

THE MALAYSIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
(INSTITUT AKAUNTAN AWAM BERTAULIAH MALAYSIA)

Minutes of the 47<sup>th</sup> Annual General Meeting of the Institute held on Saturday, June 25, 2005  
at 10:00 a.m. at Bilik Seraya, Level 4, The Pan Pacific Hotel, Jalan Putra, Kuala Lumpur.

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PRESENT : Dato' Ab Halim bin Mohyiddin (President, in the chair)  
Dato' Nordin Baharuddin (Vice President)  
Datin Hajjah Fadzilah bte Saad  
En Khor Chin Peng  
En Lim Kian Thiam  
En Peter Lim Thiam Kee  
Dato' Hj Maidin Syed Ali  
En Mohamad Raslan Abdul Rahman  
En Pushpanathan a/l S A Kanagarayar  
En Sam Soh Siong Hoon  
En Sukanta Dutt  
En Tan Chin Hock  
En Tan Ghee Kiat  
En Teh Chee Ghee  
Dr Veerinderjeet Singh  
En Venkatramanan Viswanathan  
Dato' Yeo How  
Dato' Robert Yong Kuen Loke

14 other members as recorded in the attendance register

ABSENT WITH  
APOLOGIES : En Beh Tok Koay  
En Abdul Jabbar Abdul Majid  
Datuk Dr Abdul Samad Hj Alias  
Dato' Ahmad Johan bin Mohammad Raslan  
En Mustapha Ghazali  
En Chin Kwai Fatt  
En Ho Heng Chuan  
En Jeyaratnam Velupillai  
En Lim Kok Beng  
En Lim Tian Huat  
Ms Loh Lay Choon  
En Poon Yew Hoe

IN ATTENDANCE : Ms Tan Shook Kheng (Secretary)

AGM 1/05 QUORUM

The Secretary confirmed that the quorum of 10 members was present.

AGM 2/05 APOLOGIES

Apologies received were noted.

AGM 3/05 NOTICE OF MEETING

The Chairman proposed that the notice of the meeting be taken as read. It was seconded by Dr Veerinderjeet Singh and unanimously agreed by the meeting.

AGM 4/05 REPORT AND FINANCIAL STATEMENTS

4.1 The Chairman briefed members on the financial position of the Institute for the year ended December 31, 2004. He also highlighted the major activities undertaken by the Institute during the year.

(a) Finance

The Institute's financial position continued to improve in 2004. A surplus of RM161,200 had resulted, compared to RM10,600 in 2003.

Total income increased by RM348,500 or 13% while total expenses increased by RM169,100 or 6% resulting in a positive contribution to reserves. The increase in income was generated mainly by CPE activities, the *MICPA Business Forum*, examination workshops and sale of publications.

Subscriptions and other fee income increased marginally by RM35,300 or 2%. Income from new student enrolment (registration and exemption fees) rose by RM36,500 or 33%. However, this was off-set by a drop in students' annual fee of RM12,000 or 14% due to student drop-out.

Although the Institute's financial position continued to improve in 2004, its reserve was still in a negative position (accumulated deficit of RM109,400 as at December 31, 2004). Furthermore, additional costs were expected to be incurred in 2005 and 2006 in connection with the initiatives to seek international recognition of the MICPA qualification and implementation of a brand development programme. The budget for 2005, based on the current fee structure, showed a deficit position. In fact, the deficit was significantly mitigated by budgeted income from other activities, particularly CPE and the *MICPA Business Forum*.

While the Council would continue to organise various activities to raise fund to meet the Institute's financial requirements, these were short-term measures. In the long term, the Institute must be able to maintain its principal source of income at a level that would meet its related expenses. The Council had proposed a revision to the subscriptions and fees payable by members and students for 2006 in order to maintain a balanced financial position. The proposal would be tabled for members' consideration at the extraordinary general meeting to be held after this meeting.

(b) Membership

The Institute's membership increased by only 1% in 2004. Currently, the total membership stood at 3,070.

The Chairman stressed that there was an urgent need for the Institute to implement strategic measures to expand its membership base. He highlighted that the Council had set promotion of the CPA qualification as its key strategic objective. Towards this end, the Council had undertaken initiatives to build the CPA brand and to seek international recognition of the CPA qualification.

