

October 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.

Announcements

Diwali Greetings



The President, Council, Management and Staff of the MICPA would like to wish all our Hindu members and students who will be celebrating the festivities on Friday, November 5, 2010

A Happy Diwali

Appointment of New Council Member

We are pleased to announce that at the recent Council meeting held on Saturday, October 16, 2010, YBhg Dato' Syed Faisal Albar bin Syed A R Albar was appointed as a Council Member of the Institute. Dato' Syed is the Group Managing Director & Chief Executive Officer of Pos Malaysia Berhad.

Appointment of Committee Members

We are also pleased to inform of the appointments of Dr Veerinderjeet Singh as a Member of the Executive Committee and Mr Tan Theng Hooi as the Alternate Chairman of the Disciplinary Committee of the Institute at the recent Council meeting.

2010 MICPA Excellence Awards

- 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* at a presentation ceremony held on Saturday, October 30, 2010. The Excellence Awards was presented by Yang Berbahagia Dato' Abdul Halim Mohyiddin in his capacity as the Past President of the Institute.

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, UiTM, IIUM MMU, Cyberjaya Campus and Monash University, Sunway Campus.

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 Winner of the 2010 Most Outstanding CPA Student Award is Ms Teh Suet Ghoon who is currently attached to Ernst & Young Kuala Lumpur. Suet Ghoon joined the MICPA's training programme under Stream I in 2007 with Ernst & Young KL and is currently undertaking her articleship with Cik Habibah Abdul (Principal) and will complete her 3-year training contract on December 2, 2010.

She passed each Module of the Advanced Stage Examination of the MICPA examination at the first attempt and in 2009 was awarded the Ernst & Young Gold Medal for Advanced Auditing & Assurance.

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

Examination Certificates

At the same ceremony, YBhg Dato' Johan Raslan, President of the Institute presented examination certificates to students who passed the MICPA examinations in the November 2009 and May 2010 examinations. There are a total of 44 graduates for both the sittings.

Gold Medals for Individual Modules

The Past President also presented a total of **8 Gold Medals** to students who had passed the MICPA Advanced Stage Examination with high distinction in individual subject modules under the Existing MICPA Programme and the Revised MICPA Programme. The Institute would like to thank all the sponsors of the Gold Medals. To view the list of recipients of the gold medals, please click [here](#).

The MICPA would like to extend our Congratulations to all Recipients!

2011 Budget Activities

The 2011 National Budget with the theme *Together Striving Towards a High Income Economy* was announced by the Minister of Finance on Friday, October 15, 2010.

The following activities were organised in conjunction with the Budget Day to promote the Institute as a centre of ***Technical Excellence***:

- Pre-budget Question & Answer by Mr Beh Tok Koay, Chairman of MICPA's Tax Practice Committee which was published in Nanyang Siang Pau on **Tuesday, October 12, 2010**;
- Live interview with TV3 in Bahasa Malaysia on **Friday, October 15, 2010**. MICPA was represented by Dr Veerinderjeet Singh, Alternate Chairman of MICPA's Tax Practice Committee;
- Post-budget live interview on Bernama TV's Prime Time English News on **Friday, October 15, 2010**. Ms Theresa Goh, Council Member & Member of the Tax Practice Committee, MICPA represented the Institute;
- Post-budget live interview with Radio 24 (Bahasa Malaysia segment) on "Kerusi Panas" with phone-in enquiries on **Friday, October 15, 2010**. MICPA was represented by En Abdullah Khairi Ahmad, Associate Tax Director, Deloitte Malaysia;

- Post-budget live interview with Radio 24 (English segment) with phone-in enquiries on **Friday, October 15, 2010**. MICPA was represented by Mr David Lai, Head of Tax Advisory, BDO;
- Post-budget live recorded interview on Bernama TV's Mandarin News on **Saturday, October 16, 2010**. MICPA was represented by Mr Yee Wing Ping, Executive Director, Tax Services, Deloitte Malaysia;
- Post-budget live on Bernama's "Breakfast Show" in English on **Monday, October 18, 2010**. Ms Theresa Goh, Council Member & Member of the Tax Practice Committee, MICPA represented the Institute; and
- Post-budget pre-recorded interview on Bernama's SWOT Watch - Business – English segment on **Tuesday, October 19, 2010**. Ms Theresa Goh, Council Member & Member of the Tax Practice Committee represented the Institute. The other speaker on the programme was YBhg Datuk Dr Zainal Aznam.

