

October 2008

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

Announcements/Activities

MICPA presents Excellence Awards to Best Accounting Graduates and The Most Outstanding CPA Student

The Institute presented the Excellence Awards for *Best Accounting Graduates* and *The Most Outstanding CPA Student Award* at a presentation ceremony held on Saturday, October 25, 2008. The Excellence Awards were presented by YBhg Prof Dato' Ir Dr Radin Umar bin Radin Sohadi in his capacity as the Director General of the Department of Higher Education but also representing Yang Berhormat Datuk Ir Hj Idris bin Hj Haron, Deputy Minister of Higher Education I who was unable to be present due to unforeseen rescheduling of his official duties.

The first category of awards were conferred on the best accounting graduates from the local universities that offer the *Bachelor of Accountancy programme* namely UM, UKM, USM, UUM, UiTM, UNITEN, IIUM and MMU whilst the second award was bestowed on the best all-round CPA student who has recently completed the MICPA examinations. The recipients of the Excellence Awards are not only outstanding in their academic performance but also in extra-curricular activities and personal development.

The *2008 Most Outstanding CPA Student Award* was presented to Mr Tiow Wei Sheng who is currently attached to UEM World Berhad, an approved training organisation of the Institute. Wei Sheng joined the MICPA's training programme under Stream II in 2005 with UEM World Berhad. He passed each Module of the Advanced Stage Examination of the MICPA examination at the first attempt and has won the MICPA Gold Medal for two subjects. He is also a CPA Ambassador and assists the Institute to promote the CPA brand via participation during career fairs at universities and colleges of advanced education.

A *Certificate of Meritorious Achievement* was also presented to all the finalists of the two categories of Excellence Awards.

At the same ceremony, YBhg Dato' Abdul Halim Mohyiddin, Immediate Past President of the Institute presented examination certificates to students who passed the MICPA examinations in the November 2007 and May 2008 examinations. He also presented a total of 5 Gold Medals to students who had passed the MICPA Advanced Stage Examination with high distinction in individual subjects.

Congratulations to all Recipients!

Appreciation Award to Approved Training Organisation

As members are aware, the MICPA provides for two streams of training. The MICPA students may undertake their training in accounting firms or in approved training organisations in commerce, industry or the public sector. The Institute presented an Appreciation Award to Prokhas Sdn Bhd in recognition of the organisation's commitment and support for the MICPA training programme under Stream II at the Excellence Awards Presentation ceremony held on October 25, 2008. Encik Faris Yahya, General Manager – Corporate Services received the award on behalf of the organisation.

NACRA 2008

Featuring the theme *Towards Accountability and Excellence*, the objective of NACRA is to promote greater corporate accountability and more effective communication by organisations to their stakeholders through the publication of timely, informative, factual and reader-friendly annual reports. NACRA is an annual event jointly organised by Bursa Malaysia Berhad, Malaysian Institute of Accountants (MIA), Malaysian Institute of Management (MIM) and The Malaysian Institute of Certified Public Accountants (MICPA).

The Adjudication process is currently underway and the Awards Presentation Ceremony for NACRA 2008 will be held on Wednesday, November 19, 2008 at Shangri-La Hotel Kuala Lumpur.

The NACRA 2008 brochure can be downloaded at the MICPA website www.micpa.com.my

Collaboration with Universities

As part of the Institute's efforts to foster closer collaboration with the academic staff of universities in a positive and mutually beneficial manner, the Institute has scheduled meetings with the Deans of the Faculty of Accountancy of the various public universities. The aim is to promote the CPA and CFiA qualifications to university students and lecturers. To date the Institute has made visits to UPM, UKM, USM, UUM, IIUM, UM, UiTM (Shah Alam, Sri Iskandar & Arau), UNITEN, MMU and Politeknik Ungku Omar, Politeknik Tuanku Sultanah Bahiyah and Universiti Terengganu Malaysia.

