

*November 2010*

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

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## **Announcements**

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### ***National Annual Corporate Report Awards 2010***

We are pleased to inform you that the adjudication for the National Annual Corporate Report Awards (NACRA) 2010 is now in its final stage.

NACRA is an annual competition jointly organised by Bursa Malaysia Berhad, Malaysian Institute of Accountants (MIA) and The Malaysian Institute of Certified Public Accountants (MICPA) with the objective to recognise excellence in the quality of financial and corporate reporting principally by PLCs in Malaysia. The theme of NACRA, *Towards Accountability & Excellence*, underscores the vital role of annual reports in promulgating transparency and enhancing the integrity of the capital market.

The winners of NACRA 2010 will be announced at a dinner presentation ceremony, which will be held on **Thursday, January 27, 2011 at Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur.**

The NACRA Organising Committee has invited YB Dato' Sri Ismail Sabri bin Yaakob, Minister of Domestic Trade, Co-operatives and Consumerism to officiate the function.

For further information on the event, 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).

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## **MICPA Education & Training**

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### ***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.

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## **Activities of the Institute**

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### ***Schedule of MICPA Events for 2010***

We are pleased to inform that the schedule of events for 2010 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.

On Monday, November 1, 2010, the Institute made an on-boarding presentation to 35 new recruits at KPMG.

The Institute also made a presentation to Folks DFK/ Azman Wong Salleh on Thursday, November 4, 2010.

## ***Sponsorship of University Student Activities and Participation at Exhibitions & Career Fairs***

In view that university students are a major source of the Institute's student intake as well as to foster closer relationship with this target group, the Institute had sponsored the following student activities organised by the accounting clubs including:

- **Universiti Teknologi MARA (UiTM), Shah Alam**

### ***Accounting Students Conference 2010***

The Accounting Club of UiTM, Shah Alam was entrusted to organise the bi-yearly *Accounting Students Conference 2010* which is supported by the Malaysian Institute of Accountants. The event was held on November 20 – 21, 2010.

The MICPA was a Bronze sponsor, contributing RM3,000 towards the event and participated as an exhibitor during the event.

- **Multimedia University (MMU), Cyberjaya Campus**

### ***The Wall Street Event 2010/2011***

The Accounting Club of MMU, Cyberjaya Campus organised *The Wall Street Event 2010/2011* which was held on November 22 – 23, 2010. The MICPA contributed RM1,000 towards the event and participated as an exhibitor during the event.

- **Universiti Putra Malaysia (UPM)**

### ***Seminar GSM-FEP 2010***

The Graduate School of Management and the Faculty of Economics and Management of UPM is organising the *GSM-FEP Seminar 2010* with the theme 'Re-orientating Research Strategies Towards New Economic Model' on December 1 – 3, 2010.

The MICPA has contributed RM1,000 towards the event.

## ***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).

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## MICPA Technical Updates

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### COMPANIES COMMISSION OF MALAYSIA

#### **- Annual Dialogue (Sarawak) 2010**

Further to Circular No. TEC/062/11/2010W dated November 8, 2010, members are informed that the Institute has been invited by the Companies Commission of Malaysia (SSM) to attend the Annual Dialogue (Sarawak) 2010 which will be held on December 2, 2010 at Grand Margherita Hotel in Kuching.

#### **- Annual Dialogue (Sabah) 2010**

Further to Circular No. TEC/063/11/2010W dated November 8, 2010, members are informed that the Institute has been invited by the Companies Commission of Malaysia (SSM) to attend the Annual Dialogue (Sabah) 2010 which will be held on December 3, 2010 at Hyatt Regency Kinabalu Hotel in Kota Kinabalu.

The purpose of the above annual dialogue is to obtain feedback, views and proposals from private sector, government agencies as well as statutory bodies concerning matters relating to the Companies Act 1965 and Registration of Business Act 1956.

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

#### **Increase of Service Tax Rate and Service Tax on Paid Broadcasting Services**

Further to Circular No. TEC/064/10/2010W dated November 10, 2010, members are informed that the service tax rate on all taxable services will be increased from 5% to 6% effective January 1, 2011 except for credit cards and charge cards. The new service tax rate of 6% shall be imposed on customers from January 1, 2011.

In addition, service tax will be imposed on paid television broadcasting services which will take effect from January 1, 2011. The service tax of 6% will only be imposed on the monthly subscription fees of paid television broadcasting services with effect from January 1, 2011.