MICPA Education & Training

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, please click [here](#).

Revised MICPA Programme
- Tuition Provider: Sunway-TES

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

Activities of the Institute

Schedule of MICPA Events for 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 CPA Malaysia qualification. 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.

Members' Firms Updates
- KPMG

The Institute made an on-boarding presentation to:

- 55 new recruits on Thursday, October 22, 2010

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 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.

MICPA Technical Updates

ROYAL MALAYSIAN CUSTOMS

Minutes of Meeting of the Consultative Panel Between Customs and Private Sector 2/2010

Further to Circular No. TEC/056/10/2010W dated October 5, 2010, members are informed that the Consultative Panel between Customs and Private Sector provides a forum for discussion of practical issues and suggestions relating to customs and excise matters.

At the meeting of the Consultative Panel (2/2010) held on August 20, 2010, some of the issues discussed include the following:

- Proposal to improve present Kedai EDI services
- Automatic renewal of Customs licence
- Wrongly declared information in K1 for vehicles
- Address the CEPT preferential practice on certificate of origin corresponding to the tariff code
- Standardise procedures for importation of waste not contaminated by schedule waste
- Temporary importation

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

COMPANIES COMMISSION OF MALAYSIA

Notice on Incorporation of Companies and Registration of Businesses on Special Dates

Further to Circular No. TEC/057/10/2010W dated October 8, 2010, members are informed that the Companies Commission of Malaysia (SSM) has issued a notice on the incorporation of companies and registration of businesses on two special dates which are only available once in a century i.e. October 10, 2010 and October 20, 2010.

The company incorporation and business registration dates will be displayed on an exclusive commemorative certificate as follows:

- 101010 for company incorporated or business registered on October 10, 2010; and
- 20102010 for company incorporated or business registered on October 20, 2010.

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

Joint Tax Working Group on Financial Reporting Standards

Further to Circular No. TEC/058/10/2010W dated October 13, 2010, members are informed that the Joint Tax Working Group on Financial Reporting Standards (JTWG-FRS) has further reviewed the following Financial Reporting Standards (FRSs):

- FRS 6 : Exploration for and Evaluation of Mineral Resources
- FRS 111 : Construction Contracts
- FRS 123 : Borrowing Costs
- FRS138 : Intangible Assets

Members are encouraged to study the draft Discussion Papers on major tax implications related to the implementation of the FRSs and provide comments to the JTWG-FRS. The draft Discussion Papers can be downloaded from the MICPA website at www.micpa.com.my in the Members' Area.

Members who wish to provide their comments should submit it in writing to the MICPA Secretariat at technical@micpa.com.my by **November 10, 2010** for the JTWG-FRS deliberation.

Comments may refer to any specific principles, paragraphs or group of paragraphs and suggestion for alternative solution or wording with supporting reasons. These comments will be collated and, where appropriate, incorporated into the draft Discussion Papers before finalisation.

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

CPA Tax & Investment Review 2010

Further to Circular No. TEC/060/10/2010W dated October 14, 2010, members' are informed that the publication CPA Tax & Investment Review 2010 will be available on the Institute's website at www.micpa.com.my in the Members' Area by November 15, 2010.

The publication contains updates on tax laws and regulations, a summary of the Public Rulings issued by the Inland Revenue Board, an index of current amendments to the Income Tax Act and related legislation, and a summary of recent tax cases. It also contains quick information on doing business in Malaysia, including Malaysia's investment policies and incentives; the procedures for incorporation of companies; guidelines on foreign investment, banking, finance and exchange control rules; list of promoted activities and products; immigration procedures and the contact numbers of the relevant Ministries, Government agencies and regulatory authorities.

Members who wish to receive a print copy of the publication are required to complete the request form and return it with the appropriate postage to the MICPA Secretariat by October 29, 2010.