The Institute had appointed a brand consultant to design and implement a brand development programme to reposition MICPA and to enhance the identity and awareness of the CPA designation. As a first step, a new corporate logo was launched at the Institute's Annual Dinner last night. A long-term brand campaign would be carried out to raise the profile of MICPA as a leading professional body and to position the CPA designation as the premier brand of professional business qualification, targeting at students, the business community, Government and the public. The Institute would also embark on a more aggressive media outreach.

In the meantime, the Institute would continue to promote the distinctive feature of the CPA qualification to the wider student audience, that it is a unique blending of the highest standards of professional education and relevant practical training. With the assistance of the Young CPA Group, the Institute would continue to conduct scheduled career talks at schools and institutions of higher education, participate in career exhibitions and sponsor student activities.

The Chairman added that the Council was also conscious that in the face of globalisation and increasing competition in the marketplace, there was a need to enhance the standing and recognition status of the CPA qualification not only at the national but also international levels. Towards this end, the Institute had appointed an education consultant to undertake an independent review of the CPA qualification with the aim of achieving recognition of the CPA qualification by the Chartered Accountants Group, which included the Institutes of Chartered Accountants in the U.K., Australia, New Zealand and Canada. The Council believed that success in obtaining recognition by the Chartered Accountants Group would enhance the international endorsement of the CPA qualification.

The Council had also proposed the introduction of associate membership as a measure to expand the Institute's membership base. The main objective is to offer associate membership to registered students of the Institute who have successfully completed Module C, *Advanced Taxation* and Module D, *Advanced Financial Reporting* of the Institute's Advanced Stage Examination, without the requirement for practical experience. Currently, these students are entitled to the *Professional Certificate in Accountancy* (PCA), without any rights of membership. It was proposed that associate members be entitled to access the full range of services provided by the Institute to members, which include technical updates, technical advisory service, access to the technical resource centre at the MICPA website, attending CPE programmes at preferential rates, and receipt of the Institute's bi-monthly journal and other publications on a complimentary basis.

The proposal would be tabled for members' consideration at the extraordinary general meeting to be held after this meeting.

(c) Students Enrolment

The Institute registered a total of 164 new students during 2004, showing an increase of 15% compared to the previous year. The new intake comprised predominantly accounting graduates from local universities. However, the increase in new intake was counterbalanced by the drop-out of existing students, resulting in a decline in the total number of registered students by 8% compared to 2003. Presently, the students register showed a total of 760 students.

The enrolment statistics demonstrated the need to implement effective measures to promote the value of the CPA qualification to our student audiences to ensure growth in our student numbers. The Chairman noted that while the Institute had engaged relevant experts to assist us in this endeavour, the support of members in implementing the CPA programme within their organisations and in encouraging their new recruits to pursue the CPA qualification was vital.

(d) Education and Training

Education and training are the core areas of the Institute's activities. We undertake regular review of our admission requirements, the education and training curriculum as well as the methods of delivery and assessment to ensure that prospective CPAs are equipped with the knowledge and competence to practise the profession.

The Institute's examination structure was last revised in 2002/2003. The new examination structure consists of two levels of examinations, the *Professional Stage Examination* consisting of Modules A and B with 3 papers each, and the *Advanced Stage Examination* consisting of Modules C, D and E with one paper each. A new assessment approach was introduced for the Advanced Stage Examination.

The students taking the Advanced Stage Examination are required to successfully complete a prescribed quantum of workshops before they are eligible to sit for the final module examination. A student's performance in a module would be based on two assessment components, which is the combination of his performance in the workshop sessions (30%) and achievement in the final module examination (70%). The new assessment approach had resulted in significant improvement in the students' examination performance.

In recognition of the significant changes in the environment, especially in international accounting and auditing standards and the regulatory framework, the Council had undertaken a review of the Advanced Stage Examination. The objective was to update the examination syllabus and education programme as well as to increase the accessibility to the CPA qualification. The revised examination structure was targeted for implementation in 2006.

(e) Services to Members

The Institute provides a range of core services that benefit all members. These include maintenance of technical and professional standards, organisation of CPE programmes, making representations to Government and the regulatory bodies, and promotion of the CPA designation. The Institute also delivers other services that benefit specific groups such as tax practitioners and insolvency practitioners. The Institute maintains a network of committees to help identify and meet the various professional needs of different segments of the membership.