The relevant legislation (Regulations and Order) is in the process of gazetting implementation guidelines which will be issued by the Internal Tax Division, Headquarters of Royal Malaysian Customs in due course.

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

#### **CPA Tax & Investment Review 2010**

Further to Circular No. TEC/065/10/2010W dated November 16, 2010, members' are informed that there was a printing error on page 429 of the CPA Tax and Investment Review 2010.

Hence, if you have received the above publication on or before November 3, 2010, you may download the amended page 429 from the MICPA website [www.micpa.com.my](http://www.micpa.com.my) in the Members' Area.

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

### ***MASB Issues Revised Standard on Related Party Disclosures, 1 New Interpretation and Amends FRSs & Interpretations***

On November 30, 2010, the MASB issued revised a revised Standard on Related Party Disclosures and a new Interpretation. It also issued amendments to FRSs and Interpretations. These pronouncements are word for word to those issued by the International Accounting Standards Board (IASB). Some are already effective internationally whilst some will be effective in 2011.

The issuance of these pronouncements is part of MASBs roadmap towards achieving full convergence with the International Financial Reporting Standards (IFRS) in 2012. This issuance would reduce the gap between the IFRSs and FRSs.

The pronouncements issued are as follows:

#### ***FRSs***

- FRS 124 Related Party Disclosures

The revised FRS 124 simplifies the definition of related party, clarifies its intended meaning and eliminates inconsistencies from the definition. The changes from current practice among others include a partial exemption from disclosures for government-related entities. It requires disclosure of related party transactions between government-related entities only if the transactions are individually or collectively significant.

Prior to the issuance of the revised FRS 124, no disclosure of transactions is required in financial statements of state-controlled entities of transactions with other state-controlled entities. The partial exemption from disclosures for government-related activities as required in the revised FRS 124 are intended to put users on notice that such related party transactions have occurred and to give an indication of their extent.

- Amendments to FRSs contained in the document entitled "*Improvements to FRSs (2010)*"

*Improvements to FRSs (2010)* contain amendments to ten FRSs and one Interpretation. IASB started the annual improvements process since 2008 to cater for amendments that are considered non-urgent but necessary. The objective of the annual improvements project is to enhance the quality of existing IFRSs and this is achieved by amending existing IFRSs to clarify guidance and wordings or to correct for relatively minor unintended consequence, conflicts or oversights. In view of the IFRS convergence plan in 2012, the MASB has accelerated the due process in the issuance of the Improvements as they help to clarify the requirements of or provide further explanation to existing FRSs.

#### ***Interpretations***

- IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*

This Interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. It does not address the

accounting by the creditor. The amendment is as a result of request for guidance on the application of FRS 139 *Financial Instruments: Recognition and Measurement* and FRS 132 *Financial Instruments: Presentation* when an entity issues its own equity instruments to extinguish all or part of a financial liability.

The Interpretation was issued by the IFRS Interpretations Committee as there were diversities in practice on how entities measured the equity instruments issued to extinguish a financial liability. Some recognised the equity instruments at the carrying amount of the financial liability and do not recognised any gain or loss in profit or loss. Others recognised the equity instruments at the fair value of either the liability or the equity instruments issued and recognised any difference between that amount and the carrying amount of the financial liability in profit or loss.

IC Interpretation 19 will standardise practice among debtors applying FRSs to a debt for equity swap. It clarifies that the entity's equity instruments issued to a creditor are part of the consideration paid to extinguish the financial liabilities.

- *Prepayments of a Minimum Funding Requirement* (Amendments to IC Interpretation 14)

The Amendments to IC Interpretation 14 apply in the limited circumstances when an entity is subject to minimum funding requirement and makes an early payment of contributions to cover those requirements. The amendments permit the entity to treat the benefit of such early payment as an asset.

The new pronouncements are available from MASB website at [www.masb.org.my](http://www.masb.org.my) or can be purchased in booklet form from MASB office.

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

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## Members Updates

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### ***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).

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## **Continuing Professional Development (CPD) Programmes**

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

### ***Malaysian Taxation Landscape: Current and Future***

The MICPA in collaboration with Taylor's Business School is organising a one-day Seminar on *Malaysian Taxation Landscape: Current and Future* on December 6, 2010 at Concorde Hotel Kuala Lumpur.

