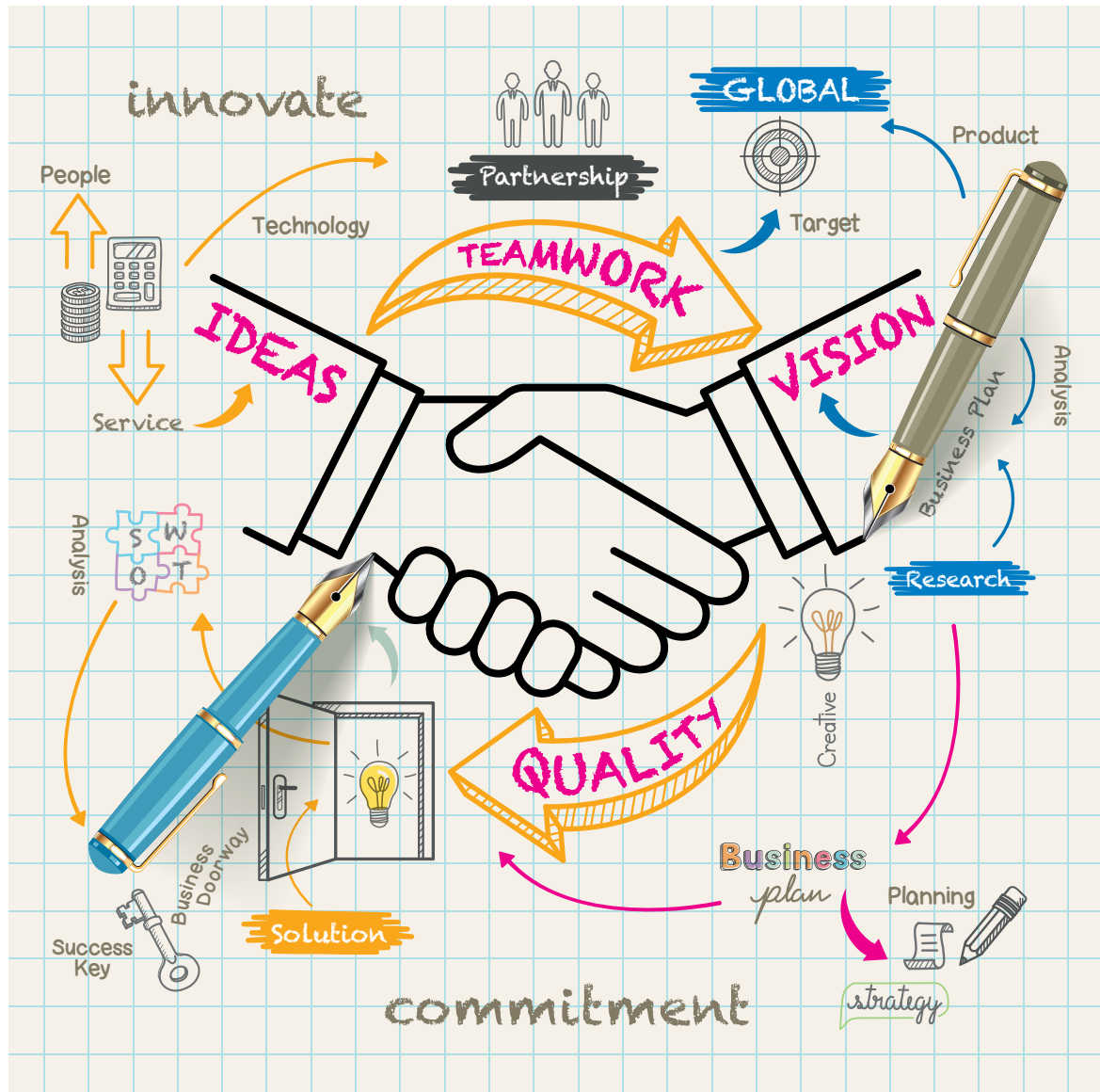


## Annual Report 2016



MALAYSIAN INSTITUTE OF ACCOUNTANTS

## Enhancing Quality to Sustain Growth

## Chartered Accountants Malaysia and MIA

The Chartered Accountant Malaysia or “C.A.(M)” is a designation conferred by the Malaysian Institute of Accountants (MIA) to a professional in accountancy, business and finance with a recognised accountancy qualification and relevant work experience. C.A.(M) are the industry captains, corporate leaders and decision makers that play significant roles in nation building.

MIA was established under the Accountants Act 1967 as the statutory accountancy body that regulates, develops, supports and enhances the integrity and status of the profession while upholding the public interest.

Working closely alongside strategic business partners and stakeholders, MIA connects its members to a wide range of continuous professional development programmes, updates and networking opportunities. Presently, there are over 30,000 members making their strides across all industries in Malaysia and around the world.

## MIA’s Vision

To be a globally recognised and renowned institute of accountants committed to nation building.

## MIA’s Mission

To develop, support and monitor quality and expertise consistent with global best practices of the accountancy profession in the interest of stakeholders.

## MIA’s Strategic Objectives

- Develop and enhance the competency of Accountancy Professionals to meet market demand;
- Advance and enhance the status of members and the accountancy profession in Malaysia;
- Support the practice of the accountancy profession in Malaysia consistent with global standards and best practices;
- Regulate the Practice of the Accountancy Profession in Malaysia consistent with Global Standards;

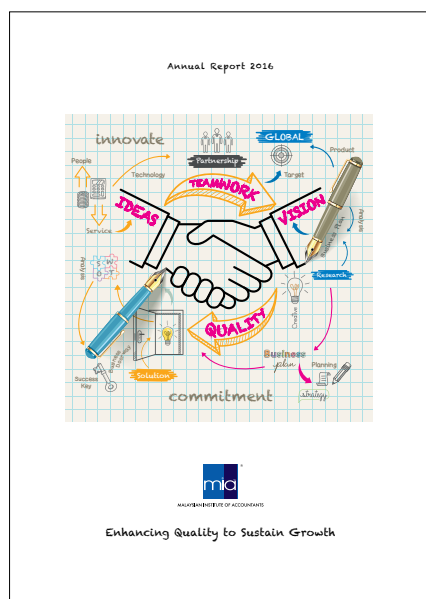
## Our Management Core Values

- Integrity
- Mutual Trust and Respect
- Professionalism
- Accountability
- Commitment
- Teamwork

## MIA’s Functions

Section 6 of the Accountants Act 1967 (the Act) states that the functions of the Institute shall be:

- To determine the qualifications of persons for admission as members;
- To provide for the training and education by the Institute or any other body, of persons practising or intending to practice the profession of accountancy;
- To approve the MIA Qualifying Examination (QE) and to regulate and supervise the conduct of that Examination;
- To regulate the practice of the profession of accountancy in Malaysia;
- To promote, in any manner it thinks fit, the interest of the profession of accountancy in Malaysia;
- To render pecuniary or other assistance to members or their dependents as it thinks fit with a view to protecting or promoting the welfare of members; and
- Generally to do such acts as it thinks fit for the purpose of achieving any of the aforesaid objects.



## Enhancing Quality to Sustain Growth

Many a great idea started life as a doodle or scribbles on an empty napkin. Likewise, many business innovations and solutions started as a simple thought or idea. Just as doodling helps us focus and better deal with the challenges we face, when pursued with determination, these ideas take shape and bear fruit.

In the cover illustration, the traits and qualities essential for organisational success is ‘sketched’ out in doodle-form. This illustrates the inter-connectedness of all these elements as they work together in Enhancing the Quality of an organisation’s offering, thereby ensuring its Sustained Growth.

The resultant success is not only in wealth generation for the organisation, but also in enriching society through innovative solutions.

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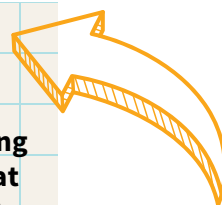
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## Notice of Annual General Meeting

Notice is hereby given that in accordance with Rule 10 of the Malaysian Institute of Accountants (Membership and Council) Rules 2001, the **Thirtieth Annual General Meeting** of the Malaysian Institute of Accountants will be held on **Saturday, 24 September 2016 at 12.00 noon** at the Grand Summit, Level M1, Connexion Conference & Event Centre (CCEC) The Vertical, No.8, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur



### AGENDA

1. To elect **three (3)** members of the Council for the ensuing year pursuant to the provisions of paragraph (g) of subsection (1) of section 8 of the Accountants Act, 1967.

The following members of Council have retired pursuant to sub-paragraph (1)(b) of paragraph 2B of the Second Schedule to the Accountants Act, 1967 and are not offering themselves for re-election at the forthcoming annual general meeting:

- Dato' Heng Ji Keng
- Dr Mohd Nordin bin Mohd Zain
- Leong Kah Mun

Nominations have been received for the following members for election to the Council:

- Huang Shze Jiun
- K. Renganathan A/L Renganathan Kannan
- Mohd Afrizan bin Husain
- Mohd Zaidi bin Ismail
- Sam Soh Siong Hoon
- Steven Chong Hou Nian

2. President's address.

3. To consider and accept the minutes of the Twenty Ninth Annual General Meeting held on 19 September 2015.
4. To adopt the annual report of the Council.
5. To receive the financial statements of the Institute for the year ended 30 June 2016 and the report of the auditors thereon.
6. Any other business.

#### By Order of the Council

**Sudirman Masduki**  
Registrar

30 August 2016



# Messages from the President, Outgoing Chief Executive Officer and Incoming Chief Executive Officer



# President's Message



Dear Members,

I am delighted to be able to pen a few words to explain MIA's progress over the past year under review and to outline our direction going forward.

Overall, MIA is pursuing our overarching vision to build an enabling environment for the continuing development of the profession and our members. At present, we are continuing to engage with our stakeholders on the recommendations put forward by CSAP (The Committee to Strengthen the Accountancy Profession) and aligning these with our 3R strategy of Repositioning, Rebranding and Recruiting.

As far as CSAP is concerned, an Implementation Committee has been formed and is currently seeking views and feedback on how to operationalise the recommendations. The proposed timeline to issue the Operational Model to the relevant authorities is by the end of the year.

With regard to the 3Rs, we will provide an update at our AGM but in summary, we are committed to continuously improve our services and member offerings. We recently conducted a base-line member survey whereby 15% of our members responded showing a high level of member satisfaction. We will also update members on our move from Brickfields to Bangsar South.

Another major thrust of MIA's mandate is to develop and regulate the accountancy profession in Malaysia to enhance the quality, perception and reputation of professional accountants and the accountancy profession in Malaysia, for the benefit of members, stakeholders and the public interest. To this end, it is especially critical that the profession in Malaysia deliver high-quality accounting and assurance services to enhance financial transparency and accountability and address the trust deficit prevailing in a speculative and complex climate.

Unfortunately, the reputation of the accountancy profession in Malaysia has been tarnished by some members' provision of low-quality accounting and assurance services which fall short of global standards, as well as the illicit and fraudulent activities of delinquent members colluding with non-members and non-accountants in offering inadequate assurance and accounting services.

To heighten quality, MIA is taking steps to address the shortcomings in our governance structures and our monitoring and enforcement mechanisms to enable immediate, powerful and proactive remedial actions. To enhance MIA's legitimacy and credibility, we will not hesitate to take punitive action when deemed fit, in collaboration with other regulators to better regulate markets in line with increasingly stringent global and investor expectations. Our emphasis on enforcement is aligned with our insistence that members and professional accountants act ethically and with integrity in the public interest.

Better surveillance and enforcement which will raise the image and relevance of the profession is definitely in the members' interest, and MIA encourages members to further upskill and upgrade the quality of their services and behaviour in line with global standards. As a membership body which represents the interests of the profession in Malaysia, MIA will admit and retain only accountants who comply with our required principles and codes of behaviour. We have a moral obligation to ensure our members behave in a professional manner and in the public interest and will not hesitate to censure those who are blackening the profession's reputation and public image.

Members can rest assured that the MIA will do everything it can to help them raise the quality of their performance and competency to thrive in a more complex and challenging climate. To this end, we are continuously working to raise the quality of MIA's member and support services and to enhance member satisfaction.

In ending, I wish to thank all our members and our stakeholders for their support and patience as we work to process and implement the reform process. It is our hope to craft an enabling and sustainable environment where our members can prosper, while supporting the economic growth and social wellbeing of the nation.

Thank you.



**Dato' Mohammad Faiz Azmi**  
President



# Outgoing Chief Executive Officer's Message



While I might not be participating as vigorously in the profession in Malaysia post-retirement, the profession and the people will always hold a special place in my heart. Having spent nearly thirty meaningful years being involved with the Institute, MIA has embedded itself deep in my DNA. I am grateful to have enjoyed the privilege of working with dedicated, committed and professional staff who demonstrated great passion and conviction despite the uncertainties affecting the Institute in a post-CSAP environment. Congratulations for having done an outstanding job over the past few years, which facilitated my work. I hope that the team will continue to focus on making MIA an excellent organisation that is continuously advancing and is dedicated to serving members, the profession and the public interest.

Going forward, I have every confidence that my successor Dr. Nurmazilah Dato' Mahzan and visionaries will continue to strive to enhance the culture, values and performance of MIA. As of today, MIA has assembled an outstanding team comprising the Council, the Committees and the MIA staff, who I believe will be able to carry the profession forward and help it to flourish from strength to strength.

Dear Members,

It is a poignant honour to be penning this final message as the outgoing CEO of MIA. Looking back on my almost thirty years in service to the accountancy profession, I can safely say that this era post-2008 has been one of the most exciting, challenging and yet promising times for members.

Tangibly, the terrain of the profession is being reshaped daily due to the impact of new developments. These include:

- innovative legislation such as the new Companies Bill 2015 which will drive good governance and accountability and facilitate business and investment;
- compliance with recent accounting and auditing developments such as MPERS (Malaysian Private Entity Reporting Standards) and KAM (Key Audit Matters) aimed at enhancing transparency, accountability and adding stakeholder value;
- efforts to upskill and retrain human capital and enlarge and deepen talent pools;
- and the ongoing integration of technology such as big data and analytics to improve performance, among other drivers and factors.