Career Fairs and Exhibitions

The Institute continues to embark on a more aggressive marketing strategy to position the CPA and CFiA as the designated choice. In this respect, 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 of the CPA Malaysia and CFiA qualification. The Institute welcomes participation from young CPA members' who would like to support and participate in these activities. For further information, please contact the Public Affairs & Communications Manager on Tel: 03-2698 9622 or e-mail: vic.pr@micpa.com.my

Approved Training Organisation

We are pleased to announce that Prokhas Sdn Bhd has been appointed as an Approved Training Organisation of the Institute under Stream II. Prokhas is a company wholly owned by Minister of Finance, Incorporated and they have been entrusted to manage the residual recovery assets of the Danaharta Companies beginning January 1, 2006. Their core function has broadened to that of consulting and advisory business.

Practical training is an integral part of the Institute's CPA programme. Under the Stream II training, candidates may undertake the CPA examinations prior to the start of practical training or during the training period and are not required to enter into a training contract but must maintain a training log book as a record of their practical experience, which must be obtained in an approved training organisation (ATO) under the supervision of a member of MICPA or approved professional body.

To date, 76 approved training organisations (ATOs) are registered with the Institute where students can undertake training. To view the list of ATOs, visit the MICPA website www.micpa.com.my under the List of CPA Firms in the Homepage.

Job Opportunities on MICPA Website

As part of the Institute's service to members', Members' Firms who wish to advertise any job opportunities in their respective firms are welcome to send in the job vacancy to the Institute. The opening will be posted on the MICPA website for 1 month from the date of posting. This service is provided on a free of charge basis. For further information, please contact the Public Affairs & Communications Manager on Tel: 03-2698 9622 or email: vic.pr@micpa.com.my.

Members Update

MICPA Technical Updates

Inland Revenue Board - E-Filing System

Further to Circular No. TEC/033/10/2008/W, members are informed that the Inland Revenue Board (IRB) has announced that the e-Filing system for Form e-B 2007, e-BE 2007, e-M 2007, e-P 2007, e-E 2007, C 2007 and R 2007 will cease operations permanently with effect from October 31, 2008 onwards.

Taxpayers who have yet to file their forms may do so manually and the forms can be obtained from:

- Any LHDNM branch offices; or
- LHDNM website www.hasil.gov.my

IRB has also announced that the e-Filing system for Form e-C 2008 and e-R 2008 will cease operation temporarily from November 1, 2008 to November 9, 2008 for maintenance purposes.

For further enquiries and assistance, please contact IRB via email at e_filing@hasil.gov.my or call 1-300-88-3010.

Royal Malaysian Customs

Further to Circular No. TEC/034/10/2008/W, members are informed that the Royal Malaysian Customs has issued a notice on the amendments to the Malaysian Customs Law and Subsidiary Legislation. The list of amendments has been posted in the MICPA website www.micpa.com.my as Annexure I in the members' area.

Companies Commission of Malaysia

- Invitation to the Companies Commission of Malaysia Annual Dialogue (Sarawak) and (Sabah) Leg 2008

Further to Circular No. TEC/035/10/2008/W and Circular No. TEC/036/10/2008/W, members are informed that the Institute has been invited by the Companies Commission of Malaysia (SSM) to attend the Annual Dialogue (Sarawak) Leg 2008 on November 25, 2008 in Kuching and the Annual Dialogue (Sabah) Leg 2008 on November 24, 2008 in Kota Kinabalu.

The purpose of the dialogues 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. In this regard, members who wish to attend the Dialogue session and / or submit views on the related matters are required to complete the Form and submit to the MICPA Secretariat by e-mail: micpa@micpa.com.my by November 3, 2008.

Corporate Practice Consultative Forum (2/2008)

Further to Circular No. TEC/038/10/2008W, members are informed that the Companies Commission of Malaysia (SSM) is inviting the Institute to submit issues for discussion at the Corporate Practice Consultative Forum (CPCF), scheduled to be held on November 19, 2008.

The CPCF aims to provide a platform for professional bodies and other selected organisations to deliberate on matters pertaining to the Companies Act 1965 and related corporate practice issues.

Members are encourage to submit to the Institute's Secretariat any pertinent issues that you may have encountered in your work pertaining to the provisions of the Companies Act 1965 or related corporate practice issues, preferably by November 4, 2008. Where deemed appropriate, the Institute will forward the issues to the CPCF for deliberation.

The minutes of the Corporate Practice Consultative Forum (1/2008) held on March 25, 2008 is available on the Institute's website www.micpa.com.my in the members' area.