The Seminar will highlight some of the key Budget proposals relating to corporate tax and incentives and its impact on Malaysian businesses. Participants will be updated on the latest development on goods and services tax, the recent gazette orders/public rulings and case law developments.

The Seminar will also touch on on-going or probable developments in the Malaysian tax industry in the near future that are based on discussion papers currently in circulation among tax commentators.

A team of experts will lead discussions during the Seminar. For further information, please click [here](#).

### ***Financial Reporting for Insurance Business: Insurance Contracts (FRS 4)***

The MICPA is organising a one-day Seminar on *Financial Reporting for Insurance Business: Insurance Contracts (FRS 4)* on December 8, 2010 at Concorde Hotel Kuala Lumpur. The seminar is supported by *Life Insurance Association of Malaysia (LIAM)* and *Persatuan Insurans Am Malaysia (PIAM)*.

The seminar aims to explain the principles and application of FRS 4 as well as the disclosure requirements for insurance business as set out in Model Insurance Bhd.

Model Insurance Bhd contains a set of specimen financial statements for insurance business which comply with the disclosure requirements prescribed in FRS 4 as well as Bank Negara Malaysia (BNM) Guidelines. It also includes the impact of disclosure requirements of:

- FRS 7, Financial Instruments; Disclosures
- FRS 139, Financial Instruments; Recognition and Measurement

A team of experts will lead discussions during the Seminar. For further information, please click [here](#).

### ***Tax Planning and Strategies for Cross Border Transactions***

The MICPA is organising a one-day Workshop on *Tax Planning and Strategies for Cross Border Transactions* on December 9, 2010 at Concorde Hotel Kuala Lumpur.

Cross border transactions are steadily increasing as a result of globalisation strategies and sector consolidation. Cross border transactions increase the level of risk and uncertainty to companies and therefore requires properly formulated tax planning ideas and strategies.

The workshop will cover the important tax implications of cross border transactions and participants will be able to develop a comprehensive understanding of the underlying principles of such transactions. The workshop will also cover the concept of permanent establishment, withholding tax and double tax relief.

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

### ***Transfer Pricing: A Bird's Eye View***

The MICPA is organising a one-day Seminar on *Transfer Pricing: A Bird's Eye View* on December 14, 2010 at the Legend Hotel Kuala Lumpur.

In recent years, managing transfer pricing risk has been a key concern for companies operating internationally as tax authorities are consistently stepping up efforts to enforce transfer pricing compliance.

The objective of the seminar is to enable participants to understand various transfer pricing considerations such as sufficiency of documentation in transfer pricing audit, advance pricing arrangement, intra-group financial transactions and cash pooling arrangement. The seminar will also provide an insight on expected developments in transfer pricing compliance and various tax planning alternatives available to minimize tax exposure.

The workshop will be led by Ms Theresa Goh, National Transfer Pricing Leader of Deloitte Malaysia's Transfer Pricing Team, which has been awarded the International Tax Review Award of Best Transfer Pricing Advisor in Malaysia in 2008 and Mr Avnik Bose, Senior Manager in charge of managing the Financial Transactions Transfer Pricing team of Deloitte, India. For further information, please click [here](#).

### ***Preparation of Group Accounts (Revised FRS 3 and Revised FRS 127)***

The MICPA is organising a two-day Workshop on *Preparation of Group Accounts (Revised FRS 3 and Revised FRS 127)* on December 15 - 16, 2010 at Seri Pacific Hotel Kuala Lumpur.



The revised FRS 3 and FRS 127 issued in January 2010 has brought about significant changes to the accounting for business combinations and consolidation. The main objective of the workshop is to assist participants in mastering the techniques of preparing group accounts under the revised FRS 3 and FRS 127. In particular, the workshop will emphasise on the worksheet technique of consolidation. It also intends to update participants on some current issues of group accounts.

The workshop 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. Both Mr Tan and Mr Woon are also members of the MICPA. For further information, please click [here](#).

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## **News from Regulatory Bodies**

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

#### ***Appointment of Members of the Shariah Advisory Council Bank Negara Malaysia***

In a press release dated November 2, 2010, Bank Negara Malaysia announced the new members of the Shariah Advisory Council (SAC) for a period of three years, effective November 1, 2010.