For its part, MIA has taken the initiative to transform itself, the profession, and the conditions in which members operate for the better. Last year, we reported that MIA was embarking on a journey of transformation to remake the profession and the landscape in light of the recommendations put forward by the Committee to Strengthen the Accountancy Profession (CSAP) in its eponymous report. I am happy to disclose that the CSAP Implementation Committee has obtained the approval of the Ministry of Finance to commence its work to implement the recommendations of the CSAP Report. I believe that the recommendations - if taken in the right spirit, and carried out in the interest of future accountants and to balance the interests of all stakeholders - can definitely carry us forward and help us to evolve from where we stand today into a profession that is more impactful, influential and sustainable. A stronger accountancy profession in Malaysia is definitely a positive driver for the country and our economy. As a global profession providing indispensable services, the world and Malaysia cannot do without accountants. The CSAP Report emphasises the importance of the accountancy profession, and the country needs 60,000 accountants by 2020 to achieve developed nation status.

Perhaps the most difficult task facing MIA as it goes forward will be managing the expectations of all the various stakeholders, both internal and external. We have to balance members' interests with upholding public interest. As providers of assurance and purveyors of trust to the public, the profession must always be as objective and honest as possible when asked to provide views and advice. Never sacrifice your principles for profit. Always uphold the principle that whatever action or decision is to be taken, we must always be accountable and act in the interest of the public. This is essential in protecting personal and professional integrity and safeguarding reputations, which can be easily tarnished.

As someone who has been engaged from the very early days in our ongoing journey to develop the profession, I am pleased to see the reforms being implemented to build an enabling profession in Malaysia. However, all the reforms in the world will have no impact without support from the members. MIA has always stressed the importance of remaining relevant and competitive even as circumstances change, and I encourage all our members to upskill and be adaptable in order to succeed in a new



era where disruption is the new norm. A professional accountancy qualification is very versatile, and can take a person places if he or she has the right soft skills and is prepared to work very hard. Cultivate a mindset of striving to be the best while you retain your dedication to serving the public interest, regardless of the obstacles, and you will surely succeed. I wish all our members the best as you forge ahead and I will be observing upcoming developments and the profession's progress with much interest.

Last but certainly not the least, I wish to extend my heartfelt gratitude to all the people who have made my years at MIA memorable and meaningful. I have been inspired to keep going on during the most difficult days by your passion and commitment for the Institute and the profession, as well as the appreciation of members for our work and services. There are too many of you to name individually, but without the support of the Council, the Committees, the MIA team, the regulators, the Government, and most importantly our members, MIA would not have enjoyed such continuing success and I would not have had the privilege of working here for almost three decades.

On that note, I thank you once again from the bottom of my heart. I am truly grateful to have had the opportunity to work at MIA, which has taught me not only to be a competent professional but to be a better human being.

All the best,



**Ho Foong Moi**  
Outgoing Chief Executive Officer

# Incoming Chief Executive Officer's Message



that will empower our leadership and enforcement capabilities in order to enhance and monitor the quality of accountants and the services in the marketplace—and hence enforce good governance and better protect the public interest. Pertinently, we have restructured the Institute's management hierarchy to appoint dedicated Executive Directors in charge of Strategy and Enforcement. Going forward, MIA will also support the necessary changes that will improve the governance and regulatory climate for the profession and its stakeholders. We anticipate positive changes to regulation via the legislative changes to the Accountancy Act of 1967 and support the proposed establishment of a New Regulatory Body which will play an oversight role for the Profession.

## Competency

As the business and regulatory climate becomes more demanding and difficult, it is imperative that accountants upskill themselves in order to be able to contribute optimally to their stakeholders and to ensure primacy of the public interest. Research has clearly shown that accountants play a crucial role in the economy, and as we move ahead, greater numbers of professional accountants will be required to support economic development and social wellbeing.

Here in Malaysia, it is projected that 60,000 accounting professionals will be needed to meet market demands by 2020, up from the current 32,000 registered with MIA. MIA has identified key strategies to boost the talent pipeline, emphasising quantity without compromising on quality.

Specifically, the strategies we have earmarked include carrying out an end-to-end review of current accountancy education. To improve quality and competency across the board, MIA will focus on drawing up a competency framework with baseline competencies based on IFAC global standards. MIA targets that it will prepare and submit a comprehensive and holistic Education Plan aimed at raising quantity and quality to the relevant oversight bodies by 2017.

Diversity and inclusiveness will be critical in achieving the targeted number of 60,000 professional accountants, and MIA proposes to conduct a feasibility study to assess how to tap different sources of talent to strengthen membership and nurture a more inclusive profession. Among the mechanisms under consideration will be the absorption

It is indeed a privilege and an honour to write this message from the desk of the Chief Executive Officer (CEO), having succeeded Ms. Ho who has carried out an exemplary job in leading MIA for the past years.

First, allow me to extend my deepest gratitude to all those who have entrusted me with the stewardship of the Institute and the profession. I have a deep and abiding passion for the profession, and I pledge to give my best effort in order to live up to your expectations.

Second, while I am new to the post of CEO, I have been learning as much as I can while I served as Deputy CEO for the past year prior to taking the helm from Ms. Ho. As Deputy CEO, I focused primarily on developing plans for MIA based on the CSAP (Committee to Strengthen the Accountancy Profession) report and recommendations. As I proceed as the CEO, the focus on CSAP will continue as part of the Institute's action plans for the next few years.

In essence, the CSAP report recommends strengthening two major areas which are the Governance Structure and Competency of Accountants. We will work closely with the newly established

CSAP Implementation Committee (CSAP IC) to achieve the objectives outlined by CSAP. In addition, there are 13 more recommendations resulting from various analyses done by the Committee. In my view, these recommendations are areas of opportunities that should be taken up by MIA to further enhance its role and contribution to the profession.

## Governance

The accountancy profession is becoming steadily more complex and challenging, and as such it is imperative to have a powerful governing body in place to provide effective leadership of the profession and to defend the public interest. While it was argued previously that MIA should be repositioned as a "pure" accountancy organisation without a regulatory function, MIA believes that Malaysia needs a national accountancy body that represents and speaks for all accounting professionals and the other professional accountancy bodies operating in Malaysia, as has been done by MIA throughout the past.

However, MIA also recognises that the Institute must streamline and strengthen itself going forward in order to better serve members and stakeholders. As such, MIA is putting in place key changes

of non-accounting graduates into professional accountancy programmes, attracting foreign accounting degree holders to join MIA and become professionally certified, and encouraging more Bumiputera candidates and students in remote districts to pursue professional accountancy qualifications. The latter strategy will better reflect the geographic and racial make-up of the Malaysian market and improve the talent supply in areas other than urban centres. MIA is also considering offering two levels of membership: Accounting Technicians and Graduate Accountants to cater for differentiated market needs.

While injecting diversity, MIA intends to add value by developing the competencies and quality of specific segments of our member bodies and our stakeholders. We are focusing on key specialisations to capture distinctive sectoral opportunities, for example in the critical segment of Small and Medium Practices (SMPs), Islamic Finance, valuation, risk management and integrated reporting, to name a few.

Developing SMP competency is critical because SMPs play a major role in supporting small and medium enterprises (SMEs) – which are the national growth engines. Under the SMP Roadmap, and working in close collaboration with SME Corporation, MIA is nurturing SMPs to be more relevant to SMEs. Equally important will be to ensure the quality and competency of SMPs, and MIA has boosted its resources in order to improve education, monitoring, and enforcement, and to address prevailing misconduct. In line with CSAP recommendations, MIA is working to increase the number of SMEs and SMPs which meet the criteria of Approved Training Organisations to create an alternative talent pipeline. We are also focusing on developing robust Bumiputera SMPs to enhance diversity and inclusiveness in public practice, and to improve the economic and social prospects of Bumiputera accountants.

Islamic finance will be a key differentiator for Malaysia and MIA going forward. Malaysia has accumulated a significant leadership in Islamic finance and is globally acknowledged for its counsel in related Islamic financial accounting and reporting standards. As such, MIA recommends capitalising on this by introducing more comprehensive educational, training and certification programmes for the specialisation of accounting for Islamic finance.

To further enhance competency in the diverse sphere in which professional accountants operate today, MIA also aims to support its members in the specialised areas of Public Financial Management, Islamic Finance, Shared Services, Internal Audit and Valuation. This can be done through task forces, committees or “faculties” within the Institute.

Competency must also be redefined as an ongoing process, and not the attainment of a one-off certification or qualification. In positioning “Malaysia as the hub for accountancy education and training”, we must be careful not to limit competency and expertise to programmes for the purpose of obtaining professional accountancy qualifications. Instead, we must enlarge our scope of competency to include programmes and qualifications for more experienced accountants to acquire more advanced and specialised knowledge, such as those certifications to be issued by MIA's upcoming specialist faculties. By doing this, only then we will be able to differentiate Malaysia as a hub producing professional accountants who are competent in any set of circumstances, no matter how unpredictable or disruptive.

### Conclusion

Although the future cannot be predicted, I can say unequivocally that tremendous changes lie ahead for the Institute, the profession and all members and accountants, and our future success depends on how we manage these changes. I strongly believe that the accountancy profession is poised to achieve greater growth, provided that the right strategies are put in place to overcome challenges such as technology disruption and talent management.

As we move ahead, we are looking forward to engage actively with all our stakeholders and members from all segments in order to gain insight into your issues and challenges and to help innovate win-win strategies and solutions. MIA will definitely need the collaboration and involvement of all stakeholders as we work to develop the profession in a sustainable fashion and support the larger agenda of nation-building and enhancing economic and social wellbeing. On behalf of MIA, I hope that you will continue to support the Institute and our team as we endeavour to build an enabling environment where all our members and stakeholders can thrive together.

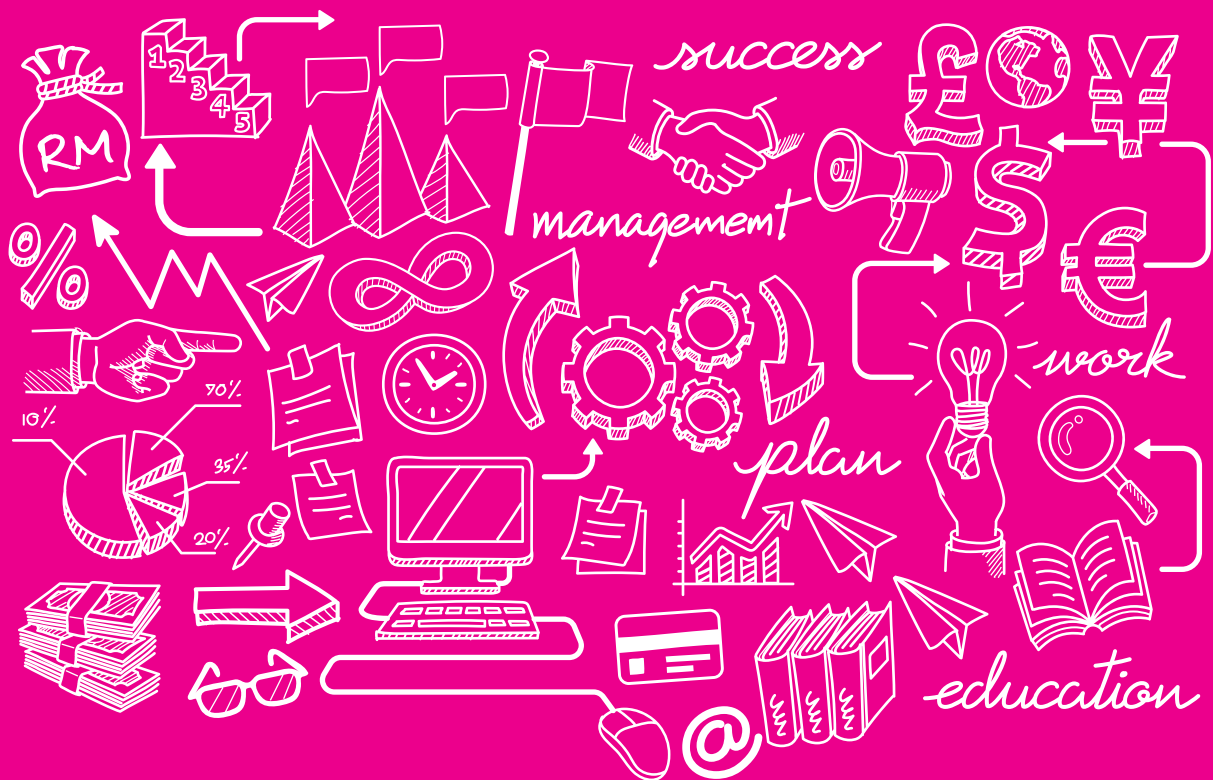
Thank you.



**Dr. Nurmazilah  
Dato' Mahzan**  
Chief Executive Officer



# Milestones in 2015 (Local and International)



# Milestones in 2015 (Local Scene and International Scene)

## INTERNATIONAL AND REGIONAL ADVOCACY

As an outward-looking Professional Accounting Organisation (PAO), MIA is committed to building alliances and sharing resources in order to help develop the profession sustainably within the borderless global landscape. To achieve this, MIA strives to be a vocal advocate of finance and accounting-led development within the ASEAN Economic Community, the Asia Pacific region, and other emerging blocs.

Two key elements of our growth strategy is to amass and deploy our influence within global and regional accountancy organisations and to promote cooperation and knowledge sharing with our counterparts to support equitable economic development and social wellbeing.



### ASEAN Federation of Accountants (AFA)

MIA was a founding member of AFA, the profession's umbrella organisation for the national accountancy associations of the Association of South East Asian Nation (ASEAN), and continues to play an active role to this day.

Through our involvement in AFA, MIA aims to foster and maintain close relationships with our ASEAN counterparts and ensure that MIA's views are voiced at the regional level to protect Malaysia's interests.

A key responsibility for MIA in 2015 and beyond is to assist AFA to strengthen its international profile and influence. Currently, MIA heads one of the AFA Taskforce which aims for AFA to be recognised by IFAC as an Acknowledged Accountancy Grouping (AAG). While AFA does work closely with IFAC on occasion, official recognition as an AAG will facilitate efforts towards the development of the accounting profession in the region through better access and assistance from IFAC.

Knowledge sharing to build the profession's regional capacity and competency is an important element of the relationships nurtured through AFA. MIA experts are often invited to contribute as speakers at conferences organised by AFA members and to reciprocate, some AFA members have spoken at MIA events as well.