CPA Tax and Investment Review 2008

The *CPA Tax and Investment Review*, an annual publication of the Institute is intended to serve as a quick source of reference on the latest changes in tax laws and regulations as well as Government's policies and guidelines on investment and incentives. The publication is a handy source of reference on the latest changes and developments in tax laws, investment policies, incentives and other relevant information on doing business in Malaysia. Members who require additional copies of the booklet, please click [here](#) to order.

CPD On-Line Record

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

An On-Line CPD Record functionality has been added to the MICPA website, which facilitates members to update their CPD records on-line in the format provided. Please visit the MICPA website at www.micpa.com.my, login as a Member, click on

Members Update on the Left-hand Menu and go to Section F to update your CPD records.

Young CPA Group

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

MICPA Practising Certificate

The Membership Affairs Committee of the Institute in considering applications for practising certificate has frequently come across cases where a member has commenced public practice before he is issued with a practising certificate by the Institute. The Committee would like to remind members that in accordance with **bye-law 56 of the Institute's bye-laws**, a member shall be entitled to engage in public practice in Malaysia only if he holds a practising certificate issued by the Institute. If members need clarification on the above requirement, you may forward your inquiry to membership@micpa.com.my or call 03-2698 9622.

Change of Correspondence and E-mail Address

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

Continuing Professional Development (CPD) Programmes

Business Analytics and Reporting

A four-day Workshop on *Business Analytics and Reporting (BAR)* will be held on November 11, 12, 17 & 18, 2008 at Charleston Management Centre, Jalan Yap Kwan Seng, Kuala Lumpur. The course is an Excel-driven, financial reporting solution application that enables the user to prepare and present concise information to management quickly and with maximum data integrity. It saves time and improves work efficiency with automated data-updating. For further information on the workshop, please click [here](#)

A Practical Guide to Auditing

A two-day Workshop on *A Practical Guide to Auditing* will be held on December 1 & 2, 2008 at the Legend Hotel, Kuala Lumpur. The objective of the workshop is to equip participants with the technical knowledge and skills in conducting an audit of financial statements in accordance with international standards on auditing, which have been adopted for application in Malaysia.

The workshop will cover the fundamental auditing principles, the development of an audit plan, performance of audit procedures, documentation, audit conclusions and reporting. The workshop will be conducted by audit professionals drawn from the accounting firms, who have had extensive audit experience in a wide range of industries. For further information, please click [here](#)

Updates from Regulatory Bodies

SECURITIES COMMISSION MALAYSIA

ASEAN Securities Regulators Harmonise Disclosure Standards - Improved Efficiency of Cross-Border Capital Raising

In a Press Release dated October 9, 2008, the ASEAN Finance Ministers announced the release of the ASEAN and Plus Standards Scheme to facilitate cross-border offerings of securities at the ASEAN Finance Ministers' Investors Seminar in Dubai. The Scheme aims to promote the integration of the region's capital markets, and will facilitate greater efficiency in cross-border capital-raising and providing cost savings to issuers making multi-jurisdiction offerings within ASEAN. Malaysia, through the Securities Commission (SC), has played a key role in leading the ASEAN Capital Markets Forum (ACMF), a high level grouping of ASEAN securities regulators, to develop harmonised standards of disclosure as well as other initiatives that will promote and achieve greater integration of the region's capital market. For further information, please visit www.sc.com.my

Capital Market Remains Sound – Continued Interest in IPOs

Amidst the current volatile global financial environment, the Malaysian capital market continues to attract interest in initial public offerings (IPOs). The release of the Securities Commission's (SC) scorecard for the third quarter of this year indicates that there is a significant number of IPOs already approved to be listed on the capital market. The number of new IPOs approved by the SC up to end-September 2008 increased to 29, aided by the addition of 11 new IPOs approved in the latest quarter. Comparatively, there were 26 IPOs approved in total for the whole of 2007. The third quarter also saw an increase in the number of sizeable companies headed for listing, as reflected by the jump in the number of Main Board-bound companies approved thus far. For further information, please visit www.sc.com.my

SC Flagship Training Programme Focuses on Strengthening Emerging Capital Markets

A group of senior international financial regulators from 22 emerging economies attended the week-long annual Emerging Markets Programme (EMP) in Kuala Lumpur to share their practical experiences and knowledge of regulatory issues affecting emerging capital markets. Held from October 18 – 24, 2008, the programme was organised by the Securities Industry Development Corporation (SIDC), the education and training arm of the Securities Commission (SC).

