

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

Minutes of the Extraordinary General Meeting held on Saturday, June 25, 2005 at 11:45 a.m.
at Bilik Seraya, Level 4, The Pan Pacific Hotel, Jalan Putra, Kuala Lumpur

PRESENT : Dato' Ab Halim Mohyiddin (President, in the chair)
Dato' Nordin Baharuddin
Datin Hajjah Fadzilah bte Saad
En Ho Heng Chuan
En Khor Chin Peng
En Lim Kian Thiam
En Peter Lim Thiam Kee
Dato' Hj Maidin Syed Ali
En Mohamed 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
Datuk 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 Ahmad Mustapha Ghazali
En Chin Kwai Fatt
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)

EGM 1/05 QUORUM

The Secretary confirmed that the quorum of 20 members was present.

EGM 2/05 APOLOGIES

Apologies received were noted.

EGM 3/05 NOTICE OF MEETING

The Chairman proposed that the notice of the meeting be taken as read. It was seconded by En Teh Chee Ghee and unanimously agreed by the meeting.

EGM 4/05 PURPOSE OF MEETING

4.1 The Chairman explained that the purpose of this Extraordinary General Meeting was to consider, and if thought fit, pass the resolutions relating to the following matters:

- (a) Proposed amendments to the Institute's Articles of Association and Bye-laws, principally to provide for the admission of a new category of membership, *associate members*.
- (b) Proposed revision to the subscriptions and fees payable by members, provisional members and students, and the admission fee and subscription payable by *associate members*.

4.2 Proposed Amendments to Articles of Association and Bye-Laws

The Chairman informed that the Council had undertaken a comprehensive review and proposed amendments to the Institute's Articles of Association and bye-laws for the following purposes:

- (a) To provide for the admission of persons who have met the prescribed requirements as *associate members*.
- (b) To enhance the efficiency and objectivity of the Institute's disciplinary process, which included the following proposed changes:
 - To delegate the provisions in the Articles of Association relating to the Institute's disciplinary process and the powers of the Investigation Committee and Disciplinary Committee to bye-laws so that the Institute may by resolutions passed by general meeting of members, amend such provisions to respond promptly to the changing circumstances.

- To remove the powers of the Council provided in the Articles of Association to revoke or modify any exclusion or suspension from membership as a result of disciplinary proceedings. The intention is to strengthen the independence of the Institute's disciplinary process.
 - To include a provision in the bye-laws on the re-admission of a former member or provisional member who has been excluded as a result of disciplinary proceedings subject to such terms and conditions as the Council may consider appropriate.
 - To include a provision in the bye-laws on the appointment of lay persons, who are members of a national professional body, to the Disciplinary Committee. The intention is to enhance the objectivity of the Institute's disciplinary proceedings.
- (c) To include a provision in the bye-laws on granting special benefits to retired members, similar to the benefits for life membership granted by some of the professional bodies.

The proposal is to allow retired members who have been granted reduction of annual subscription under the bye-laws and who have attained the age of 60 years and have been a member for at least 30 years, to make a one-off payment equal to twelve times the reduced rate of annual subscription payable by him, and henceforth be entitled to all the privileges of a retired member without the payment of further subscription.

4.3 New Category of Membership – Associate of MICPA

4.3.1 The Chairman stated that the Council had proposed the implementation of associate membership as one of the strategic measures to increase the Institute's membership base. The associate membership is intended mainly for registered students of the Institute who have successfully completed Module C and Module D 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. They are not entitled to the services provided by the Institute to members.

4.3.2 The Chairman provided a brief background of the PCA. The PCA was introduced in 2003 in conjunction with the implementation of the Institute's revised examination structure. The PCA will be awarded to registered students of the Institute who have completed Module C and Module D of the Advanced Stage Examination without the requirement for practical experience. The PCA is intended to be a qualification in its own right; the PCA holders are well equipped to build a career in commerce, industry and the public sector. It also serves as the gateway to attaining the CPA qualification for those who wish to seek an advancement in their professional qualification at a later stage of their careers.

