

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

Minutes of the Extraordinary General Meeting held on Saturday, June 24, 2006 at 11:30 a.m.
at Bilik Meranti, Level 4, The Pan Pacific Hotel, Jalan Putra, Kuala Lumpur

PRESENT : Dato' Abdul Halim bin Mohyiddin (President, in the chair)
Dato' Nordin Baharuddin (Vice President)
En Beh Tok Koay
En Ahmad Mustapha Ghazali
En Lim Kian Thiam
En Lim Tian Huat
Ms Loh Lay Choon
Dato' Hj Maidin Syed Ali
En Mohamed 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
En Teh Chee Ghee
Dr Veerinderjeet Singh
Dato' Yeo How
Dato' Robert Yong Kuen Loke

18 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 Chin Kwai Fatt
Datin Hajjah Fadzilah bte Saad
En Ho Heng Chuan
En Khor Chin Peng
En Peter Lim Thiam Kee
En Lim Kok Beng
En Ng Kim Tuck
En Tan Ghee Kiat
En Venkatramanan Viswanathan

IN ATTENDANCE : Ms Tan Shook Kheng (Secretary)

EGM 1/06 QUORUM

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

EGM 2/06 APOLOGIES

Apologies received were noted.

EGM 3/06 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.

EGM 4/06 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 proposed amendments to the Institute's Articles of Association and bye-laws, principally to provide for the admission of a new class of members, who shall be entitled to use the designation *Certified Financial Accountant (CFIA)*.

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4.2 Proposed Amendments to Articles of Association and Bye-laws

4.2.1 The Chairman informed that the Council had proposed amendments to the Articles of Association and bye-laws for the following purposes:

- To provide for the admission of persons who have satisfied the requirements as to education, examinations, practical experience and fitness for membership, as Certified Financial Accountants, and their rights of membership.
- To define that membership of the Institute consists of four classes of members, namely members who are Certified Public Accountants, members who are Certified Financial Accountants, provisional members and associate members.
- To effect consequential amendments to the Articles of Association and bye-laws resulting from the new definition of members, in particular to prescribe that only members who are Certified Public Accountants are entitled to hold office in the Council, to attend and vote in general meetings of the Institute, and to hold a practising certificate.

4.2.2 The Chairman explained that under the existing Articles of Association and bye-laws of the Institute, the following persons are defined:

"Member" means a person who is registered as a member of the Institute, who may describe himself as a Certified Public Accountant and use the designatory letters CPA.

"Provisional member" means a candidate for membership of the Institute who has passed or been granted exemption from all of the examinations of the Institute but who has not satisfied the practical experience requirements.

“Associate member” means a candidate for membership of the Institute who has passed or been granted exemption from such parts of the examinations of the Institute.

Under the current provisions, members of the Institute have the rights to hold office in the Council, to vote in general meetings of the Institute and to hold a practising certificate.

The Council has proposed that the definition of “member” be amended to include all persons who have been admitted to the Institute as:

- Certified Public Accountants
- Certified Financial Accountants
- Provisional members
- Associate members

The rights and privileges of members who are Certified Public Accountants, provisional members and associate members as prescribed under the existing Articles of Association and bye-laws shall remain unchanged. The proposed rights and privileges of *Certified Financial Accountants* are described below.

4.3 Proposed Certified Financial Accountants (CFiA) Qualification

4.3.1 The Chairman highlighted that the Certified Financial Accountants (CFiA) qualification is intended as an alternative professional qualification for persons who wish to build a career in commerce, industry or the public sector. Those who wish to engage in public practice will be encouraged to pursue the Certified Public Accountants (CPA) qualification.

4.3.2 Admission Requirements and Rights of Membership

The Council has proposed the following admission requirements for CFiA:

- A degree of Bachelor of Accountancy from any of the universities listed in Part I of the First Schedule to the Accountants Act 1967 or completion of the Professional Stage Examination (Modules A and B) of the Institute;
- Completion of Module C – *Advanced Taxation* and Module D – *Advanced Financial Reporting* of the Advanced Stage Examination of the Institute; and
- Having obtained not less than 3 years of approved practical experience.

A CFiA who wishes to advance to the status of a Certified Public Accountant (CPA) will be required to complete Module E, *Advanced Auditing and Assurance* and Module F, *Advanced Business Management and Integrative Case Study* of the Advanced Stage Examination.