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

Technical Issues on Budget 2011 for Discussion with Inland Revenue Board

Further to Circular No. TEC/061/10/2010W dated October 14, 2010, members' are informed that the 2011 Budget was tabled in the Dewan Rakyat on October 15, 2010 by the Honourable Prime Minister and Finance Minister, YAB Dato' Sri Mohd Najib bin Tun Abdul Razak.

As in the past, the Institute with other professional bodies will compile and submit to the IRB on various technical issues related to the implementation and interpretation of tax legislation arising from the 2011 Budget proposals.

In this regard, members were invited to submit any technical issues related to the 2011 Budget proposals, and where deemed appropriate by the Institute, would be submitted to the IRB for discussion at the dialogue.

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

Members Updates

Membership Data Update

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

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

Continuing Professional Development (CPD) Programmes

Updates of 2010 New and Revised FRSs, Amendments and IC Interpretations

The MICPA is organising a two-day Seminar on *Updates of 2010 New and Revised FRSs, Amendments and IC Interpretations* on November 8 – 9, 2010 at Seri Pacific Hotel Kuala Lumpur.

The primary objective of the seminar is to update participants on the new and revised FRSs, Amendments and IC Interpretations that are effective for financial statements beginning on or after January 1, 2010. The seminar will highlight the salient features of the principles prescribed in the new and revised standards and also explain the application aspects of the new and revised standards,

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

Advanced Corporate Tax Planning

The MICPA is organising a one-day Workshop on *Advanced Corporate Tax Planning* on November 25, 2010 at Concorde Hotel Kuala Lumpur.

The objective of the workshop is to highlight the tax planning areas to be considered in a corporate reorganisation and restructuring exercises. In addition, the workshop will also cover other important tax planning areas such as corporate group structure, cross border tax planning and transfer pricing.

The workshop will be led by Mr Chow Chee Yen, Executive Director of Advent Tax Consultants Sdn Bhd. 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.

The workshop will cover the important tax implications of cross-border transactions where participants will be able to deepen and 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](#).

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 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. The workshop will also 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. For further information, please click [here](#).

News from Regulatory Bodies

BANK NEGARA MALAYSIA (BNM)

Malaysia and France Sign MoU on the Development of Financial Services Sector

On October 10, 2010, Bank Negara Malaysia and Banque de France signed a Memorandum of Understanding (MoU) to promote greater cooperation in the area of financial services between the two central banks. The signing of this MoU also reflects the commitment to cooperate towards the advancement of the Islamic finance industry in France and Malaysia.

The MoU was signed by Tan Sri Dr. Zeti Akhtar Aziz, Governor of Bank Negara Malaysia and H.E. Mr. Christian Noyer, Governor of Banque de France at the side of the IMF-World Bank Annual Meetings in Washington D.C.

The MoU aims to foster long-term strategic developments in conventional and Islamic finance between Malaysia and France, focusing on three key areas:

- enhancing mutual cooperation on capacity building and human capital development in the financial services industry;
- facilitating and promoting the development of an effective and conducive financial market infrastructure; and
- enhancing cross-border financial activities including promoting consistent application of cross-border Islamic financial transactions.

The implementation of this MoU would pave ways for greater collaboration in strengthening the financial inter-linkages between these two key financial centres.

Bank Negara Malaysia and Bank of Mauritius Signs MoU to Promote Mutual Cooperation in Capacity Building

On October 7, 2010, Bank Negara Malaysia and Bank of Mauritius entered into a Memorandum of Understanding (MoU) to establish a collaborative framework aimed at enhancing mutual co-operation on capacity building and human capital development in the financial services industry, including in the area of Islamic financial services sector.

The MoU was signed by Tan Sri Dr. Zeti Akhtar Aziz, Governor of Bank Negara Malaysia and H.E. Mr. Rundheersing Bheenick, Governor of Bank of Mauritius, during the IMF/World Bank Annual Meetings 2010 in Washington D.C.

In recognising the growth potential of Islamic finance and Malaysia's leading role as the centre for Islamic finance, this MoU will pave the way for both Malaysia and Mauritius to strengthen co-operation in the development of talent, expertise, business linkages and infrastructure support in Islamic finance.