Pursuant to section [53] of the Central Bank of Malaysia Act 2009, the appointment of the SAC members was assented by the Seri Paduka Baginda Yang di-Pertuan Agong.

As the highest authority in the determination of Shariah in Islamic finance, the SAC has a pivotal role in ensuring that the sanctity of Shariah rulings referred by Islamic financial institutions as well as the court and arbitrator. The SAC consists of prominent qualified individuals among Shariah scholars, jurists and market practitioners and have vast experience in banking, finance, economics, law and application of Shariah, particularly in the areas of Islamic economics and finance.

The appointed members for the new term of 2010/2013 are listed on BNM website.

#### ***Appointment of Deputy Governor***

In a press release dated November 15, 2010, Bank Negara Malaysia announced the appointment of Puan Nor Shamsiah Mohd Yunus as Deputy Governor for a three year tenure effective November 16, 2010. Puan Nor Shamsiah takes on the position of Deputy Governor following the retirement of Dato' Zamani Abdul Ghani on the completion of his term on November 15, 2010. Bank Negara Malaysia would like to record its appreciation to Dato' Zamani for his more than 39 years of service and contributions to the Bank.

#### ***Notification: Companies which are no longer Permitted to conduct Remittance Business***

Bank Negara Malaysia would like to inform members of the public that the following companies are no longer permitted to conduct remittance business:

1. PPTKI RemitXpress Sdn. Bhd.
2. Herald Remittance Sdn. Bhd.

Members of the public are reminded not to remit funds through these companies as there is the risk of the funds not being received by the beneficiaries. Any person who engages in money laundering commits an offence under the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 (AMLATFA), including engaging in a transaction that involves proceeds of an unlawful activity, such as the operation of remittance services without permission. Members of the public who deal with persons not permitted to operate remittance services may be affected if the funds involved are frozen pursuant to an investigation under the AMLATFA.

**For further information on the above news from BNM, please visit**

[www.bnm.gov.my](http://www.bnm.gov.my).

## **BURSA MALAYSIA BERHAD**

### ***Bursa Malaysia's Business Sustainability Programme Aims to Drive Higher Integration of Sustainable Practices Amongst Malaysian Listed Companies***

On November 23, 2010, Bursa Malaysia unveiled its inaugural *Business Sustainability Programme* in line with its call to Malaysian listed companies to integrate sustainability elements into their business strategies. The Prime Minister of Malaysia, Yang Amat Berhormat Dato' Sri Najib Tun Razak was on hand to launch the Programme as well as deliver the keynote address.

Bursa Malaysia also launched *Powering Business Sustainability - Guide for Directors* which aims to assist directors in understanding the value of good sustainability practices and making this a priority issue in the boardroom agenda. Apart from providing clarity in managing and integrating environmental, social and corporate governance issues into strategic business practices, this comprehensive Guide also includes roles of the board in addressing different key sustainability concepts and the right questions to ask management.

Additionally, the Guide addresses timely pertinent topics such as corporate reporting, global climate change and community relations, which will open up opportunities for listed companies to adopt good sustainability practices.

In addition to the Guide, the Exchange also introduced the Sustainability Knowledge Portal on the Bursa Malaysia website. This online reference provides directors of listed companies' up-to-date and comprehensive information such as global sustainability frameworks, case studies, Government-related tax incentives and benefits as well as discussions on key issues that are relevant to the Malaysian sustainability market.

Complementing these initiatives is a Business Sustainability Projects Matching Facility which will facilitate collaborative partnerships and alliances between listed companies and relevant organisations towards supporting the creation and implementation of comprehensive community, industry and environmental related initiatives. Educative and awareness platforms, namely thought leadership sessions, will also be held regularly to enable exchange of ideas and updates on sustainability trends as well as issues that are affecting specific industries.

## ***Global Connectivity in Islamic Financial Markets – The Need of the Present***

The appetite for financial products that comply with Shari'ah or Islamic law is on the rise; with estimates for the total value of Islamic financial assets globally standing at approximately USD1 trillion. However, the development and progress of the Islamic finance market has not been uniform by any means and is characterised by its fragmented nature within several regions across the globe.

Bursa Malaysia's Global Head of Islamic Markets, YM Raja Teh Maimunah further illustrated this scenario at the World Islamic Banking Conference in Bahrain where she presented a paper on "*Establishing Global Connectivity*". She elaborated that *sukuk* origination is predominantly in Malaysia, UAE, Bahrain and Saudi Arabia, Islamic funds are mainly concentrated in Malaysia and the GCC, whilst Islamic ETFs are mostly concentrated in Europe.