- 4.3.3 The Institute had been actively promoting the PCA qualification to both public and private universities. The universities were encouraged to offer Modules C and D of the Advanced Stage Examination as external professional courses to students in the final year programme of the Bachelor of Accountancy degree. Successful students would earn the PCA in addition to the Bachelor of Accountancy degree upon graduation, which would add to their competitive advantage in the employment market. The PCA also provides a fast-track route to attaining the CPA qualification. The PCA holders are only required to complete Module E and to obtain three years of practical experience in an approved training organisation in order to qualify as a Certified Public Accountant (CPA).
- 4.3.4 Positive response had been received from the universities. The enrolment of students for the PCA programme constituted, on the average, 30% of the annual student intake since it was introduced in 2003. This proportion was expected to rise as more universities implement the PCA programme. The introduction of associate membership would have a positive impact on this source of student intake.
- 4.3.5 The Council had proposed to offer associate membership to the PCA holders with the aim to fostering greater identity and closeness between the PCA holders and the Institute and encouraging them to take part in the professional development activities of the Institute. The associate membership would also add to the attractiveness of the PCA programme as well as serve as an impetus to encourage the PCA holders to pursue the full fledged CPA qualification.
- 4.3.6 The Council had proposed that associate members be granted the following rights and privileges:
- The same rights of membership as a member, except that they shall not be entitled to vote in any general meeting of members, or to carry out any duty reserved to members of the Institute, such as to engage in public practice;
 - Entitled to described themselves as “*Associate of the MICPA*”;
 - Entitled to access the full range of services provided by the Institute to members.
- 4.3.7 The Council felt that the associate membership might also appeal to existing members of MIA who were graduates of the Bachelor of Accountancy degree who did not possess a qualification from a recognised professional body.
- 4.3.8 The Council believed that the introduction of the association membership status would help to expand and strengthen the Institute’s membership base.

4.4 Proposed Revision of Subscriptions and Fees

4.4.1 The Chairman stated that the subscriptions and fees payable by members, provisional members and registered students were last revised in 2002. Whilst the Council had been prudent in planning the Institute's budgets, operating costs increased over time due to the effect of inflation and the additional costs incurred in undertaking a widening range of activities for the benefit of members, students and the profession as a whole. He highlighted that as shown in the summarised income statement for the years 2002 – 2004, the total fee income contributed by members and students was insufficient to cover the total related expenses. The shortfall had been funded by income from other sources, particularly CPE programmes and sale of publications.

4.4.2 The Chairman also highlighted that apart from providing a range of core services for the benefit of members and students, the Council had undertaken a number of initiatives to enhance the value and recognition of the CPA qualification, including the following:

- (a) A new examination structure, assessment process and training programme were introduced in 2002/2003. New study materials were developed with the help of a leading accountancy body in the U.K. and a professional publisher, at a total cost of RM500,000. The Council firmly believed that investment in the education and training process was necessary in order to ensure that the CPA designation remain a mark of quality and technical excellence.
- (b) 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 comprised the Institutes of Chartered Accountants in the U.K., Australia, New Zealand and Canada. Success in obtaining recognition by Chartered Accountants Group would enhance the international endorsement of a CPA qualification.
- (c) 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.

The Chairman commented that although the CPA qualification is an excellent product which is highly regarded by the business community as well as Government, branding is a vital strategy for long-term success in a highly competitive environment. The Institute would be carrying out a long-term brand campaign 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. As a first step, a new corporate logo was launched at the Institute's Annual Dinner last night.

- 4.4.3 The Chairman noted that the above initiatives involved substantial costs. While the Council would continue to organise various activities to raise fund to meet the Institute's financial requirements, these were only short-term measures. In the long term, it was crucial that the Institute's principal source of income was maintained at a level that would meet the related expenses. In this regard, the Council had proposed a revision of the annual subscriptions and fees payable by members, provisional members and students, which would be tabled for members' consideration at this meeting.
- 4.4.4 The Chairman highlighted that as shown in the Institute's financial statements, a surplus (before taxation) of RM161,200 was achieved in 2004 due mainly to the income generate by CPE activities, the MICPA Business Forum and sale of publications. However, the Institute had an accumulated loss of RM109,400 as at December 31, 2004 and therefore, there was a need to rebuild the Institute's reserves. Furthermore, additional costs were expected to be incurred in 2005 and 2006 in connection with the initiatives to achieve international recognition of the MICPA qualification and the implementation of a brand development programme.
- 4.4.5 The Chairman explained that using the budgeted level of membership and activities for 2005 as the basis, the proposed revised fee structure would result in an increase in income from member and student sources by RM320,000 compared to the budgeted income based on the existing fee structure. However, the increase was barely sufficient to cover the total related expenses, due largely to the shortfall arising from services provided to students. Income from other activities including CPE programmes, the MICPA Business Forum and sale of publications would continue to represent important sources of income, which were expected to generate a surplus of RM499,000. These sources of income would help to meet the financial requirements for seeking recognition of the CPA qualification by the Chartered Accountants Group, and implementation of the brand development programme and related initiatives. The proposed new fee structure would become effective January 1, 2006.

4.5 Resolutions

- 4.5.1 The Chairman stated that the resolutions proposed by the Council were attached to the notice of this general meeting, which had been circulated to members.
- 4.5.2 The Chairman urged all members to duly consider and support the resolutions proposed by the Council.

