

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

Minutes of the 49th Annual General Meeting of the Institute held on Saturday, June 23, 2007
at 10:00 a.m. at Bilik Meranti, Level 4, Seri Pacific Hotel, Jalan Putra, Kuala Lumpur.

PRESENT : Dato' Abdul Halim bin Mohyiddin (President, in the chair)
Dato' Nordin Baharuddin (Vice President)
En Abdul Halim Md Lassim
En Beh Tok Koay
Ms Goh Lee Hwa
En Peter Lim Thiam Kee
Ms Loh Lay Choon
Dato' Hj Maidin Syed Ali
En Mohamad Raslan Abdul Rahman
En Poon Yew Hoe
En Pushpanathan a/l S A Kanagarayar
En Sam Soh Siong Hoon
En Sukanta Dutt
En Tan Chin Hock
Dr Veerinderjeet Singh
Dato' Yeo How

15 other members as recorded in the attendance register

ABSENT WITH APOLOGIES : En Abdul Jabbar Abdul Majid
Datuk Dr Abdul Samad Hj Alias
Dato' Ahmad Johan bin Mohammad Raslan
En Ahmad Mustapha Ghazali
En Chin Kwai Fatt
Datin Hajjah Fadzilah bte Saad
En Ho Heng Chuan
En Lim Tian Huat
En Ng Kim Tuck
En See Huey Beng
En Tan Ghee Kiat
En Venkatramanan Viswanathan
Datuk Robert Yong Kuen Loke

IN ATTENDANCE : Mr Foo Yoke Pin (Secretary)

AGM 1/07 QUORUM

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

AGM 2/07 APOLOGIES

Apologies received were noted.

AGM 3/07 NOTICE OF MEETING

The Chairman proposed that the notice of the meeting be taken as read. It was seconded by Ms Loh Lay Choon and unanimously agreed by the meeting.

AGM 4/07 REPORT AND FINANCIAL STATEMENTS

4.1 The Chairman briefed members on the financial position of the Institute for the year ended December 31, 2006. He also highlighted the major activities undertaken by the Institute during the year.

(a) Finance

The Institute's financial position improved in 2006 with a surplus of RM282,600 compared to a deficit of RM97,200 in 2005.

Total income increased by RM221,400 or 7%. This was due to the increase in income from member and student sources resulting from the revised rates of annual subscriptions and fees. Total income from other activities including CPD, examination workshops and sale of publications had remained approximately the same as that of the previous year.

Total expenses decreased by RM152,100 or 5% due mainly to a non-recurring professional fee of RM161,700 incurred in 2005 for the review of the MICPA qualification by an education consultant with the aim of achieving recognition by the Chartered Accountants Group.

The Institute had an accumulated fund of RM75,900 as at December 31, 2006 compared to an accumulated deficit of RM206,600 in previous year.

The Institute was able to rebuild its reserves due to a revision of the fees payable by members and students, which took effect from the financial year 2006. The Council would continue to undertake fund raising activities to increase the Institute's financial resources in order to enable the Institute to invest in the key initiatives set out in the Strategic Plan.

(b) Membership

The Institute admitted a total of 66 new members. After taking into account members who resigned or were excluded from membership for failure to pay the annual subscriptions/practising certificate fees, a net increase of 6 members was recorded. Currently, the Institute had a total membership of 3,088.

The Chairman commented that communicating the value of the CPA Malaysia qualification to the next generation of accountants occupies a major part of our long-term mission and requires significant ongoing investment. In this regard, the enhancement and promotion of the CPA Malaysia qualification had been high on our agenda and gathered momentum. With the guidance and professional advice of a brand consultant, one of the most obvious outputs had been the Institute's branding exercise, which is anchored by the overall brand theme – *Success, Achievement and Accomplishment* that underlies the value of membership to MICPA.

Positioning the CPA Malaysia brand as the designated choice was a major strategy in our initial modest brand awareness programme. We had focused on improving our marketing strengths with the formation of a new Marketing Department in order to be more customer-orientated and to raise the profile of the Institute to various stakeholders. The development and delivery of new and exciting outreach activities had been planned to promote and attract new entrants to the CPA Malaysia programme in line with our overall brand theme. New marketing collaterals including publicity leaflets, corporate brochure, posters and display panels had been produced for use in career fairs and exhibitions. With the assistance of the Young CPA Group, the Institute conducted career talks at schools, universities and institutions of higher learning and participated in career fairs and exhibitions across the country.