Today, the largely-fragmented Islamic finance industry is further exhibited by 10,000 Shari'ah compliant companies, which are listed in 40 different markets worldwide. It is believed that this geographical divide between Islamic markets, if not eliminated, will continue to hamper the growth in globalising Islamic finance. The sustainability of the industry hinges on its ability to present itself as a viable alternative financial market.

Promoting market linkages refers to bilateral or multilateral arrangements between market operators and regulators to enable cross-border product distribution, movement of professional intermediaries, links between exchanges and market participants and reduce friction that would otherwise raise the cost of cross-border transactions and market access. Such a move could also facilitate harmonisation of regulatory and governance framework.

**For further information on the above news from Bursa Malaysia, please visit [www.bursamalaysia.com](http://www.bursamalaysia.com).**

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## **News from IFAC and IASB**

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

#### ***IAASB Reports on Clarity ISA Implementation Monitoring; Releases Further Resources to Support Implementation***

The International Auditing and Assurance Standards Board (IAASB) has released a progress report on its project to monitor the implementation of its clarified ISAs. The report—*Implementation of the Clarified International Standards on Auditing (ISAs)*—highlights key findings from the first phase of the IAASB's initiative to develop a process for gathering information to help it evaluate the effective and consistent implementation of the clarified ISAs. Following completion of the Clarity Project, the first phase of this IAASB initiative has focused on learning more about early implementation experiences.

To promote awareness and understanding of the clarified ISAs, the IAASB also has released a second series of ISA modules, focusing on some of the new and more significantly revised ISAs. These modules cover ISAs that address materiality in planning and performing an audit of financial statements, the evaluation of identified misstatements, written representations, using the work of an auditor's expert, and auditor reporting.

As further support for ISA implementation, IAASB staff has released *Auditor Considerations Regarding Significant Unusual or Highly Complex Transactions*, a questions-and-answers (Q&A) publication. The Q&A highlights considerations in the ISAs that are relevant to auditing such transactions, often an area that gives rise to risks of material misstatement of the financial statements.

The new ISA modules are available to download free of charge from the IAASB Clarity Center on the IAASB's website ([www.iaasb.org/clarity-center](http://www.iaasb.org/clarity-center)). The IAASB encourages IFAC members, associates, regional accountancy bodies, and firms to use these materials and to promote their availability to their members and employees.

### ***IFAC Addresses the Concept of the Public Interest***

IFAC has released for public exposure *A Public Interest Framework for the Accountancy Profession (IFAC Position Paper #4)*.

In order to consider and address issues in the accountancy profession on a consistent and clearly articulated basis, IFAC has developed a principles-based framework of the public interest, which can be applied to standard-setting, governance processes, policy analysis, and regulatory issues. Although mainly designed for use by IFAC itself, it may also be useful to the accountancy profession as well as to policymakers, regulators, and business leaders.

IFAC considers that the accountancy profession, in serving the public interest, should be evaluated against three criteria: 1) consideration of costs and benefits for society as a whole; 2) adherence to democratic principles and processes; and 3) respect for cultural and ethical diversity. These criteria enable IFAC to assess the extent to which any policy, action, process, or condition is in the public interest.

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

IFAC invites all stakeholders to comment on its proposals. To access the exposure draft or submit a comment, visit IFAC's website at <http://ifac.org/Guidance/EXD-Outstanding.php>. Comments on the exposure draft are requested by **March 25, 2011**.

### ***IFAC Announces New President and Deputy President***

At the recent IFAC Council meeting held in Kuala Lumpur, Malaysia, it was announced that Mr. Göran Tidström of Sweden has been appointed President of IFAC for a two-year term ending in November 2012. The IFAC Council also approved the nomination of Mr. Warren Allen of New Zealand for Deputy President, a role previously held by Mr. Tidström.

### ***IFAC Presents Prestigious Sempier Award and Other Special Awards at WCOA***

At the recent World Congress of Accountants 2010 held in Kuala Lumpur, Malaysia, IFAC presented the *IFAC Sempier Award to Robert Mednick*. In addition, René Ricol and Dr. Wang Jun were presented with special awards from IFAC to recognise their outstanding contributions to the international accounting profession. All three awards were presented at the Opening Ceremony of the WCOA by Robert Bunting, President of IFAC.