The theme for this year's programme focused on strengthening emerging markets through "Competition, Collaboration and Compliance". A total of 61 countries from all over the world have taken part in this programme since it first started in 2001. For further information, please visit www.sc.com.my

SURUHANJAYA SYARIKAT MALAYSIA (SSM)

The Closure of Information Service Counters at SSM Kuala Lumpur, Selangor and Negeri Sembilan

In a notification release dated September 22, 2008, the Companies Commission of Malaysia (SSM) announced that with effect from October 6, 2008, SSM will only open 1 (one) counter for supply of company and business information. This counter is for

acquisition of more than 20 (twenty) applications and customers with less than 20 applications, are required to use the SSM e-info service kiosk.

This new directive will take effect at SSM Head Office KL, SSM Selangor and SSM Negeri Sembilan before it will be implemented nationwide in stages. There would be a transition period of 3 months to enable the customer to familiarise with the new system/procedure. The full closure of the service counters would take effect on January 1, 2009 in these locations.

For further information, please visit www.ssm.com.my

BANK NEGARA MALAYSIA

BNM Guidelines & Circulars

Bank Negara Malaysia's Guidelines and Circulars are now available for public viewing. For further information, please visit www.bnm.gov.my

Malaysian Financial System Can Weather Current Global Financial Turmoil

In a press statement issued on October 14, 2008, Bank Negara Malaysia announced that despite the increased volatility in the global financial markets, Malaysian financial institutions remain resilient. Several years of reforms, institutional development and capacity building, continuous efforts to enhance corporate governance and risk management standards and practices have significantly strengthened the banking system.

The level of non-performing loans has also improved to 2.5%. In addition, the standardised approach of the Basel II capital adequacy framework was implemented effective January 2008. There is also ample liquidity in Malaysia's financial system to facilitate the orderly functioning of economic and financing activities. As at end-August 2008, net interbank placements with Bank Negara Malaysia by the banking system amounted to RM198.5 billion. For further information, please visit www.bnm.gov.my

Bank Negara Malaysia Raided Four Companies on Suspicion of Conducting Illegal Deposit Taking & Money Laundering Activities

On October 13, 2008, Bank Negara Malaysia raided Buluhmas Enterprise Sdn. Bhd., Jazmeen (M) Sdn. Bhd, Noradz Travel & Services Sdn. Bhd., and Eastana Farm Industries Sdn. Bhd. under Section 25(1) of the Banking and Financial Institutions Act (BAFIA) 1989 and Section 4(1) of the Anti-Money Laundering and Anti-Terrorism Financing Act (AMLATFA) 2001.

Section 25(1) of BAFIA 1989 prohibits any person from receiving, taking, or accepting deposits without having a valid license, whereas Section 4(1) of AMLATFA 2001 prohibits any person from engaging in, or attempting to engage in, or abetting the commission of money laundering activities. The raids were conducted at the premises of the companies in Kuala Lumpur, Selangor and Negeri Sembilan following complaints received from members of the public. Relevant assets and documents of the companies were seized for purpose of the investigation.

Any person or company who commits an offence under Section 25(1) of BAFIA 1989 shall, on conviction, be liable to a fine not exceeding RM10 million or to imprisonment for a term not exceeding 10 years or to both. Any person or company who commits

an offence under Section 4(1) of AMLATFA 2001 shall on conviction, be liable to a fine not exceeding RM5 million or to imprisonment for a term not exceeding 5 years or to both.

Members of the public are advised to be cautious of investment schemes promoted on the internet, through phone calls or through seminars conducted by individuals or companies that are not licensed or authorized by Bank Negara Malaysia to accept deposits or to conduct foreign currency dealings. A list of all licensed institutions that accept deposits is available on Bank Negara Malaysia's website at www.bnm.gov.my.