The Council has also proposed that CFiAs shall have the following rights and privileges:

- Entitled to describe themselves as a *Certified Financial Accountant* and use the designatory letters *CFiA*.
- The same rights of membership as a Certified Public Accountant (CPA) with the exception of the rights to hold office in the Council, to vote in general meetings of the Institute and to carry out any duty reserved to members who are Certified Public Accountants (CPA).
- Entitled to access the full range of services provided by the Institute to members.

4.3.3 Promotion of the CFiA Qualification

The Chairman commented that the CFiA qualification was targeted mainly at graduates of the Bachelor of Accountancy degree by assisting these graduates to achieve a professional qualification that meet the requirements of the International Education Standards for Professional Accountants (IES). He emphasized that in the face of increasing globalisation and cross-border trade in professional services, it was crucial that the qualification of Malaysian professional accountants meet the global benchmarks set by the International Federation of Accountants (IFAC).

The Institute intends to promote the CFiA qualification to accounting students at both public and private universities. The universities would be 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. Currently, students who have passed Modules C and D of the Advanced Stage Examination would be awarded a Professional Certificate in Accountancy (PCA) and they are eligible to become an associate member of the Institute. However, they are not entitled to any professional designation. The CFiA qualification, which requires the completion of three years of practical experience in an approved training organisation in addition to passing Modules C and D, will equip accounting graduates with the technical knowledge and skills expected of a professional accountant in business, and enhance their employability in the marketplace.

4.3.4 Transition Programme for MIA Members

The Chairman highlighted that currently, about 8,000 members of MIA are graduates of the Bachelor of Accountancy degree who do not possess a qualification from a recognised professional body. The Institute intends to offer the CFiA qualification to this group of MIA members and to implement a special transition programme to facilitate these MIA members in attaining the CFiA qualification.

The proposed transition programme would consist of 40 hours of interactive workshops focusing on advanced aspects of taxation and financial reporting standards, corporate governance and professional ethics. Assessment would be based on participation in discussions, presentations, project papers, assignments and tests.

4.3.5 Membership Growth

The Chairman stressed that one of the key challenges facing the Institute was our ability to ensure continued membership growth. The Council believed that the introduction of the CFiA qualification would help to expand and strengthen the Institute's membership base.

4.4 Resolutions

4.4.1 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.

4.4.2 The Chairman urged all members to duly consider and support the resolutions proposed by the Council. He stressed that members' support was critical to the future growth and success of the Institute.

EGM 5/06 APPOINTMENT OF SCRUTINEERS

5.1 The Chairman announced that as a matter of formality, three scrutineers were to be appointed.

5.2 Dato' Hj Maidin Syed Ali, En Pushpanathan a/l SA Kanagarayar and En Mohd Afrizan Hussain volunteered to be scrutineers and to assist in counting the votes.

EGM 6/06 MANNER OF VOTING

6.1 The Chairman announced that in accordance with bye-law 102, 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.

The proposal was unanimously agreed by the meeting.

EGM 7/06 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 Ms Khong Shiau Ling 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 8 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 The following comments by members were noted:

- (1) En Mohd Afrizan enquired whether the CFiA qualification was proposed by the Institute’s consultant. He stated that each year his firm sponsored about 12 employees for pursuing professional qualifications and only 3 of them opted for the MICPA qualification; the rest preferred the ACCA qualification. He suggested that the Council should examine the reasons why the MICPA qualification was not attractive to the graduates compared to the ACCA qualification. He also expressed the view that the CFiA qualification might not help to increase the Institute’s membership and requested the Council to reconsider the CFiA proposal.
- (2) The Chairman advised that the CFiA qualification was proposed by the Council. The Chairman noted that one of the objectives of introducing the CFiA qualification is to assist members of MIA, who currently do not possess a qualification from a recognised professional body, to attain a professional qualification that meets the requirements of IES. However, the primary objective of the CFiA proposal is to offer an alternative professional qualification to graduates of the Bachelor of Accountancy degree who do not wish to engage in public practice. The CFiA qualification would equip them with the technical knowledge and skills to build a career in commerce, industry or the public sector. The Council believed that the introduction of the CFiA qualification would help to expand the Institute’s membership base.

