

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

Minutes of the 50th Annual General Meeting of the Institute held on Saturday, June 21, 2008 at 10:00 a.m. at Bilik Meranti, Level 4, Best Western Premier Seri Pacific Hotel, Jalan Putra, Kuala Lumpur.

PRESENT : Dato' Nordin Baharuddin (President, in the chair)
Dato' Ahmad Johan bin Mohammad Raslan (Vice President)
Dato' Abdul Halim bin Mohyiddin
En Abdul Halim Md Lassim
En Ahmad Mustapha Ghazali
En Beh Tok Koay
Datin Hajjah Fadzilah bte Saad
Dato' Gan Ah Tee
Ms Goh Lee Hwa
Dato' Hj Maidin Syed Ali
En Mohamad Raslan Abdul Rahman
En Poon Yew Hoe
En Pushpanathan a/l S A Kanagarayar
En Sukanta Dutt
En Robert Tan Bun Poo
En Tan Chin Hock
Dr Veerinderjeet Singh
En Venkatramanan Viswanathan

19 other members as recorded in the attendance register

ABSENT WITH APOLOGIES : En Abdul Jabbar Abdul Majid
En Lee Tuck Heng
En Peter Lim Thiam Kee
En Lim Tian Huat
Ms Loh Lay Choon
Ms Loo Mi Li
En Ng Kim Tuck
En See Huey Beng
En Seow Yoo Lin
En Sam Soh Siong Hoon
Dato' Yeo How
Datuk Robert Yong Kuen Loke

IN ATTENDANCE : Mr Foo Yoke Pin (Secretary)

AGM 1/08 QUORUM

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

AGM 2/08 APOLOGIES

Apologies received were noted.

AGM 3/08 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 4/08 REPORT AND FINANCIAL STATEMENTS

4.1 The Chairman briefed members on the financial position of the Institute for the year ended December 31, 2007. He also highlighted the major activities undertaken by the Institute during the year.

(a) Finance

The Institute's showed a net operating surplus of RM65,200 compared with a surplus of RM282,600 for the previous year.

Total income decreased by RM304,600 or 9%. This was due mainly to the decrease in income from student sources, sale of publications and examination workshops. This was partly compensated by higher income generated by continuing professional developments and informal gatherings.

Total expenses decreased by RM87,400 or 3%, resulting from the decreased in cost associated with the sale of publications and examination workshops.

Total assets reduced by RM194,700 or 15%, due mainly to the amortisation of the development cost of study manuals amounting to RM123,300 and decreased in fixed deposits by RM50,000. Total liability reduced by RM259,900 or 21% resulting mainly from the repayment of term loan amounting to RM125,500, which was obtained to finance the development cost of study manuals, and reduction in accruals by RM104,200. The Institute had an accumulated fund of RM141,100 as at December 31, 2007 compared to an accumulated fund of RM75,900 in previous years.

The Council would continues 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 3,094.

In a highly competitive environment, branding had become a vital corporate strategy for long-term success. As such, the Institute has continued with the modest brand development programme to position the CPA Malaysia qualification as a badge of professional distinction and excellence and enhanced the benefits of undertaking a home grown professional qualification. The Institute's publicity and marketing collaterals such as display panels, buntings, posters and promotional brochures had been given a refreshing contemporary look anchored by the overall brand theme – *"Success, Achievement and Accomplishment"*.

The Securities Commission had also set in motion the establishment of the Audit Oversight Board (AOB), as a regulator for the auditing profession, to reinforce the message that this community must not fail to exercise its duty of utmost care in the attestation of the numbers and reports upon which everything else rests. The establishment of the board was aimed at enhancing the quality of the audit of public interest entities which it was hoped would lead to the prevention of corporate accounting scandals and improve investors' confidence in the financial reporting process. A special task force on which the MICPA was the represented, was set up by the SC to look at the draft bill, which would be tabled in Parliament soon. Once implemented, the AOB will had wide powers to investigate and mete out punishment against errant auditors.

Malaysia was facing a severe brain drain of talented and enterprising people in its workforce, especially in the area of skilled labour and professionals as they were attracted by better remuneration packages to work overseas. We believed there should be a more integrated way to attract the younger generation to remain in the country. MICPA was committed to recruiting, educating and training a body of members skilled in the fields of accounting, auditing, taxation and consultancy. Over the last 50 years, we had contributed in no small measure in meeting the manpower needs of the nation which is essential for the development and progress of our economy.

(c) Student Enrolment

The Institute registered a total of 38 new students comprising predominantly graduates with accounting degrees. As compared to previous year, there had been a significant decline in new student intake 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 decrease of 13% in student population was recorded compared to 2006. Presently, the Institute has a total of 658 registered students.