Shariah Resolutions in Islamic Finance (Second Edition)

Bank Negara Malaysia has announced the release of *Shariah Resolutions in Islamic Finance (Second Edition)*. This second edition of the SAC resolutions, which is a compilation of all Shariah resolutions made between 1997 and 2009, is a continuation of the earlier efforts of Bank Negara Malaysia to deepen the understanding on the Shariah interpretations and the juristic reasoning for the rulings.

It aims to increase the level of transparency on juristic reasoning in Islamic finance and thus, an increased appreciation and acceptance of Shariah decisions. It would also allow for more efficient Shariah governance at institutional level, whilst catalysing greater cross-border harmonisation in the interpretation and application of Shariah.

This edition supersedes the *Shariah Resolutions in Islamic Finance (First Edition)* published in 2007 and the *Summary of National Shariah Advisory Council Decisions for Islamic Banking and Takaful* (Summary of NSAC Decisions) issued in 2002. Accordingly, all new Islamic financial products that are going to be offered by Islamic financial institutions or any existing products to be offered to new customers must comply with the rulings of this *Shariah Resolutions in Islamic Finance (Second Edition)*.

However, for Islamic financial products which have been contracted between the customers and Islamic financial institutions based on the Shariah rulings published in the *First Edition* and the *Summary of NSAC Decisions*, the contracts remain in force until maturity.

Note: Currently, only Bahasa Malaysia version is available.

For further information on the above news from BNM, please visit www.bnm.gov.my.

SECURITIES COMMISSION MALAYSIA (SC)

SC Explains Private Pension Framework

Following the announcement by YAB Prime Minister and Minister of Finance in the 2011 Budget, the Securities Commission Malaysia (SC) is pleased to provide further information on the private pension framework to be launched by the end of 2011.

This framework for a private pension industry forms the third pillar in a multi-pillar pension framework that complements and will not affect the mandatory contribution to the Employees Provident Fund (EPF). It will provide contributors, who have sufficient financial resources, with options for extra voluntary long-term savings to supplement their retirement savings and enhance their post-retirement income.

The framework will benefit individuals, whether employees or self-employed, as well as employers who wish to make voluntary contributions above the EPF mandatory rates on behalf of their employees.

The private pension framework will allow suitably qualified fund managers of good financial standing, and with the requisite experience and expertise to offer dedicated retirement funds that cater to contributors' varying investment needs, risk appetites and profiles.

The framework will be supported by user-friendly administrative arrangements that will ensure administrative and cost efficiencies and facilitate contributor convenience. Underpinning this framework will be a strong regulatory structure and supervisory oversight to promote market confidence and safeguard the interests of contributors.

The proposed private pension framework is based on broadly accepted international principles for private pension regulation and supervision and takes into account a review of the various options within the pension landscape. It also considers experiences of other countries that have a successful private pension industry.

Details on the framework will be developed by an implementation task force led by the SC with other public and private sector participants.

For further information on the above news from the SC, please visit www.sc.com.my.

BURSA MALAYSIA BERHAD

Malaysia's Capital Market Depth and Transformation a Real Eye-Opener for Local Fund Managers

Invest Malaysia Hong Kong 2010, aimed to showcase Malaysia's attractive investment opportunities, gave local Hong Kong fund managers and investors a new perspective on Malaysia as they learned about the country's capital market depth and liberalisation, as well as the transformation programmes initiated by the Malaysian government at the Invest Malaysia roadshow held on October 21, 2010.

Invest Malaysia, spearheaded by Bursa Malaysia, one of the largest bourses in Asia, in partnership with OSK Investment Bank saw a gathering of Malaysia's corporate champions representing various business sectors, key regulators and policy makers, to showcase how Malaysian companies are increasingly strengthening their regional footprint and how Malaysia is gaining recognition as an attractive investment destination in the region.

For further information on the above news from Bursa Malaysia, please visit www.bursamalaysia.com.

INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC)

Forum of Firms Focuses on Practical Application of Group Audit Standard

Over 40 senior audit professionals from 20 international networks of accounting firms met recently to share their experiences and industry perspectives in applying International Standard on Auditing 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)* (ISA 600). The symposium, organised by the Forum of Firms, assembled a group of experts to discuss several aspects of auditing a group, including those business activities and entities (components) that are included in the group's financial statements.

