

*May 2011*

*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**

---

### ***Annual Report 2010***

We are pleased to inform that the Institute's Annual Report 2010 has been posted on the MICPA website [www.micpa.com.my](http://www.micpa.com.my). To view the annual report, please click [here](#).

### ***MICPA 53<sup>rd</sup> Annual Dinner***

The Institute's 53<sup>rd</sup> Annual Dinner will be held on **Friday, June 17, 2011** at Sheraton Imperial Hotel Kuala Lumpur. For further information, please contact the Institute's Public Affairs & Communications Manager on Tel: 03-2698 9622 or email: [vic.pr@micpa.com.my](mailto:vic.pr@micpa.com.my).

Members may also refer to the Circular No. PAC/01/04/11 dated April 12, 2011 which can be downloaded from the MICPA website at [www.micpa.com.my](http://www.micpa.com.my) in the Members' Area.

### ***MICPA 53<sup>rd</sup> Annual General Meeting***

The Institute's 53<sup>rd</sup> Annual General Meeting will be held on **Saturday, June 18, 2011** at FR Dillenia (Ground Floor), Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, Kuala Lumpur at 10:00 a.m.

For further information, please refer to the Circular No. ADM/01/04/11 dated April 12, 2011 which can be downloaded from the MICPA website at [www.micpa.com.my](http://www.micpa.com.my) in the Members' Area.

### ***MICPA 52<sup>nd</sup> Anniversary Commemorative Lecture cum Luncheon***

The Institute will be holding its 52<sup>nd</sup> Anniversary Commemorative Lecture cum Luncheon on **Thursday, July 14, 2011** at Sime Darby Convention Centre at 12.30 p.m.

We are pleased to inform that **YBhg Tan Sri Dato' Dr Lin See Yan, Independent Strategic & Financial Consultant** will deliver the Commemorative Lecture on a topical issue.

The Commemorative Lecture cum Luncheon provides an opportunity for members of the accountancy profession, the Government, regulatory authorities and the business community to get together to evaluate the most pertinent issue affecting the Malaysian and global economies, and the role of the accountancy profession.

In this regard, we have pleasure in inviting you, your colleagues and business associates to the Commemorative Lecture and Luncheon. For further information, please contact the Public Affairs & Communications Manager on Tel: 03-2698 9622 or e-mail: [vic.pr@micpa.com.my](mailto:vic.pr@micpa.com.my).

---

## **MICPA Education & Training**

---

### ***Students Sponsorship Programme***

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 3.35 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
- Good personality traits
- Must be a Malaysian citizen

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

### **Revised MICPA Programme - Tuition Provider: Sunway-TES**

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

---

## **Activities of the Institute**

---

### **Schedule of MICPA Events for 2011**

We are pleased to inform that the schedule of events for 2011 has been made available on the MICPA website under Events/CPD in the Homepage. For further information, please click [here](#).

### ***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 May 2011:

**The Institute also made On-Boarding Presentations to New Recruits at the following Members' Firms:**

#### ***KPMG***

- On May 4, 2011

#### ***Deloitte Malaysia***

- On May 18, 2011

#### ***Career Talks at Secondary Schools***

- SMK Sri Andalas on May 6, 2011 to 50 students

### ***Streams of Training***

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

To date, over 480 members' firms and 77 ATOs are registered with the Institute where students can undertake their training. For further information, please visit the MICPA website [www.micpa.com.my](http://www.micpa.com.my) and go to List of CPA Firms in the Homepage.

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

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

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

---

## **MICPA Technical Updates**

---

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

#### ***Form CP57 – Notification of the Demise of Taxpayer***

Further to Circular No.TEC/026/05/2011/W dated May 11, 2011, members are informed that the Inland Revenue Board (IRB) has issued Form CP57 [1/2011].

The Form was made in accordance with the amendment of Section 74(3) of the Income Tax Act, 1967 and Section 14(4) Real Property Gains Tax Act, 1976 which came into force on January 28, 2011. The time limit for an assessment or additional assessment to be raised is within three years after the Director General of Inland Revenue is informed by the executor of the estate of the death of a taxpayer by using this form. This Form must be submitted to the branch where the taxpayer's income tax file is administered.