### ASEAN Mutual Recognition Arrangement (MRA) on Accountancy Services

Accountants and finance professionals have been identified as integral partners in the economic and social development of the ASEAN Economic Community (AEC). Hence, MIA endorses the proposed free flow of financial and accounting talent intra-ASEAN via the MRA on Accountancy Services, which will support regional economic mobility and meet AEC's projected talent demands.

The ASEAN MRA is under Pillar 1: Single Market and Production Base of the ASEAN Economic Community (AEC) and was signed by all 10 ASEAN countries. The MRA shall cover the provision of accountancy services except for signing-off on the independent auditor's report and other accountancy services that require domestic licensing in ASEAN Member States (AMS).

During the period under review, MIA sent high-level representatives to the ASEAN Chartered Professional Accountants (CPA) Coordinating Committee (ACPACC) Meeting in Bangkok, Thailand in January 2016 and the ACPACC Meeting in Singapore in October 2015. Signifying the weight of the MRA and the importance of the AEC, MIA has been represented by the President himself since he took office in July 2015, along with the Deputy Chief Executive Officer (CEO), and the Chief Operating Officer (COO).

During the period under review, the focus was on developing the 'ASEAN CPA', an intra-regional certification of recognition which grants the ASEAN CPA the coveted mobility to work across all ASEAN countries in the accountancy services covered under the MRA. MIA strongly supports the ASEAN CPA which would permit Malaysian accountants to work freely in other ASEAN countries in non-regulated activities and vice versa, and effectively move financial talent to where it is most needed.



### International Federation of Accountants (IFAC)

MIA has long enjoyed a robust and cordial relationship with the profession's leading global body. Our contributions and regional clout are highly valued by IFAC, as evidenced by the invitation for MIA's leadership to participate in IFAC's initiatives. MIA invests significantly in our relationship with IFAC to enable us to advocate our views and influence high-level decision-making.

During the period under review, MIA participated in two key IFAC events. The MIA President, CEO and Deputy CEO attended the IFAC Council meeting in Singapore in November 2015 and the Deputy CEO attended the IFAC Chief Executive (CE) Strategy Forum from 29 February – 1 March 2016 in New York City, New York. The IFAC CE Strategy Forum comprises the chief executives of a selected group of IFAC member bodies and it was a significant privilege and recognition for MIA and Malaysia to be represented.



### IAASB-MIA-ACCA Roundtable

International standards on auditing (ISAs) are not broken, but they can be enhanced in order to improve audit quality, strengthen financial stability, and protect the public interest.

To make ISAs more fit-for-purpose, the International Auditing and Assurance Standards Board (IAASB) joined forces with the Malaysian Institute of Accountants (MIA) and the Association of Chartered Certified Accountants (ACCA) in April 2016 to organise a 2-day event in Malaysia with the theme of “Enhancing Audit Quality: A Focus on Professional Scepticism, Quality Control and Group Audits.”

The event was attended by IAASB Chairman, Professor Arnold Schilder.

This was the IAASB’s sole regional outreach programme in the Asia-Pacific, and a key segment in its ongoing public interest consultation process.



### IFAC Small & Medium Practices (SMP) Committee Meeting/IFAC SMP Forum

Small and medium-sized practices (SMPs) have been identified as a strategic business partner and advisor to small and medium-sized entities, which are in turn the engines of sustainable economic growth. During the period under review, MIA worked closely together with IFAC SMP to promote the interests of SMPs and advance the sector’s growth locally and regionally.

In November 2015, the Institute hosted the IFAC SMP Committee meeting in Kuala Lumpur, which was attended by IFAC SMP Committee members. MIA was invited to attend as an observer and presented on MIA’s activities to support SMPs in Malaysia.

Following the IFAC SMP Committee meeting, MIA jointly organised the MIA-IFAC Regional SMP Forum with IFAC. The Forum, which was officiated by the IFAC President, Ms Olivia Kirtley, featured speakers from the IFAC SMP Committee and AFA as well as local speakers, and focused on ways to address the challenges and unique opportunities facing SMPs and SMEs. Against a dynamic and fluctuating landscape, SMPs were recommended to reengineer their practices and adopt emerging business trends, to diversify away from compliance towards non-regulated activities e.g. review, compilation and agreed upon procedures engagements, and to prepare for the upcoming implementation of the new Auditor Reporting standards, among others.



### Courtesy Visits

MIA encourages working visits from our counterparts which seek to emulate Malaysia’s PAO as a role model to help drive economic growth and the profession’s development in their home markets. Apart from promoting cooperation and knowledge sharing, these engagements also serve to boost MIA’s reputation and influence amongst its stakeholders.

In February 2016, MIA received visits from the Institute of Chartered Accountants Nepal and the Tertiary Education Trust Fund of Nigeria. The ICA of Nepal observed capital markets and corporate governance in Malaysia; the professional ethics of accountants in Malaysia, MIA’s surveillance and enforcement and also embarked on knowledge sharing with the National Audit Department and PwC Malaysia. Meanwhile, the Tertiary Education Trust Fund, Nigeria studied Malaysia’s Public Sector Accounting initiative in a visit hosted by MIA’s Professional Standards & Practices (PSP) department.

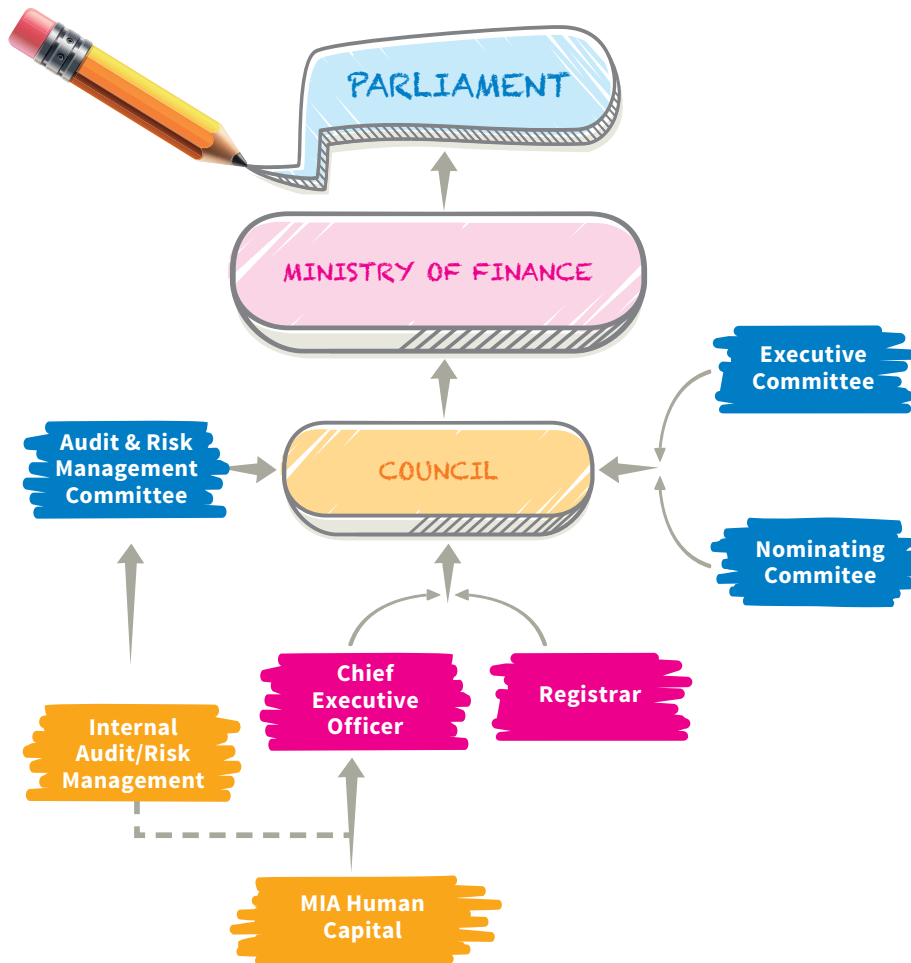


# Report of the Council for 2015/2016



# Statement on Governance

## GOVERNANCE FRAMEWORK



## INSTITUTE'S FUNCTIONS:

Section 6 of the Accountants Act 1967 (the Act) states that the functions of the Institute shall be:

- To determine the qualifications of persons for admission as members;
- To provide for the training and education; and by the Institute or any other body, of persons practising or intending to practise the profession of accountancy;
- To approve the MIA Qualifying Examination (QE) and to regulate and supervise the conduct of that Examination;
- To regulate the practice of the profession of accountancy in Malaysia;
- To promote, in manner it thinks fit, the interests of the profession of accountancy in Malaysia;
- To render pecuniary or other assistance to members or their dependents as it thinks fit with a view to protecting or promoting the welfare of members; and
- Generally to do such acts as it thinks fit for the purpose of achieving any of the aforesaid objects.

## INSTITUTE'S GOVERNANCE AND INTERNAL CONTROL STATEMENT

The following report outlines how the Institute has applied the main principles and best practices as set out in the relevant codes of corporate governance in order to discharge its duties and optimise assurance, independence and oversight. This statement also explains how management, controls and risk management practices are structured in order to minimise risks and optimise performance.

## COUNCIL

Pursuant to Section 9 of the Act, the general power of the Council is to manage the Institute and its fund. Specifically, as per Section 10 of the Act, the Council shall have power to make by-laws, to appoint staff, to take cognisance of anything affecting the Institute or professional conduct of its members, to communicate with other similar bodies and with members of the profession in other places, to establish branches and delegates in its absolute discretion any of its power, privileges and discretions, to appoint Committees of the Institute, to exercise all such powers, privileges and discretions which are not required to be exercised by members in the general meeting and to use the official seal of the Institute.

The President of the Institute shall be the Chairman of the Council. The appointment and composition of the Council members are in accordance to Section 8(1) of the Act.

During the financial year, the Council conducted thirteen (13) meetings and the agenda of its meetings included:

1. Approval of Audit & Assurance Standards and Institute's By-Laws;
2. Review of Statutory Committees and Other Committees Progress and Activities;
3. Appointment of Boards/ Committees members as recommended by Nominating Committee;
4. Approval of the Institute's Year-End Financial Statements and Review of Monthly Financial Statements;
5. Review of Institute's involvement in International Bodies/Committees;
6. Approval of the Institute's membership applications;
7. Approval of the Institute's recommendation to the relevant stakeholders such as IFAC Boards and CSAP; and
8. Approval of the Institute's yearly budget.

## EXECUTIVE COMMITTEE (EXCO)

The EXCO was established by the Council as an operating Committee which functions as a medium between Council and management to ensure that business strategies, daily operations and any operational issues are carried out effectively and efficiently and that good corporate governance practices are observed.

The Terms of Reference of EXCO was approved by the Council. The Chairman of EXCO is the President of MIA and it comprises six (6) Council members. During the financial year, the EXCO conducted fourteen (14) meetings and the agenda of its meeting included:

1. Review of the Institute's Monthly/ Year End Financial Statements;
2. Review of the Institute's yearly budget;
3. Approval of the Institute's revised operation manuals;
4. Review of Regional Offices' activities; and
5. Approval of any expenses based on the Institute's Limit of Authority (LOA)

## NOMINATING COMMITTEE (NC)

The NC was established by the Council and its primary objective is to establish a mechanism for the formal assessment of each candidate before he/she is recommended to the Council for appointment to the Committees of the Institute. The Committee ensures that appointed members bring characteristics that satisfy the required mix of responsibilities, skills and experience.

NC which consists of the President, Vice President, eight (8) Council members and a representative of the Accountant General's Department and the Committee shall meet as and when the Committee deems necessary.

During the financial year, the Committee conducted eight (8) meetings to nominate various committee members to the Council for approval.

## AUDIT & RISK MANAGEMENT COMMITTEE (ARMC)

The ARMC was established by the Council and its primary objective is to assist the Council in fulfilling its oversight responsibilities for the system of internal control, financial reporting, risk management process and governance of the Institute.

The Terms of Reference (TOR) of the ARMC was approved by the Council on 26 July 2007 and the latest revision was approved on 16 December 2015. The ARMC comprises five (5) Council members who are not members of the EXCO.

As at to date, the Committee conducted three (3) meetings and amongst its activities were to review the Institute's Year-End Financial Statements, Internal Audit Reports, MIA Risk Management Practices and Activities, MIA Key Risks Profile and the interim and final audit process (by an external auditor appointed by the Auditor General) for MIA's Financial Statements. For the year-end Financial Statements, an external auditor appointed by the Auditor General's Office and representatives from the Auditor General's Office were invited twice to the ARMC meeting to brief the Committee on the audit issues

## INSTITUTE'S CONTROL ENVIRONMENT AND STRUCTURE

### A. Institute's Committees

The Council is supported by a number of established Committees in the execution of its responsibilities. Each Committee has clearly defined terms of reference and is divided into certain types of Committees as follows:

1. **Governance Committees**
2. **Statutory Committees**
3. **Surveillance Committees**
4. **Technical Committees**
5. **Member's Practice Support**

For type 1, the details are stated in the table below and for other types of committees, the details are stated in the section entitled Committees.

### B. Institute's Management

Responsibility for implementing the Institute's strategies and daily operations are delegated to the Institute's Management. Clear lines of authority, responsibility and accountability have been established to enable Institute's objectives to be achieved. The divisional structure enhances the ability of each division to focus on their assigned core of support functions within the Institute. The Institute is headed by the CEO.

## C. Internal Audit Function

The internal audit function of the Institute is carried out by the Internal Audit Department (IAD) that reports directly to the ARMC and administratively to the CEO. The Internal Audit Charter was approved by the Council on 26 July 2007 to govern the authority of the IAD in performing its responsibility. IAD supports the oversight role of the ARMC by undertaking independent, regular and systematic review of the systems of internal control so as to provide reasonable assurance on the adequacy, integrity and that such systems continue to operate satisfactorily and effectively. The IAD also provides objective assurance and consulting activity by evaluating and improving the effectiveness of the risk management, control and governance process of the Institute.

It is the responsibility of the IAD to provide the ARMC with independent and objective reports on the state of internal control of the various units within the Institute and the extent of compliance of these units to the Institute's established policies and procedures as well as relevant statutory requirements.

The internal audit function adopts a risk-based audit approach and performs its review based on a two-year internal audit plan approved by ARMC. The enterprise risk management framework is one of the elements considered by the IAD to form the basis of this plan. IAD also practices an adaptive audit planning approach, which provides the flexibility needed to respond to the emerging risks as well as potential future risks in carrying out its activities.

