. For further information, please visit www.iasb.org.

Live Web Presentation Introducing the Exposure Draft on Derecognition

In March 2009, the IASB published an exposure draft on *Derecognition*. The exposure draft is open for public comment until July 31, 2009.

Stephen Cooper, Member of the IASB and Michael Mueller, Practice Fellow, will be introducing the exposure draft in a live web presentation on May 17, 2009. The same web presentation will be repeated later in the day, for the benefit of interested parties in different time zones.

The web presentation and the question and answer sessions will be recorded and will be made available on the project website after the presentation. To read the exposure draft and see more information on the Derecognition project, please see the project webpage. For further information, please visit www.iasb.org.

Update on Comprehensive Review of Financial Instrument Accounting

The IASB is reviewing accounting issues emerging from the global financial crisis, including those identified by the G20 and other international bodies such as the Financial Stability Forum (FSF). Committed to a global approach, the IASB is working closely with the US Financial Accounting Standards Board. For further information, please visit www.iasb.org.

IASB Proposes to Clarify the Accounting for Prepayments for Pension Plans

The IASB on May 28, 2009, published for public comment an exposure draft of proposed amendments to IFRIC 14 IAS 19—*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

The proposed amendments are aimed at correcting an unintended consequence of IFRIC 14, an interpretation of IAS 19 *Employee Benefits*. As a result of the interpretation, entities are in some circumstances not permitted to recognise as an asset some prepayments for minimum funding contributions.

This issue was also raised as a concern by many interested parties. The proposals published today respond to those concerns and, if confirmed, would remedy this unintended consequence of IFRIC 14. The exposure draft *Prepayments of a Minimum Funding Requirement* is available on the 'Open for Comment' section of www.iasb.org and is open for comment until July 27, 2009. For further information, please visit www.iasb.org

IASB Publishes Draft Guidance on Fair Value Measurement

The IASB on May 28, 2009, published for public comment an exposure draft of a proposed new standard on fair value measurement.

If adopted, the proposed standard would replace fair value measurement guidance contained in individual International Financial Reporting Standards (IFRSs) with a single, unified definition of fair value, as well as further authoritative guidance on the

application of fair value measurement in inactive markets. The proposed standard deals with how fair value should be measured when it is already required by existing standards. It does not extend its use in any way.

To ensure consistency between IFRSs and US Generally Accepted Accounting Principles (GAAP), the proposed standard incorporates recent guidance on fair value measurement published by the US Financial Accounting Standards Board (FASB) and is consistent with a report of the IASB's Expert Advisory Panel published in October 2008 on fair value measurement in illiquid markets.

This project forms part of a long-term programme by the IASB and the FASB to achieve convergence of IFRSs and US GAAP, as described in the boards' Memorandum of Understanding published in September 2008. It is also consistent with requests from G20 leaders to align fair value measurement in IFRSs and US GAAP.

The IASB's starting point in developing the exposure draft was the equivalent US standard, SFAS 157 Fair Value Measurements as amended. The proposed definition of fair value is identical to the definition in SFAS 157 and the supporting guidance is largely consistent with US GAAP.

Introducing the exposure draft, Sir David Tweedie, Chairman of the IASB, said: This exposure draft is an important milestone in our response to the global financial crisis. It proposes clear and consistent guidance for the measurement of fair value and also addresses valuation issues arising in markets that have become inactive. The proposed guidance ensures consistency with US GAAP on issues related to fair value measurement and would achieve overall convergence with US GAAP.

The proposals are set out in the exposure draft Fair Value Measurement which is open for comment until September 28, 2009. The exposure draft is available on the 'Open for Comment' section on www.iasb.org. The IASB will hold a webcast to introduce the proposals in the exposure draft and will announce details on its website in due course. For further information, please visit www.iasb.org.

News from Other Professional Bodies

MALAYSIAN INSTITUTE OF ACCOUNTANTS (MIA)

World Congress of Accountants 2010

As members are aware, Malaysia will host the 18th World Congress of Accountants 2010 which will be held in Kuala Lumpur on November 8-11, 2010 at the Kuala Lumpur Convention Centre. For further information, please click [here](#)

THE CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS (CIMA)

CIMA World Conference 2009

In conjunction with CIMA's 90th Anniversary, CIMA Malaysia Division is organising the *CIMA World Conference 2009* with the theme *The Global Village – No Boundaries, No Limits*. The event will be held on July 13 – 14, 2009 at the Kuala Lumpur Convention Centre.