For further information, please refer to the Circular which can be downloaded from the MICPA website at [www.micpa.com.my](http://www.micpa.com.my) in the Members' Area.

***Guideline Relating to Tax Deduction on Broadband Subscription Fee and Guideline Relating to Serious Illnesses for Purposes of Section 46(1)(g) of the Income Tax Act, 1967***

Further to Circular No.TEC/027/05/2011/W dated May 11, 2011, members are informed that the IRB has recently issued the following Guidelines:

- Guideline relating to Tax Deduction on Broadband Subscription Fee; and
- Guideline relating to Serious Illnesses for Purposes of Section 46(1)(g) of the Income Tax Act, 1967.

Please be informed that the above Guidelines can be downloaded from the IRB's website at:

<http://www.hasil.gov.my/goindex.php?kump=5&skum=5&posi=3&unit=1&sequ=1>.

***Public Rulings***

Further to Circular No.TEC/028/05/2011/W dated May 24, 2011, members are informed that the IRB has issued the following Public Rulings on May 16, 2011:

<b>Title of Public Ruling</b>	<b>Objective</b>	<b>Effective Date</b>
<b>Public Ruling No.5/2011:</b> Residence Status of Companies and Bodies of Persons	This Ruling provides an explanation on the determination of the residence status of companies and bodies of persons	Year of Assessment 2011
<b>Public Ruling No.6/2011:</b> Residence Status of Individuals	This Ruling explains the determination of residence status of individuals	Year of Assessment 2011  This Ruling replaces Appendix A in Public Ruling No.2/2005 issued on June 6, 2005)

The above Public Rulings can be viewed or downloaded from the IRB's website at:

<http://www.hasil.gov.my/goindex.php?kump=5&skum=5&posi=3&unit=1&sequ=1>.

**ROYAL MALAYSIAN CUSTOMS (RMC)**

***Exemption of Service Tax on Asset and Fund Management Services***

Further to Circular No. TEC/025/05/2011W, dated May 11, 2011, members are informed that Minister of Finance has exempted the fund and asset management services from service tax with effect from January 1, 2010. As the asset management services include receivership and liquidation, these services are also exempted from service tax effective January 1, 2010.

In this regard, application for refund of service tax which has been paid to the Royal Malaysian Customs (RMC) since January 1, 2010 with regard to the above services could be made in the prescribed form within one year after the overpayment or mistaken payment was made to the Customs Department in which the company is licensed. Application for refund should be submitted directly to the Ministry of Finance if the service tax is paid more than one year from the date of payment to the RMC. All relevant documents must be submitted together with the application.

Should you have any enquiries on the refund of service tax, please contact Tengku Aini Baldri of RMC at 03-8882 2616.

---

## Members Updates

---

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

Members are duly reminded that they should inform the Institute of any change in their correspondence and e-mail addresses. This is to ensure that you receive all circulars, publications, correspondences and e-mail broadcasts promptly.

Please click [here](#) to download the form and fax the completed form to the MICPA Secretariat at Fax no: +603-2698 9403. You may also send an e-mail to [membership@micpa.com.my](mailto:membership@micpa.com.my) for the change of correspondence and e-mail address.

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

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

The Committee would like to remind members that in accordance with **bye-law 56 of the Institute's bye-laws**, a member shall be entitled to engage in public practice in Malaysia only if he holds a practising certificate issued by the Institute. If members need clarification on the above requirement, you may forward your inquiry to [membership@micpa.com.my](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 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](http://www.micpa.com.my).



---

## Continuing Professional Development (CPD) Programmes

---

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

### ***Accounting for Agriculture***

The MICPA is organising a one-day Seminar on *Accounting for Agriculture* on June 8, 2011 at Concorde Hotel Kuala Lumpur.

