

October 2011

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

Announcements

13th MICPA Accountancy Week - An Accounting Adventure

We have pleasure in informing that the Institute will be holding its 13th MICPA Accountancy Week with the theme **An Accounting Adventure** from **November 12 – 19, 2011**

A series of events have been planned for the week including:

- Accounting Quiz (AccQuiz) for upper secondary schools;
- Accounting Students Quiz for university and professional level;
- The Business Strategy Challenge - Management Simulation Game jointly organised with the Accounting Club of Universiti Kebangsaan Malaysia;
- Sports and Games Competition jointly organised with the Accounting Clubs of Universiti Teknologi MARA (UiTM) – APAcS, ABACS & AFTAS and Universiti Malaya; and
- Career Counselling Sessions.

For further information, please click [here](#).

MICPA Education & Training

Students Sponsorship Programme

The Students Sponsorship Programme (SSP) is a programme launched jointly by the MICPA and approved accounting firms or approved training organisations recently. The objective of the programme is to assist students who are interested to pursue the revised MICPA programme while pursuing the final year of an accredited Bachelor of Accountancy degree programme, It also provides an avenue to approved accounting firms or approved training organisations in identifying suitable candidates for internship and employment.

Under the SSP, approved accounting firms or approved training organisations will sponsor students who are interested to pursue the Taxation module and the Financial Reporting module of the revised MICPA programme while pursuing the final year of their Bachelor of Accountancy degree programme.

Candidates under the SSP will be required to work for the approved accounting firms or approved training organisations during their internship as well as upon completion of the Bachelor of Accountancy degree programme for a period of not less than 3 years.

The SSP is open to candidates who meet the following minimum criteria:

- Pursuing final year of a 4-year Bachelor of Accountancy degree programme accredited by MICPA or ICAA
- Minimum CGPA of 3.5 after completing 3-years of the Bachelor of Accountancy degree programme
- Active participation in extra-curricular activities
- Excellent communication skills, both oral and written. Fluency in written and spoken English is critical
- Must be a Malaysian citizen with good personality traits

The MICPA will work together with the various accredited public and private universities in Malaysia to identify suitable candidates who are interested to pursue the revised MICPA programme.

The profile of the identified candidates will be submitted to the approved accounting firms or approved training organisations for their consideration. The approved accounting firms or approved training organisations will conduct an interview with the identified candidates in order to consider the suitability of the candidates meeting the needs of the approved accounting firms or approved training organisations. An acceptance letter will be given to the successful candidates.

For further information on the Students Sponsorship Programme, please contact the Institute's Marketing Manager or Education & Training Manager on Tel: 03-2698 9622 or email: micpa@micpa.com.my.

Membership to ICAA

As you are aware, The Institute of Chartered Accountants in Australia (ICAA) and The Malaysian Institute of Certified Public Accountants (MICPA) signed a Memorandum of Understanding (MoU) in February 2009.

The MoU includes the mutual recognition of accounting qualifications. In this regard, we are pleased to announce and inform that members of MICPA are now eligible to apply for membership of The Institute of Chartered Accountants in Australia (ICAA). The membership arrangements will further increase the mobility and open the door to numerous professional opportunities.

To apply for membership to ICAA, MICPA members are required to:

- be a MICPA member in good standing;
- have successfully completed the MICPA's professional programme introduced prior to the revised MICPA programme; and
- pass an Online Ethics Module within 3 months of application.

For further information on the reciprocal membership, kindly click on the links provided below:

- [Frequently Asked Questions](#)
- [MICPA to ICAA Flowchart](#)
- [Application Form](#)

Pathways Route to ICAEW Membership

The MICPA qualification was recognised by The Institute of Chartered Accountants of England and Wales (ICAEW) in 2004. ICAEW undertook further assessment of the MICPA qualification in comparison with the ACA qualification introduced in 2007 and granted further exemptions to MICPA members in January 2009.

We are pleased to inform members that the Council of ICAEW has agreed to extend the ***Pathways to Membership Scheme to MICPA members with effect from January 1, 2010.***

The Pathways to ICAEW membership further endorses the close co-operation between the two Institutes in the education and training of professional accountants. **For further information on the Pathways route and the 2011 submission dates and fees**, please click [here](#).

Revised MICPA Programme - Tuition Provider: Sunway-TES

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

Activities of the Institute

Schedule of MICPA Events for 2011

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

MICPA Participates in Professional Career Talks

The Institute continues to embark on an aggressive marketing strategy to position the Revised MICPA Programme and the CPA (M) and CA (Austr) designation respectively.

In this regard, the Institute participates actively in career fairs and exhibitions across the country to promote accountancy as a career, and in particular to create greater awareness.

The following presentations were made in October, 2011 to the following firms, universities and colleges. It was also an opportunity for the Institute to promote the Students Sponsorship Programme which has been launched by the Institute.

Member Firms

- KPMG On-boarding Session

- On October 18, 2011

- Deloitte Malaysia

- On October 19, 2011

Universities/ Colleges

- Monash University

- On October 20, 2011

- Politeknik Sultan Haji Ahmad Shah

- On October 27, 2011

Approved Training Employers

The MICPA provides for two streams of training. The MICPA students may undertake their training with Approved Training Employers - in approved 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 **Explore and click on Approved Training Employers in the Homepage.**

The Institute's Vice President and Executive Director made a courtesy visit to Petronas on October 21, 2011 to explain in detail the Students Sponsorship Programme.