The IFAC Sempier Award recognises outstanding contributions to the accountancy profession by an individual over a period of many years, and is presented at the quadrennial World Congress of Accountants.

Robert Mednick was selected for his achievements in the development of the accountancy profession internationally, including his two consecutive terms as chair of IFAC's Compliance Advisory Panel, his participation on IFAC's Accountants Legal Liability Task Force, and his service as a consultant to the World Bank in the establishment of its ROSC Program and as a peer reviewer. In these roles, Mr. Mednick has advanced convergence of global accounting and auditing standards, development of professional accountancy bodies in emerging economies, public oversight/regulation of the accountancy profession, reform of accountants' legal liability, and expansion of the audit function to broader assurance services.

IFAC presented a special award to René Ricol in recognition of his professional contributions and his achievements in the development of the accountancy profession internationally, including his roles as an IFAC Officer and as a member of its Board. In particular, the award acknowledges Mr. Ricol's role as president of IFAC during the "IFAC Reforms," and his key role in developing and implementing those reforms and promoting IFAC's mission internationally.

At the same ceremony, IFAC also presented a special award to Dr. Wang Jun in recognition of his outstanding contributions to the accountancy profession and to the finance and business world. This includes his leadership in the reform of the Chinese accountancy profession as Vice Minister of Finance in the People's Republic of China, his promotion of the development, adoption, and implementation of new Chinese Accounting and Auditing Standards, and his advocacy for the convergence of Chinese and international accounting and auditing standards.

### ***Chinese Auditing Standards Board and International Auditing and Assurance Standards Board Issue Joint Statement Regarding Convergence of International Standards***

The Chinese Auditing Standards Board (CASB) and the International Auditing and Assurance Standards Board (IAASB) have met to discuss convergence of international standards.

In December 2005, the parties had signed a milestone joint statement which pointed out that establishing and improving a single set of high-quality global auditing standards is a logical response to the trend of economic globalisation. It also acknowledged the key role these standards play in reducing the risk of decision-making by investors for efficient capital allocation, as well as in promoting economic development and maintaining financial stability all over the world.

In recent years, the IAASB has conducted the Clarity Project to enhance the clarity of International Standards on Auditing (ISAs), which involved the application of new drafting conventions to all ISAs and substantial revisions of a number of ISAs. On February 27, 2009, the Clarity Project reached its completion with the approval of the Public Interest Oversight Board (PIOB). Auditors worldwide now have access to 36 newly updated and clarified ISAs and a clarified International Standard on Quality Control (ISQC).

In accordance with the principle of continuous and comprehensive convergence, the CASB has completed the revision of Chinese Standards of Audit (CSAs), and achieved full convergence with the clarified ISAs. The revised CSAs were officially released in early November 2010, and are effective for audits of financial statements for periods beginning on or after January 1, 2011.

During the process of international convergence, the CASB made limited additions it considered necessary and maintained some standards dealing with matters that are not specially covered in ISAs to reflect China's unique circumstances and business requirements, such as standards for the verification of capital contributions and communication between predecessor and successor auditors. The IAASB recognises that such additional requirements may be necessary and are acceptable where they do not conflict with ISAs.

### ***IFAC Responds to Monitoring Group Report***

IFAC has commented on the Monitoring Group's *Review of the IFAC Reforms — Final Report*.

In the report, the Monitoring Group states that virtually all of the changes called for by the IFAC Reforms have been implemented. It also acknowledges that the initial implementation of the IFAC Reforms has been a significant undertaking, and it recognises the numerous achievements with respect to their implementation.

The concept of the IFAC Reforms originated in 2002, when IFAC and a group of six international financial institutions—the *Basel Committee on Banking Supervision, the European Commission, the Financial Stability Board, the International Association of Insurance Supervisors, the International Organisation of Securities Commissions, and the World Bank* (the Monitoring Group)—began a dialogue about the importance of high-quality audits of financial statements and the need to restore and enhance public confidence in financial reporting and auditing. The result of this dialogue was the IFAC reforms.

The IFAC Reforms changed the structure and processes for the auditing, ethics, and education standard-setting boards supported by IFAC. The Reforms called for the Monitoring Group to perform a five-year review of their implementation.