Malaysia Takes Pre-Emptive Measures

Consistent with regional initiatives to preserve confidence in respective financial systems, the Ministry of Finance and Bank Negara Malaysia today jointly announce measures to maintain the stability of the Malaysian financial system. These measures are pre-emptive and precautionary, since Malaysian financial institutions are well-capitalised with ample liquidity, and confidence of depositors remains intact.

With immediate effect, the following measures are being implemented:

- all ringgit and foreign currency deposits with commercial, Islamic and investment banks, and deposit taking development financial institutions regulated by Bank Negara Malaysia, will be fully guaranteed by the Government through Perbadanan Insurans Deposit Malaysia (PIDM) until December 2010. The guarantee extends to all domestic and locally incorporated foreign banking institutions; and
- access to Bank Negara Malaysia's liquidity facility will be extended to insurance companies and takaful operators regulated and supervised by the Bank.

For further information, please visit www.bnm.gov.my

News from Other Regulatory / Professional / Bodies

INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC)

IFAC Invites Member Bodies to Complete Survey

IFAC key contacts of member bodies and associates have received recently emailed notices asking that they complete the following survey:

IFAC's Global Leadership Survey

The 2008 IFAC Global Leadership Survey on the Accountancy Profession was sent to key contacts for distribution to Presidents and Chief Executives of IFAC members and associates. This year's survey seeks input on trends within the profession and issues facing the Institute and members, including recruitment and retention issues. The survey may be accessed by going to <http://www.ifac.org/IFACGlobalsurvey>. The deadline for receipt of responses is November 21, 2008.

IFAC Issues Policy Paper Supporting Single Set of Auditing Standards

The International Federation of Accountants (IFAC) has issued a policy position titled *IFAC's Support for a Single Set of Auditing Standards: Implications for Audits of Small and Medium-sized Entities*. The paper sets out IFAC's view that International Standards on Auditing (ISAs) are designed to be applicable to audits of financial

statements of entities of all sizes, and highlights the ways in which the International Auditing and Assurance Standards Board (IAASB) considers the needs and perspectives of small- and medium-sized entities (SMEs) in the development of those standards.

The paper emphasises that the consistent use of the ISAs is essential to meeting the public interest expectations of an audit. If auditors intend to issue an ISA audit report, they must comply with the ISAs. This enables a consistent level of assurance to be associated with the word "audit," and allows users to make decisions in the light of a common understanding about the reliability of financial statements. The paper also emphasises the importance of professional judgment in determining the most effective approach for a particular audit. All IFAC policy positions may be downloaded from the IFAC website by going to <http://www.ifac.org/Store/>.

IAASB Issues Seven Revised ISAs, Including Updated Standard on Scope of Audit and Auditor's Role

The International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board under the auspices of the IFAC, on October 2, 2008 released seven International Standards on Auditing (ISAs) following the consideration and approval of due process by the Public Interest Oversight Board (PIOB).

The ISAs are in the new style following the conventions developed in the IAASB's project to improve the clarity, and therefore the application, of its standards. Some of the standards released have been substantively revised, while others have been redrafted to apply the new conventions. The standards will provide further momentum toward achieving convergence and contribute to enhancing understanding of the purpose and scope of audits, and their effective conduct.

The New Standards

The clarified ISAs include ISA 200 (Revised and Redrafted), *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*. This fundamental ISA contains an overview of an audit to aid in understanding its purpose and scope; defines the respective authority of the requirements and guidance in ISAs; and contains the most fundamental requirements for auditors. It emphasizes the importance of sound and consistent professional judgment by the auditor, and the necessity for sufficient audit evidence to support the auditor's opinion.

In addition to ISA 200 (Revised and Redrafted), the IAASB also released:

- ISA 320 (Revised and Redrafted), *Materiality in Planning and Performing an Audit*;
- ISA 450 (Revised and Redrafted), *Evaluation of Misstatements Identified during the Audit*;
- ISA 530 (Redrafted), *Audit Sampling*;
- ISA 610 (Redrafted), *Using the Work of Internal Auditors*;
- ISA 705 (Revised and Redrafted), *Modifications to the Opinion in the Independent Auditor's Report*; and
- ISA 706 (Revised and Redrafted), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*.