The objective of this Seminar is to enable participants to understand the requirements of IAS 41, with focus on the fair value measurement principles prescribed in the IAS. It will also demonstrate how these fair value principles can be applied by entities that are engaged in the agricultural activities. Participants should be able to understand the requirements and assess the impact of IAS 41 on their current practice.

The seminar will be led by Mr Tan Liong Tong, Technical Consultant to MAZARS Malaysia and Mr Woon Chin Chan, Consultant cum Trainer in financial corporate accounting, auditing and other related areas. For further information, please click [here](#).

### ***Tax Planning for Mergers and Acquisitions and Initial Public Offerings***

The MICPA is organising a one-day Workshop on *Tax Planning for Mergers and Acquisitions and Initial Public Offerings* on June 9, 2011 at Seri Pacific Hotel Kuala Lumpur.

The objective of this Workshop is to highlight to participants on the tax implications and incentives to be considered while undertaking corporate exercises such as mergers and acquisitions and initial public offerings. The tax implications of these corporate exercises can be very wide-ranging and will encompass matters such as income tax implications, stamp duty implications and effects of change in shareholding on tax losses. Participants should be able to understand the tax planning areas implicit to the above corporate exercises and apply the knowledge to their undertakings respectively.

The workshop will be led by Mr Chow Chee Yen, Executive Director of Advent Tax Consultants. For further information, please click [here](#).

### ***Updates of 2011 New and Revised Standards and New Bursa Malaysia Listing Requirements***

The MICPA is organising a two-day Seminar on *Updates of 2011 New and Revised Standards and New Bursa Listing Requirements* on July 11 – 12, 2011 at Concorde Hotel Kuala Lumpur.

The Seminar will highlight the salient features of the principles prescribed in the new standard and guidance and explain their application aspects. Participants will be able to incorporate the new requirement in their financial reporting for the years 2010 and 2011.

The seminar will be led by Mr Tan Liong Tong, Technical Consultant to MAZARS Malaysia and Mr Woon Chin Chan, Consultant cum Trainer in financial corporate accounting, auditing and other related areas. For further information, please click [here](#).

## ***Accounting for Construction, Property Development and Real Estate Activities***

The MICPA is organising a one-day Workshop on *Accounting for Construction, Property Development and Real Estate Activities* on July 14, 2011 at Hotel Istana Kuala Lumpur.

The workshop aims to discuss the important aspects of the FRSs and to highlight the major areas of difficulty in measuring and recognising revenue and costs associated with construction contracts and property development/ real estate activities.

The workshop will be led by Ms Lim Geok Heng, Technical and Training Consultant with Evo Training & Consulting. For further information, please click [here](#).

---

## **News from Regulatory Bodies**

---

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

#### ***Liberalisation on Direct Investment Abroad, Inter-Company Loans and Trade Financing***

As part of the efforts to continuously increase business efficiency and enhance competitiveness of the economy, Bank Negara Malaysia announced that with effect from June 1, 2011 the following liberalisations on direct investment abroad, inter-company loans and trade financing facilities obtained by residents:

- (a) To support private sector expansion of their operations and direct investment abroad, resident companies that meet the prudential requirements will now be permitted to undertake any amount of direct investment abroad. Therefore, direct investment abroad will be excluded from the prevailing RM50 million limit on investment in foreign currency assets.
- (b) To further enhance the efficient management of financial resources within a corporate group and to provide greater flexibility on sources of competitive financing, resident companies may now borrow any amount in ringgit or foreign currency from their resident and non-resident non-bank related companies.
- (c) The RM5 million limit currently imposed on foreign currency trade financing obtained by residents from non-residents will no longer be applicable. In this regard, residents may obtain foreign currency borrowing, including foreign currency trade financing, up to the prevailing aggregate limit of RM100 million for companies on a corporate group basis and RM10 million for individuals.

For further information and enquiries on the above liberalisation, members of the public may contact Bank Negara Malaysia at the Toll Free Line: 1 300 88 5465 (BNMTELELINK).