The following is a summary of the IAD's activities for the financial year under review:

- i. Regular review on business processes -risk-based auditing was performed on the key risk areas/ Institute activities approved by ARMC. Three (3) internal audit review exercises, which assessed the principal risks of the audited areas, were carried out during the financial year with significant issues noted as well as the responses from the audited units from the completed exercises were deliberated in the ARMC meetings. The areas for improvement were recommended and agreed upon by management. Where necessary, ARMC also made recommendations to further improve the internal control, risk management and financial reporting process.

- ii. The IAD facilitated and advised the Institute in its Enterprise Risk Management activities (ERM).
  - The ERM workshop and training was held on 24-25 March 2016 and formed part of the Risk Management activities planned for the financial year.
- iii. IAD has also conducted the Institute's occupational, safety and health review exercise in the financial year.

The internal audit reports arising from these assignments were issued to the Management for their response and corrective actions. The Management is responsible for ensuring that corrective actions on reported weaknesses are taken within the required timeframe. The audit reports that provide the results of the audit conducted are submitted to the ARMC for review. Key control issues and recommendations are highlighted to enable the Committee to execute its oversight function.

#### D. Risk Management (RM)

The Institute regards risk management as an integral part of the Institute's control environment. The Institute's risk management policy and process was established under the Enterprise Risk Management manual, which was approved by the Council.

The Management Risk Management Committee (MRMC) is responsible for the risk management of the Institute with the facilitation from IAD on the activities and processes.

#### E. Financial Statements Audit

Pursuant to the Act, the MIA is established as a statutory body under the Ministry of Finance and is audited by the Auditor General in accordance with the Audit Act 1957 via its appointed external auditor. The external auditor performed an interim and final audit of the Institute's financial statements and was invited to highlight any issues in two ARMC meetings. The Certificate of the Financial Statements of MIA was issued by the Auditor General.

#### F. The Institute's Key Processes, Policies and Procedures

In the financial year, the following key processes, policies and practices were in place as part of our system of internal control:

- MIA has a Limit of Authority (LOA) set out defining authorisation limits for various levels ranging from staff to Council levels
- The Institute has established an organisational structure with clearly defined lines of responsibilities, authority limits and accountability aligned to business and operations requirements
- The Institute has established the Council Committees with clearly defined delegation of responsibilities within the definition of terms of reference and organisation structures. These Committees include the Governance Committees, Statutory Committees, Surveillance Committees and Technical Committees. The Committees have the authority to examine all matters within their scope and report to the Council with their recommendations
- Operational and administrative committees have also been established with appropriate empowerment to ensure effective management and supervision of the Institute's business operations
- Policies and procedures of operating and business processes are documented in a series of Operation Manuals and implemented throughout the Institute. These Manuals are subject to regular reviews, updates and continuous improvements to reflect the changing risks and operational needs
- A detailed budgeting and reporting process has been established. Comprehensive budgets are prepared by the operating units and presented to the EXCO and Council for review and approval respectively. These budgets are cascaded throughout the organisation to ensure effective execution and follow through. The financial results are monitored and reported to the EXCO and Council in every meeting

- A formal performance appraisal system for all levels of employees has been implemented, which allows for the assessment of individual employees' actual performance against his/her Key Performance Index (KPIs)
- The Staff Code of Conduct was established and published in the Employee Handbook
- As an IFAC member body, MIA reported its compliance with the Statement of Membership Obligations as required under the IFAC Member Body Compliance Programme

## COMPOSITION OF COMMITTEES

The composition of the Council and Governance Committees as well as the attendance of its members at meetings are listed as follows:

### Council: 13

No.	Name	Designation	Status	Attendance
1.	<b>Dato' Mohammad Faiz Azmi</b>	President	• Appointed as President 27 July 2015	13/13
2.	<b>Datuk Zaiton Mohd Hassan</b>	Vice President	• Re-appointed 16 July 2015 • Appointed as Vice President on 27 July 2015	10/13
3.	<b>Saat Esa</b>	Member	-	7/13
4.	<b>Abu Bakar Rajudin</b>	Member	-	6/13
5.	<b>Assoc. Prof. Dr. Romlah Jaffar</b>	Member	• Appointed 16 July 2015	8/13
6.	<b>Aznorashiq Mohamed Zin</b>	Member	• Appointed 15 October 2015	7/8
7.	<b>Dato' Abdul Rauf Rashid</b>	Member	-	7/13
8.	<b>Dato' Dr. Lukman Ibrahim</b>	Member	• Appointed 15 October 2015	4/8
9.	<b>Dato' Heng Ji Keng</b>	Member	-	9/13
10.	<b>Dato' Narendra Kumar Jasani</b>	Member	• Elected 19 September 2015	5/9
11.	<b>Dato' Gan Ah Tee</b>	Member	• Appointed 16 July 2015	11/13
12.	<b>Dr. Mohd Nordin Mohd Zain</b>	Member	-	12/13
13.	<b>Dr. Veerinderjeet Singh</b>	Member	• Re-appointed 1 May 2016	8/13
14.	<b>Dr. Yacob Mustafa</b>	Member	• Appointed 1 May 2016	1/2
15.	<b>Foong Mun Kong</b>	Member	-	8/13
16.	<b>Leong Kah Mun</b>	Member	-	12/13
17.	<b>Leong Wai Leng</b>	Member	• Appointed 15 October 2015	2/8
18.	<b>Lim Thiam Kee, Peter</b>	Member	-	13/13
19.	<b>Mohammad Azmi Ali</b>	Member	• Retired 30 April 2016	6/11
20.	<b>Mohd Zabidi Md Nor</b>	Member	• Reappointed 15 October 2015	6/13
21.	<b>Ng Kean Kok</b>	Member	-	10/13
22.	<b>Prof. Dr. Ayoib Che Ahmad</b>	Member	• Reappointed 15 October 2016	6/13
23.	<b>Prof. Dr. Che Ruhana Isa @ Mohamed Isa</b>	Member	-	7/13
24.	<b>Prof. Dr. Maliah Sulaiman</b>	Member	• Appointed 16 July 2015	12/13
25.	<b>Prof. Dr. Rozainun Hj Abdul Aziz</b>	Member	• Re-appointed 16 July 2015	8/13
26.	<b>Salihin Abang</b>	Member	• Elected 19 September 2015	8/9
27.	<b>Tan Theng Hooi</b>	Member	-	11/13
28.	<b>Wong Chin Aik</b>	Member	• Appointed 16 July 2015	8/13
29.	<b>Wong Wye Pong, Brian</b>	Member	• Elected 19 September 2015	7/9
30.	<b>Yap Seng Chong</b>	Member	-	8/13
31.	<b>Yeo Tek Ling</b>	Member	• Re-appointed 1 May 2016	12/13

## EXECUTIVE COMMITTEE:

No of meetings: 14

No.	Name	Designation	Status	Attendance
1.	<b>Dato' Mohammad Faiz Azmi</b>	Chairman	• Appointed as Chairman 27 July 2015	13/14
2.	<b>Dato' Abdul Rauf Rashid</b>	Member	• Appointed 18 August 2015	10/11
3.	<b>Dato' Gan Ah Tee</b>	Member	• Appointed 18 August 2015	8/11
4.	<b>Datuk Zaiton Mohd Hassan</b>	Member	• Re-appointed 16 October 2015	13/14
5.	<b>Lim Thiam Kee, Peter</b>	Member	• Re-appointed 16 October 2015	14/14
6.	<b>Saat Esa</b>	Member	• Re-appointed 16 October 2015	7/14

## NOMINATING COMMITTEE:

No of meetings: 10

No.	Name	Designation	Status	Attendance
1.	<b>Dato' Mohammad Faiz Azmi</b>	Chairman	• Appointed as Chairman 27 July 2015	10/10
2.	<b>Dato' Abdul Rauf Rashid</b>	Member	• Re-appointed 1 November 2015	6/10
3.	<b>Datuk Zaiton Mohd Hassan</b>	Member	• Re-appointed 16 October 2015	9/10
4.	<b>Lim Thiam Kee, Peter</b>	Member	• Re-appointed 16 October 2015	10/10
5.	<b>Saat Esa</b>	Member	• Re-appointed 16 October 2015	4/10

## AUDIT & RISK MANAGEMENT COMMITTEE:

No of meetings: 3

No.	Name	Designation	Status	Attendance
1.	<b>Mohd Zabidi Md Nor</b>	Chairman	• Appointed 16 October 2015	2/3
2.	<b>Dealananathan Joseph Lourdes</b>	Member	• Retired 18 September 2015	0/1
3.	<b>Dr. Yacob Mustafa</b>	Member	• Appointed 26 May 2016	1/1
4.	<b>Mohamad Azmi Ali</b>	Member	• Retired 30 April 2016	1/1
5.	<b>Tan Theng Hooi</b>	Member	• Appointed 16 October 2015	3/3
6.	<b>Yap Seng Chong</b>	Member	• Appointed 16 October 2015	3/3
7.	<b>Wong Wye Pong, Brian</b>	Member	• Appointed 16 October 2015	2/2



# NURTURE



## Membership Development

As at 30 June 2016, the total membership stands at 32,361, comprising 32,062 Chartered Accountants, 3 Licensed Accountants and 296 Associate Members.

In the financial year 2015/2016 (FY 15/16), 1,496 qualified individuals were admitted as MIA members, comprising 1,459 Chartered Accountants and 37 Associate Members.

Overall in the FY 15/16, 44% of the members were admitted via the professional membership route, 52% are local graduates, 2% via the MIA Qualifying Examination and 2% possess other qualifications.

Pursuant to Rule 7(1) of MIA's (Membership Council) Rules 2001, a total of 410 members were removed from the Register of Members for failing to settle their annual subscription within the stipulated time frame. 180 members resigned while 36 members passed away during the FY. In addition, 96 applications were received from former members to reinstate their membership during the year.

MIA membership registered a growth of 3% for the financial year which shows that there is sustained interest in the profession.

MIA continues to carry out membership recruitment drives and awareness campaign through various channels to ensure that these numbers continue to grow.

We are privileged to have the support from the Accountant General's office (AG) who had invited MIA to present a talk during its 'Program Transformasi Akauntan JANM' for two consecutive years. AG has been supporting the profession by ensuring their accountants are registered with the Institute. We need all accountants in the public sector to get themselves updated with the recent developments taking place i.e. the migration to accrual basis of accounting in accordance with International Public Sector Accounting Standards (IPSAS).

The support from member firms of the Institute is also part of the reason for the membership growth. Member firms have been accepting invitations from the Institute to hold on-site registration at their offices to assist eligible staff who wish to register as MIA members and to ensure that submissions are done in order.

The Institute has been working together with the professional bodies for MIA members to acquire professional qualifications to add value to their existing qualification. The Memorandum of Understanding/Memorandum of Agreement (MOU/MOA) with ACCA, CIMA,

CPA Australia and CIPFA are still in place and the Institute would expect more interest from MIA members to register for the professional programmes.

MIA also supports Yayasan Peneraju Pendidikan Bumiputera (YPPB), an agency under the Prime Minister's Department, to encourage more Bumiputeras to enrol for professional accountancy programmes. Eligible members can apply to earn a professional accounting qualification through YPPB's *Peneraju Profesional Akauntan* and *Peneraju Profesional Pensijilan Perakaunan* programmes.

### PRACTISING CERTIFICATE

During the FY, a total of 229 practising certificates were issued. There were also a total of 19 reapplications for the practising certificates. A total of 4 practising certificates were cancelled due to non-payment of practising certificate fees and non-renewal of PII (2), non-commencement of public practice within 6 months from date of issuance of the certificate (24), cessation of practice (40), resignation from MIA membership (2) and on the demise of the certificate holders (9).

Section 510 of the Institute's By-Laws (on Professional Ethics, Conduct and Practice) stipulates that every member in public practice is required to ensure that his or her firm carries and maintains a policy of professional indemnity insurance (PII). The Institute is pleased to report that 98% of its members in public practice had provided valid PII when renewing their practising certificates for the financial year 2015/2016. 2 members were unable to provide evidence of their PII and therefore their PC were cancelled in this FY.

### MEMBER FIRMS

In this FY, 151 firms were registered with the Institute consisting of 41 audit and 110 non-audit firms. MIA deregistered 22 audit and 33 non-audit firms which had ceased operations. 6 audit firms were suspended due to inactive firm status and pending documentation from the Companies Commission of Malaysia (SSM) for deregistration. 8 non-audit firms converted their firms to audit firms. From the total number of firms, 29 audit firms and 10 non-audit firms have registered under Limited Liability Partnerships (LLP) in the Local Chartered Accountant (LCA) category with SSM.

Audit licence holders must comply with the Institute's By-Laws and other specific rules. This compliance is important as the Institute will only support the renewal of audit licences of members who have met their obligations. During the previous FY, a total of 537 out of 700 (77%) complied with all their obligations when the Institute's support was requested. For

this FY, a total of 724 out of 870 (83%) complied with all their obligations at the first instance. The Institute eventually supports all audit licence renewals when all obligations have been met.

In line with the Government's initiative to improve the efficiency of public service delivery, the application for audit and liquidator approval (for new and renewal applications) are submitted via online. Effective from March 2016, applications must be done through the Business Licensing Electronic Support System (BLESS) portal.

BLESS is a portal that provides information and facilities to apply licences or permits to start operating in Malaysia. It is a virtual One Stop Service Centre that assists individuals and companies to obtain licences efficiently and in an organised manner. Realising that it is a new system, the Institute in collaboration with the Accountant General's Department had initiated briefing sessions for those who wish to obtain hands on experience on the BLESS system.

The Structured Internship Programme (SIP) which was launched in the last financial year continued to receive good response from the Small and Medium Practice (SMP) firms. As at March 2016, 18 SMPs are registered as MIA-SIP employers. The SIP is open to Malaysian students pursuing accounting degrees (or equivalent) with the intention of enabling interns to gain relevant work experience and provides opportunity to SMPs to engage with potential employees whilst coaching them during the internship period. SMPs registered as MIA-SIP employers also enjoy tax incentives by providing quality internship.

### RESOURCE CENTRE

The Resource Centre (RC) continues to provide up-to-date reading materials including online materials which enabled users such as members and the general public to access more information. RC subscribes to the CCH Intelliconnect (Legal, Accounting, Tax, HR and Company Law), Lexis Malaysia (Collection of legal cases) and Lawnet (Government gazette).