The ISAs can be downloaded free-of-charge from the IFAC online bookstore at <http://www.ifac.org/store>.

New IAASB Audit Practice Alert Focuses on Fair Value Accounting Estimates

To assist auditors in addressing the challenges of auditing fair value accounting estimates, the staff of the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board under the auspices of the IFAC, on October 6, 2008 released an *audit practice alert*. The alert was developed following consultation with the IAASB's Task Force on Fair Value Auditing Guidance, which is considering the need for new or modified guidance in light of current marketplace issues.

The purpose of the alert is to highlight areas within the International Standards on Auditing (ISAs) that are particularly relevant in the audit of fair value accounting estimates in times of market uncertainty.

The alert also directs auditors to the recently revised ISA 540 (Revised and Redrafted), *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*, which was influenced by the changes in the credit markets during 2007. While not effective until audits of financial periods commencing on or after December 15, 2009, it includes guidance that is likely to be useful to auditors planning their 2008 engagements. For further information, please visit www.ifac.org

IFAC Supports Convergence in the Reporting of Financial Instruments

The IFAC supports recent moves by the International Accounting Standards Board (IASB) to contribute to greater consistency in financial reporting and to work towards convergence of international standards, an objective which IFAC views as critical to the efficient operation of global capital markets.

While accepting the value of moving rapidly to remove differences in the application of fair value accounting in different jurisdictions, IFAC strongly opposes attempts to change more radically, or to suspend, the use of fair value accounting without adequate due process. In particular, IFAC considers that making changes at a national or regional level that exacerbate reporting differences would serve to further confuse financial markets and would result in a reduction of confidence in financial reporting – exactly the opposite of what is required in current circumstances. “Reducing transparency is not the answer,” says IFAC President Fermin del Valle, and it will not serve the interests of investors”.

IFAC believes that the additional guidance given to those applying both accounting and auditing standards relating to fair values has been very valuable and will contribute to the public interest through more consistent application of the standards.

This guidance has come from the IASB and the United States Financial Accounting Standards Board, as well as from the International Auditing and Assurance Standards Board in its Staff Audit Practice Alert, *Challenges in Auditing Fair Value Accounting Estimates in the Current Market Environment*. IFAC and its independent standard-setting boards are continuing to monitor the impact of the credit crisis and will consider whether further guidance is needed. For further information, please visit www.ifac.org

IAASB Clarity Project Nears Completion; Board Urges Focus on Implementation Issues

On October 20, 2008, the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board under the auspices of the IFAC, released a *Clarity Project Update* to help those with responsibilities relating to audits

of financial statements set in motion plans to ensure that audits are effectively carried out under the clarified International Standards on Auditing (ISAs) when the standards come into effect.

This latest *Clarity Project Update* indicates the status of the clarified ISAs and clarified ISQC 1 as of October 2008 and where these documents can be accessed on the IAASB website. This staff report also provides an overview of the main changes to the ISAs arising from the Clarity Project, and highlights some of the matters to be considered as jurisdictions implement the clarified standards. It also lists the clarified standards published to date. The update may be downloaded from the Resources section of the IAASB website (<http://www.ifac.org/IAASB/>). The IAASB plans to publish the set of clarified ISAs in IFAC's 2009 *Handbook of International Standards on Auditing and Assurance*, expected to be released in April 2009. For further information, please visit www.ifac.org

INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

IASB Staff Position on SEC-FASB Clarification on Fair Value Accounting

The International Accounting Standards Board (IASB) notes the recent clarification made by the Office of the Chief Accountant of the US Securities and Exchange Commission (SEC) and the staff of the Financial Accounting Standards Board (FASB). The clarification is not an amendment of FAS 157 Fair Value Measurements, but rather provides additional guidance for determining fair value in inactive markets.

The IASB staff has reviewed the clarification by the SEC staff and the FASB staff and considers it consistent with IAS 39 Financial Instruments: Recognition and Measurement. (See <http://www.sec.gov/news/press/2008/2008-234.htm>) for the clarification made by the Office of the Chief Accountant of the US SEC and the FASB staff.).