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

### ***Fund Management Companies' Compliance Guidelines Revised to Further Safeguard Investors' Interests***

The Securities Commission Malaysia has released a revised version of the Guidelines on Compliance Function for Fund Management Companies (Guidelines) to enhance client asset protection and further safeguard the interests of investors in a number of areas.

Transparency and professionalism is raised through requirements for fund management companies to highlight unique features and characteristics of investment products, such as derivatives and private equity to their clients. In addition, fund management companies must make their clients aware of the risks inherent in the investments, including liquidity and attribution of ownership.

They will have to provide quarterly updates on the performance of each client's portfolio against appropriate benchmarks and any subsequent changes in risk as well as the potential impact of these risks on the client's investment. Fund management companies are also now expressly prohibited from recommending, or investing clients' funds in, products which they themselves do not fully understand in terms of structure, pricing mechanism and nature of underlying assets (if any).

Accountability is preserved with the stipulation that where a fund management company delegates its fund management function, all responsibilities and obligations to the client must remain at all times with the original fund management company appointed by the client. A number of areas where delegation is prohibited are also defined, including performing risk profiling of clients, recommending investment policies and reporting of the client's portfolios under management.

Client asset protection is enhanced via a clarification that only foreign financial institutions which are appropriately authorised to provide custodial services in their home jurisdictions may be appointed as custodians.

The revised Guidelines also introduce 11 core principles which fund management companies and their representatives are required to uphold in the conduct of their business. Ranging from integrity, skill, conflict of interest, compliance culture and client asset protection, the core principles are aimed at promoting a culture of compliance, professionalism, ethical standards and responsible conduct amongst fund management companies, their representatives and employees.

## **SURUHANJAYA SYARIKAT MALAYSIA (SSM)**

### ***SSM National Conference 2011***

We are pleased to inform members that SSM is organising the *SSM National Conference 2011* with the theme "Driving Business Transformation Dynamics Through Regulations and Enforcement". The conference will be held on June 13 & 14, 2011 at Auditorium Tun Dr Siti Hasmah, Menara SSM@Sentral, Kuala Lumpur Sentral. The conference is HRDF SBL Claimable – SSM 16 CPE Points.

The MICPA is a supporting body of the Conference. For further information and registration details, please contact the Conference Secretariat at Tel: 03-2299 4434 or click on the link provided below:

<http://www.ssm.com.my/en/SSMNCmicrosite/SSMNC>.

### INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC)

#### ***IAESB Proposes Clarified Standard on Assessment of Professional Competence***

The International Accounting Education Standards Board (IAESB) has released for public exposure a proposed revision of International Education Standard (IES) 6, *Assessment of Professional Competence*. The revised education standard will assist IFAC member bodies and other professional accountancy organizations in understanding both the learning and development requirements for areas of assessment of professional competence, and their obligations in upholding the standards.

IES 6, originally drafted in 2004, currently prescribes the requirements for a final assessment of a candidate's professional capabilities and competence before qualification. The revised standard addresses elements that are essential to assessing professional competence over the career of a professional accountant. Specifically, it proposes:

- A principles-based approach, which specifies the requirements for the assessment of professional competence across the Initial Professional Development (IPD) and Continuing Professional Development (CPD) of a professional accountant;
- Principles of individual assessment used by member bodies to assess professional competence—applied across IPD and CPD career stages—that shall be reliable, valid, equitable, transparent, and sufficient; and
- A requirement that IFAC member bodies undertake a formal evaluation of the adequacy of competence of aspiring professional accountants prior to their admission to the profession and have a systematic process to verify whether professional accountants meet CPD requirements.

The IAESB has undertaken a project to redraft all eight of its IESs in accordance with its new clarity drafting conventions, as outlined in its 2010-2012 Strategy and Work Plan. This project began in December 2010 with the proposed revision of IES 7, *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence*. A proposed revision of IES 4, *Professional Values, Ethics, and Attitudes* was released for exposure earlier this month, and the comment period is still open. The current timetable envisages that all IESs will have been revised and redrafted, or redrafted only, by the first quarter of 2013.