In addition to recognising the successful breadth and depth of achievements of the IFAC Reforms, the Monitoring Group has identified a number of near-term actions for IFAC and the standard-setting boards it supports, focused on further enhancing diversity, transparency and accountability.

To view the final report, visit: [www.iosco.org/monitoring\\_group/pdf/MG\\_Doc\\_4.pdf](http://www.iosco.org/monitoring_group/pdf/MG_Doc_4.pdf).

### ***IFAC Posts Notice of the 2012 Call for Nominations for Boards and Committees***

IFAC has issued an announcement to alert its members and the public of its *Notice of the Call for Nominations to IFAC Boards and Committees in 2012*.

Both the *Notice of the Call for Nominations* and its companion guide, *Developing a Nominations Strategy*, are designed to help the members of IFAC, and others, identify the most qualified person for nomination to each available position on the boards and committees, while also achieving a gender, regional, and professional balance.

These in-depth documents, located on the IFAC website, contain strategic and practical advice for nominating organisations, which allows them to make more informed decisions in their selections and to understand the requirements and expectations of the nominees.

The official 2012 Call for Nominations for Boards and Committees supported by IFAC will be issued on January 15, 2011, and nominations may be submitted from January 15 to March 15, 2011. The nominating process is designed to ensure a diverse membership, and a transparent and consistent approach to filling available positions.

For more information about the nominations strategy, its due process, nominating committee members or for guidance in selecting the best candidate, please visit [www.ifac.org/NominatingCommittee](http://www.ifac.org/NominatingCommittee).

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

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

### ***IFRS Foundation Trustees' Due Process Oversight Committee to Carry Out a Review of the Interpretations Committee***

The IFRS Foundation Trustees' Due Process Oversight Committee is carrying out a review of the Interpretations Committee (formerly known as IFRIC) in order to assess its effectiveness.

The review is being conducted by means of a questionnaire and the questionnaire has been designed to help the Trustees assess the effectiveness of the Interpretations Committee.

The Foundation welcomes the views of all interested stakeholders and will consider views received on or before the closing date, January 31, 2011. The questionnaire should be e-mailed to the following address: [interpretations-comm@ifrs.org](mailto:interpretations-comm@ifrs.org).

Once the Trustees have completed their review of the Interpretations Committee, they will publish a report of their conclusions. The Trustees expect to do this in the first half of 2011. This will be available on this website and will be sent to everyone who participated in the Interpretations Committee review.

The questionnaire was updated on November 2, 2010 to facilitate electronic completion and to tailor some of the questions for use by external stakeholders.

### ***IFRS Taxonomy 2010 Updated for Enhanced Derecognition Disclosure Requirements for Transfer Transactions of Financial Assets***

The IFRS Foundation has released an interim release for the International Financial Reporting Standards (IFRS) Taxonomy 2010 reflecting *Disclosures - Transfers of Financial Assets* (Amendments to IFRS 7), which was published by the IASB in October 2010.

The IFRS Taxonomy 2010 is a translation of IFRSs as issued at January 1, 2010 into XBRL (eXtensible Business Reporting Language). IFRS Taxonomy interim releases contain additional taxonomy items that reflect new IFRSs and improvements to IFRSs published by the IASB. From an XBRL technology perspective, these additional items are consistent with the XBRL architecture of the 2010 taxonomy. In 2010, the IFRS Foundation made the decision to issue interim releases to support the early adoption of IFRSs, by providing taxonomy items earlier for entities wishing to report electronically using the latest IFRSs. The issue of IFRS Taxonomy interim releases following the publication of new IFRSs also serves to further align the Foundation's XBRL activities with the activities of the IASB.

Subsequent IFRSs and improvements that are issued in 2010 will not be published as interim releases. Instead, these standards and improvements will be incorporated into the development of the IFRS Taxonomy 2011. The public draft of the 2011 taxonomy is currently scheduled for release in January 2011.

### ***Trustees Seek Public Comment on the Future Strategy of the IFRS Foundation***

The Trustees of the IFRS Foundation, the oversight body of the IASB has published a first-stage consultation document designed to solicit input on the strategy of the IFRS Foundation as it enters its second decade. The Trustees initiated this review as a result of the second Constitution Review that was completed earlier this year.