The Secretariat was also mindful that a two-way flow of information is essential to the strength and future of the profession and the Institute as a professional accountancy body. The Institute had responded positively to the call from members at last years' Annual General Meeting for a more coordinated approach in our communications process and to be more visible and proactive. Considerable emphasis had been given to improving the framework for communication between the Institute and members – to create awareness on the Institute's activities, contributed regular articles to other professional bodies journal and have produced the CPA e-Newsline, a monthly electronic newsletter designed to provide members, students and the public with quick updates on recent developments at the Institute and in the business environment. It was inspiring to note that the Institute had received positive feedback from members on these initiatives.

The Council was conscious that in the light of an increasingly international and competitive marketplace, there was an urgent need to build CPA Malaysia as a global brand that is equivalent to the Chartered Accountants and Certified Public Accountants designations of the more established accounting bodies in the world. The Institute would continue to take proactive steps towards seeking mutual recognition arrangements with these professional bodies. Following our initial success effort to gain exemptions towards the ACA qualification of The Institute of Chartered Accountants in England and Wales (ICAEW) in 2004, I am pleased to report that The Association of Chartered Certified Accountants (ACCA) had completed an independent review of the CPA Malaysia qualification. MICPA and ACCA had finalised in working out Mutual Recognition Agreement (MRA) to set out the terms and basis upon which recognition for membership of qualified members of each body may occur. Under the MRA, members of MICPA would be eligible to be admitted to ACCA membership either:

- On achieving 5 years' relevant post qualification professional experience and satisfactorily completing either the ACCA online Professional Ethics Module (which is non-examination based) or the ACCA Critical Incident Questionnaire; or
- Passing ACCA's Paper P1, The Professional Accountant.

The MRA would be signed in a few weeks. The success of the endeavor should provide an opportunity for young Malaysian CPAs to attain an internationally recognised qualification and would further increase the career mobility of Malaysian accountants across borders and enhance the opportunities of exporting professional services.

At the Extraordinary General Meeting held last year, members had passed the resolution to pave the way for the admission of a new class of members who shall be entitled to use the designation *Certified Financial Accountant* (CFiA). This would help to expand and strengthen the Institute's membership base. The CFiA designation would be awarded to persons who possess a recognised degree in accountancy who had completed the CFiA Professional Competence Programme and obtained the relevant 3 years' approved practical experience. Alternatively, students who had completed Modules C and D of the ASE may be admitted as members who are entitled to use the designation Certified Financial Accountants (CFiA) and having obtained the relevant 3 years' approved practical experience. The Institute would promote the CFiA qualification to graduates undertaking the Bachelor of Accountancy degree with the aim to expand and strengthen our membership base. The Education and Training Committee was in the process of finalising the syllabus and study materials for the CFiA Professional Competence Programme before the programme was officially launched in August 2007.

(c) Student Enrolment

The Institute registered a total of 147 new students comprising predominantly graduates with accounting degrees. As compared to previous year, there had been a significant decline in new students intake of 51% due to increase competition from foreign accountancy bodies. After taking into account students who were excluded from the register of students for non-payment of annual fees, students who terminated their registration and students who were admitted as members or provisional members, a net increase of 8% in student population was recorded compared to 2005. Presently, the Institute had a total of 759 registered students.

The recruitment drive and promotion of the value of the CPA qualification would be the Institute's most important strategy in the coming year. As highlighted in the earlier, further steps would also be undertaken to enhance the CPA recognition status at the international level. Some of the initiatives would take time to bear results. In the meantime, the support of members in implementing the CPA programme within the members' organisation and in encouraging 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. As a professional body, it is our responsibility to provide effective education and training to our prospective members to develop their professional competence and inculcate in them ethical and professional values. We meet this responsibility by continually reviewing and improving the CPA programme and the way we prepare prospective members for admission to the profession. We have to ensure that our system of education and training produces professionals who have a strong foundation of core accounting and business knowledge, who are capable of utilizing their knowledge to provide high-value added services, who are proficient in using technology to enhance the delivery of their products and services; who are conversant with global business standards and practices; and most importantly, who are committed to perform their work with integrity and expertise.