Commencing with an overview of the key requirements of ISA 600, the symposium participants discussed a range of application issues, such as the engagement of and reporting by component auditors, communication with both management and component auditors about the group audit process, and determining materiality in a group environment. Led by speakers from across the spectrum of the Forum's membership, including France, Germany, the United Kingdom, and the United States, the symposium concluded with a discussion on the importance of firm processes and controls that support group audit engagements.

IAASB Proposes New Guidance on Auditing Complex Financial Instruments

The International Auditing and Assurance Standards Board (IAASB) has released for public exposure a new proposed pronouncement—International Auditing Practice Statement (IAPS) 1000, *Special Considerations in Auditing Complex Financial Instruments*—that highlights practical considerations for auditors when dealing with complex financial instruments. The pronouncement gives particular emphasis to auditing considerations relating to valuation and disclosure issues for financial statement items measured at fair value.

The global financial crisis highlighted the need for further guidance on this important and challenging area of financial reporting,” explained Prof. Arnold Schilder, chairman of the IAASB. “Through the proposed IAPS 1000, the IAASB seeks to raise awareness of issues being encountered in practice, in particular for fair value estimates and the valuation of assets in illiquid markets. IAPS 1000 provides useful guidance to auditors of entities of all sizes on a topic that will likely continue to prove challenging for both preparers of financial statements and auditors.”

Along with the proposed IAPS 1000, the IAASB is also exposing for comment proposed changes to the current *Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services* (the proposed amended Preface), which explains the authority of this and future IAPSs. James Gunn, IAASB technical director, explains.

The proposed amended Preface makes clear that the IAASB's Practice Statements are issued to promote good practice and provide practical assistance to auditors in implementing the ISAs. As such, when a Practice Statement is relevant in the circumstances of the audit, auditors should understand the guidance in that Statement. From a practical point of view, the proposals seek to achieve a common understanding of how Practice Statements are to be used.

The IAASB plans to finalise proposed IAPS 1000 and the statement of authority in 2011. Auditors, however, may wish to consider the material in the proposed IAPS 1000 as they plan and perform their upcoming audit engagements.

How to Comment

The IAASB invites all stakeholders to comment on its proposals. To access the exposure draft or submit a comment, visit the IAASB's website at www.iaasb.org/ExposureDrafts.php. Comments on the exposure draft are requested by **February 11, 2011**.

Accountancy Summit on Corporate Governance Reform Looks Beyond the Global Financial Crisis

Accountancy leaders from around the world met in Geneva on October 12, 2010 to discuss the next steps for global corporate governance reforms. With an eye to helping prevent future financial crises, they collectively supported the following points:

- The accountancy profession has a key role to play in strengthening corporate governance and facilitating the integration of governance and sustainability into the strategy, operations, and reporting of an organisation.
- Boards should be focused on the long-term sustainability of their businesses. As such, corporate governance reform must include strengthening board oversight of management, positioning risk management as a key board responsibility, and encouraging remuneration practices that balance risk and long-term (social, environmental, and economic) performance criteria.
- Governance is more than having the right structures, regulation and principles in place—it is about ensuring that the right behaviors and processes are in place.
- Governance mechanisms need to be strengthened at banks and other companies to ensure better oversight of risk management and executive compensation.
- More dialogue is needed between policy makers, the accounting profession, and other financial industries to consider how we can work together effectively on a global level.

The conference, hosted by the International Federation of Accountants (IFAC) and the United Nations Conference on Trade and Development (UNCTAD), took place at the United Nations Office in Geneva, Switzerland.

The IFAC/UNCTAD conference was designed to allow professional accountants, corporate governance experts, and other participants to challenge current practices, exchange views on essential elements of corporate governance, and discuss best practices that will improve the current and future business and economic climate.

IFAC SMP Committee Releases Updated ISA Guide

The Small and Medium Practices (SMP) Committee of the International Federation of Accountants (IFAC) has issued the second edition of its *Guide to Using International Standards on Auditing in the Audits of Small- and Medium-Sized Entities* (ISA Guide). The implementation guide is intended to help practitioners understand and efficiently apply the *Clarified International Standards on Auditing (ISAs)*, which are effective for audits of financial statements for periods beginning on or after December 15, 2009.