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

MICPA PUBLICATION

CPA Tax & Investment Review 2011

Further to Circular No.TEC/054/10/2011/W dated October 7, 2011, members are informed that the publication CPA Tax & Investment Review 2011 will be available on the Institute's website at www.micpa.com.my in the Members' Area by November 7, 2011.

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 November 11, 2011.

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.

INLAND REVENUE BOARD OF MALAYSIA (IRB)

Technical Issues on Budget 2012 for Discussion with Inland Revenue Board

Further to Circular No.TEC/055/10/2011/W dated October 7, 2011, members are informed that the 2012 Budget was tabled in the Dewan Rakyat on October 7, 2011 by the Honourable Prime Minister and Finance Minister, YAB Dato' Sri Mohd Najib bin Tun Abdul Razak.

As in the past, the Institute together 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 2012 Budget proposals.

In this regard, members were invited to submit any technical issues related to the 2012 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.

Public Ruling No.3/2011 – Investment Holding Company (Revised)

Further to Circular No.TEC/056/10/2011/W dated October 10, 2011, members are informed that the IRB has posted the amended Public Ruling No. 3/2011: Investment Holding Company on their website on October 6, 2011. Please note that Paragraph 10 of the original Public Ruling No. 3/2011 has been amended.

The above Public Ruling can be downloaded from the IRB's website at: http://www.hasil.gov.my/pdf/pdfam/PR3_2011.pdf.

COMPANIES COMMISSION OF MALAYSIA (SSM)

Practice Note 10/2011 – Lodgement of Annual Return Where Annual General Meeting Cannot be Convened

Further to Circular No. TEC/057/10/2011/W dated October 13, 2011, members are informed that the Companies Commission of Malaysia (SSM) has issued Practice Note 10/2011 (PN 10) to inform the requirements for the lodgement of annual return where Annual General Meeting (AGM) cannot be convened due to lack of quorum.

Pursuant to Section 143 of the Companies Act 1965 (CA 1965), a company is required to hold an AGM in every calendar year end and the AGM must be held not more than fifteen (15) months after the holding of the last preceding AGM. Section 165 of the CA 1965 requires all companies to lodge annual return within one (1) month after an AGM.

SSM will not accept the lodgement of annual return by companies where no AGM is held except for the following circumstances where a company may encounter difficulties to convene its AGM due to lack of quorum:

- i. when the absent member(s) cannot be contacted by the company; or
- ii. when a member(s) has passed away; or
- iii. when a member(s) has been disqualified (e.g. recently adjudicated bankrupt);
or
- iv. any other reasons where the Registrar is satisfied that the non-holding of AGM is due to circumstances beyond the control of the company or shareholders.

As a result of any of the above, the company is unable to increase its membership immediately or to meet the quorum requirement to enable a valid AGM to be convened even though the company has complied with the procedures for lack of quorum in its Articles of Association. SSM is prepared to accept the lodgement of an annual return without the AGM being held under the circumstances highlighted above where the company is only aware of such impending lack of quorum after the notice of the AGM has been issued. Where the company is aware or has prior notice that there will be a lack of quorum as a result of circumstances highlighted above prior to the issuance of the notice of the AGM, the company must apply for an extension of time under Section 143(2) of CA 1965 to rectify the matter.

The PN 10 has outlined the procedures and requirements to lodge an annual return where an AGM could not be convened due to lack of quorum. A copy of the SSM's PN 10 is attached for members' reference.

Should you have any enquiries on the above matter, please contact SSM at 03-2299 5489 or visit SSM's website at www.ssm.com.my.

Practice Note 11/2011

- Clarification on Whether a Society Can Be a Member of a Company

Further to Circular No.TEC/058/10/2011/W dated October 13, 2011, members are informed that the Companies Commission of Malaysia (SSM) has issued Practice Note 11/2011 (PN 11) to clarify the issue on whether a society can be a member of a company.

Based on the legal provisions under Sections 14(1) and 16(6) of the Companies Act 1965, Sections 2 and 9 of the Society Act 1966 and Section 3 of the Interpretation Act 1948, the SSM had clarified that a society can be a member of a company.

The SSM had further clarified that the name of one of the office bearers of the society must appear in the company's register of members, instead of only the name of the society. For existing companies whose members are registered in the name of a society, such companies are required to include the name of the registered public officer or office bearer of the society in its next Annual Return.

Should you have any enquiries on the above matter, please contact SSM at 03-2299 5489 or visit SSM's website at www.ssm.com.my.

A copy of the SSM's PN 11 has also been uploaded in the Members' Area for members' reference. For further information, please refer to the Circulars which can be downloaded from the MICPA's website at www.micpa.com.my in the Members' Area.