The IASB's response has primarily focused on the recommendations of the Financial Stability Forum (FSF), which had the support of the Group of Seven (G-7) Finance Ministers. For further information, please visit www.iasb.org

IASB Announces Next Steps in Response to Credit Crisis

The IASB on October 3, 2008 announced the current status of its response to the credit crisis and its next steps. The IASB has already taken a number of actions to address issues related to the credit crisis. In publishing additional steps, the IASB reaffirms its commitment as a standard-setter to bring transparency to investors and other users of financial statements. In responding to the credit crisis, the IASB recognises the need to clarify International Financial Reporting Standards (IFRSs) to address new market developments. For further information, please visit www.iasb.org

Trustees Support IASB's Accelerated Steps on the Credit Crisis

At their meeting in Beijing on October 9, 2008, the Trustees of the IASC Foundation announced their unanimous support for the approach that the International Accounting Standards Board (IASB) laid out to accelerate its response to the credit crisis.

Under this approach, the IASB will seek appropriate language to eliminate any differences in how International Financial Reporting Standards (IFRSs) and US Generally Accepted Accounting Principles (GAAP) address the issue of

reclassification of financial instruments. The Trustees, as the IASB's oversight body, have agreed that the IASB can suspend its normal due process. This will permit any IASB decision on reclassification to take effect for the third quarter. The Trustees support the IASB's plans and its announced intention to work speedily with the US Financial Accounting Standards Board (FASB) to ensure that their guidance is equivalent and therefore has the same effect across borders. For further information, please visit www.iasb.org

IASB Amendments Permit Reclassification of Financial Instruments

The IASB on October 13, 2008 issued amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* that would permit the reclassification of some financial instruments. The amendments to IAS 39 introduce the possibility of reclassifications for companies applying International Financial Reporting Standards (IFRSs), which were already permitted under US Generally Accepted Accounting Principles (GAAP) in rare circumstances.

The deterioration of the world's financial markets that has occurred during the third quarter of this year is a possible example of rare circumstances cited in these IFRS amendments and therefore justifies their immediate publication. The amendments enables companies reporting according to IFRSs to use the reclassification amendments, if they so wish, from July 1, 2008. For further information, please visit www.iasb.org

IASB Provides Updates on Applying Fair Value in Inactive Markets

The IASB on October 14, 2008 provided an update on its work to consider the application of fair value when markets become inactive. In May 2008 and at the request of the Financial Stability Forum (FSF) the IASB established an Expert Advisory Panel to consider the application of fair value when markets become inactive. The Panel has since met on seven occasions, the latest of which was on Friday, October 10, 2008.

Amongst the issues discussed at its meeting on October 10, 2008, the Panel agreed to emphasise that the objective of a fair value measurement is the price at which an orderly transaction would take place between market participants on the measurement date, not the price that would be achieved in a forced liquidation or distress sale. The Panel reaffirmed that such transactions should not be considered in a fair value measurement, whilst also noting that even in times of market dislocation not all market activity arises from forced liquidations or distress sales.

The Panel also agreed to emphasise existing guidance within International Financial Reporting Standards (IFRSs) that using the entity's own assumptions about future cash flows and appropriately risk-adjusted discount rates is acceptable when relevant observable inputs are not available.

The Panel also reviewed the feedback received from interested parties on the draft document and started the process for completing its guidance. The final document of the Panel will include the guidance in the US Financial Accounting Standards Board (FASB) Staff Position issued on October 10, 2008, on determining the fair value of a financial asset when the market for that asset is not active.

The IASB reaffirms its belief that fair value measurement guidance under IFRSs and US Generally Accepted Accounting Principles is already consistent. The IASB and the FASB will continue to co-operate to ensure that applying fair value in inactive markets is dealt with consistently. They also intend to issue common guidance on any accounting questions arising from the US Emergency Economic Stabilisation Act of 2008. For further information, please visit www.iasb.org

IASB Proposes Improvements to Financial Instruments Disclosures

The IASB on October 15, 2008 published for public comment proposals to improve the information available to investors and others about fair value measurements of financial instruments and liquidity risk. The proposals form part of the IASB's response to the credit crisis and follow recommendations of the Financial Stability Forum, which had the support of the Group of Seven (G-7) Finance Ministers. The proposals also reflect discussions by the IASB's Expert Advisory Panel on measuring and disclosing fair values of financial instruments when markets are no longer active.