#### **How to Comment:**

The IAESB invites all stakeholders to comment on its proposals. To access the exposure draft and submit a comment, visit the IAESB's website at: [www.ifac.org/Education/ExposureDrafts.php](http://www.ifac.org/Education/ExposureDrafts.php). Comments on the exposure draft are requested by **July 28, 2011**.

### ***IPSASB Issues Exposure Draft Key Characteristics of the Public Sector with Potential Implications for Financial Reporting***

The International Public Sector Accounting Standards Board (IPSASB) has released for comment an exposure draft (ED), *Key Characteristics of the Public Sector with Potential Implications for Financial Reporting*.

The paper provides background on issues affecting the development of a conceptual framework for public sector entities and standard setting. In particular, it highlights that public sector entities are likely to depend upon taxation rather than commercially generated profits for their continued existence—and have governance arrangements that generally involve a legislative body holding an executive to account.

The paper is geared toward those who may have limited familiarity with the public sector, particularly those with more experience of financial reporting in the private sector—both for-profit and not-for-profit entities.

One of the main objectives of governments and other public sector entities is to deliver goods and services—not to produce profits, as in the private sector. As a result, there are a large number of financially significant non-exchange transactions in the public sector. These include outflows, such as state pension and social security payments, and inflows from taxation and transfers from other levels of government. However, the paper notes that there are a large number of transactions in the public sector that mirror those in the private sector, and that in such cases, there is no reason why accounting treatments should differ between the two sectors. The paper also considers the importance of the budget in many jurisdictions. It is often the primary mechanism for communicating with citizens and demonstrating compliance with legal requirements.

Other areas explored include the specialized nature of much of the property, plant, and equipment deployed in the public sector, the regulatory role of government, the responsibilities for a nation's or area's heritage, the longevity of most governments and many public sector entities, and the ownership or control of rights to natural resources. The paper also notes that for governments, reporting under statistical bases of accounting is highly important for decision-making purposes and economic analysis.

#### **How to Comment**

To access the exposure draft or to submit a comment, visit the IFAC website at [www.ifac.org/Guidance/EXD-Outstanding.php](http://www.ifac.org/Guidance/EXD-Outstanding.php). Comments on the exposure draft are requested by **August 31, 2011**. The IPSASB invites all stakeholders to comment on the exposure draft.

### ***IAASB Issues Enhanced Overarching Assurance Standard for Comment***

The International Auditing and Assurance Standards Board (IAASB) has released for public comment proposed revised International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*.

Proposed ISAE 3000 is a principles-based standard that can be applied effectively to a broad range of assurance engagements. Such engagements may range from assurance on statements about the effectiveness of internal control, for example, to direct engagements such as performance or “value for money” audits, to possible future engagements addressing integrated reporting or corporate social responsibility reporting.

Proposed ISAE 3000 covers both reasonable and limited assurance engagements. Among other proposals, the ISAE introduces guidance designed to help readers better understand these two levels of assurance. It also includes guidance addressing direct engagements that have become common in the public sector and have been undertaken increasingly in the private sector. "Since 2003, when the existing standard was approved, practitioners and national standard setters have gained considerable experience with ISAE 3000 that has helped identify a number of opportunities to clarify how some of the core underlying concepts should be applied in practice," explained James Gunn, IAASB Technical Director.

Proposed ISAE 3000 also includes material from the existing [International Framework for Assurance Engagements](#) that is necessary for the ISAE to be understood without reference to the Framework. Accompanying the exposure of the proposed ISAE are also proposed consequential amendments to the Framework reflecting the impact of the proposals in ISAE 3000.

### **How to Comment**

The IAASB invites all stakeholders to comment on its proposals. To access the exposure draft or submit a comment, visit the IAASB's website at [www.iaasb.org/ExposureDrafts.php](http://www.iaasb.org/ExposureDrafts.php). Comments on the exposure draft are requested by **September 1, 2011**.