BURSA MALAYSIA SECURITIES BERHAD

- Amendments to Main Market and Ace Market – Listing Requirements of Bursa Malaysia Securities Berhad in Relation to Disclosure and Other Obligations

- Issuance of Corporate Disclosure Guide

Further to Circular No.TEC/053/10/2011/W dated October 4, 2011, members are informed that pursuant to Section 9 of the Capital Markets and Services Act 2007 ("CMSA"), amendments have been made to the Main Market Listing Requirements ("Main LR") and ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") in relation to disclosure and other obligations ("Amendments"). In addition, Bursa Securities has also issued a Corporate Disclosure Guide ("CD Guide").

Background

The Listing Requirements ("LR") were reviewed with emphasis placed on providing greater guidance and clarity to the market in the key areas of disclosure and corporate governance. In the review conducted by Bursa Malaysia ("BM"), BM has taken in account listed issuers' request for greater flexibility and efficiency when undertaking corporate proposals, industry feedback, BM findings and observations arising from its supervision and monitoring activities, stakeholder engagements and international standards.

Bursa Securities has also developed a CD Guide in conjunction with the review of the LR.

In the course of this review, Bursa Securities had published 2 consultation papers to seek public feedback on various proposed amendments to the LR on the listed issuers' disclosure obligations, corporate governance practices and other obligations, as well as the CD Guide. Several focus group meetings with various industry groups and stakeholders were also conducted in order to gain a deeper insight of industry views on the key amendments to the LR and the CD Guide.

Feedback or comments received on the aforementioned consultation papers were considered, and the proposals were reviewed accordingly before the amendments to the LR and the CD Guide were finalised.

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.

PUBLIC PRACTICE COMMITTEE (PPC)

MICPA Study Tour to Cambodia - Rescheduled – November 25 – 29, 2011

Further to Circular No.TEC/051/09/2011/W dated September 27, 2011, members are informed that the Public Practice Committee is organising a *MICPA Study Tour* to Cambodia.

The study tour has been rescheduled to November 25 – 29, 2011.

For further information, please refer to the circular which has been uploaded in the Members' area on the MICPA website www.micpa.com.my or you may contact Ms Chow Hsiao Mei, Technical Manager at 03-2698 9622 x 105 or email: chm.tech@micpa.com.my.

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

Continuing Professional Development (CPD) Programmes

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

Updates on 2011 New and Revised Financial Reporting Standards and New Bursa Listing Requirements

The MICPA is organising a two-day Seminar on *Updates on 2011 New and Revised Financial Reporting Standards and New Bursa Listing Requirements* on November 9 – 10, 2011 at the Renaissance Kuala Lumpur Hotel.

The primary objective of this 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 2010 and January 2011.

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.

Updated disclosure requirements as per the Bursa Listing Requirements will also be covered. Upon completion of the Seminar, participants would be able to incorporate the new requirements in their quarterly and annual financial reporting.

The seminar will be led by Mr Tan Liong Tong, Technical Consultant to Mazars Malaysia and Mr Woon Chin Chan, Consultant cum Trainer. For further information, please click [here](#).

Tax Planning on Current Tax Issues

The MICPA is organising a one-day Workshop on *Tax Planning for Current Tax Issues* on November 17, 2011 at Seri Pacific Hotel, Kuala Lumpur.

The objective of this Workshop is to provide you with the latest tax updates from IRB, tax implications and tax planning ideas with the change from tax imputation system to single-tier system which was introduced by the IRB with effect from January 1, 2008.

The Workshop will discuss the implication of dividends paid during the transitional period from January 1, 2008 to December 31, 2013. In addition, tax planning on maximisation of capital allowances will be discuss in length by the Workshop Leader. There is also a session dedicated to the discussion of recent tax developments and the resulting impacts.

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

Basic Practical Guide to Auditing

The MICPA is organising a two-day Workshop on *Basic Practical Guide to Auditing* on November 21 - 22, 2011 at Menara SSM @ Sentral, Kuala Lumpur.

The objective of this Workshop is to equip participants with the technical knowledge and skills in conducting an audit of financial statements in accordance with the clarified International Standards on Auditing (ISA), which have been adopted for application in Malaysia. The Workshop is designed to impart the theory and practice

of auditing in an interactive setting whereby participants will be exposed to practical examples through workshop activities for the topics under discussions.

Each participant will receive a complimentary copy of the MICPA Audit Guide for Practitioners (revised 2011) which has been updated to include ISAs issued under the IAASB's Clarity Project and acts as a useful tool for accounting firms to maintain quality control for audit work.

The workshop will be led by Mr Yung Chuen Seng, Associate Consultant cum Trainer. For further information, please click [here](#).

Withholding Tax and Cross Border Transactions

The MICPA is organising a one-day Workshop on *Withholding Tax and Cross Border Transactions* on November 29, 2011 at Concorde Hotel, Kuala Lumpur.

This Workshop will provide a good understanding of the intricacies of withholding tax together with practical steps towards compliance. Scenarios and case studies will be used to illustrate typical challenges and pitfalls in dealing with withholding tax and cross border transactions.

The Workshop will be led by Mr Chow Chee Yen, Executive Director, Advent Tax Consultants Sdn Bhd and will also focus on general areas of uncertainty and potential trigger points to help participants in avoiding costly penalties. For further information, please click [here](#).