The Chairman stressed the importance of a commitment to life-long learning and continuing development of professional competence to maintain the quality of members' work or service. He encouraged members to attain a minimum of 40 hours of CPE a year even though this was currently not a mandatory requirement for continuing membership. He advised that the Council had decided to adopt the requirements of International Education Standard for Professional Accountants (IES) 7 on continuing professional education and development. The IES prescribes that member bodies of IFAC should implement mandatory CPE requirements for all professional accountants, regardless of the sector and size of business in which they operate. The Council would be issuing a revised statement on compliance with CPE requirements, which is in line with requirements of IES 7.

The Institute requires that members comply with the Code of Professional Conduct and Ethics to ensure that members uphold the hallmarks of the profession in all their professional work – integrity, competence and objectivity. The Institute had revamped the Code using IFAC's revised Code of Ethics for Professional Accountants as the basis. The proposed revised Code provides clear guidance on how to identify, assess and manage risk to professional independence, particularly in the provision of assurance services. It also provides in-depth guidance for members in business. An exposure draft of the proposed new Code would be issued to members for consultation as soon as IFAC has finalised its revised Code of Ethics, which is currently at the exposure draft stage, to ensure conformity with the IFAC Code.

The Institute continued to take advantage of IT to improve the communications processes with members. During the year, considerable improvements were made to the design of the MICPA website and the method of information delivery. An upgraded e-mail broadcast system had been installed for sending e-circulars and alerts to members on any information update on the MICPA website. The search engine was being enhanced to make it easier to navigate and access the Institute's technical information database.

(f) Participation in International Organisations

In recognition that accountancy has become a global profession, the Institute seeks opportunities to participate and contribute to the work of the world accounting bodies. The Institute's involvement is focused on areas that are most relevant to the Malaysian environment. Currently, three of our Council members are serving on IFAC's International Auditing and Assurance Standards Board, the Education Committee and the Developing Nation's Permanent Task Force. In addition, two of our Council members have been appointed to the IFAC Board, in the capacity as a Board member and technical advisor.

(g) Acknowledgement

The Chairman thanked all members who had contributed to the Institute's work. He noted that it was through members' active involvement that the Institute was able to function effectively and maintain its technical excellence. He also encouraged the younger members to play an active role in the Institute's activities.

The Chairman also expressed his sincere thanks to the Council for their full support, co-operation and dedication.

4.2 The Chairman then invited comments from the floor on the report and financial statements of the Institute. The following comments were noted:

- (1) En Lee Hock Keat commended the Council for taking the extra effort to promote the branding of the MICPA. He referred to page 36 of the Annual Report on students statistics which showed a decline of 145 registered students (in 2003). He also referred to page 24 of the Annual Report which showed that 7% of the members were below the age of 30 years. He requested the Chairman to share the feedback from the young candidates who aspire to be a CPA regarding their concerns in taking the MICPA course as compared to the other professional courses available in the market.
- (2) The Chairman commented that some of the courses available in the market were deemed by the students to be easier to pass than MICPA's. We had been encouraging the final year accounting students at the universities to enroll for Modules C and D of the MICPA Advanced Stage Examination and we had received positive response from some of the universities, e.g. Universiti Teknologi MARA and Multimedia University. However, one of the universities had commented that MICPA's examinations were too practical oriented and their students were reluctant to enroll for Modules C and D during their final year programme. The perception that MICPA's examinations were more difficult to pass than that of other professional courses was a major deterrent factor in our student recruitments.
- (3) En David Siew Kah Toong commented that his firm had been quite aggressive in promoting the CPA brand and made enrolment for the CPA programme a mandatory requirement for local graduates joining the firm. However, the firm had been facing resistance from potential new recruits. In light of the competition in recruitment, the firm was under pressure to relax the condition, which would result in a drop in CPA student enrolment. He added that most of the potential new recruits had voiced their concern that the MICPA examinations were too difficult and lacked international recognition. He requested the Council to continue to focus on these two issues.