The Chairman acknowledged that the Institute lacked the financial resources to compete with ACCA and other foreign professional bodies in terms of marketing. However, the Council has been undertaking various initiatives within the means of the Institute to strengthen the recognition of the CPA qualification at the international level. As mentioned earlier, the Institute had appointed an education consultant to undertake an independent review of the CPA qualification with the aim of achieving recognition by the Chartered Accountants Group (CAG) comprising the Institutes of Chartered Accountants in the U.K., Australia, Canada and New Zealand. The review had been completed but the Institute had not yet made a formal submission of the CPA qualification to the CAG bodies for recognition as they were in the process of working out joint arrangements for processing applications for reciprocity and mutual recognition. However, the Institute had initiated discussions with a number of professional bodies on the potential of mutual recognition. Currently, the MICPA qualification has been accorded recognition by the Institute of Chartered Accountants in England and Wales (ICAEW) to the extent that members and students of the Institute who qualified

under the existing professional programme are eligible to sit for the Advanced Stage examination of ICAEW. The Institute is taking steps to seek a higher level of recognition by ICAEW. The Institute had also held discussions with the Institute of Chartered Accountants in Australia (ICAA) on the potential of mutual recognition of the two bodies' professional programmes. The process of seeking mutual recognition would take time and involve substantial financial resources, but the Council believed that success in this endeavour would enhance the international endorsement of the CPA qualification, which was key to the Institute's future success.

- (3) En Beh Tok Koay highlighted that the International Education Standards for Professional Accountants (IES) prescribe that candidates must undergo a programme of education, practical experience and professional competence assessment before they are qualified as professional accountants. Under the Accountants Act 1967, graduates of the Bachelor of Accountancy degrees listed in the First Schedule to the Act are eligible for admission to membership of MIA upon obtaining 3 years of practical experience, without undergoing any professional competence assessment, which may not be in line with the IES requirements. The MICPA, being the only local professional body, is obliged and well positioned to assist these accounting graduates to meet the IES requirements.

The proposed CFiA qualification is intended to assist existing members of MIA who have not undergone any professional competence assessment as well as future accounting graduates to meet the IES requirements, thereby helping the nation to be in line with the international standards in the education and training of professional accountants. The success of the CFiA qualification would be dependent on MICPA's effort in promoting the qualification and the mind-set of the accounting graduates. The benefit to MICPA would be an increase in membership base, leading to a stronger financial position and thus its ability to pursue further initiatives to enhance the CPA brand and seek global recognition of the CPA qualification. This would in turn lead to benefits to the overall membership of MICPA.

En Beh added that the CFiA could be regarded as an alternative or interim professional qualification. The CFiAs are well equipped to build a career in accounting, finance and management in commerce, industry or the public sector. In addition, the Institute could offer specialisations such as taxation and insolvency practice to CFiAs, apart from the option of progressing to the CPA qualification.

En Beh stressed that MICPA need to be financially strong in order to achieve long-term success and that the introduction of the CFiA qualification is a step towards this direction. He highlighted that as shown in the financial statements for 2005, the Institute experienced a deficit of RM97,000. This was due mainly to the cost involved in brand development and seeking global recognition of the CPA qualification, which amounted to RM210,000. These initiatives were necessary in order for MICPA to progress further.

- (4) En Chong Sai Sin enquired as to the amount of admission fee and annual subscription payable by CFiAs as these were not included in the proposed amendments to the bye-laws.

He also enquired whether former students of the Institute, who were unable to complete the MICPA examination due to time-bar, would be eligible for the CFiA qualification.

- (5) The Chairman informed that the Council had proposed that the admission fee and annual subscription payable by CFiAs be fixed at RM350 and RM300 respectively. However, the Council had overlooked the inclusion of a resolution for fixing these fees, which would have to be considered by another general meeting of members

The Chairman also informed that the Council had not formally discussed the eligibility of former students who had failed to complete the MICPA examination for admission as CFiA. He indicated that the Council would look into this matter.

- (6) En Goh Kean Hoe expressed his support for the Council's intention to implement a special transition programme for the admission of MIA members who do not possess a qualification from a recognised professional body as CFiA. He commented that while this could be an expedient way to increase the Institute's membership and consequently its revenue, the Institute should ensure that appropriate quality is maintained for the transition programme. He requested for more information about the assessment process for the CFiA transition programme and the reason for using the designation Certified Financial Accountant.