Advanced Corporate Tax Planning

The MICPA is organising a one-day Workshop on *Advanced Corporate Tax Planning* on December 5, 2011 at the Seri Pacific Hotel, Kuala Lumpur.

The objective of this Workshop is to highlight to participants the tax planning areas to be considered in a corporate reorganisation and restructuring exercise. In addition, the Workshop will also cover other important tax planning areas such as corporate group structure, cross border tax planning and transfer pricing. Through interactive discussions and practical examples, complex issues will be broken down into easy to comprehend principles to enable participants to immediately apply the concepts to their businesses.

The Workshop will be led by Mr Chow Chee Yen, Executive Director, Advent Tax Consultants Sdn Bhd who will share with participants' practical examples and case studies that he has encountered in his 19 years of involvement in corporate tax planning. For further information, please click [here](#).

Advanced Consolidation Principles - Revised FRS 3 and Revised FRS 127

The MICPA is organising a one-day Seminar on *Advanced Consolidation Principles* on December 14, 2011 at the Concorde Hotel, Kuala Lumpur.

This Seminar aims to update participants with the latest knowledge on the subject of business combinations and consolidation in the Revised FRS 3 and Revised FRS 127. The Seminar will provide participants with hands-on exercises and practical cases on the advanced consolidation principles of acquisitions, reverse acquisitions, disposals of interest in subsidiaries and changes in stakes (accretion, dilution and deemed disposals).

At the end of the Seminar, participants should be able to understand and apply the relevant new requirements on accounting for business combinations and consolidation as required by the 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. For further information, please click [here](#).

Accounting for Construction, Property Development and Real Estate Activities

The MICPA is organising a one-day Workshop on *Accounting for Construction, Property Development and Real Estate Activities* on December 15, 2011 at the Seri Pacific Hotel, Kuala Lumpur.

The Workshop aims to discuss the important accounting principles of the relevant accounting standards, and to highlight the major areas of difficulty in measuring and recognising revenue and costs associated with construction contracts and property development activities, and the proper accounting treatment of finance costs arising from borrowings used to finance these activities.

The Workshop will be led by Ms Lim Geok Heng, Technical and Training Consultant, EVO Training & Consulting and she will also introduce to participants the issues and implications arising from adoption of IC Interpretation 15 which replaces FRS 2012004 with effect from January 1, 2012. For further information, please click [here](#).

News from Regulatory Bodies

SECURITIES COMMISSION MALAYSIA (SC)

Significant Amendment to Securities Laws to Strengthen Capital Market

Major amendments to the Securities Commission Act 1993 (SCA) and the Capital Markets and Services Act 2007 (CMSA) came into force on 3 October 2011 to promote the development of the capital market in line with global standards pursuant to the strategies outlined in the Capital Market Masterplan 2.

The amendments include the following:

Legal framework for the private retirement scheme industry

In line with efforts to enhance the adequacy of savings for retirement needs, the amendments provide for a dedicated regulatory framework for private retirement schemes (PRS). The PRS framework will provide the public with options to make additional voluntary long term contributions to supplement their retirement savings within a well-structured and regulated environment.

Under the PRS framework, providers of funds may, subject to the SCs approval, offer a range of funds from which individuals can choose to invest in, based on their financial needs, goals and risk appetites.

More efficient licensing framework

Consistent with efforts to internationalise and enhance the competitiveness of the Malaysian capital market, the amendments to the licensing provisions in the CMSA will promote ease of doing of business and facilitate a more cost effective regulatory regime without compromising investor protection. In this regard, the requirement

for the annual renewal of CMSA licences has been removed. However the appointment of CEOs for licensed intermediaries will now require the SCs prior approval. Supervision efforts will be enhanced and annual reporting of information by licensed companies and their representatives will be introduced which, amongst others, will form the basis for continued assessment on their fit and properness.

Regulation of OTC derivatives

The recent global financial crisis has highlighted the need for regulation of OTC products and regulators globally are looking at reforms to strengthen oversight. To promote transparency in the OTC derivatives market, the amendments introduce a framework for the reporting of OTC derivative contracts to a trade repository which will be established and operationalised within the next two years.

Oversight of foreign auditors

To enhance the oversight of foreign auditors, the amendments introduce a framework to enable the Audit Oversight Board to grant recognition to foreign auditors who audit the financial statements of foreign corporations listed on Bursa Malaysia.

Managing systemic risk

Recognising the importance of proper conduct of business within the capital market and its impact on systemic risk, amendments to the CMSA empower the SC to obtain information and issue directions to market intermediaries to take appropriate measures to monitor, mitigate or manage systemic risk.

The amendments also empower the SC to share information and cooperate with other supervisory authorities both domestic and foreign, who manage systemic risk in the capital market. To view the SCA and CMSA, please visit www.sc.com.my.

Leading Islamic Finance Experts to Discuss Risk Sharing Concepts

The SC will host the 5th International Islamic Capital Market Forum (IICMF) on November 10, 2011. The 5th IICMF will gather local and international experts to discuss and deliberate on the current state of Islamic finance.

The forum provides a platform for these international experts to discuss the current model of Islamic finance. The discussions will focus on how a risk sharing system can address some of the issues arising from the risk transfer system practised by the conventional financial industry.