For more information about the IASB's response to the credit crisis, please refer to <http://www.iasb.org/credit+crisis.htm>. The exposure draft *Improving Disclosures about Financial Instruments (proposed amendments to IFRS 7)* is open for public comment until December 15, 2008. It is available on the 'comment letter' section on IASB's website www.iasb.org

IASB and FASB Launch Consultation on Proposed Enhancements to the Presentation of Financial Statements

The IASB and the US Financial Accounting Standards Board (FASB) on October 16, 2008 published for public comment a discussion paper on financial statement presentation.

The discussion paper contains an analysis of the current issues in financial statement presentation and presents the boards' initial thinking on how those issues could be addressed in a possible future format. International Financial Reporting Standards (IFRSs) and US Generally Accepted Accounting Principles (GAAP) provide only limited presentation guidance. In addition, presentation guidelines in US GAAP are dispersed across standards. Moreover, users of financial statements have often expressed dissatisfaction that information is not linked across the different statements and that dissimilar items are in some cases aggregated in one number.

To address these issues the IASB and the FASB propose to introduce cohesiveness and disaggregation as the two main objectives for financial statement presentation. Cohesiveness would ensure that a reader of financial statements can follow the flow of information through the different statements of an entity; disaggregation would ensure that items that respond differently to economic events are shown separately. To achieve these main objectives the boards have developed a principle-based format that is presented in the discussion paper. For further information, please visit www.iasb.org

IASB and FASB Create Advisory Group to Review Reporting Issues Related to Credit Crisis

The IASB and the Financial Accounting Standards Board (FASB) on October 16, 2008 announced that they will create a global advisory group comprising regulators, preparers, auditors, investors and other users of financial statements. The advisory group will help to ensure that reporting issues arising from the global economic crisis are considered in an internationally coordinated manner. For further information, please visit www.iasb.org

IASB and FASB Commit to a Global Approach to Enhance Market Confidence

The IASB and the Financial Accounting Standards Board (FASB) have announced further details on their joint approach to dealing with reporting issues arising from the global financial crisis. The boards reiterated the importance of working cooperatively and in an internationally coordinated manner to consider accounting issues emerging

from the global crisis. The boards also emphasised the role of high quality financial reporting in helping enhance confidence in the financial markets by responding in a timely manner that improves transparency and provides greater global consistency in financial reporting. For further information, please visit www.iasb.org

MALAYSIAN INSTITUTE OF ACCOUNTANTS

National Accountants Conference 2008

The Malaysian Institute of Accountants (MIA) will be holding the National Accountants Conference 2008 with the theme *Driving a Credible Profession: Enhancing the Value Chain* on November 25-26, 2008 at the Kuala Lumpur Convention Centre. For further information on the conference, please visit www.mia.org.my or email: nac@mia.org.my

The MICPA will be participating in the Conference as an exhibitor as part of the accountancy pavilion. Our booth number is 32, so if you are free, do come along and visit us.

World Congress of Accountants 2010

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

News from Universities

International Islamic University Malaysia (IIUM)

Accounting Students Conference

The Accounting Club of International Islamic University Malaysia is organising an Accounting Students Conference with the theme *Towards Realising Competent Accountants* on December 1 - 2, 2008.

The MICPA is a bronze sponsor for the event.

Universiti Teknologi MARA (UiTM)

Accounting Research Conference (ARC) 2008

The Faculty of Accountancy, UiTM Perak will be organising the *Accounting Research Conference (ARC) 2008* on December 1, 2008 at Hotel Hillcity, Ipoh. The objective of the conference is for participants to share ideas, knowledge and information on current developments in the accountancy profession.

The MICPA is a supporting organisation and a sponsor for the conference.

Universiti Sains Malaysia (USM)

3rd International Conference on Postgraduate Education

The Malaysian Deans of Graduate Studies Council (MyDegs) in collaboration with the Institute of Graduate Studies, USM will be organising the *3rd International Conference on Postgraduate Education* with the theme Postgraduate Education: Multidisciplinary Perspectives on December 16 – 17, 2008 in Penang.

The MICPA is supporting the Conference.

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

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