### ***Proposed Predictive Analytics Guidance from IFAC Highlights Importance of Anticipating the Future***

The Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC) has issued proposed International Good Practice Guidance titled *Predictive Business Analytics: Forward-Looking Measures to Improve Business Performance*.

The guidance is designed to help professional accountants working in commerce, industry, financial services, education, and the public and not-for-profit sectors, as well as their organisations, embrace predictive analytics to achieve better forward-looking performance insights.

Predictive business analytics help professional accountants anticipate future events, forecast possible outcomes, and select actions and decisions to improve the performance of their organizations in response to changing market and industry dynamics.

The PAIB Committee undertook this project to help contend with the rising expectations of professional accountants in business. The quality of management information expected by internal business users is expanding, both in terms of the range of data to be considered and the level of required analysis. From strategic issues to routine tasks, all executives, managers, and operational staff expect higher-quality information from professional accountants to support management and organizational decision making.

Professional accountancy organisations and other interest parties are encouraged to respond to the proposed guidance and help improve its applicability to professional accountants in organisations of all sizes.

## **How to Comment**

The PAIB Committee invites all stakeholders to comment. To access the exposure draft and submit a comment, visit the International Center for Professional Accountants in Business. Comments on the exposure draft are requested by **July 29, 2011**.

## ***IFAC Praises Launch of Pan-African Federation of Accountants***

The launch of the Pan-African Federation of Accountants (PAFA)/Fédération Panafricaine des Experts-Comptables (FEPEC) is a historical event for the accountancy profession and the African continent, according to the International Federation of Accountants (IFAC). IFAC is the global organisation for the accountancy profession, with members and associates in 125 countries.

PAFA is composed of 37 professional accountancy organisations from 35 countries, which have joined together to give voice to Africa's economies and strategy on the global stage.

The PAFA President, Major General Sebastian Owuama, Institute of Chartered Accountants of Nigeria, stated: "As the economies of African countries continue to grow, the contribution of the accountancy profession to sound corporate and public sector financial reporting and good governance is now more important than ever. PAFA will accelerate the development of the profession and strengthen the voice of the profession within Africa and worldwide."

The PAFA launch in Dakar, on May 5, 2011, was hosted by Ordre National des Experts Comptables et Comptables Agréés du Sénégal (ONECCA) with the strong support of IFAC and the World Bank. Dr. Mussa J. Assad, National Board of Accountants and Auditors, Tanzania, was named vice president. The PAFA Secretariat will be hosted by the South African Institute of Chartered Accountants in Johannesburg.

"The formation of PAFA demonstrates the commitment of the African accountancy profession, acting in the public interest, to strengthen its means of collaboration and to further develop the profession to support the emerging economies on the continent," said Göran Tidström, IFAC President.

## ***IFAC PAIB Forum: Integrated Reporting Can Result in Better Governance***

CPA Australia and the Institute of Chartered Accountants in Australia, together with the Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC), hosted a forum for local professional accountants this week. The focus of the forum was on how professional accountants in business can support their organizations to improve governance practices through the integration of financial and non-financial information into their reporting, including a focus on environment, social, and governance (ESG) factors.

The forum and subsequent PAIB Committee meeting, held in Melbourne, included speakers from National Australia Bank, VicSuper (a retirement/pension provider), Macquarie Securities, KPMG, the University of Melbourne, the Water Accounting Standards Board (Australia), and the International Integrated Reporting Committee's content working group. A key focus of the discussions was how integrated reporting can drive good governance practices, including new systems and processes to measure, analyze, and report an organization's environmental, social, and economic performance.

The forum was attended by approximately 150 delegates and the main conclusions were:

- Integrated reporting needs to reflect an organisation's strategy and values, as well as how it is managed in all social, environmental, and economic dimensions of performance;
- The process of integrated reporting, in turn, is a powerful tool to help drive an organisation's strategic agenda, providing management with key drivers of performance. Integrated reporting has to be open and transparent by reflecting both improvements in performance as well as weaknesses; and
- Pension fund investors, as well as some other institutional investors, are increasingly looking for financial implications of ESG factors to understand how an organisation's strategy and operations are affecting the numbers and key measures of performance.