Themed "Risk Sharing: A Way Forward to Public Good", the Key topics include:

- How would risk sharing structure sustain under current market conditions?
- Corporate governance, ethics and social responsibility - integrating Islamic heritage with modern knowledge
- Risk sharing and public policy: theory, applications and instruments
- Islamic economics and the public good - the ethical and social dimension

Members of the public who would like to attend this forum can visit the SIDC website (www.sidc.com.my) or call Sharifuddin (03-6204 8644) / Saadon (03-6204 8665) for more information.

BURSA MALAYSIA BERHAD

FTSE and Bursa Malaysia Introduce New Sector Indices and Refine Ground Rules on Free-Float

FTSE Group (“FTSE”) and Bursa Malaysia Berhad (“Bursa Malaysia”) on October 3, 2011 announced the launch of a new set of Industry, Supersector and Sector indices to complement the existing FTSE Bursa Malaysia Index Series. The new FTSE Bursa Malaysia EMAS Industry indices are designed to provide investors with a comprehensive set of tools for in-depth analysis of the Malaysian stock market.

In conjunction with this extension of the existing FTSE Bursa Malaysia Index Series, the free-float methodology for the FTSE Bursa Malaysia Index Series has been reviewed and enhanced, to ensure the indices continue to provide the most accurate reflection of the Malaysian equity market opportunity.

New Sector Indices

The new set of 10 Industry, 19 Supersector and 39 Sector indices can be used to execute investment strategies and to create index-linked financial products based on sector-specific criteria. As a result, investors will gain deeper granularity and better understanding of the sectors, including those that are driving market performance. Designed using the Industry Classification Benchmark (ICB), adopted as a global standard in stock, sector and industry classification, the indices will also enable investors to make attribution and cross border comparison between sectors and industries in Malaysia and other countries.

The new FTSE Bursa Malaysia EMAS Industry indices form part of the FTSE Bursa Malaysia EMAS universe and will be calculated on an end of day basis. Subscribers of the FTSE Bursa Malaysia Index Series will receive the new indices as part of their existing data package at no extra cost.

Refining the Free-Float Definition

Since the creation of the first FTSE Bursa Malaysia indices in 2006, the FTSE Bursa Malaysia Index Advisory Committee, an independent committee of market specialists and industry experts, has continued to place emphasis on investability, amongst other factors.

The change to the definition of free float restrictions continues to provide domestic investors with robust, reflective and accurate benchmarks and tradable indices. At the same time, the alignment of the FTSE Bursa Malaysia Index Series methodology towards that of the flagship FTSE Global Equity Index Series, used by investors around the world, maintains an internationally approved approach to the Malaysian financial market.

The methodology change is one of a number of factors reviewed to ensure that as the index series develops, it continues to provide investors with a sound representation of the true investability of companies in the FTSE Bursa Malaysia Index Series, thereby enabling effective and efficient replication of the index.

The enhancement to the index series ground rules will take effect immediately and will also be applied to all new IPOs eligible for inclusion within the FTSE Bursa Malaysia Index Series. The free-float of existing constituents will be reviewed during the December 2011 index review.

For more information on the indices within the FTSE Bursa Malaysia Index Series, including performance data, constituent information and the index ground rules, please visit www.ftse.com/bursamalaysia.

BANK NEGARA MALAYSIA (BNM)

Appointment of New Director-General of Labuan Financial Services Authority (Labuan FSA)

The Labuan Financial Services Authority (Labuan FSA) wishes to announce that the Prime Minister and Minister of Finance, YAB Datuk Seri Mohd Najib Tun Abdul Razak, have approved the appointment of Encik Ahmad Hizzad bin Baharuddin as the new Director-General of Labuan FSA for a three year term, effective October 3, 2011.

Encik Ahmad Hizzad assumes the position of Director-General of Labuan FSA following the retirement of YBhg Datuk Azizan Abdul Rahman in September 2011. Labuan FSA would like to take this opportunity to record its appreciation to Datuk Azizan for his contributions during his tenure with the Labuan FSA.

Shariah Resolutions in Islamic Finance (Second Edition) Now Available in English

The Second Edition of the Shariah Resolutions in Islamic Finance (English version) is now available. The Bahasa Melayu version of this book was earlier released in October 2010.

The book is a compilation of Shariah resolutions made between 1997 and 2009. This is part of Bank Negara Malaysia's continuous effort to enhance public and the financial communities' understanding on the Shariah interpretations and the juristic reasoning for these rulings.

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

News from IFAC and IASB

INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC)

Cross-Industry Taskforce Calls on G-20 to promote Economic Stability through Regulatory Convergence

The International Federation of Accountants (IFAC) has released the *Private Sector Taskforce (PSTF) Report to G-20 Deputies*. The PSTF report presents a set of recommendations on how to promote regulatory convergence from the perspective of a number of financial professions and industries.

The PSTF was established in May 2011 at the request of the Presidency of the G-20. The report provides the G-20 with an analysis of the development of financial policy and regulation, with the aim of facilitating economic stability in the world's capital markets. The benefits of regulatory convergence are identified, as well as the inefficiencies and associated costs created by regulatory gaps. A range of possible scenarios and associated risks are thoroughly analysed and explored, specific examples are given, and a set of recommendations are provided.