RC has also expanded its number of publications for sale which would be of interest to members and are sold to members at preferential rates.

### HELPDESK

MIA's Helpdesk continues to provide assistance to members and the public who seek information from the Institute. Helpdesk monitors queries received through the MIA e-feedback form in the Institute's website to ensure timeliness in

responses. The MIA Survey 2016 was launched in February 2016 to get feedback on what MIA should be doing more and to obtain a baseline to measure our efforts against. A report on the survey will be featured in the Institute's Accountants Today. We aim to conduct the survey annually in order for the Institute to improve and enhance the value of MIA membership and also to further develop the accountancy profession in Malaysia.

## REGIONAL OFFICES

The four regional offices (Johor, Northern, Sabah and Sarawak) of the Institute continue to serve members in their respective regions with the support of the Regional Committees. The main regional activities are conducting Professional Development

events, providing clarification to members on their obligations and other assistance, building and maintaining rapport with local stakeholders, and organising activities for members in the regions such as annual dinners and social events.

Regional offices have also supported in recruiting new members and conducted awareness talks at schools, universities and organisations.

The Institute continually encourages participation from members to serve in Committees. The Regional Committee, led by the Chairman, guides as well as supports the Management in carrying out activities and representing the Institute in its respective regions.



**Table 1**

### Admission of Members Via Part I of the First Schedule of the Accountants Act 1967 (From 1 July 2015 - 30 June 2016)

#### University

Bachelor of Accounting, University of Malaya	50
Bachelor of Accounting (Honours), Universiti Kebangsaan Malaysia	69
Bachelor of Accounting, Universiti Teknologi MARA	249
Bachelor of Accounting (Honours), Universiti Utara Malaysia	139
Bachelor of Accounting (Honours), Universiti Putra Malaysia	56
Bachelor of Accounting (Honours), Universiti Islam Antarabangsa Malaysia	28
Bachelor of Accounting (Honours), Universiti Sains Malaysia	26
Bachelor of Accounting (Honours), (Information System), Universiti Utara Malaysia	22
Bachelor of Accounting (Honours), Universiti Tenaga Nasional (the academic programme for which first commenced from the academic year 2002/2003 onwards)	24
Bachelor of Accounting (Honours), Universiti Multimedia (the academic programme for which first commenced from the academic year 2002/2003 onwards)	50
Bachelor of Accounting (Honours), Universiti Malaysia Terengganu	20
Bachelor of Accounting (Honours), Universiti Malaysia Sabah	19
Bachelor of Accounting (Honours), Universiti Industri Selangor	12
Bachelor of Accounting (Honours), Universiti Sains Islam Malaysia	5
Bachelor of Accounting (Honours), Universiti Tunku Abdul Rahman	2
Bachelor of Accounting (Honours), INTI International University	1

### Admission of Members Via Part II of The First Schedule of The Accountants Act 1967 (From 1 July 2015 - 30 June 2016)

#### Professional Body

Malaysian Institute of Certified Public Accountants	13
Institute of Chartered Accountants In: England & Wales	25
Association of Chartered Certified Accountants (United Kingdom)	407
Institute of Chartered Accountants in Australia	4
CPA Australia	176
New Zealand Institute of Chartered Accountants	1
Institute of Chartered Accountants of India	3
Chartered Institute of Management Accountants (United Kingdom)	34



# Membership Statistics

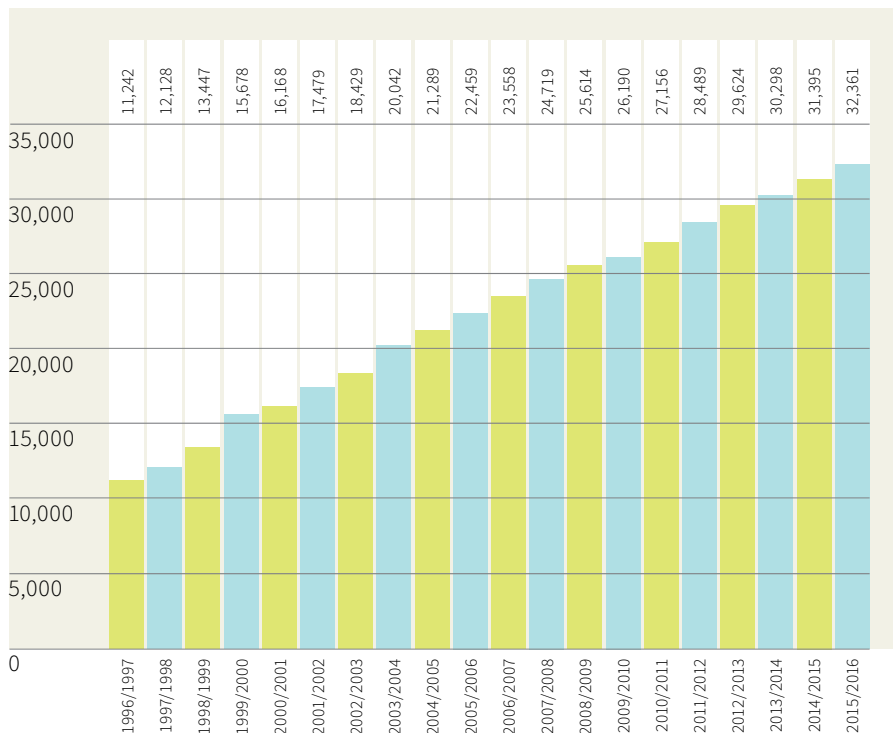
## GEOGRAPHIC DISTRIBUTION

**Table 1: Membership By Geographic Distribution (As of 30 June 2016)**

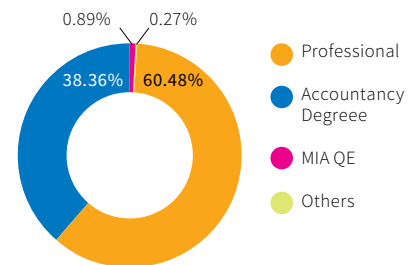
*\*Including F.T.Labuan*

STATE	AM	CA	LA	TOTAL
Johor	12	1,971	1	1,984
Kedah	20	618		638
Kelantan	32	221		253
Melaka	14	662		676
Negeri Sembilan	11	678		689
Pahang	32	407		439
Perak	26	1,048	1	1,075
Perlis	15	59		74
Penang	6	2,117		2,123
Sabah	8	1,077		1,085
Sarawak	14	1,840		1,854
Selangor	63	12,941		13,004
Terengganu	17	274		291
Federal Territory*	25	7,253	1	7,279
Overseas	1	896		897
<b>Grand Total</b>	<b>296</b>	<b>32,062</b>	<b>3</b>	<b>32,361</b>

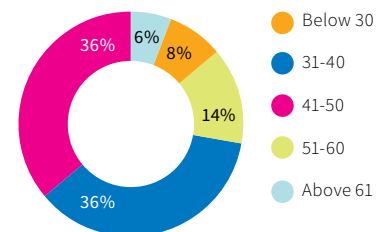
## MEMBERSHIP GROWTH



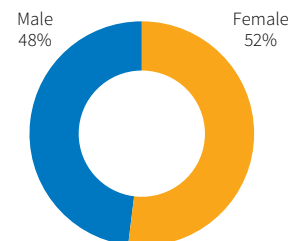
## MEMBERSHIP BY QUALIFICATIONS



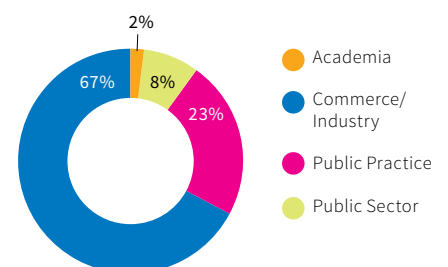
## MEMBERSHIP BY AGE GROUP



## MEMBERSHIP BY GENDER



## MEMBERSHIP BY EMPLOYMENT



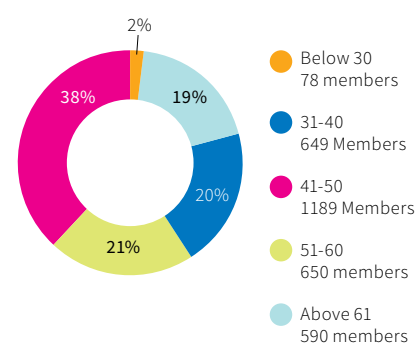
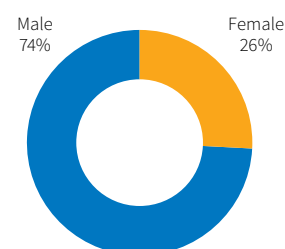
**Table 2 : STATUS OF PRACTISING CERTIFICATES ISSUED**

Members Category	Total as at 30/06/2015	New Applications	Re-applications	Cancellation	Total as at 30/06/2016
Chartered Accountants	2,986	229	19	(81)	3,153
Licensed Accountants	3	-	-	-	3
<b>Total</b>	<b>2,989</b>	<b>229</b>	<b>19</b>	<b>(81)</b>	<b>3,156</b>

**MEMBER FIRMS BY STATE (AS OF 30 JUNE 2015 AND 30 JUNE 2016)**

\*Including F.T.Labuan

STATE	AS AT 30 JUNE 2015			AS AT 30 JUNE 2016		
	AUDIT FIRMS	NON-AUDIT FIRMS	TOTAL	AUDIT FIRMS	NON-AUDIT FIRMS	TOTAL
Johor	128	90	218	133	103	236
Kedah	27	20	47	26	22	48
Kelantan	11	8	19	12	8	20
Melaka	34	21	55	35	24	59
Negeri Sembilan	20	14	34	20	14	34
Pahang	23	10	33	23	13	36
Penang	113	59	172	113	66	179
Perak	55	58	113	55	60	115
Perlis	1	2	3	1	2	3
Sabah	86	46	132	85	49	134
Sarawak	76	44	120	75	46	121
Selangor	326	224	550	330	254	584
Terengganu	9	4	13	8	5	13
Federal Territory*	498	236	734	504	239	743
<b>Total</b>	<b>1,407</b>	<b>836</b>	<b>2,243</b>	<b>1,420</b>	<b>905</b>	<b>2,325</b>

**PROFILE OF PC HOLDERS BY AGE****PROFILE OF PC HOLDERS BY GENDER**

# Accelerating Knowledge and Competency Development

The availability of competent and skilled accounting and finance professionals is crucial in maintaining the integrity of the financial reporting chain. It ensures public interest is protected and the profession continues to thrive in a demanding and ever-changing environment.

The Professional Development Department (PDD), a strategic business unit of MIA, develops and delivers Continuing Professional Education (CPE) programmes for members, non-members and stakeholders and help them prepare to undertake present and future challenges. PDD CPE programmes are offered in various forms and formats such as workshops, seminars, short courses, forums, and conferences as well as online and in-house learning to keep accounting professionals abreast on the latest developments in the profession as well as new needs and demands of the sector.

MIA, via PDD and its Regional Offices, also serves its members and stakeholders throughout the country. PDD's customer base consists of approximately 60% MIA members and 40% non-members, who are serviced by three strategic business units within PDD as shown in the chart below:



## PDD's CPE Programmes Unit focuses on:

1. Producing and delivering regular workshops on core topics such as Malaysian Financial Reporting Standards (MFRS), Malaysian Private Entities Reporting Standards (MPERS), Audit, Tax, Goods and Services Tax (GST), Management Accounting and so forth.
2. Managing the Members Induction Course via an e-learning portal for newly-admitted members.
3. Offering online CPE courses and customised in-house training programmes to organisations with emphasis on MFRS/MPERS topics, Goods & Services Tax (GST) and other technical topics relevant to the accounting fraternity.

## PDD's Special Projects Unit focuses on:

1. Value-added CPE activities such as industry-focused and market intelligence seminars.
2. Forums and mini conferences targeting specific segments of the accounting profession and business community.
3. Delivering international speakers' series through partnerships with specialist organisations.
4. Organising sponsored CPE events and talks that MIA members participate at no cost.

## PDD's MIA Conference Unit focuses on:

PDD's Conference Unit handles MIA's flagship event, the MIA International Accountants Conference (MIA Conference). MIA Conference 2015 was attended by more than 2,800 delegates, including representatives from 23 countries. Thus, it has become one of the country's premier international accountancy events and has helped to position MIA on the global map of the accounting profession. The delegates to the conference represent:

1. Professional Accountants in Business (55%),
2. Public Sector (31%),
3. Public Practice (9%),
4. Academia (5%).

PDD is tasked to carry out research work on CPE/training needs and topics for the accounting profession, formulate appropriate CPE programmes, source facilitators/ speakers or subject matter experts or secure partners, handle marketing and promotions, and finally present the CPE programmes.



Its sheer significance is also reflected in the support received by MIA. The Conference received sponsorship and support from 50 organisations, including leading global professional bodies and accounting firms. Minister of Finance II, YB. Dato' Seri Ahmad Husni Mohamad Hanadzlah officiated the Conference and delivered the keynote address.

For the financial year ended 30 June 2016, MIA successfully delivered 881 CPE programmes, including 319 new titles. During the year under review, 436 industry specialists and subject matter experts served as facilitators and speakers for the CPE programmes, including 160 new speakers. This further cements MIA's growing reputation as a leading provider of continuing professional education for the accounting profession. During the financial year under review, MIA delivered CPE programmes in these categories:

Categories	No. of Events	%
GST & Taxation	325	36.9%
Information Technology	155	17.6%
Management Accounting & Strategic Management	64	7.3%
FRS & Accounting	161	18.3%
Soft Skills	45	5.1%
Audit, Assurance & Risk Management	31	3.5%
Public Practice & Consultancy	17	1.9%
Legal & Corporate Governance	30	3.4%
Banking & Finance	8	0.9%
e-Member Induction Course/e-Learning	22	2.5%
Internship Programme	4	0.5%
Others	19	2.1%
<b>Total</b>	<b>881</b>	<b>100%</b>

For the year under review, MIA recorded a total of 28,819 participants of which 17,528 were members. This represents 54% of MIA's total membership. The remaining 11,291 participants were non-members from the accounting fraternity. The growing interest suggests the increasing confidence of the public and accounting family toward MIA's programmes.

PDD is MIA's main income generator. The income generated from this business unit provides MIA with funding for its other core support functions namely professional standards & practices in supporting members on technical areas, and surveillance & enforcement, which is carried out to protect public interest.