As highlighted in last year's annual report, the Institute had undertaken a review of the Advanced Stage Examination (ASE). The ASE had been restructured into four modules from the earlier three modules. Module D, which covers accounting, financial reporting and auditing, had been split into two separate modules as the syllabus had become increasingly challenging resulting from the changes in international accounting and auditing standards. The new Module D focuses on advanced topics in accounting and financial reporting whilst the new Module E focuses on competence requirements for audit professionals, covering the advanced aspects and issues relating to auditing and other assurance engagements, the legal and professional environment, and assessment and advice on corporate governance and business controls. The new examination structure took effect from the November 2006 examination.

(e) Services to Members

As a member-based organisation, one of the Institute's key functions is to provide support and services that meet the needs of different segments of the membership. Over 45% of the members are involved in practices of all sizes and more than 45% work in all sectors of commerce and industry.

A modern accountancy profession must be dynamic, accessible and relevant to changing market needs. We operate in a highly competitive environment, where differentiation is fundamental in ensuring future growth. Members have a continuing duty to maintain their professional knowledge and skills at the level required to ensure that their clients, employees and other stakeholders receive the advantage of competent professional services based on current developments in practice, law and business. It was recognised that to achieve this needs more than just work experience, participation in a planned programme of CPD is the most effective way for members to maintain and enhance their professional competence. The Institute continued to deliver Continuing Professional Development (CPD) Programmes throughout the year to help members keep abreast of current developments and to build on their knowledge, skills and experience. The Council had also approved the issuance of the Statement on Continuing Professional Development that prescribes the continuing professional development (CPD) requirements with which members should comply for CPD reporting periods beginning on or after January 1, 2007.

The Institute also maintains a network of committees to help identify and meet the various professional needs of different segments of the membership. The Institute provides members with technical updates and guidance on all aspects of CPAs' work covering accounting, auditing and assurance, taxation, and insolvency practice.

The Institute continues to take advantage of IT to improve the communication process with members. E-circulars and alerts were sent to members on any information update. The inaugural CPA e-Newsline was introduced in January 2007. A monthly electronic newsletter, CPA e-Newsline was produced to provide members, students and the public with updates on the recent developments at the Institute and in the business environment.

The Audit Guide for Practitioners was launched by the Ministry of Finance II at the Institute's last year Annual Dinner. The Institute had been conducting two-day workshops for the staff of the smaller practices on performance of audits, using the Audit Guide as the basic training material.

A major upcoming event was the MICPA-Bursa Malaysia Business Forum 2007, which was scheduled for September 3 – 4, 2007. Focusing on the theme, *Malaysia – The New Arena*, the Business Forum would discuss initiatives developed to promote investment in the new regional growth corridor and to strengthen Malaysia's position as a global Islamic financial hub. The Business Forum would also discuss efforts undertaken by the Government to expand the scope

and coverage of its regional arrangements to ensure greater access to markets, trade and investment opportunities whilst protecting the environment through corporate social responsibility. The Organising Committee had invited YB Dato' Seri Rafidah Aziz, Minister of International Trade and Industry, to deliver the Opening Keynote Address, and a panel comprising prominent corporate leaders, senior government officers, business professionals and capital market regulators to lead discussions in the various plenary sessions. The Chairman urged all members to participate in the Business Forum.

The profession's success rests on its reputation for integrity, competence and objectivity. The Institute requires that members to adhere to the Code of Professional Conduct and Ethics to ensure that members uphold these professional values in all their work. The Institute had revamped the Code to be in line with the revised Code of Ethics for Professional Accountants recently issued by IFAC. The revised Code emphasizes that auditors need to be constantly vigilant to identify threats to independence and apply appropriate safeguards to eliminate such threats. The Code also provides in-depth guidance for members in business. The revised Code had been approved by the Council, which would soon be issued as an exposure draft for consultation.

(f) Participation in International Organisations

In recognition of the increasingly global nature of the accountancy profession, the Institute seeks opportunities to participate and contribute to the international accounting organisations. The Institute's involvement is focused on areas that are the most relevant to the Malaysian environment. The Institute participated actively in the work of IFAC. Two of our Council members were currently serving on the IFAC Board. We also maintain an active involvement in the International Auditing and Assurance Standards Board (IAASB) of IFAC.