The International Integrated Reporting Committee (IIRC), of which IFAC is a participant, is moving quickly and with wide stakeholder support to develop a globally accepted international framework for integrated reporting that brings together the various ESG reporting dimensions. The framework will be designed to make reporting more relevant for organizations, their shareholders, and their other stakeholders, to reduce the cost and complexity of reporting, and to provide a better basis to determine the cost of capital. The IIRC's discussion paper is expected in 2011 and will be available at [www.theiirc.org](http://www.theiirc.org).

### ***IAASB Seeks Global Views on Enhancing the Value of Auditor Reporting***

The International Auditing and Assurance Standards Board (IAASB) has released its consultation paper, *Enhancing the Value of Auditor Reporting: Exploring Options for Change*, to obtain views on enhancing the quality, relevance and value of auditor reporting on an international basis.

The consultation paper seeks to determine whether there are common views among users of audited financial statements and other stakeholders about the usefulness of auditor reporting. It describes issues with current financial reporting, including a perceived "information gap," identified by some stakeholders. It then sets out possible options for change and seeks input as to whether such options might be effective in enhancing auditor reporting and the communicative value of the auditor's report.

The IAASB is also seeking information about the potential implications of changes in auditor reporting, as well as about possible implementation challenges. The paper recognizes that not all of the options explored are able to be implemented by the IAASB on its own—some would require collaboration with national standard setters, regulators and/or legislators to develop or implement.

### **How to Comment**

The IAASB invites all stakeholders to respond to its consultation paper. To access the consultation paper or submit a comment, visit the IAASB's website at [www.iaasb.org/ExposureDrafts.php](http://www.iaasb.org/ExposureDrafts.php). Comments on the Consultation Paper are requested by September 16, 2011.

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



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

### ***IASB and FASB Issue Common Fair Value Measurement and Disclosure Requirements***

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) have issued new guidance on fair value measurement and disclosure requirements for International Financial Reporting Standards (IFRSs) and US generally accepted accounting principles (GAAP).

The guidance, set out in IFRS 13 *Fair Value Measurement* and an update to Topic 820 in the FASB's Accounting Standards Codification® (formerly referred to as SFAS 157), completes a major project of the boards' joint work to improve IFRSs and US GAAP and to bring about their convergence.

The harmonisation of fair value measurement and disclosure requirements internationally also forms an important element of the boards' response to the global financial crisis.

Completion of the project is the culmination of more than five years' work to improve and align fair value measurement and disclosure requirements. The requirements, which are largely identical across IFRSs and US GAAP, have benefited from extensive due process and public consultation, including input from a Fair Value Expert Advisory Panel and the FASB's Valuation Resource Group.

The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

For IFRSs, IFRS 13 *Fair Value Measurement* will improve consistency and reduce complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

For US GAAP, the Update will supersede most of the guidance in Topic 820, although many of the changes are clarifications of existing guidance or wording changes to align with IFRS 13. It also reflects the FASB's consideration of the different characteristics of public and non-public entities and the needs of users of their financial statements. Non-public entities will be exempt from a number of the new disclosure requirements.

An IASB podcast, as well as a project summary and feedback statement explaining how the IASB responded to feedback received during the consultation process, are both available from the IASB website. A 'FASB in Focus' summary of the project and podcast are available from the FASB website.

The boards intend to hold a joint webcast introducing IFRS 13 and the update to Topic 820. Further details will be published on both websites shortly.

### ***IASB Completes Improvements to Accounting Requirements for Off Balance Sheet Activities and Joint Arrangements***

The International Accounting Standards Board (IASB) has completed its improvements to the accounting requirements for off balance sheet activities and joint arrangements by issuing IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities.

The completion of this review brings the accounting treatment for off balance sheet activities in International Financial Reporting Standards (IFRSs) and US generally accepted accounting principles (GAAP) broadly into alignment, and concludes an important element of the IASB's comprehensive response to the financial crisis.