EGM 5/05 APPOINTMENT OF SCRUTINEERS

- 5.1 The Chairman announced that as a matter of formality, three scrutineers were to be appointed.
- 5.2 Ms Ng Mi Li, En Tan Ghee Kiat and En Tan Chin Hock volunteered to be scrutineers and to assist in counting the votes.

EGM 6/05 MANNER OF VOTING

- 6.1 The Chairman announced that in accordance with bye-law 95, the resolutions would be put to the vote of the meeting by a show of hands.
- 6.2 The Chairman also proposed that the Resolutions be voted in the following manner:
 - (a) Special Resolution No. 1 be voted separately.
 - (b) Ordinary Resolutions No. 1 and No. 2 be voted on a block basis since they were related.
 - (c) Ordinary Resolutions No. 3 to No. 9 be voted on a block basis as they relate to fixing the rates of subscriptions and fees payable by members, provisional members, associate members and students.

The proposal was unanimously agreed by the meeting.

EGM 7/01 VOTING ON RESOLUTIONS

- 7.1 The Chairman explained that he would propose the resolutions for voting according to the manner agreed by members just now. The resolutions would be open to the floor for discussion before they were put to the vote.
- 7.2 Special Resolution No. 1
 - 7.2.1 The Chairman proposed and was seconded by En Pushpanathan a/l SA Kanagarayar that Special Resolution No. 1, as follows, be considered by the meeting and, if thought fit, to pass the Resolution:

Special Resolution No. 1: Amendments to Articles of Association

“That subject to the approval of the Minister of Domestic Trade and Consumer Affairs, the proposed amendments to the Articles of Association of the Institute as described in pages 1 to 7 of the “Proposed Amendments to Articles of Association and Bye-laws” enclosed with the notice of the meeting which has been circulated to members and for the purpose of identification subscribed by the Chairman, be approved and adopted and that the Council be authorised to do all such things as may be necessary or expedient in order to give full effect to the aforesaid proposed amendments.”

- 7.2.2 There were no comments from the members on the Resolution.
- 7.2.3 The Chairman put the Resolution to the vote. The Resolution was carried by a unanimous vote of the members present at the meeting.

7.3 Ordinary Resolutions No. 1 and No. 2

- 7.3.1 The Chairman proposed and was seconded by En Pushpanathan a/l SA Kanagarayar that Ordinary Resolutions No. 1 and No. 2, as follows, be considered by the meeting and, if thought fit, to pass the Resolutions:

Ordinary Resolutions No. 1: Amendments to Bye-Laws

“That subject to the approval and adoption of Special Resolution No. 1, the bye-laws of the Institute be amended in the manner described in pages 8 to 34 of the “Proposed Amendments to Articles of Association and Bye-Laws” enclosed with the notice of the meeting which has been circulated to members and for the purpose of identification subscribed by the Chairman, be approved and adopted and that the Council be authorised to do all such things as may be necessary or expedient in order to give full effect to the aforesaid proposed amendments.”

Ordinary Resolutions No. 2: Renumbering of Bye-Laws

“That the bye-laws of the Institute, as amended pursuant to Ordinary Resolution No. 1, be renumbered as follows:

Bye-law 53A to become bye-law 54 and the subsequent bye-laws be renumbered sequentially thereafter

and that all references to particular bye-laws in the bye-laws of the Institute be altered accordingly.”

- 7.3.2 There were no comments from members on the Resolution.
- 7.3.3 The Chairman put the two Resolutions to the vote on a block basis. The Resolutions were carried by a unanimous vote of the members present at the meeting.

7.4 Ordinary Resolutions No. 3 to No. 9

- 7.4.1 The Chairman explained that Ordinary Resolutions No. 3 to No. 9 related to revision of subscriptions and fees payable by members, provisional members, associate members and students. He proposed that the Resolutions be taken as read, which was unanimously agreed by the meeting.
- 7.4.2 The Chairman proposed and was seconded by En David Siew Kah Toong that Ordinary Resolutions No. 3 to No. 9 as attached to the notice of this general meeting be considered by the meeting and, if thought fit, to pass the Resolutions.