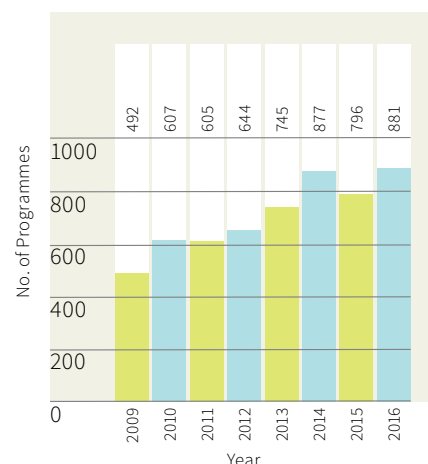
For the financial year 2015/2016, the Institute's CPE activities housed under PDD generated a revenue of RM21.7 million, a decrease of RM8.6 million compared to RM30.3 million recorded in the corresponding year. In terms of net surplus from CPE activities, PDD recorded RM5.3 million for the year under review.

CPE needs of MIA members based in various parts of the country have never been neglected. As MIA represents the profession, besides Klang Valley CPE programmes were also organised in other parts of the country. Below are the locations of the programmes.

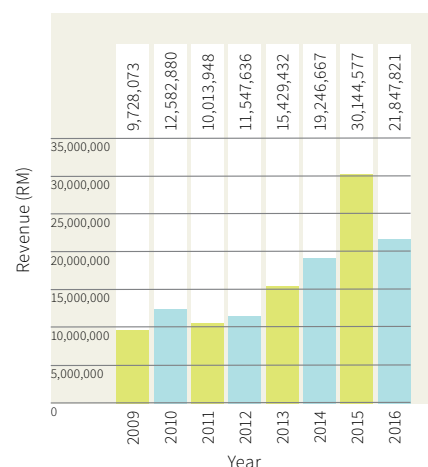
Regions	No. of Programmes	%
Klang Valley	648	73%
Penang	59	7%
Johor	67	8%
Sarawak	37	4%
Sabah	44	5%
Others	26	3%
<b>Total</b>	<b>881</b>	<b>100%</b>

MIA has recorded a steady growth in terms of the number of CPE programmes delivered and income generated. The number of CPE programmes delivered over the years have also increased substantially. The growth statistics for the number of programmes delivered and the revenue generated for the last eight (8) years are as follows:

**No. of programmes delivered from 2009 to 2016**



**Revenue generated from 2009 to 2016**



Close collaboration with external organisations has been one of the key factors contributing to the steady rise of MIA's CPE services. MIA has excellent working relationships with leading accounting firms, professional bodies, regulatory bodies and other specialised organisations.

## FREE CPE COURSES FOR MIA MEMBERS

MIA continues to challenge itself in developing more innovative and forward-looking corporate social responsibility (CSR) initiatives. Besides the subsidised CPE programmes, MIA offered numerous free CPE courses to its members to support their professional development. More than 500 MIA members benefited from these free courses and seminars during the year as follows:

No	Programme Title	Partner / Speaker	Date	No of Participants
1.	From Vision to Everyday Execution – The Inside Story	P. Manoharan	10/7/15	22
2.	Simple Finance	SAP Malaysia	9/7/15	16
3.	Train the Trainer on Framework Based Teaching of IFRS	UNITAR & Oxford Fajar	27/8/15	33
4.	Your Yunique Image	Michelle Son	15/9/15	40
5.	Increasing Employee Engagement for Greater Performance & Profitability	Gurbakhish Singh	1/10/15	28
6.	Members Dialogue with MIA President	MIA President	25/11/15	69
7.	Unclaimed Money Act 1965	Jabatan Akauntan Negara Malaysia Negeri Johor	3/12/15	38
8.	Unclaimed Money Act 1965	Jabatan Akauntan Negara Malaysia Pulau Pinang	16/12/15	44
9.	Increasing Team Engagement for Greater Productivity, Performance and Profits	Gurbakhish Singh	6/1/16	30
10.	IRBM Dialogue with MIA	Inland Revenue Board of Malaysia	8/3/16	26
11.	IBM Business Connect 2016 – A New Era of Thinking	IBM Malaysia	24/3/16	4
12.	Digital Disruption and Accounting	ICAEW	15/4/16	61
13.	Enabling Better Execution & Innovation Through High-Performance Cultural Operating System	CrucialSkills Leadership Center Sdn Bhd	29/4/16	26
14.	Building a Modern Finance Organisation	Blackline	5/5/16	32
15.	MANAGING PUBLIC FINANCES IN TIMES OF AUSTERITY: The Aftermath of the 2008 Crisis	ICAEW	20/5/16	34
16.	BEPS – The Future Ahead	M Sathya Kumar	3/6/16	51
<b>Total</b>				<b>554</b>

## SPECIFIC CPE INITIATIVES AND ACHIEVEMENTS DURING THE YEAR

### Enriching members on MPERS knowledge and skills

MASB announced the issuance of the Malaysian Private Entities Reporting Standards (MPERS) to be applied effective 1 January 2016. MIA as the national regulatory body for accountancy profession was entrusted to develop and enhance the competency of local accounting professionals and ensure they practise and comply with MPERS. During the financial year MIA delivered the necessary technical skills training to MIA members on MPERS via a series of training programmes. A total of 75 CPE programmes were organised and they were attended by 2,314 participants mainly members of PAIB and Public Practice.

### Educating members on 2016 BUDGET

YAB Dato' Sri Mohd Najib Tun Abdul Razak, the Prime Minister and Minister of Finance unveiled the 2016 National Budget on 23 October 2015. Following the budget announcement, MIA organised a nationwide roadshow to educate and update its members and the public on key highlights of the Budget, especially in promoting good tax planning and practices. MIA, in collaboration with MATA, organised 16 events with over 2,400 attendees.

### Educating members on GST implementation and compliance

GST implementation in Malaysia requires a good understanding of the fundamentals of GST laws and its mechanisms. GST which is a new taxing law is complex and demands businesses to be well prepared to ensure that their business activities are in full compliance with the GST Act 2014. MIA initiated a series of seminars and workshops to educate its members and the general public on GST, implementation issues and compliances. During the year MIA worked with various GST experts and organisations and delivered 219 seminars and workshops nationwide on GST topics. The seminars were well received with over 6,800 attendees. The initiative includes the series of 6-day GST Preparatory Course, organised in collaboration with Royal Malaysian Customs. The majority of the participants were members from public practice.

### Supporting members in public practice and improving audit quality

As an ongoing effort to improve the audit quality in Malaysia especially audit work carried out by SMP, MIA designed various types of CPE initiatives namely seminars, workshops and forums to support and educate members in the public practice. During the year, the following CPE initiatives were carried out:

No	Programme Title	Programme Period	Location	No of Participants
1.	Audit Quality Enhancement Programme for SMPs	Aug 15 – Jan 16	KL, PG, KCH, KK, JB	276
2.	Interview For Approved Company Auditor and Liquidator	Sep 15 – May 16	KL	177
3.	MIA Public Practice Programme	Aug 15 – May 16	KL, PG, JB	323
4.	AuditWorld 2015	4 Nov 15	KL	54
5.	MIA-IFAC Regional SMP Forum	18 Nov 15	KL	134
6.	Government Grants & Financing Seminar for SMEs 2016	22 Feb 16 25 Apr 16	KL	143
7.	Audit & ISA	Jul 15 – Feb 16	KL, PG, JB, KCH	460
8.	Learning the Ropes : Understanding the Accounting Practice and Profession	Jul 15 / Jan 16	KL	51
<b>Total</b>				<b>1,618</b>

### Supporting members in public sector/government on MPSAS

Malaysia is preparing to adopt the full accrual-based accounting in the near future. This shift from cash-based accounting to accrual accounting will enable the public sector to report its financial performance, financial position and cash flow more accurately. This will enhance accountability and transparency in its financial management. In supporting the Government's call as well as the accounting professionals in public sector, MIA has rolled out customised in-house and public CPE programmes on MPSAS.

### Supporting members in the academia on new updates and practical insights

Accounting educators today face a unique challenge in meeting the demand of providing progressive and knowledgeable graduates who are able to thrive in a dynamic and volatile market environment. Cultivating and developing graduates, who are able to learn, unlearn and relearn will ensure the availability of high performance human capital assets to lead the nation and ensure the country remains competitive on the international stage. Recognising the importance of MIA members in the academia, MIA has rolled out the following programmes for the academicians during the year:

No	Programme Title	Programme Period	Location	No of Participants
1.	International Financial Reporting Standards (IFRS) for Accounting Academics	28-29 Jul 15	KL	15
2.	How to Teach and Engage Accounting Students in Creative and Exciting Ways	28-29 Jan 16	KL	28
3.	Framework-based Teaching and Understanding of Financial Reporting Standards Workshop	14 Mar 16	KL	32
4.	National Accounting Educators Convention (NAEC) 2016	23-24 May 16	KL	67
<b>Total</b>				<b>142</b>

## Promoting Quality and Competency Through Education

During the year under review, MIA implemented the following initiatives to ensure the competency of its members:

### MIA Qualifying Examination (MIA QE)

The 25th and 26th sittings of the MIA Qualifying Examination (QE) were successfully conducted on 14–15 September 2015 and 16–17 March 2016 respectively at five examination centres, namely Universiti Teknologi MARA in Shah Alam and the MIA Regional Offices in Johor Bahru, Penang, Kota Kinabalu and Kuching. A total of 150 and 167 candidates registered to sit for the respective examinations.

The results of the September 2015 and March 2016 examinations were announced on 12 November 2015 and 12 May 2016 respectively.

The results for September 2015 sitting were satisfactory.

1. There were two papers i.e. Advanced Financial Accounting &

2. Reporting (AFAR) and Auditing and Assurance Services (AUD) papers which recorded an increase in their passing rate compared to the March 2015 sitting.
2. For the Taxation (TAX) paper, the number of passes dropped slightly to 50% from 58% in the March 2015 sitting.
3. For the Business & Company Law paper, the number of passes significantly dropped to 21% from 50% in the March 2015 sitting.

None of candidates scored a distinction for the September 2015 sitting.

The results for the March 2016 sitting were also satisfactory.

1. Three papers i.e. Business & Company Law (BCL), Auditing and Assurance Services (AUD) and Taxation (TAX) papers recorded

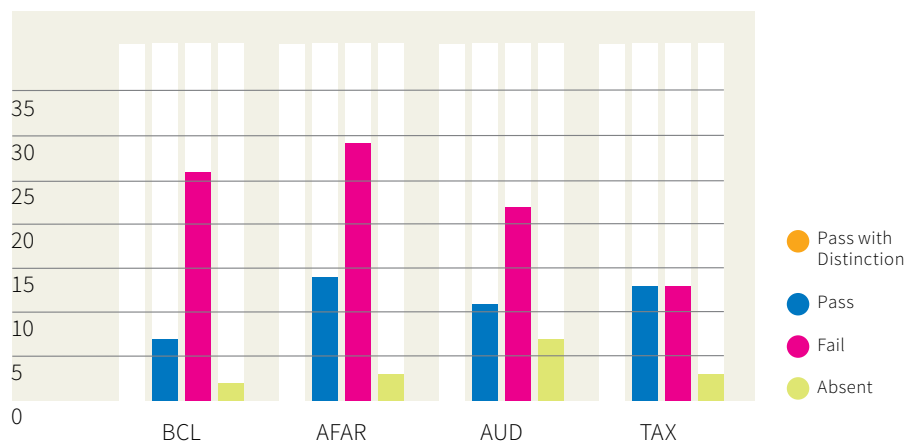
2. an increase in their passing rate compared to the September 2015 sitting.
2. For the Advanced Financial Accounting & Reporting (AFAR) paper, the number of passes dropped to 24% from 33% in the September 2015 sitting.
3. The Business & Company Law paper recorded an increase in the number of candidates scoring passes at 65% compared to 21% in the September 2015 sitting.

One candidate scored a distinction for two papers i.e. BCL and TAX.

A total of 27 candidates successfully completed the examination, increasing the total number of graduates to 308. Details of the September 2015 and March 2016 examination results are as follow:

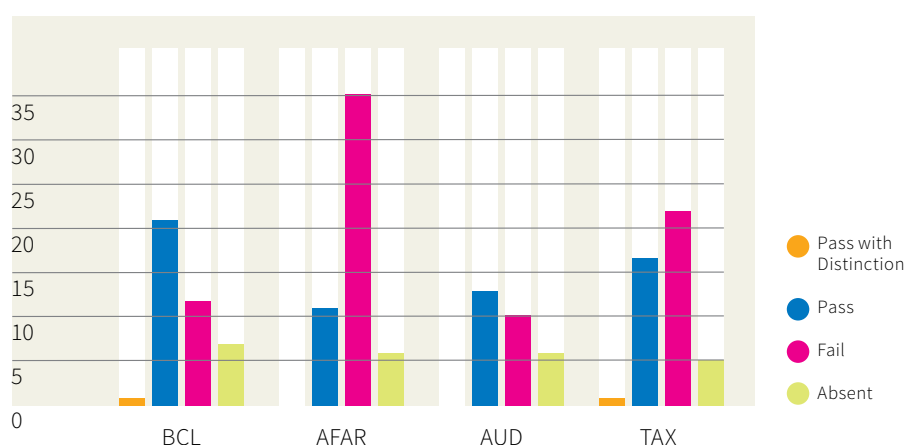
### SEPTEMBER 2015 QE RESULTS

GRADE	BCL	AFAR	AUD	TAX
Pass with Distinction	0	0	0	0
Pass	7	14	11	13
Fail	26	29	22	13
Absent	2	3	7	3
<b>TOTAL</b>	<b>35</b>	<b>46</b>	<b>40</b>	<b>29</b>



### MARCH 2016 QE RESULTS

GRADE	BCL	AFAR	AUD	TAX
Pass with Distinction	1	0	0	1
Pass	21	11	13	17
Fail	12	35	10	22
Absent	7	6	6	5
<b>TOTAL</b>	<b>41</b>	<b>52</b>	<b>29</b>	<b>45</b>



#### LEGEND

BCL Business and Company Law  
 AFAR Advanced Financial Accounting and Reporting  
 AUD Auditing and Assurance Services  
 TAX Taxation

## KEY STAKEHOLDERS' LINKAGES

MIA connects with our relevant stakeholders through various channels and initiatives to advocate the profession's interests while simultaneously generating more interest in the profession. Furthermore, MIA acts as a platform that enables the profession to communicate with its key stakeholders and articulate issues that can be crucial to the development of the profession.