Coordinated by the International Federation of Accountants, the taskforce includes CFA Institute (CFA I); INSOL International; Institute of International Finance (IIF); International Accounting Standards Board (IASB); International Actuarial Association (IAA); International Corporate Governance Network (ICGN); International Insurance Society (IIS); and International Valuation Standards Council (IVSC).

The report stresses the necessity of open communication and transparent processes, as well as continued cooperation between national and regional regulators and professional and industry groups, in order to further develop global standards. It warns against the dangers of unilateral decision making, and advocates enhanced consultation and global cooperation on matters of regulatory reform, in order to avoid regulatory fragmentation.

The PTSF report with the full recommendations is posted on the [IFAC](#) website.

IFAC Urges G-20 to pursue Coordinated, Long-Term Approaches to Global Economic Stability and Fiscal Sustainability

The IFAC has urged the G-20 leaders at their November 3-4, 2011 meeting in Cannes, France, to focus on three long-term initiatives aimed at promoting global economic stability and greater fiscal sustainability:

- ***Address Public Sector Debt Problems: Encourage Review of Institutional Changes in Public Sector Financial Management and Adoption of Accrual-Based Accounting***

In order to address the sovereign debt crisis, IFAC recommends that the G-20 commission the Financial Stability Board (FSB) to consider the institutional changes that are needed in public sector financial management to protect investors in government bonds, as well as the public.

- ***Maintain Momentum for Regulatory Convergence, including Adoption and Implementation of International Standards***

IFAC recommends that the G-20 strengthen its resolve for adoption and implementation of common global standards for financial reporting, auditing, and auditor independence, including International Financial Reporting Standards (IFRS), International Standards on Auditing (ISAs), and the auditor independence requirements set out in the *Code of Ethics for Professional Accountants*.

- ***The Needs of the Future: Support Integrated Reporting***

IFAC calls on the G-20 to formally signal its support for the work of the International Integrated Reporting Committee (IIRC), a collaboration of leaders from the corporate, investment, accounting, securities, regulatory, academic, and standard-setting sectors, as well as civil society. The IIRC is currently developing an integrated reporting framework, which aims to bring together financial, social and governance information in a clear, consistent, and comparable format. Integrated reporting links the strategy, governance, and financial performance of an organisation with the social, environmental, and economic contexts in which it operates.

The letter to the G-20 with the full recommendations is posted on the [IFAC](#) website.

Baker Tilly International Ltd and Nexia International Join the Forum of Firms

International network of accounting firms Baker Tilly International Limited and Nexia International have been admitted as full members of the Forum of Firms (Forum),

after confirmation that they have met the Forum's membership standards. This includes reporting that they have implemented a globally coordinated quality assurance program, have policies and methodologies based on the International Standards on Auditing (ISAs), and have met other specific requirements of the Code of Ethics for Professional Accountants.

Twenty-two other international networks of accounting firms are also full members of the Forum of Firms and continue to report their adherence to the Forum's membership obligations. A list of the Forum's members is available at www.ForumofFirms.org.

The Forum of Firms is an association that brings together international networks of accounting firms that perform audits of financial statements that are or may be used across national borders. The Forum's goal is to promote consistent and high-quality standards of financial reporting and auditing practices worldwide.

In order to achieve full membership status, Baker Tilly International Limited and Nexia International had to commit to meeting the Forum's membership obligations, which require members to:

- maintain appropriate quality control standards in accordance with International Standards on Quality Control issued by the International Auditing and Assurance Standards Board (IAASB), in addition to relevant national quality control standards and conduct, to the extent not prohibited by national regulation, regular globally coordinated internal quality assurance reviews;
- have policies and methodologies for the conduct of transnational audits that are based, to the extent practicable, on ISAs issued by the IAASB; and
- have policies and methodologies that conform to the International Ethics Standards Board for Accountants' (IESBA) *Code of Ethics for Professional Accountants* and national codes of ethics.

IESBA 2011-2012 Strategy and Work Plan Approved

The 2011-2012 IESBA Strategy and Work Plan, which sets the direction and priorities for the activities of the International Ethics Standards Board for Accountants (IESBA), has been approved by the IESBA, the IESBA Consultative Advisory Group, and the Public Interest Oversight Board.

The IESBA plans to build upon the strong base established by the revised *Code of Ethics for Professional Accountants* (the IESBA Code) issued in July 2009. The 2011-2012 Strategy and Work Plan is focused on three strategic areas: development of standards; adoption and implementation; and convergence.

The IESBA plans to develop additional guidance for professional accountants on identifying and addressing a conflict of interest, responding to suspected illegal acts, and dealing with a breach of an independence requirement of the IESBA Code. The IESBA will also consider recommendations of an IESBA Working Group tasked with reporting on the unique and challenging issues faced by professional accountants in small- and medium-sized entities and small- and medium-sized practices in complying with the IESBA Code.

To determine the best course of action for furthering its objective of achieving convergence of the IESBA Code and national standards and regulations, the IESBA will also consider input from regulators and national standard setters and compare

key provisions in the IESBA Code to the standards and regulations of select jurisdictions.