- (4) Ms Ng Mi Li suggested that the Institute should look at the pull factor – whether the CPA qualification would bring wider job opportunities and whether the employer would attach greater recognition and value to the CPA qualification compared to other professional qualifications. If the students could not see these potential benefits, they would be disinclined to pursue a more difficult route in acquiring a professional qualification.
- (5) En Venkatramanan Viswanathan commented that:
- (a) Most of the CPAs built successful careers but their identity as a CPA was not profiled. He suggested that the Institute’s branding programme should profile some of the successful CPAs.
  - (b) Accounting graduates generally found it easier to join MIA (as a Chartered Accountant) and obtain a job at a salary of around RM2,000 per month, rather than attain the CPA qualification in 2 – 3 year’s time with 25% - 30% increase in salary.
  - (c) MICPA should provide education facilities outside the Klang Valley, especially in Johor Bahru to encourage more students to pursue the MICPA qualification.
- (6) En Mok Chee Hoy commented that he was admitted as a member 25 years ago and today, the membership of the Institute had just doubled. He acknowledged the efforts made by the Council to increase membership and that some tangible results had been achieved last year. He put forward the following suggestions for the Council’s consideration.
- (a) The term of office of the President of two years was too short. The President should serve a longer term in order to achieve some tangible results for the Institute.
  - (b) The Annual Report showed that almost half of the members were below 40 years. More younger members should be encouraged to serve on the Council to provide new energy and ideas.
  - (c) Some of the Committees did not have any meeting during the year. The Council should consider disbanding the Committee or integrating it with another Committee.
  - (d) The MICPA website contained outdated information such as reference to “MACPA” and “the Association”. The website should be updated especially in light of the Institute’s branding exercise. He also suggested that certain information and publications such as the Institute’s Annual Report should be posted on the website.

- (e) The Institute lacked public profile. More concerted efforts should be made to raise the profile of the Institute such as holding press conferences and issuing press releases on the Institute's activities.
- (7) En Mohd Noor Abu Bakar expressed his views on the following matters:
- (a) The Institute's new logo should reflect the identity "CPA Malaysia" to distinguish it from CPA from other countries.
  - (b) He believed in the CPA product and had been active in the recruitment of students, especially Bumiputera students, to pursue the CPA qualification. However, he was concerned that many of the new students were unaware of the existence of MICPA and for those who were aware, they felt that the CPA was just a Malaysian qualification which was not recognised overseas. They indicated their preference to pursue the ACCA, CIMA or CPA Australia qualification. The Institute and members should promote the profile of the CPA among university students as "The qualification of Malaysia" and that our members are working in many parts of the world.
  - (c) He believed that a student's success or failure in an examination would depend on whether he had studied for it. He suggested that the Institute, the accounting firms and members could act as mentors to provide counselling to the students on the need to study and on the examination techniques to increase their confidence in the MICPA examinations. He also suggested that the accounting firms should provide practical training to university students (who were undertaking the MICPA examinations during the final year programme of their accounting degree) so that they could comprehend the subject matters better and achieve higher success rate in the MICPA examinations. He believed that MICPA, jointly with the accounting firms and members, could provide the facilities to encourage university students to pursue the CPA qualification.
- (8) En Peter Lim Thiam Kee raised the problem faced by practitioners relating to the granting of study leave for students pursuing professional examinations. Most of the professional examinations are held in May/June, which is the peak period for practising firms. He suggested that if MICPA could hold its examinations in March or April, this would encourage the practising firms to recruit more MICPA students as they could spread out the study leave of the students sitting for different professional examinations. The second session of the MICPA examination could be held in September/October.

- (9) Datin Hajjah Fadzilah bte Saad expressed her support for the idea of mentorship. She indicated that she would suggest the idea to Universiti Utara Malaysia (UUM), of which she is an adjunct professor. She encouraged members to be mentors for university students.
- (10) En Lim Kian Thiam commented that it was difficult to find members who were willing to serve on the Council. He also commented that the President would normally serve for two years as the office of the President demands heavy commitments. Thus, it might be difficult to find a Council member who would be willing to serve as President for a longer term. He indicated that he would step down as a Council member if there were members who were willing to serve on the Council.
- (11) The Chairman noted that the Council would take into consideration all the comments and proposals put forward by members. He also indicated that:
- (a) The Institute would continue to pursue its initiative to seek recognition of the MICPA qualification by the Chartered Accountants Group (CAG). The process would take time but he believed that the Institute would achieve positive results. One of the factors that had caused a delay in this initiative was that the CAG bodies were in the process of working out joint arrangements for processing applications for reciprocity and mutual recognition. In the meantime, the Institute would focus its attention on seeking mutual recognition arrangements with the Institute of Chartered Accountants in Australia. The Institute of Chartered Accountants in England and Wales (ICAEW) has accorded recognition to the MICPA qualification to the extent that members and students who qualified under the new examination (introduced in 2002/2003) are eligible to sit for the Advanced Stage examination of ICAEW. The Institute would take steps to seek a high level of recognition by ICAEW.
  - (b) The Institute would continue with its efforts to promote the CPA qualification to the universities. Our efforts so far had generated positive results as reflected by the increased enrolment of university students.
  - (c) The Young CPA Group, headed by En Teh Chee Ghee, would need to step up its efforts in organising activities for the younger members and assisting the Institute in the promotion of the CPA qualification.
  - (d) The Institute's succession plan is the prerogative of the Council.