In the area of the international co-operation, the Institute certainly welcomes the exchange of information between fellow accountancy bodies to strengthen professional relationship and understanding of the current developments in the accountancy profession and business environment in the various countries. A delegation visit from the Institute of Cost & Works of Accountants of India was made to the Institute during the year, which certainly served to strengthen the friendship between the two accountancy bodies and open up further opportunities for close co-operation on professional activities where there may be mutual benefit for members.

(g) Acknowledgement

The Chairman thanked all members who had contributed their time, energy and expertise to the Institute's work and he look forward to their continued support, particularly the younger members. He also encouraged younger members play an active part in the Institute's activities.

The Chairman also expressed his sincere gratitude to his fellow Council members for the full support and co-operation rendered to him during his tenure as President.

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 Choo Keng Cheong enquired as to the nature of the tax expense incurred of RM314.

The Secretary explained that the tax expense was provided for the interest income earned by the Institute.

- (2) En Chong Sai Sin made the following comments on the Institute's financial position:

- (a) The Institute should consider for early repayment of term loan of RM299,985 using the fund currently placed under fixed deposits if there is no restriction on early repayment of term loan since the interest paid for term loan is higher than the interest earned from fixed deposits.

The Chairman commented that it would not be feasible to use the fund currently placed under fixed deposit to repay the outstanding term loan because the fund would be used for the Institute's aggressive promotional activities and the cash flow position of the Institute had just improved during the year. The Institute's financial position had improved during the year after suffering a few years of deficit in the financial position.

- (b) En Chong enquired as to why there was a receivable from sales of Budget Commentary 2007 since the sales of the Commentary was on cash basis.

The Secretary explained that publication of the Budget Commentary was a joint venture between MICPA, MIA and MIT. The revenue from sales of the Commentary would be determined at December 31 each year, at which time the resultant surplus would be distributed to the three bodies according to an agreed ratio.

- (c) En Chong commented that the other receivables appeared to be quite high.

The Secretary explained that included in the other receivables, there was a recoverable amount of RM89,000 from a member for outstanding subscriptions and legal costs incurred to recover the outstanding amount from the member. The amount was fully recovered in early 2007.

- (d) En Chong commented that the allowance for doubtful debts had increased from RM17,750 to RM19,175 and the bad debts written off had also increased from RM35,955 to RM52,967. This was unhealthy trend. He had enquired about the aging of the subscriptions receivable and the basis of providing for doubtful debts.

The Secretary explained that most of the subscriptions receivable were less than 2 years old as any member or student whose subscriptions or fees were overdue for 2 years would be excluded from the Institute's registers and the subscriptions or fees outstanding written off as bad debts. The Institute also made a general provision in addition to the specific provision.

- 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, 2006 be and are hereby adopted."

The resolution was seconded by En Beh Tok Koay and was put to the vote. It was unanimously carried.

AGM 5/07 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. Abdul Jabbar Abdul Majid
2. Dato' Ahmad Johan bin Mohammad Raslan
3. Beh Tok Koay
4. Datin Fadzilah bte Saad
5. Loh Lay Choon
6. Sukanta K Dutt
7. Tan Ghee Kiat
8. Venkatramanan Viswanathan

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

- (c) The following new nominations had been received for election to the Council:

1. Seow Yoo Lin
2. Lee Tuck Heng

- (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 members.

AGM 6/07 APPOINTMENT OF AUDITORS

- 6.1 The Chairman announced that in accordance with bye-law 120, En Siew Kah Toong and Datuk Tan Kim Leong retired as auditors of the Institute at this AGM.

- 6.2 The Chairman also announced that no new nominations had been received for appointment as auditors and that in accordance with bye-law 121, En Siew Kah Toong and Datuk Tan Kim Leong were deemed to be nominated for re-appointment as auditors of the Institute for the ensuing year.

- 6.3 The Chairman proposed the resolution:

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

The resolution was seconded by En Sukanta Dutt and was put to the vote. It was unanimously carried.

AGM 7/07 ANY OTHER BUSINESS

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

AGM 8/07 CLOSE

There being no further business, the meeting was closed at 10:45 a.m. with a vote of thanks to the chair.

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