Please visit www.ifac.org/Ethics to access the plan or to learn more about the IESBA.

IPSASB Issues Exposure Draft 46 – Recommended Practice Guideline, Reporting on the Long-Term Sustainability of a Public Sector Entity’s Finances

The International Public Sector Accounting Standards Board (IPSASB) has published *Exposure Draft (ED) 46, Recommended Practice Guideline*. This ED builds on a [consultation paper](#) issued in late 2009. ED 46 provides good practice guidelines on reporting on the long-term fiscal sustainability of a public sector entity, and particularly emphasizes that entities may be able to draw on projections that are already being made by other bodies, thereby ensuring a cost-effective approach.

The sovereign debt crisis has emphasized the significance of the fiscal condition of governments and other public sector entities to the global economy. There have been heightened concerns about the ability of governments to meet debt servicing obligations and the extent to which they can maintain current policies and meet current and future obligations related to entitlement programs, without raising taxes and contributions or increasing debt to unsustainable levels.

These concerns have emphasised the importance of providing projections of inflows and outflows of resources over the longer term, together with narrative explanations of the main risks facing governments and other public sector entities. This information allows the users of general purpose financial reports to assess the extent to which current policies are sustainable, and complements the financial statements, which remain at the core of public sector financial reporting.

“The continuing volatility in the world’s financial markets has reinforced the IPSASB’s conviction that financial statements alone cannot provide all the information necessary to enable citizens, investors, and other users to evaluate the long-term fiscal sustainability of governments and public sector entities,” explained Andreas Bergmann, chair of the IPSASB. “ED 46 aims to provide straightforward guidance to entities to ensure that information on their fiscal sustainability is complete, relevant, and understandable. I encourage our constituents to give this ED full consideration, provide feedback, and assess the need to report on the long-term sustainability of their finances.”

This IPSASB project has continued to benefit greatly from the oversight of a Task Force with a wide membership, including standard setters with experience reporting on long-term fiscal sustainability, governments that have many years’ experience reporting on long-term fiscal sustainability, and supranational organizations, such as the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), and Eurostat, the statistical office of the European Union.

ED 46 is available to download free of charge from the IFAC website (www.ipsasb.org). The IPSASB encourages IFAC members, associates, and regional accountancy bodies to promote the availability of this Exposure Draft to their members and employees.

IPSASB Issues Consultation Paper – Reporting Service Performance Information

The IPSASB has approved the Consultation Paper *Reporting Service Performance Information*. The IPSASB considers that reporting service performance information is necessary to meet the objectives of financial reporting, which are to provide information that is useful to users of General Purpose Financial Reports (GPFR) for accountability and decision making. This project aims to present a principles-based approach to developing a consistent framework for public sector entities.

IPSASB Chair Andreas Bergmann stressed, “Service performance information is essential for accountability for the efficient and effective use of resources, service provision, and achievement public sector entities’ objectives. Service performance reporting can provide financial and non-financial, as well as quantitative and qualitative, information about the achievement of service delivery objectives in the current reporting period, as well as anticipated future service delivery activities and resource needs.”

Various public sector entities around the world currently report service performance information. In practice, such reporting is diverse. The objective of the IPSASB’s service performance information project has been to improve the consistency and comparability of such information across jurisdictions and between entities.

Overall, the Consultation Paper proposes a framework for reporting service performance information. The framework includes information on the scope of the service performance information reported, the public sector entity’s objectives, the achievement of those objectives, and a narrative discussion of the achievement of all the objectives. The Consultation Paper also proposes a standardised service performance information terminology and working definitions to enhance users’ understanding of service performance information reported as outlined in the proposed framework.

The Consultation Paper is available to download free of charge from the IPSASB website (www.ipsasb.org).

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

IESBA Proposes Changes to the Code of Ethics for Professional Accountants to Address a Breach of a Requirement in the Code

The International Ethics Standards Board for Accountants (IESBA) has released for exposure *Proposed Changes to the Code of Ethics for Professional Accountants Related to Provisions Addressing a Breach of a Requirement of the Code*. The IESBA believes that any breach of a provision of the *Code of Ethics for Professional Accountants* (IESBA Code) should be treated as a matter of utmost importance. Therefore, the IESBA has proposed changes to the IESBA Code that will provide guidance to a professional accountant on the action to be taken in such situations. This includes a robust framework for addressing a breach of an independence requirement that will result in greater transparency. This Exposure Draft is the result of a project that commenced in 2010.

The proposed changes to the IESBA Code include a requirement that a professional accountant take whatever actions that might be available as soon as possible to satisfactorily address the consequences of a breach of a provision of the Code. For a breach of an independence requirement in the IESBA Code, a detailed framework

is provided setting out the action to be taken. Specifically, the proposed changes would require a firm to:

- terminate, suspend, or eliminate the interest or relationship that caused the breach;
- evaluate the significance of the breach and determine whether action can be taken to satisfactorily address the consequences of the breach;
- communicate all breaches with those charged with governance and obtain their agreement with the proposed course of action; and
- document the actions taken and all the matters discussed with those charged with governance and, if applicable, any relevant regulators.