In launching the review, the Trustees note that in the ten years since its founding, the Foundation has succeeded in establishing IFRSs as the accepted set of financial reporting standards in more than 100 countries. As the organisation's second decade begins, the goal of a single high-quality globally accepted set of accounting standards is within reach. The objective of the review is to help the organisation to consolidate and build on these achievements and achieve its ultimate objective.

The Trustees are seeking views of stakeholders on four strategic fronts—the IFRS Foundation's mission, governance, the standard-setting process, and financing of the IFRS Foundation. The Trustees invite public comment on the consultation document by December 31, 2010 and expect to conclude the strategy review during their meeting in March 2011. The strategy review is designed to be far-reaching and the Trustees have yet to reach any conclusions.

The strategy review consultation document is available from the IFRS Foundation/IASB Website at <http://go.ifrs.org/strategyreview>.

### ***IASB and EFRAG Meet to Discuss Work Plan***

The IASB and the European Financial Reporting Advisory Group (EFRAG) met on November 12, 2010 to review the IASB's ongoing work. EFRAG is the private sector body responsible for stimulating debate in Europe around the evolution of International Financial Reporting Standards (IFRSs) and providing input to the work of the IASB, after appropriate due process, on behalf of Europe.

Led by Sir David Tweedie, Chairman of the IASB, and Françoise Flores, Chair of the EFRAG, the meeting focused on the main projects that the IASB intends to finalise in 2011. EFRAG recommendations on the projects on Revenue Recognition, Leases, Financial Instruments, Consolidation and Insurance Contracts were discussed, with a particular focus on the need to deliver high quality standards on a timely basis.

Representatives of the IASB and the EFRAG emphasised their continued support for a single set of high quality global accounting standards, and noted the role that the European Union's adoption of IFRSs has played in encouraging other jurisdictions to adopt international standards. They also highlighted the importance of broad engagement in the standard-setting process in pursuit of high quality standards that reflect input from all stakeholders.

The next meeting of the IASB and EFRAG will take place in the first quarter of 2011. EFRAG is publishing a summary of the messages expressed at the meeting. This summary is available to download from [www.efrag.org](http://www.efrag.org).



## ***IFRS Foundation Enhances Stakeholder Representation in IFRS XBRL Advisory Committees***

The Trustees of the IFRS announced the new membership of the Foundation's two IFRS XBRL (eXtensible Business Reporting Language) advisory committees—the XBRL Advisory Council (XAC) and the XBRL Quality Review Team (XQRT). The existing membership base of the two committees has been enhanced through increased representation from auditors and preparers, financial institutions, accounting bodies, standard-setters, regulators and software vendors from around the world.

Inaugural members of the XAC and XQRT were first appointed in November 2007 and have provided vital stakeholder input to the Foundation's XBRL activities, and in particular to the development of the IFRS Taxonomy. A review of the membership of both committees was conducted in preparation for the expiry of members' terms on December 31, 2010.

The expiry of these inaugural terms presented the Foundation with an opportunity to enhance the composition of both committees by including a broader range of international stakeholders. The new membership of the XAC and XQRT is therefore intended to reflect changes in the financial reporting and XBRL landscape and the widening user base of IFRS and XBRL reporting around the world.

The XAC provides strategic advice to the IFRS Foundation on the adoption and implementation of the IFRS Taxonomy throughout the world. The XQRT reviews developed taxonomies and provides input and practical recommendations on the usability of the IFRS Taxonomy from the perspectives both of XBRL technology and of financial reporting. Members of both committees are drawn from a broad geographical spread and from a range of professional backgrounds.

Terms for new and reappointed members on both committees will commence on January 1, 2011 and will expire on December 31, 2013.

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

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## **News from Professional Bodies**

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

#### ***Leadership in Governance Award (LIGA) 2010***

The inaugural Leadership in Governance Award (LIGA) is an initiative of MAICSA in partnership with the AmBank Group, to award individuals who have demonstrated exceptional effort and/ or achievement in the field of corporate governance.

The objectives of the Award are:

- To identify and recognise individuals who drive their companies' corporate governance agenda by promoting and actively developing good corporate governance practices; and
- To reward these individuals who lead and contribute to their respective companies in terms of strong business ethics, sound policies and procedures and effective and efficient monitoring systems.

For further information on LiGA objectives, award categories, participation/ selection criteria, please visit [www.maicsa.org.my/liga](http://www.maicsa.org.my/liga). Nominations close on January 31, 2011.

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

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