The recruitment drive and promotion of the value of the CPA qualification would be the Institute most important strategy in the coming year. Acknowledging the influence that both educators and employers had on students' career and education decisions, the Institute had been earnestly pursuing its mission in communicating the value of the CPA Malaysia qualification as the preferred choice for prospective accountants and potential employers. The Institute had embarked on an active programme to promote the CPA qualification to public universities and institutions of higher learning by making scheduled visits. Presentations

had been made to the accounting faculties on the merits of the CPA programme. The Institute also did much to keep the awareness in the spotlight amongst educators, faculty members and students by participating in exhibitions, career fairs and sponsorship of student outreach activities. Some of these initiatives would take time to bear results. In the meantime, the support of members in implementing the CPA programme within the members' organisations and in encouraging new recruits to pursue the CPA qualification is vital.

As part of the Institute's efforts to improve services to students, during the year, considerable progress was made in redeveloping a new students' website, which is more vibrant and dynamic. The improved site also has greater functionality and is simpler to navigate. On the other hand, to keep students up to date on our progress, a monthly electronic newsletter, the CPA Students eCommunicator was initiated and launched. The Institute also received positive feedback on its implementation.

(d) Education And Training

Education and training were the core areas of the Institute's activities. As a professional body, it was 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 had to ensure that our system of education and training produces professionals who had a strong foundation of core accounting and business knowledge, who were capable of utilizing their knowledge to provide high-value added services, who were proficient in using technology to enhance the delivery of their products and services; who were conversant with global business standards and practices; and most importantly, who were committed to perform their work with integrity and expertise.

As reported last year, the Institute had introduced the Certified Financial Accountant (CFiA) qualification. The CFiA was intended to be a qualification in its own right and holders of the qualification will be well equipped to build a career in accounting, finance and management in commerce and industry and the public sector. It also serves as a gateway to attaining the CPA qualification at a later stage of their careers. The Institute had been proactively and aggressively marketing the qualification at the local universities and I am pleased to say that the qualification had been well received. The course materials for the CFiA Professional Competence Programme had been finalised and a soft launch has been implemented. The CFiA Professional Competence Programme consist of four components namely *Advanced Taxation, Financial Reporting, Professional Values, Ethics and Governance, and Business Finance and Management*. The first series of the CFiA Professional Competence Programme would be held from May 2008 to September 2008. Members would be informed of the progress on a regular basis but will also welcome any feedback from members and other interested parties.

(e) Services to Members

An important task of the Council was to ensure that the Institute continues to provide relevant services that meet the needs of different segments of the membership.

This function was carried out with the help of committees and working groups formed by the Council to identify and serve the various professional needs of different segments of members in the performance of their work and services. Ad hoc task forces were also appointed to address emerging issues of concern. The Institute provides members with technical updates and guidance on all aspects of CPAs' work covering accounting, auditing and assurance, taxation, and insolvency practice. Continuing professional development (CPD) courses on a broad scope of topics were organised to assist members keep abreast of current changes in the work environment.

The Institute continued to improve communications to members with e-circulars and alerts sent regularly to keep members updated on recent news about the Institute and profession. Members now know what is happening in the Institute and in the profession throughout the world. The Secretariat is in the process of improving the visual design of the MICPA website and its service functionality. When the task is completed, members will be able to enjoy an enhance service functionality, interactivity and a more vibrant look of the website.

The Council is keenly conscious that members work in a fast-changing environment. It constantly undertakes initiatives to improve the services provided to members to ensure that CPAs in any sector preserve their technical excellence.

A major upcoming event was the MICPA-Bursa Malaysia Business Forum 2008, which is scheduled for October 20 – 21, 2008. Focusing on the theme, *Reinventing for Success*, the Business Forum would discuss initiatives developed to reinvent organisations for success in the current competitive business environment. The Business Forum would also discuss efforts and incentives undertaken by the Government to encourage reinvention according to the global business trend. The Organising Committee had invited YB Senator Tan Sri Datuk Amirsham Abdul Aziz, Minister in the Prime Minister's Department, 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. I would like to urge all members to participate in the Business Forum.

The profession's success rests on its reputation for integrity, competence and objectivity. The Institute demands members' compliance with the Code of Professional Conduct and Ethics to ensure that members' uphold these professional values in their work. The Institute had revamped its Code to be in line with the revised Code of Ethics for Professional Accountants, issued by IFAC. The MICPA on October 26, 2007 issued the MICPA Code of Ethics (The Code), which applies to all members of the Institute and the firms through which the members act or perform their professional work where relevant. The Code supersedes the MICPA's Code of Professional Conduct and Ethics issued in November 1991.