The MICPA is a supporting partner of the Conference and Members of MICPA who register for the Conference will be able to enjoy a preferential rate of registration fee of RM1,700. For those who register online, are kindly requested to insert the following registration code: 'CWCMICPA03'.

For further information on the conference and registration, please visit www.cimaglobal.com/worldconference

THE MALAYSIAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS (MAICSA)

MAICSA Annual Conference 2009

MAICSA will be organising its annual conference 2009 on July 6 – 7, 2009 at Hotel Istana Kuala Lumpur with the theme *Shaping the Future Corporate Professionals*.

The MICPA is a supporting partner of the conference and MICPA members who register for the conference will be able to enjoy a preferential rate of registration fee of RM1,180 for the two-day conference.

For further information on the conference and registration, please contact Ms Linda Tey at Tel: 03-2282 9276 ext 609 or Pn Syahida Ahmad Imran at ext 606.

MAICSA Business Leaders Meet 2009

In conjunction with MAICSA's 50th Anniversary celebrations, the inaugural *Business Leaders Meet (BLM) 2009* will be held on October 7, 2009. BLM will be the forum where corporate leaders and professionals converge to discuss and share their business and corporate adventures, explore opportunities in the global financial crisis and learn about corporate misdemeanours, fraud detection and prevention.

The MICPA is a supporting partner of the BLM 2009 and Members of MICPA who register for the one-day Conference will be able to enjoy a preferential rate of registration fee of RM960 (before August 31, 2009) and RM1,060 (after August 31, 2009).

For further information on the conference and registration, please contact Ms Thashi Shan or Ms Maggie Chong on Tel: 03-2282 9276 ext 614 and ext 608 respectively or email: thashikala@maicsa.org.my & chongsm@maicsa.org.my

THE CHARTERED TAX INSTITUTE OF MALAYSIA (CTIM)

National Tax Conference (NTC) 2009

The Chartered Tax Institute of Malaysia (CTIM) and the Inland Revenue Board of Malaysia (IRB) are jointly organising the *National Tax Conference (NTC)* to be held on August 4 & 5, 2009 at the Kuala Lumpur Convention Centre.

The MICPA is a supporting partner of the Conference and Members of MICPA who register for the Conference will be able to enjoy a preferential rate of registration fee of RM1,000 for early bird registration (payment to be received before or on June 30, 2009) and RM1,200 for normal registration (closing date is July 14, 2009).

For further information on the conference and registration, please visit www.ctim.org.my

THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA (IIA MALAYSIA)

2009 Asian Confederation of Institutes of Internal Auditors (ACIIA) Conference on Internal Auditing

The Institute of Internal Auditors Malaysia is hosting the regional 2009 Asian Confederation of Institutes of Internal Auditors (ACIIA) Conference which will be held from October 19 – 21, 2009 at the Kuala Lumpur Convention Centre. The theme of the regional conference is *Towering Experience: Towards Sustainable Success*.

The MICPA is a supporting partner of the conference and Members of MICPA who register for the Conference will be able to enjoy a preferential rate of registration fee of RM1,780 (early bird registration before August 15, 2009) and RM1,980 for normal registration.

For further information on the conference and registration details, please visit www.iiam.com.my

News from Universities

Universiti Kebangsaan Malaysia

International Management Accounting Conference (IMAC V)

The Faculty of Economics and Business, Universiti Kebangsaan Malaysia is pleased to announce that they will be organising and hosting the fifth International Management Accounting Conference (IMAC V) on October 19 – 21, 2009 to be held in Kuala Lumpur. The theme of the conference is *Emergent Theories and Practices in Accounting*. For further details on the conference, please visit <http://www.ukm.my/imac5>.

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

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The Malaysian Institute of Certified Public Accountants

No 15, Jalan Medan Tuanku, 50300 Kuala Lumpur, Malaysia. Tel: 03-26989622 Fax: 03-26989403
Email: micpa@micpa.com.my Website: www.micpa.com.my