For record purposes, the Resolutions were reproduced below:

Ordinary Resolution No. 3 : Admission Fee

“That with effect from January 1, 2006 the fee payable under bye-law 42 on admission as a member of the Institute be and is hereby fixed as follows:

On admission of an associate member as a member	RM300
On admission of a provisional member as a member	RM300
On admission of any other person as a member	RM600”

Ordinary Resolution No. 4: Annual Subscription Payable by Members

“That with effect from January 1, 2006 the annual subscription payable under bye-law 44 by each member of the Institute be and is hereby fixed as follows:

Members residing and/or practising in Malaysia	
with five or more years of membership	RM500
with less than five years of membership	RM400
Members not residing and not practising in Malaysia	
with five or more years of membership	RM300
with less than five years of membership	RM240

and that with effect from January 1, 2007 the annual subscription payable by each member shall be increased by a percentage equal to the percentage increase in the Consumer Price Index (CPI) during the previous twelve months ending on September 30, rounded to the nearest five ringgit (RM5.00).”

Ordinary Resolution No. 5: Practising Certificate Fee

“That with effect from January 1, 2006 the fee payable under bye-law 60(1) for the issue and renewal of practising certificate be and is hereby fixed as follows:

Members in practice in Malaysia	RM550
Members in practice elsewhere than in Malaysia	RM330”

Ordinary Resolution No. 6: Admission Fee and Annual Subscription Payable by Provisional Members

“That with effect from January 1, 2006 the admission fee and annual subscription payable under bye-law 54 on the admission of any person as a provisional member of the Institute be and is hereby fixed as follows:

Admission fee	RM300
Annual subscription	RM300

and that with effect from January 1, 2007 the annual subscription payable by each provisional member shall be increased by a percentage equal to the percentage increase in the Consumer Price Index (CPI) during the previous twelve months ending on September 30, rounded to the nearest five ringgit (RM5.00).”

Ordinary Resolution No. 7: Admission Fee and Annual Subscription Payable by Associate Members

“That subject to the approval and adoption of Ordinary Resolution No. 1, the admission fee and annual subscription payable under bye-law 56D on the admission of any person as an associate member of the Institute be and is hereby fixed as follows:

Admission fee	RM300
Annual subscription	RM300

and that with effect from January 1, 2007 the annual subscription payable by each associate member shall be increased by a percentage equal to the percentage increase in the Consumer Price Index (CPI) during the previous twelve months ending on September 30, rounded to the nearest five ringgit (RM5.00).”

Ordinary Resolution No. 8: Registration Fee and Annual Fee Payable by Students

“That with effect from January 1, 2006 the fee for registration as a student of the Institute and the annual fee payable by a registered student of the Institute under bye-law 64 be and is hereby fixed as follows:

Registration fee	RM300
Annual fee	RM200

and that with effect from January 1, 2007 the annual subscription payable by each registered student shall be increased by a percentage equal to the percentage increase in the Consumer Price Index (CPI) during the previous twelve months ending on September 30, rounded to the nearest five ringgit (RM5.00).”

Ordinary Resolution No. 9: Transfer Fee

“That with effect from January 1, 2006 the fee payable under bye-law 70(2) for transfer of a training contract be and is hereby fixed at RM250.”

7.5.3 The following comments by members were noted:

- (a) En Loo Kia Shong stated that he was generally not against the increase in fees. However, he commented with this increase, the Institute’s fees would probably be one of the highest among the professional bodies. He added that members would not mind paying the higher fees provided there was value for it. The Institute should consider what additional services could be provided to members.
- (b) The Chairman urged members to submit proposals to the Council on the type of services or activities that members require, in addition to the range of services currently provided by the Institute.
- (c) En Mohd Noor Abu Bakar stated that he had no objection to the increase in fees payable by members. However, he expressed concern on the increase in fees payable by students. He felt that the increase would impose additional financial burden on those students who were not sponsored by their employers. It would also discourage new graduates who have not found employment yet or who are earning a low starting salary from pursuing the CPA programme. He suggested that the increase in fees payable by students be deferred.
- (d) The Secretary explained the need to increase the fees payable by students was due to the substantial shortfall arising from providing services to students. In addition, the Institute incurred heavy investment in the development of study materials for students, which should be partly financed by the fee income contributed by students. As highlighted by the Chairman earlier, the Institute incurred about RM500,000 in the development of study manuals when the new examination structure was introduced in 2002/2003.

The Secretary also explained that the Council had undertaken a comparative analysis of the scale of fees payable by members and students of other professional bodies when revising the Institute’s fee structure. The proposed revised scale of fees was among the lowest compared to the other professional bodies of similar stature.

7.5.4 The Chairman put the seven Resolutions to the vote on a block basis. The Resolutions were carried by a majority vote of 96% of the members present at the meeting with one abstention.

EGM 8/05 CLOSE

There being no further business, the meeting was closed at 12:15 p.m. with a vote of thanks to the chair.

The Chairman in turn thanked all members for attending the meeting and for their support for the resolutions.

CHAIRMAN

EGM.Min05