- (e) Certain of the Committees might not have held any meetings during the year but its work was being carried out by specific working groups. In addition, each Council member served on more than one Committee and thus, they contributed to the overall work programme of the Institute. Co-opting younger members to the various Committees was a welcomed suggestion but the members must be able to afford the time, otherwise it might cause practical problems in convening meetings. The Council would assess the situation and take appropriate steps to strengthen the Committee structure.

4.3 The Chairman proposed the resolution:

“That the Report of the Council and Financial Statements of the Institute for the year ended December 31, 2003 be and are hereby adopted.”

The resolution was seconded by En Tan Ghee Kiat and was put to the vote. It was unanimously carried.

#### AGM 5/05 ELECTION OF COUNCIL MEMBERS

5.1 The Chairman announced that there were 10 vacancies in the Council and 10 members had been nominated or deemed to be nominated for election to the Council.

5.2 The Chairman also announced that:

- (a) In accordance with the Institute’s bye-laws, the following Council members retired at this AGM and being eligible, offered themselves for re-election:

1. En Ho Heng Chuan
2. En Peter Lim Thiam Kee
3. Dato’ Hj Maidin Syed Ali
4. Dato’ Nordin Baharuddin
5. En Poon Yew Hoe
6. En Sam Soh Siong Hoon
7. En Tan Chin Hock
8. En Teh Chee Ghee
9. Datuk Robert Yong Kuen Loke

- (b) En Jeyaratnam Velupillai also retired at this AGM but he had signified to the Council that he did not wish to seek re-election.

- (c) A new nomination had been received for election to the Council, namely En Ng Kim Tuck.

- (d) Accordingly, there were 10 members standing for election to the Council.

- 5.3 The Chairman announced that in accordance with bye-law 8, as the number of candidates for election to the Council was equal to the number of vacancies in the Council:

“That all the 10 candidates who are standing for election, whose names have been read out just now, be and are hereby declared elected to the Council.”

- 5.4 The Chairman congratulated the candidates on their election to the Council and thanked them for their willingness to contribute to the work of the Institute, especially the newly elected member.

AGM 6/05 CONFIRMATION OF APPOINTMENT OF COUNCIL MEMBERS TO FILL CASUAL VACANCY

- 6.1 The Chairman announced that En Ahmad Mustapha Ghazali and Dr Veerinderjeet Singh had been appointed by the Council to fill casual vacancies in the Council on June 26, 2004 and that in accordance with bye-law 13, such an appointment should be subject to confirmation at the next succeeding annual general meeting.

- 6.2 Accordingly, the Chairman proposed the resolution:

“That the appointment of En Ahmad Mustapha Ghazali and Dr Veerinderjeet Singh to fill the vacancies in the Council be and is hereby confirmed.”

The resolution was supported by En Tan Ghee Kiat and was put to the vote. It was unanimously carried.

AGM 7/05 APPOINTMENT OF AUDITORS

- 7.1 The Chairman announced that in accordance with bye-law 121, En Siew Kah Toong and En Tan Kim Leong retired as auditors of the Institute at this AGM.

- 7.2 The Chairman also announced that no new nominations had been received for appointment as auditors and that in accordance with bye-law 122, En Siew Kah Toong and En Tan Kim Leong were deemed to be nominated for re-appointment as auditors of the Institute for the ensuing year.

- 7.3 The Chairman proposed the resolution:

“That En Siew Kah Toong and En Tan Kim Leong be re-appointed as auditors of the Institute for the ensuing year.”

The resolution was seconded by En Peter Lim Thiam Kee and was put to the vote. It was unanimously carried.

AGM 8/05 ANY OTHER BUSINESS

The Chairman announced that no notice of motion for consideration at this AGM had been received from members.

AGM 9/05 CLOSE

There being no further business, the meeting was closed at 11:15 a.m. with a vote of thanks to the chair.

The Chairman in turn thanked all members for attending the AGM.

CHAIRMAN