The first edition of the ISA Guide was issued in December 2007 and was IFAC's second most popular publication during 2008. The second edition includes various improvements based on feedback from users of the first edition. In addition, it features two integrated case studies, one of which focuses on an audit of a micro-entity, increased focus on SME audits, and a new colorful design.

The ISA Guide also now comes in two stand-alone volumes:

- Volume 1 describes the basic concepts of a risk-based audit in conformance with the Clarified ISAs. It is directed at practitioners and students with little or no familiarity with the ISAs who want to understand them and apply them in practice. This volume might also provide material to training providers, institutes, and universities that teach audit practices.
- Volume 2 provides practical guidance for the audit of SMEs. It is aimed at practitioners with a good working knowledge of the ISAs who want a tool for reference purposes, as well as specific guidance on conducting SME audits cost effectively.

IFAC wishes to thank the Canadian Institute of Chartered Accountants for producing the ISA Guide and the global panel of reviewers for volunteering their time and effort in assisting with its development.

Forum of Firms Issues Paper on Client Acceptance and Continuance

Asking the right questions when considering either acceptance of new, or continuance with existing, clients is a key first step for establishing a quality relationship between the auditor and client, according to a recent paper issued by the Transnational Auditors Committee, the Executive Committee of the Forum of Firms. Titled *Client Acceptance and Continuance*, the paper summarises current practices in several of the large networks of international accounting firms and examines how asking the right questions can help ensure that only those entities that meet the same standards of quality as the audit firm be accepted or continued.

The paper focuses on how the large networks of international accounting firms have implemented the requirements of International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance, and Related Services Engagements* in their client acceptance and continuance policies and procedures. The paper also discusses related tools and devices firms have employed to strengthen their client acceptance and continuance decision-making processes.

Client Acceptance and Continuance can be downloaded free of charge from the Forum of Firms section of the IFAC Publications & Resources site at <http://web.ifac.org/publications>.

For further information on the above IFAC news, please visit www.ifac.org.

INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

IASB Finalises Enhanced Derecognition Disclosure Requirements for Transfer Transactions of Financial Assets

The IASB, the independent standard-setting body of the IFRS Foundation has issued amendments to IFRS 7 *Financial Instruments: Disclosures* as part of its comprehensive review of off balance sheet activities.

The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

The amendments broadly align the relevant disclosure requirements of International Financial Reporting Standards (IFRSs) and US generally accepted accounting principles (GAAP).

The IASB had previously published for public comment proposals to replace the existing derecognition model in IAS 39 *Financial Instruments: Recognition and Measurement* and the associated disclosure requirements in IFRS 7. However, in response to the feedback received, the IASB decided to retain existing derecognition requirements (to be incorporated into IFRS 9 *Financial Instruments*) and to finalise improved disclosure requirements. The new requirements are contained in *Disclosures—Transfers of Financial Assets (Amendments to IFRS 7)*.

The IASB and the US Financial Accounting Standards Board (FASB) will conduct additional research and analysis, including a post-implementation review of the FASB's recently amended requirements, before determining any further work to be undertaken.

Interoperable Taxonomy Architecture Project Publishes Global Filing Manual for XBRL

The Interoperable Taxonomy Architecture (ITA) project has published the first set of aligned XBRL (eXtensible Business Reporting Language) filing rules for global use, in the form of *The Global Filing Manual*. The manual contains a set of rules which provide guidance on the preparation, filing and validation of XBRL filings created using the IFRS Taxonomy, the EDINET (Electronic Disclosure for Investors' NETwork) Taxonomy or the U.S. GAAP Taxonomy.

The ITA project is aiming at achieving the convergence of the XBRL frameworks (ie architectures) of the IFRS, EDINET and the U.S. GAAP Taxonomies. It is hoped that this architectural convergence will support the analysis and comparison of financial data reported in XBRL format, by enabling software vendors to develop applications for IFRS, Japanese GAAP and U.S. GAAP reporting based on a single XBRL architecture.

