



Survey on Audit Exemption

The following criteria for audit exemption have been proposed recently by SSM in their draft Practice Directive 1/2017 *Criteria for Audit Exemption for Private Companies*:

- i) **Dormant Companies**
Companies exempted meet the criteria of being:
 - (a) Dormant from the time of its formation; or
 - (b) Dormant for three consecutive financial years.
- ii) **Small Companies**
Companies exempted satisfy any 2 of the following criteria for each of the 2 financial years immediately preceding the financial year:
 - (a) The revenue of the company for each financial year does not exceed RM300,000;
 - (b) The value of the company’s total assets at the end of each financial year does not exceed RM500,000;
 - (c) It has at the end of each financial year not more than 5 employees.
- iii) **Exempt Private Companies**
Exempt private companies are entitled to be exempted from audit if they meet the above requirements.

Further details of the above can be found in SSM’s Draft Practice Directive 1/2017, which can be accessed via this link:

http://www.ssm.com.my/sites/default/files/legal%20opinion%20-%20companies%20act/draft_practice_directive_audit_exemption_2017_4.11.2016.pdf .

Respondent’s contact details:

Mobile no. (mandatory):

Audit firm no. (optional):

Email (optional):

Name (optional):

Note: **Only one response is required from each audit firm** . We will ensure that your input is kept confidential. However, mobile no. is required, should we need to get further clarification.

Please answer all the following questions:

1. What percentage of your income is derived from auditing? _____
2. (a) How many audit clients do you currently have? _____
(b) How much average audit fee do you charge?

Dormant Companies	Small Companies (as defined under SSM’s practice directive)
RM _____	RM _____

3. Do you **agree with MIA’s stance on audit exemption**, i.e. audit exemption for dormant companies only? Yes / No
If no, please indicate your views on audit exemption.

4. What is the **estimated decrease in audit clients and audit revenue** as a result of the above criteria for audit exemption?

Estimated impact	Proposed Audit Exemption			
	Dormant Companies	Small Companies		
		Criterion 1: Revenue <RM 300k	Criterion 2: Total assets <RM 500k	Criterion 3: Employees <5
Decrease in audit clients	_____ companies or _____%	_____ companies or _____%	_____ companies or _____%	_____ companies or _____%
Decrease in audit revenue	RM _____ or _____%	RM _____ or _____%	RM _____ or _____%	RM _____ or _____%

5. a) Are you prepared for audit exemption? Yes / No
 b) Do you have a strategy to cope with the impact of the proposed audit exemption? Yes / No

6. If yes, please indicate the possible impact based on the following strategies:

Strategies	Proposed Audit Exemption	
	Dormant Companies only	Dormant & Small Companies
a) Staff retrenchment	_____ of staff	_____ of staff
b) Staff redeployment	_____ of staff	_____ of staff
c) Reduce the intake of fresh graduates	_____ persons to _____ persons	_____ persons to _____ persons
d) Reduce the intake of interns	_____ persons to _____ persons	_____ persons to _____ persons
e) Others (pls specify): i) ii)		

7. If your existing clients are exempted from audit according to SSM's Draft Practice Directive 1/2017, please indicate the estimated number and % of these clients that have the relevant expertise to prepare financial statements in accordance with MPERS / MFRS?
 _____ (number) or _____ (%)

8. If audit is not mandatory, will you charge a higher fee for voluntary audit? Yes / No

9. Do you have any **other comments on the SSM Draft Practice Directive 1/2017 Criteria for Audit Exemption for Private Companies?**

10. Have you **submitted your response** on Draft Practice Directive 1/2017 to SSM? Yes / No

Thank you for your feedback!
 Please fax the duly completed form to **03-2722 9100** (Attn: Shuhairah)
 or email to smp@mia.org.my
 (by **16 January 2017**)