- (7) The Chairman explained that the designation Certified Financial Accountant was determined after due consideration by the Council.

He also explained that the proposed CFiA transition programme would consist of 40 hours of interactive workshops and candidates would be subject to profession competence assessment based on participation in discussions, presentations, project papers, assignments and tests. Candidates must complete the transition programme successfully and submit evidence of having satisfied the practical experience requirements in order to qualify as a CFiA.

- (8) En Chong Sai Sin enquired whether CFiAs who undertake the proposed specialisation programme in taxation or insolvency would be granted a specialist designation.

- (9) The Chairman indicated that currently, the Council has no intention to award specialist designations. The Council would encourage CFiAs to progress to the CPA designation by completing Modules E and F of the Advanced Stage Examination.

- (10) En Mohd Afrizan commented that the Institute requires a long-term solution; short-term measures such as the CFiA programme would not help its future progress. He suggested that the Institute should step up its effort to promote the CPA qualification as the only Malaysian professional qualification.

He also expressed his concern that if the CFiA qualification attracts a larger intake than the CPA qualification, it may lead to the public perception that MICPA provides a second tier qualification as it has more members who are not fully qualified than members who are fully qualified.

- (11) The Chairman responded that the Council had duly considered the impact of the CFiA qualification on the market positioning of the Institute. He also stressed that the Institute would continue to focus on promoting the CPA as the primary professional qualification and ensure that the Institute is governed by members who are CPAs. As highlighted above, in the proposed amendments to the Articles of Association and bye-laws, only members who are CPAs have the rights to hold office in the Council and to vote in general meetings of the Institute.
- (12) En Mohd Afrizan added that the Institute should give priority attention to seeking mutual recognition agreements (MRA) with other professional bodies. Success in this endeavour would enhance the attractiveness of the CPA qualification to Malaysian graduates. He also suggested that if achieving MRA with all the CAG bodies on a joint basis would take longer time, the Institute should pursue bilateral MRE with individual bodies.
- (13) The Secretary informed that the Council is adopting both approaches at the same time. While awaiting the CAG bodies to reach a consensus on their joint arrangements for processing applications for reciprocity and mutual recognition, the Institute has held discussions with ICAA on the potential of mutual recognition of the two bodies' professional programmes. The Institute would also be holding discussions with ICAEW to raise the level of recognition accorded to the MICPA qualification to that of ACCA, CIMA and CIPFA. It was noted that ICAEW has recently launched an initiative to allow members of the aforesaid bodies for admission to membership of ICAEW upon obtaining 5 year of post qualification professional experience and passing an integrative case study.
- (14) En Chong Sai Sin commented that if one of the target groups for the CFiA qualification were MIA members who do not have a qualification from a recognised professional body, it should be publicised in the MIA magazine. He aired his observation that MICPA's activities were not reported in the MIA magazine, which has a wide circulation.
- (15) The Secretary informed that the Institute would publicised its events and activities in the MIA magazine if these were targeted at the wider membership of the profession. An example was the MICPA Business Forum.
- (16) Dr Veerinderjeet Singh expressed his view that the Institute should publish reports on its activities regularly in the MIA magazine to reach wider audiences.

7.2.3 The Chairman put the Resolution to the vote. The Resolution was carried by a majority vote of 96% 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 Lim Kian Thiam that Ordinary Resolutions No. 1 and No. 2, as follows, be considered by the meeting and, if thought fit, to pass the Resolutions:

Ordinary Resolution 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 9 to 43 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 Resolution 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 31A to become bye-law 32 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 En Chong Sai Sin commented that the resolutions did not include the fees payable by CFiAs. He suggested that the resolution to fix the fees payable by CFiAs be approved by this meeting.

The Secretary advised that the resolution is required to be considered by a general meeting convened with proper notice.

- 7.3.3 The Chairman put Ordinary Resolutions No. 1 and No. 2 to the vote on a block basis. Apart from one abstention, the Resolutions were carried by a unanimous vote of the balance of the members present at the meeting.

EGM 8/06 CLOSE

There being no further business, the meeting was closed at 12:25 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