(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 was focused on areas that were most relevant to the Malaysian environment. The Institute participated actively in the work of 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) Mr Ang Kok Ching made the following comments:

(a) Mr Ang Kok Ching commented that the MIA's website was friendlier and monthly journal contains interesting articles. In this regards, the Institute should re-look at the Institute's website and journal.

The Chairman commented that, as explained earlier in his brief, the Secretariat was in the process of improving the visual and functionality of the Institute's website. When the task was completed, members and students would enjoy enhanced service functionality, interactivity and a more vibrant look of the website. He also commented that the journal of the Institute would focus more into technical issues since the Institute's motto was "Technical Excellence".

At this juncture, Dr Veerinderjeet Singh commented that the MIA's journal carried more articles in the area of soft skill. The Institute had recently included some articles on the area of soft skill in the Institute's journal. He also commented that the members would need to decide on the level of technical contents that the journal

should have. He further commented that the Institute had also sent monthly electronic newsletter to members apart from the bi-monthly journal. The Institute received positive feedbacks from the members as well as regulators for the electronic newsletter. Members should appreciate that the Institute had done reasonably well with the limited resources available to the Institute.

- (b) Mr Ang Kok Ching also commented that the foreign professional bodies were more aggressive in promoting their programmes to students compared to the Institute.

The Chairman commented that the Institute had been aggressively promoting the CPA programme in the public universities in Malaysia. Apart from promoting the programme in the universities, the Institute had also started to promote the programme in the school. The promotional materials had also been given a new and more vibrant look. He also commented that the universities students still perceived the CPA programme as a local programme and a difficult programme. Therefore, the Institute was working towards getting mutual recognition with the Chartered Accountants Group to provide the CPA programme an international dimension.

Dr Veerinderjeet Singh commented that the education and branding should be the main focus of the Institute. However, the Institute does have limited resources in term of funding. He also commented that members should not compare a local body with foreign bodies because foreign bodies do get strong support in term of funding from their head office to promote their programmes. It was also an unfair comparison because members of foreign bodies had to paid higher yearly subscription in Ringgit Malaysia term, resulted from the stronger Australian or Sterling Pound currency, as compared to the lower subscription paid by the members of the Institute. Therefore, they would have more funding to support their activities with the local universities students. He also commented that the accounting firms had recently relaxed the rule whereby local universities graduates were not required to sit for the CPA examination and this had impacted on the new students' intake.

- (2) Mr Choo Keng Cheong commented that the tax recoverable of the MACPA Educational Trust Fund (Trust Fund) was relatively higher compared to the annual tax payable by the Trust Fund.

The Secretary explained that the Trustees had noted it and had been working closely with the tax agent to get a refund from the tax authority.

- (3) The Chairman also commented that the Securities Commission (SC) had been looking at having only an accountancy body in Malaysia. In this regard, the Institute had formed a task force, led by Ms Loo Mi Li, to look at it. He further commented that he would not pre-empt the situation in term of the time frame and the role of MICPA in the national body. He would leave it to the task force to study it and revert with a proposal. Council would deliberate further based on their proposal and thereafter the Institute would submit the proposal to SC for consideration.

Dr Veerinderjeet Singh commented that currently the Accountants Act allowed Presidents of foreign professional bodies' chapters in Malaysia to sit in the MIA's Council. It appears that the foreign chapters were given the same recognition as the local bodies. The task force should consider this point in their review. He also requested members to give time to the task force to look into the set up of one national body in Malaysia.

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, 2007 be and are hereby adopted."

The resolution was seconded by Mr Ken Pushpanathan and was put to the vote. It was unanimously carried.

AGM 5/08 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. Dato' Abdul Halim Mohyiddin
2. Peter Lim Thiam Kee
3. Dato' Hj Maidin Syed Ali
4. Ng Kim Tuck
5. Dato' Nordin Baharuddin
6. Poon Yew Hoe
7. Sam Soh Siong Hoon

(b) The following members who were appointed to fill casual vacancies in the Council shall retired at this AGM in accordance with bye-law 13:

1. Dato' Gan Ah Tee
2. Loo Mi Li
3. Tan Bun Poo

(c) 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 6/08 APPOINTMENT OF AUDITORS

6.1 The Chairman announced that in accordance with bye-law 120, En Ng Eng Kiat and En Ooi Chee Kun 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 Ng Eng Kiat and En Ooi Chee Kun 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 Ng Eng Kiat and En Ooi Chee Kun be re-appointed as auditors of the Institute for the ensuing year.”

The resolution was seconded by Dato’ Abdul Halim bin Mohyiddin and was put to the vote. It was unanimously carried.

AGM 7/08 ANY OTHER BUSINESS

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

AGM 8/08 CLOSE

There being no further business, the meeting was closed at 11:00 a.m. with a vote of thanks to the chair.

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

CHAIRMAN