By creating a single set of filing rules for XBRL filings, *The Global Filing Manual* will further support this convergence, and thereby improve the provision and comparability of financial information for markets that currently represent more than 85% of worldwide market capitalization. It is also hoped that *The Global Filing Manual* will be adopted by other regulators and users of the IFRS Taxonomy and that the rules will be applied to all related XBRL filings.

Duck-Koo Chung to Serve as Trustee of the IFRS Foundation

The IFRS Foundation, the oversight body of the International Accounting Standards Board (IASB), has confirmed the appointment of Duck-Koo Chung to serve as a Trustee of the IFRS Foundation for an initial three-year term, with effect from 1 January 2011.

Mr Chung is a former Minister of Commerce, Industry and Energy for the Republic of Korea. He is a visiting professor of international finance at Korea University and Renmin University in Beijing, Republic of China, and a founding member of the North East Asian Research (NEAR) Foundation, a research group comprising, Chinese, Japanese and Korean international finance experts.

The appointment of Mr Chung, as well as the reappointment of Jeffrey Lucy (Australia) and Pedro Malan (Brazil) to serve as Trustees for a second three-year term, has been approved by the Monitoring Board of the IFRS Foundation.

Trustees Appoint Hans Hoogervorst to Succeed Sir David Tweedie

The Trustees of the IFRS Foundation, the oversight body of the International Accounting Standards Board (IASB), today announced the appointment of Hans Hoogervorst as chairman and Ian Mackintosh as vice-chairman of the IASB.

Mr Hoogervorst will succeed Sir David Tweedie on his retirement as chairman of the IASB at the end of June 2011.

He is currently chairman of the Netherlands Authority for the Financial Markets (AFM), the Dutch securities and market regulator, chairman of the Technical Committee of the International Organisation of Securities Commissions (IOSCO) and co-chair of the Financial Crisis Advisory Group (FCAG), an independent body of senior leaders formed to advise accounting standard-setters on their response to the global financial crisis. He will step down from all his present positions in order to join the IASB.

IASB and FASB Consult on Effective Dates for Convergence of Accounting Standards

The IASB and the US Financial Accounting Standards Board (FASB) have published documents seeking views on when new financial reporting standards resulting primarily from their work to improve and achieve convergence of International Financial Reporting Standards (IFRSs) and US generally accepted accounting principles (GAAP) should become effective.

When finalising an IFRS, the IASB will identify a date from which entities will be required to start applying the new requirements (known as the effective date). This date is often 12-18 months after the date the IFRS is published, allowing time for entities to prepare for the change and for jurisdictions to implement the IFRS into their legal or regulatory regime.

With a number of major projects planned to be completed in 2011, the boards are seeking views on whether or how to sequence effective dates in order to reduce the burden to interested parties. In deciding how to proceed, the IASB will consider the needs of jurisdictions already using IFRSs as well as those planning to do so. Feedback from the consultation will inform the boards as they jointly develop an implementation plan for those new standards that helps stakeholders to manage both the pace and cost of change.

The projects covered by the request for views include the second and third phases of *Financial Instruments*, *Revenue from contracts with customers*, *Insurance contracts* and *Leases*. Comments are requested by January 31, 2011.

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, which is attached here, 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.

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.

For further information on the above IASB news, please visit www.iasb.org.

News from Professional Bodies

MALAYSIAN INSTITUTE OF ACCOUNTANTS (MIA)

World Congress of Accountants 2010

The 18th World Congress of Accountants 2010 with the theme *Accountants Sustaining Value Creation* hosted by the Malaysian Institute of Accountants and IFAC will be held from November 8 – 11, 2010.

The congress will offer more than thirty panel discussions and speakers from The World Bank, Transparency international, the Financial Stability Board, the European Commission, IFIAR and the IASB, amongst others. Thousands of delegates representing the profession from around the world are expected to attend. Register now! For further information, please click [here](#).

The MICPA in collaboration with The Institute of Chartered Accountants in Australia will be participating as an Exhibitor at WCOA 2010. Please visit us at Booth Numbers 94 & 97.

THE MALAYSIAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS (MAICSA)

Leadership in Governance Award (LIGA) 2010

The 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.

For further information on LiGA objectives, award categories, participation/ selection criteria, please visit www.maicsa.org.my/liga.

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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