“The proposed changes to the IESBA Code should help to ensure that the significance of any breach of an independence requirement is discussed with those charged with governance, and that professional judgment is taken into account when taking action,” stated Ken Dakdduk, IESBA Chair. “An auditor resignation due to an independence violation—regardless of the magnitude of the violation—has potential consequences to the company, its investors, and the capital markets. The proposed framework will guide accountants, and those charged with governance, in determining whether resignation is an appropriate outcome or whether a different outcome can be supported. In addition, disclosure will enhance transparency, and the proposed documentation requirement adds a degree of rigor to the process that will be very useful.”

How to Comment

The IESBA invites all stakeholders to comment on its proposals. To access the exposure draft and submit a comment, visit the IESBA’s website at www.ifac.org/Ethics/publications-resources. Comments on the exposure draft are requested by January 23, 2012.

IAASB Undertakes Post-Implementation Review of Clarified ISAs; Invites Stakeholder Input

The International Auditing and Assurance Standards Board (IAASB) has released its plan for a post-implementation review of the clarified International Standards on Auditing (ISAs). In 2009 the IAASB concluded its five-year Clarity project to redraft and revise the ISAs. The post-implementation review is the second phase of the IAASB’s efforts to monitor the implementation of these standards. The review is focused on whether the clarified ISAs are being consistently understood and implemented in a way that achieves the IAASB’s goals in revising and redrafting them.

“With extensive uptake of the clarified ISAs throughout the world, in already more than seventy-five countries, now is the time to gain a deeper understanding of how the clarified ISAs are being used and implemented,” said Prof. Arnold Schilder, Chairman of the IAASB. “When this review is completed in 2013, the IAASB will be better able to assess whether there is need for further changes to the ISAs. Timely feedback on the clarified ISAs from a variety of stakeholders is therefore essential for this purpose and the IAASB’s objective of ensuring that its standards continue to be of the highest quality.”

Features of the post-implementation review, which involves gathering information about the use of the clarified ISAs during 2012, are set out in the IAASB's *Plan for a Post-Implementation Review of the Clarified International Standards on Auditing*.

Recognising the broad range of stakeholders that may be interested in providing feedback to the IAASB about the clarified ISAs and their implementation, the IAASB encourages and welcomes input from all interested parties for the purpose of the review.

How to Comment

To access the plan and details on how to provide input, [visit the IAASB's website](#). Input for the purpose of the review is requested by no later than October 31, 2012.

INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

IFRS Resources List Updated

The IFRS Foundation Education Initiative has updated the list of English language resources about International Financial Reporting Standards (IFRSs) available to accounting practitioners, educators, students, and others who wish to study IFRSs. The list includes resources available from accounting firms, professional bodies, government agencies, commercial publishers, and the IASB itself. The list includes IFRS-based textbooks.

This list is not copyrighted and may be freely reproduced and distributed (without alteration). The latest version may be downloaded from the [IFRS Learning Resources](#) page.

Patricia McConnell Inducted into Institutional Investor Hall of Fame

Patricia McConnell, member of the IASB, has been rated as one of the 'Best U.S. Analysts of All Time' by Institutional Investor magazine.

The honour is awarded to U.S. equity researchers that are named by leading money managers and buy-side analysts as the top analysts in their respective sectors at least ten times. Pat was rated as the number one Accounting & Tax Policy analyst for sixteen years running before going on to become a member of the IASB.

IASB Clarifies Accounting for Costs Associated with Waste Removal in Surface Mining

The IASB issued today an Interpretation clarifying the requirements for accounting for stripping costs in the production phase of a surface mine. The Interpretation was developed by the IFRS Interpretations Committee, the interpretative body of the IASB.

The Interpretations Committee was asked to clarify when and how to account for stripping costs (the process of removing waste from a surface mine in order to gain access to mineral ore deposits) to address diversity in practice.

The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

The IFRIC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* is available for eIFRS subscribers from today on eifrs.ifrs.org.

IASB Proposes an Amendment to the Accounting for Government Loans in IFRS 1

The IASB has published for public comment a proposed amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

The proposed amendment sets out how a first-time adopter would account for a government loan with a below-market rate of interest when they transition to IFRSs. If adopted, this amendment would provide the same relief to first-time adopters as is granted to existing preparers of IFRS financial statements when applying IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*.

The exposure draft, *Government Loans* (Proposed amendments to IFRS 1), is open for comment until 5 January 2012 and can be accessed via the 'Comment on a Proposal' section.

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

News from Professional and Other Bodies

MALAYSIAN INSTITUTE OF ACCOUNTANTS (MIA)

MIA-AFA Conference 2011

The MIA in collaboration with the ASEAN Federation of Accountants (AFA) is organising the *MIA International Accountants Conference and the 17th AFA Conference* on November 2 – 3, 2011 at the Kuala Lumpur Convention Centre.

With the theme *Converge, Transform, Sustain: Towards World Class Excellence*, the conference is set to attract over 2, 500 accountants, senior business leaders and decision makers from ASEAN and the Asia Pacific region.

For further information on the above news, please visit www.mia.org.my.

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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