- IFRS 10 Consolidated Financial Statements builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
- IFRS 11 Joint Arrangements provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities.
- IFRS 12 Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

As a package, these changes will provide a check on off balance sheet activities and give investors a much clearer picture of the nature and extent of a company's involvement with other entities.

Further information, including downloadable podcast summaries of the projects and feedback statements that explain how the IASB responded to feedback received during the consultation process, are available from the IASB website.

IFRS 10 Consolidated Financial Statements replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities are effective from January 1, 2013. Earlier application is permitted.

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

---

## News from Professional and Other Bodies

---

### ISACA MALAYSIA CHAPTER

#### ***IT Governance, Assurance and Security Conference 2011***

The Information Systems Audit and Control Associations (ISACA) Malaysia Chapter in collaboration with Malaysian National Computer Confederation (MNCC) is organising the *IT Governance, Assurance and Security Conference 2011* on June 22 – 23, 2011 at the One World Hotel, First Avenue.

The MICPA is a supporting organisation of the Conference and MICPA members who register will be able to enjoy a preferential rate of registration fee of RM1,530. For further information on the conference and registration, please click here [www.isacamalaysia.org](http://www.isacamalaysia.org).

## **THE INSTITUTE OF INTERNAL AUDITORS (IIA) MALAYSIA**

### ***IIA International Conference 2011***

The Institute of Internal Auditors (IIA) Malaysia is honoured to host the *IIA's 70<sup>th</sup> International Conference* with the theme "Standing Tall". The event will be held on July 10 – 13, 2011 at the Kuala Lumpur Convention Centre.

The conference will feature more than 90 distinguished thought-leading presenters and nine program tracks covering a wide range of topical issues relevant to the accountancy profession. Periodical announcements will be made about the speakers and topics. There would be a pre-conference session on July 10, 2011, exclusive for the first 200 Malaysians who register and pay before March 31, 2011.

The MICPA will be participating as an Exhibitor at the above conference. For further information on the conference, fees and registration, please visit the conference website, [www.ia2011kl.org](http://www.ia2011kl.org).

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

### ***MAICSA Annual Conference 2011***

The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) will be holding the *MAICSA Annual Conference 2011* with the theme *Governing Responsibility: Inevitable Changes* on July 11 & 12, 2011 in Kuala Lumpur.

The MICPA is a supporting body of the conference and MICPA members will be able to enjoy a preferential rate of registration fee. For further information, please click [here](#).

## **THE CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS (CIMA)**

### ***CIMA Green Sustainability Conference Asia 2011***

The Chartered Institute of Management Accountants (CIMA) will be holding the *CIMA Green Sustainability Conference Asia 2011* with the theme *Going Green – Profiting from Sustainability* on July 12 - 13, 2011 at the InterContinental Kuala Lumpur.

The MICPA is a supporting body of the conference and members will be able to enjoy a preferential rate of registration fee of RM1,400 for those who register before May 21, 2011 and the normal rate of RM1,600 for the two-day Conference. For further information, please click [here](#).

## THE CHARTERED TAX INSTITUTE OF MALAYSIA (CTIM)

### ***National Tax Conference 2011***

The Chartered Tax Institute of Malaysia in collaboration with Lembaga Hasil Dalam Negeri Malaysia is organising the *National Tax Conference 2011* with the theme Economic Transformation: Role of Taxation on July 19 – 20, 2011 at the Kuala Lumpur Convention Centre.

The MICPA is a supporting body of the conference and members will be able to enjoy a preferential rate of registration fee of RM1,100 for those who register before June 24, 2011 and the normal rate of RM1,300 for the two-day Conference. For further information, please click [here](#).

*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.*

*The views expressed in this Newsletter are not necessarily those of the Institute. All rights reserved. No part of this publication may be transmitted in any form or by any means, electronic, mechanical, photocopy or otherwise, without the prior permission of the Institute.*

---

### **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](mailto:micpa@micpa.com.my) Website: [www.micpa.com.my](http://www.micpa.com.my)