During the year under review, MIA undertook several key strategic events:

### 1. MIA – Sunway TES Accounting Quiz 2016

MIA and Sunway TES jointly organised the 4th Accounting Quiz this year. This online competition commenced from 28 March 2016 which will end with the Grand Finals to be held on 13 August 2016 at Sunway College, Petaling Jaya, Selangor.

The objective of the competition is to provide students with an insight into the world of professional accountancy. In this Internet era, we believe the online competition will allow students to demonstrate their aptitude on basic accounting in “a fun and entertaining environment” while promoting the profession.

MIA-Sunway TES Accounting Quiz (AQ) 2016 has the support of the Ministry of Education (MOE) and the AQ has been recognised by the MOE as a National Level Curriculum Programme. Professional accountancy bodies and accounting firms have continuously supported the AQ. The competition is open to all Form 4 and Form 5 students in Malaysia. These include students from all secondary schools under MOE, secondary schools under the purview of other government agencies and private secondary schools.

### 2. MIA Best Accounting Students Award

The Best Accounting Students Award was introduced in 2008 and until 2015, MIA has honoured a total of 86 best students from universities under Part I of the First Schedule of the Accountants Act 1967 for outstanding achievement in accounting studies.

From 2008 until 2010 the accolades were presented in conjunction with the Accountancy: Career & Education Fair (ACEF). In 2011, MIA

decided to discontinue organising the ACEF but continued to honour the best students during the Accounting Students Conference (ASC).

In 2015, MIA honoured 16 students for their outstanding achievement in conjunction with the 7th MIA QE Graduation Ceremony. The ceremony was held at the Connexion@Nexus, Bangsar South on 14 December 2015 and the awards were presented by the MIA Registrar, Tn Hj Sudirman Masduki.

### 3. Career and Awareness Talks

MIA continued to conduct career and awareness talks at institutions of higher learning (IHLs) and schools, highlighting the potential of the profession and encouraging students to consider accountancy as a future career option. Sessions also focused on the means and routes to become qualified accountants and the importance of registering as MIA members. To maximise the impact of these sessions, MIA members were invited to share their knowledge and experience with the students.

The following are the total number of career and awareness talks held throughout Malaysia.

#### CAREER AND AWARENESS TALKS (JULY 2015 – JUNE 2016)



## Chartered Accountant's Relevant Experience (CARE) Programme

The MIA CARE is a structured assessment programme based on the mentor-mentee approach. The mentees (accounting graduates) are required to appoint a mentor (a Chartered Accountant of MIA) to monitor and verify their three years of relevant work experience. Upon the mentees completing the minimum mandatory three years of relevant work experience, they will be eligible to apply to be a Chartered Accountant of MIA. As at 30 June 2016, there were 5,262 registered CARE mentees in the programme, out of which 2,142 have become MIA members.

### CARE Learning Programme

For the financial year ended 30 June 2016, MIA conducted 10 sessions of the CARE Learning Programme. 9 of these sessions were held in MIA office and there was one invitation from an organisation. The objectives of the session are to instil a better understanding of the CARE Programme amongst CARE mentors and mentees, to encourage MIA members to register as volunteer mentors and to encourage mentees to update their record of work experience in the online database. Also, during the learning activities, consistent emphasis was placed on the importance of developing and cultivating strong technical and generic competencies.

A total of 148 participants attended the CARE Learning Programme whereby 53 of them are MIA members and 25 participants volunteered to be the mentors after the programme.

### CARE Awareness Programme (CAP)

MIA organised 8 sessions of the CARE Awareness Programme for accounting students in universities under Part 1 of the First Schedule of the Accountant's Act, 1967 (Part 1) during the financial year ended 30 June 2016. The CAP is aimed at enhancing the understanding of the final year accounting students and to get them registered as preCARE mentees in the online system. It provides a platform for the mentees to appoint a mentor and update their record of work experience in the CARE portal as soon as they start working.

Details of the sessions are as follows:

No.	Date	University	Total Students Attended	Total Students Registered for PreCARE
1	30-July-15	MMU, Cyberjaya	117	113
2	14-Aug-15	Uniten, Muadzam Shah	75	75
3	7-Sep-15	INTI University, Nilai	76	70
4	9-Sep-15	Unisel, Shah Alam	52	30*
5	21-Oct-15	UKM, Bangi	110	108
6	22-Oct-15	UPM, Serdang	68	47*
7	26-Nov-15	UMT, Terengganu	131	129
8	3-Dec-15	UIA, Gombak	33	31
Grand Total			<b>662</b>	<b>603</b>

\*Some of the students have already registered as preCARE



### MIA Programme for Academicians

MIA recognised the contribution of academics in nurturing students who will serve and contribute to the accounting profession, which forms an integral part of the nation's financial eco-system. Academics also play significant roles in producing highly competitive and marketable graduates. In view of their importance, MIA supported the development of the academicians and ensure they are kept abreast with the current updates in the accounting profession.

MIA had initiated programmes for academics' capacity building and knowledge enhancement. The Institute had conducted a survey and two complimentary events for academicians during the financial year ended 30 June 2016 as follows:

#### i. **MIA Survey: MIA Focus Programme for Academicians**

MIA had conducted a "Training Needs Survey" via online on 10 December 2015. A total of 686 academics, from recognised universities under Part 1, were invited to participate in the survey.

The main objectives of conducting this survey are to measure the academicians' interest toward the proposed series of training programmes and to get input on potential programmes that should be produced by the MIA Professional Development to support capacity building for the academics.

Based on the findings and responses from the abovementioned survey, the academicians were very interested to attend programmes relating to updates on International Financial Reporting Standards (IFRS), Framework Based Teaching of Malaysian Financial Reporting Standards (MFRS) and other related technical areas.

#### ii. **MIA ACCA Train the Trainer Workshop**

MIA and ACCA had collaborated and conducted a workshop on 15 February 2016 at The Nexus@Connexion, Bangsar South. The workshop had garnered huge interest and 110 academics from recognised universities under Part 1 and private universities attended the workshop.

The main objectives of the workshop are to update the academicians on the revised IFRS namely IFRS 9 'Financial Instruments', IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 13 'Fair Value Measurement' and IFRS 15 'Revenue from Contracts with Customers'; to update the accounting educators on current issues and future directions of financial accounting and reporting; to share teaching strategies and methodologies; and to discuss the effective assessment techniques applicable at their learning institutions.

#### iii. **MIA CPA Australia Workshop on Global Strategy and Leadership**

In today's world it is equally as important to be technically sound as it is to have a good grasp of strategic thinking and leadership skills. MIA had collaborated with CPA Australia in organising a complimentary workshop specifically designed for academicians focusing on global strategy and leadership on 11 April 2016 at Menara Bank Rakyat, Jalan Travers, Kuala Lumpur. 59 academicians from recognised universities under Part 1 and private universities attended the workshop.

The main objectives of the workshop are to discover the latest approaches and perspectives of strategy making in a dynamic global environment and to delve into concepts of leadership and decision making.

## Development Initiatives for Professional Accountants In Public Practice

### DEVELOPMENT INITIATIVES FOR SMALL AND MEDIUM PRACTICES

#### (A) SMP Roadmap 2015-2020

MIA has established a SMP Department in May 2015 that outlines several development programmes to transform the current SMP landscape to one that is progressive, able to move up the information value chain and meets the needs of key industries driving the national economic transformation agenda.

Three strategic thrusts have been identified under the SMP Roadmap 2015-2020:

- i) Quality Enhancement
- ii) Capacity Building and Capability Development
- iii) Professional Reforms

Quality Enhancement focuses on the technical aspects of raising the quality of performance, in particular the ISQC 1 and ISAs. Capacity Building & Capability Development focuses on the non-technical aspects with the objective of enhancing productivity of the SMPs. Profession reforms focuses on addressing macro issue such as low fee and removing hindrances in legislations / regulations.

The SMP Department will focus on building up the staff competency (especially in audit) and quality control of SMPs, under the Strategic Thrust 1 Quality Enhancement. The first initiative to be rolled out was the Risk-based Core Audit Training (CAT) programme in Quarter 3 of 2015.

For Strategic Thrust 2 Capacity Building and Capability Development, emphasis will be on building home grown brands, encouraging M&A, exporting services to overseas and upgrading through technology adoption.

For Strategic Thrust 3 Professional Reform, initiatives will be focused on removing hindrances in legislations / regulations to drive change and ensuring the practicing environment in Malaysia remains relevant and appropriate, regardless of the sizes of the SMPs.

The SMP Department will continuously monitor the environment in which it operates and seeks to proactively shape that environment through identification of its strategic direction, the way it operates and the services it delivers.

#### (B) Enhancing Competency and Quality

##### Complimentary Seminars for Small and Medium Practices (SMPs)

Several complimentary seminars were organised to help small and medium practices to manage technical and practice management related challenges. These complimentary seminars include:

##### **Merger, Acquisition and Affiliation of Accounting Firms**

*Kota Kinabalu (11 June 2015)*

*Johor Bahru (30 November 2015)*

*Penang (4 December 2015)*

*Kuala Lumpur (2 June 2016)*

##### **Quality Control Seminars**

*Kuala Lumpur (4 September 2015)*

*Johor Bahru (30 November 2015)*

*Penang (4 December 2015)*

##### **Risk-based Core Audit Training (CAT)**

A series of 7-day training programmes have been developed to address the learning needs of SMPs' staff who have received the necessary accounting and auditing technical knowledge, but have no practical auditing experience. The first series of Risk-based CAT was conducted in Q4 of 2015 and the second series was conducted in Q1 of 2016.

In the second half of 2016, the Risk-based CAT will be conducted in Johor Bahru and Kota Kinabalu.

##### **Publication of Illustrative MPERS Financial Statements, with Commentaries**

To assist members in the implementation of the Malaysian Private Entities Reporting Standards (MPERS) Framework in Malaysia, the Institute has unveiled the MPERS Book, titled "Illustrative MPERS Financial Statements, with Commentaries".

The book was written by Professor Tan Liong Tong and published by the Institute to guide members in their transition to the MPERS Framework. The "Illustrative Financial Statements with Commentaries" has been drafted to cover all 35 sections of MPERS, including the transitioning requirements.

##### **SMP Website**

A dedicated SMP website has been created to provide SMPs and other stakeholders on updates and development of programmes that have been planned under the SMP Roadmap.

The website can be accessible directly at [www.mia.org.my/smp](http://www.mia.org.my/smp). The Institute will be constantly updating our website content with helpful information, articles, guides, newsletters and events.

#### (C) Advocacy and Professional Reforms

To ensure members' views are heard by policymakers, the Institute has regularly made submissions to the government and other stakeholders on matters of policy where the profession has the expertise to contribute.

MIA continues to strengthen ties with authorities such as the Malaysian Department of Insolvency (MDI), the Association of Banks in Malaysia (ABM) and the Accountant General's Department. A courtesy visit was conducted in May 2016 to meet up with the new Director General of Insolvency and MIA continues to have discussions with the ABM on the implementation of an industry-wide electronic bank confirmation platform.

With support from the AG's Department, the MIA By-Laws was amended to include a minimum of 10 out of 20 structured CPE hours to be completed by the member each year, must be related to International Standards on Quality Control (ISQC 1), approved auditing standards and/or approved accounting standards, for the purpose of renewal as an approved company auditor.

Following the passing of the new Companies Act at the Parliament in April 2016, the Institute has undertaken a study on the impact of audit exemption on small and medium practices. A proposal has been submitted to SSM on the Institute's stance for audit exemption.

The Institute has also engaged with the Insolvency Practitioners Association of Malaysia (IPAM) and the Malaysian Institute of Certified Public Accountants (MICPA), to finalise the proposed criteria to become approved liquidators in Malaysia, following the passing of the new Companies Act which removes the current requirement for an applicant to be an auditor prior to becoming a liquidator.



## Annual General Meeting



19 September 2015, Istana Hotel Kuala Lumpur

## MIA International Accountants Conference 2015



26 and 27 October 2015, Kuala Lumpur Convention Centre, Kuala Lumpur



## National Accounting Quiz 2015



12 September 2015, Sunway University Hall, Sunway College

## MPERS Book Launch 2016



15 April 2015, Sasana Kijang, Bank Negara Malaysia

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## Professional Standards and Practices (PSP)

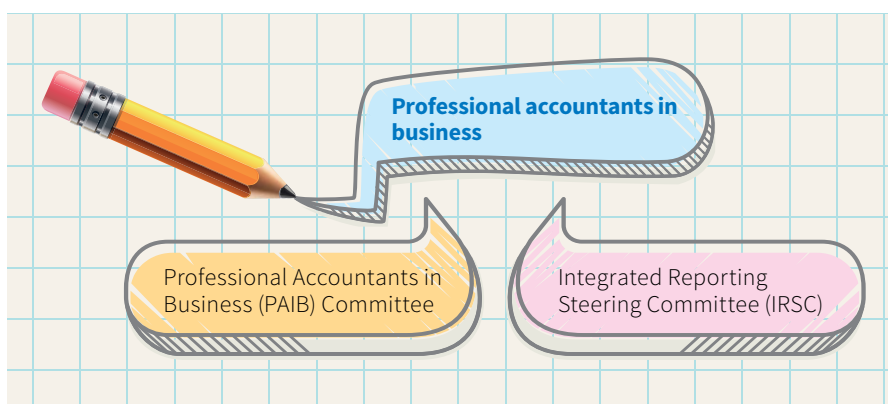
Competency and adherence toward professional standards and practices by our members are essential in maintaining public confidence and trust in the accountancy profession. Through our PSP Division, activities organised are to support our members in understanding and conforming to professional standards

and conduct. The work carried out by our PSP Division is driven by the following technical functions and representative of membership with direction from the respective boards and committees:

### Technical



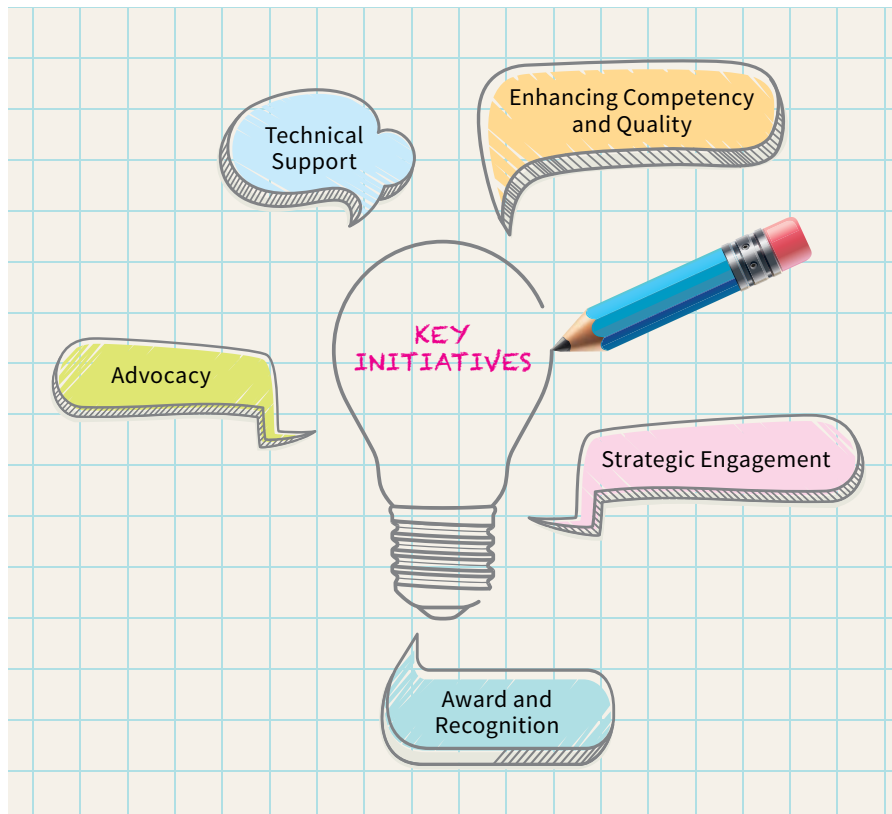
### Member's Practice Support





## Highlights of work by the PSP Division throughout the year

In supporting our members to develop competency and adherence to professional standards and practices, our PSP Division has carried out the following key initiatives throughout the year.



### Enhancing Competency and Quality

This year, a number of technical pronouncements relating to financial reporting and auditing and assurance were issued and adopted. These technical pronouncements include:

- Three (3) International Standards on Auditing and a conforming amendments to other ISAs;
- One (1) Recommended Practice Guide (RPG);
- Three (3) FRSIC Consensuses;
- One (1) FRSIC Discontinuance Notice on FRSIC Issue No. 58 *Consumption of Economic Benefits of Intangible Assets*; and
- Adoption of IESBA's "the Code Addressing Certain Non-assurance Services Provisions for Audit and Assurance Clients" as By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

Another main activity that the PSP Division was involved is research efforts relating to accounting. Throughout the year, research was performed on accounting issues in support of FRSIC objectives as well as on Islamic Finance.

### Strategic Engagement

Engagement, either with our members or other stakeholders, is fundamental to us in understanding and communicating matters revolving around the accountancy profession. Whether to recognise the needs of our members or provide input to assist regulators, engagement is one of the ways for us to connect and build better relationships with our members and stakeholders.

In our effort to engage effectively with our members and other stakeholders, the PSP Division undertook the following activities this year:

- Jointly organised:
  - o with the International Auditing and Assurance Standards Board (IAASB) and the Association of Chartered Certified Accountants (ACCA) a roundtable and forum on Audit Quality;
  - o with the Malaysian Institute of Certified Public Accountants (MICPA) and Bursa Malaysia Berhad four-runs of the CG Breakfast Series with Directors themed "Future of Auditor Reporting: The Game Changer for Boardroom";

- o with the Malaysian Institute of Corporate Governance (MICG) a roundtable on the Proposed Draft of the Malaysian Code of Corporate Governance (MCCG) 2016;
- Organised a roundtable discussion to understand:
  - o current and practical issues faced by valuation experts and other key stakeholders; and
  - o areas that need enhancement and support such as qualifications, standards and continuing professional development requirements with respect to valuations;
- Participated in dialogues with government agencies and regulators;
- Carried out courtesy visits and organised engagement sessions on Integrated Reporting with investors and public listed companies;
- Organised an outreach programmes such as the Malaysian Private Entities Reporting Standard (MPERS) Outreach Programme in six cities throughout Malaysia, ESB Outreach and CMAC Forum on Proposed MIA By-Laws on Prospective Financial Information (PFI);
- Organised roundtables with relevant stakeholders to deliberate on the Competency Framework for Chief Financial Officers and the finance function;
- Organised outreach session on FRSIC Consensus related to money services business;
- Participated in speaking engagements and panel sessions for complimentary seminars conducted by regulators on "The New Auditor's Report";
- Spoke on matters relating to professional standards and practices at international and local conferences.

### Award and Recognition

We realise the need to promote the adoption and development of best practices by recognising the exemplary efforts of our members or any individuals within the accountancy profession. As part of celebrating and giving due recognition to those efforts, through our PSP Division, we had organised and presented two awards, namely, the MIA Articles of Merit Award and the National Award for Management Accounting (NAfMA) to deserving professional accountants in business.

### Advocacy

It is important to us that the views of our members are channelled and heard by regulators and policymakers. The PSP Division actively participates in providing feedback to the relevant bodies and government agencies, either locally or internationally.

Throughout the year, the PSP Division:

- provided comments on consultation papers and exposure drafts issued by the standard-setting boards under the purview of IFAC and other regulators; and
- submitted joint memoranda with other professional bodies in Malaysia to local authorities.

### Technical Support

One of the main roles that the PSP Division performs is to function as secretariats for the technical and practice-related boards and committees of the Institute. Part of this role entails the provision by the PSP Division of technical support to the respective boards and committees. Besides assisting the boards and committees, the PSP Division also provides technical support to our members via the Institute's e-Feedback.

## ACCOUNTING

### A. Financial Reporting Standards Implementation

1. Issued FRSIC Consensus 24 "Application of MFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties in Sabah" and FRSIC Consensus 25 "Application of MFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties in Sarawak" in response to FRSIC Issue No. 54. The Consensus provides clarification on the accounting for revenue recognition under MFRS 15 "Revenue from Contracts with Customers" by an entity that enters into a sale and purchase agreement, as prescribed by Schedule G or Schedule H of the Housing Development (Control and Licensing) Rules 2008, with a purchaser on sale of residential properties in Sabah as well as by an entity that enters into a sale and purchase agreement, as prescribed by Form B or Form C of the Housing Development (Control and Licensing) Regulations, 2014, with a purchaser on sale of residential properties in Sarawak respectively. These Consensuses were issued on 30 July 2015.
2. Issued FRSIC Consensus 26 "Accounting for Currencies Held for Sale in Money Services Businesses"

in response to FRSIC Issue No. 48 which provides clarification on the classification of currencies held for sale and measurement of income on sale of currencies held for sale in money services businesses. The Consensus was issued on 23 December 2015.

3. Issued FRSIC Draft Consensus 15 "Treatment of Land Cost when Revenue is Recognised Over Time by Measuring Progress Using Input Method" for public comments on 24 March 2016. The Draft Consensus was opened for comments until 22 April 2016.
4. Initiated and embarked upon technical research initiatives for the following FRSIC issues:
  - a. Accounting for trading of quoted securities;
  - b. Accounting for restricted profit sharing investment accounts;
  - c. Consumption of economic benefits of intangible assets;
  - d. Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* for takaful companies; and
  - e. Revenue recognition in bancassurance arrangement.
5. Issued FRSIC Discontinuance Notice on FRSIC Issue No. 58 *Consumption of Economic Benefits of Intangible Assets* in June 2016.
6. Participated in the following working groups (WGs), task force, committee and outreach held by the Malaysian Accounting Standards Board (MASB):
  - a. WG 1 Framework for the Preparation and Presentation of Financial Statements;
  - b. WG 15(R) Employee Benefits;
  - c. WG 29 Agriculture;
  - d. WG 51 Improvement Projects;
  - e. WG 52 Insurance Contracts;
  - f. WG 66 Revenue;
  - g. WG 67 Leases;
  - h. WG 70 Disclosure Initiative;
  - i. IFRS 9 *Financial Instruments* WG
  - j. Standing Committee on Islamic Financial Reporting;
  - k. Outreach Meeting with the IASB;
  - l. Malaysian Private Entities Reporting Standard (MPERS) Task Force;
  - m. Convergence Task Force; and
  - n. MFRS 9 *Financial Instruments* Task Force.
7. Initiated and embarked on the review of presentation and disclosures of the financial statements of Islamic financial institutions in Malaysia.

8. Participated as a moderator in MIA Conference 2015 in a session titled "Getting Ready for The New Changes in MFRSs" held on 26 and 27 October 2015.
9. Participated as a speaker in the Overview of the Malaysian Private Entities Reporting Standard (MPERS) Seminar held on 22 March 2016.
10. Organised and participated as a speaker in the joint outreach event with Bank Negara Malaysia on FRSIC Consensus 26 held on 3 May 2016.
11. Participated as a speaker in a session titled Financial Reporting of Structured Internship Programme (SIP). SIP was held on 13 July 2015, 14 and 18 January 2016, and 12, 18 and 27 April 2016.
12. Published an article entitled "Getting Ready for MPERS" in the July/August 2015 issue of the MIA magazine – Accountants Today.
13. Published an article entitled "Developing CFOs Ability in Making Accounting Judgements" in the May/June 2016 issue of the MIA magazine – Accountants Today.
14. Signed a Memorandum of Understanding (MoU) between the MIA and the MASB on 22 January 2016.
15. Moderated final questions and participated as judge in the National Inter-Varsity Accounting Quiz 2016 held on 15 and 16 April 2016.
16. Participated as a judge in MIA-Sunway TES Accounting Quiz (AQ) 2015 Grand Finals held on 12 September 2015.

### B. Public Sector Accounting

1. Datuk Wan Selamah Wan Sulaiman, former Accountant General of Malaysia served as a member of the International Public Sector Accounting Standards Board (IPSASB) until 31 December 2015.
2. Provided technical support to Datuk Wan Selamah Wan Sulaiman following her role in the IPSASB.
3. Attended quarterly IPSASB meetings as follows:
  - September 2015; and
  - December 2015.
4. Attended the Government Accounting Standards Advisory Committee (GASAC) meetings held by the Accountant General's Department. The Committee approves the Malaysian Public Sector Accounting Standards (MPSASs), which are adopted and based on the International Public

Sector Accounting Standards (IPSASs) to facilitate the migration to accrual accounting by the Government of Malaysia.

5. Participated as a speaker in the Asian Development Bank (ADB) Regional Workshop on Public Sector Accounting in a session titled *"Developing Capacity and Education for Better Public Sector Accounting and the Role of Professional Accountancy Organisations (PAOs)"* held in Kuala Lumpur on 24 August 2015.
6. Participated as a speaker in the Accrual Accounting Seminar for Top Management and Professional Group of Ministry of Communications and Multimedia in a session titled *"Gain Confidence from Accrual Accounting: Presentation of Financial Statements"* held on 2 December 2015.
7. Participated as a speaker in the Malaysian Public Sector Accounting Standards (MPSAS) Seminar for the officers in Finance Division of Ministry of Youth and Sport held from 22 to 24 February 2016.
8. Participated as a speaker in the courtesy visit of the officers of the Tertiary Education Trust Fund of Nigeria in a session titled *"Malaysian Institute of Accountants and the International Public Sector Accounting Standards (IPSAS) Implementation in Malaysia"* on 26 February and 1 March 2016.
9. Participated as a speaker in the courtesy visit of the Public Sector Accounting Standards Board of Kenya on 25 April 2016.
10. Participated as a speaker in a CFO Programme in a session titled *"Developing CFOs Ability in Making Accounting Judgments"*. The session was held on 16 May 2016 and was attended by the Chief Accountants of 25 federal ministries in Malaysia.
11. Participated as a moderator in Public Sector Financial Management Conference in a session titled *"Using MPERS to Improve Malaysia's Public Financial Management"* held on 19 and 20 May 2016.
12. Organised a session with MIA-CIPFA members titled *"Open Dialogue with MIA and CIPFA"* on 20 May 2016. The session was held as part of MIA and CIPFA commitment to support members in public sector.
13. Initiated engagements with various government ministries and departments on the IPSASB's consultation documents and current projects.

## AUDITING AND ASSURANCE

1. Contributed directly to the international development of quality control, auditing, review, other assurance and related services pronouncements with the aim of providing constructive feedback to the International Auditing and Assurance Standards Board (IAASB).

During the financial year, comments were submitted on the following consultations:

Exposure Draft/ Re-Exposure Draft/ Invitation to Comment	Date submitted to IAASB
<i>Proposed Amendments to the IAASB's International Standards—Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations</i>	19 October 2015
<i>Proposed International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements</i>	19 October 2015
<i>Enhancing Audit Quality in the Public Interest—A Focus on Professional Skepticism, Quality Control and Group Audits</i>	19 May 2016

2. Adopted and issued the following IAASB pronouncements in Malaysia as Malaysian Approved Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements:

Pronouncement	Month issued to Members
ISA 720 (Revised), <i>The Auditor's Responsibilities Relating to Other Information</i>	August 2015
<i>Addressing Disclosures in the Audit of Financial Statements—Revised ISAs and Related Conforming Amendments</i>	November 2015
ISA 800 (Revised), <i>Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks</i>	June 2016
ISA 805 (Revised), <i>Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i>	June 2016

3. Issued implementation guidance to promote consistency in auditing practices:

Pronouncement	Month issued to Members
Recommend Practice Guide (RPG) 5 (Revised 2015), <i>Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report</i>	November 2015

4. Participated as a member of a Steering Committee formed by Securities Commission Malaysia (SC) to identify implementation risks and issues on the new and revised auditor reporting standards and accordingly, develop strategies and provide guidance to address such issues as they arise. Members of the Steering Committee comprise Bank Negara Malaysia (BNM), the Companies Commission of Malaysia (CCM), Bursa Malaysia Berhad, the MIA, the Malaysian Institute of Certified Public Accountants (MICPA), the Federation of Public Listed Companies Berhad (FPLC) and the Institute of Internal Auditors Malaysia (IIAM).
5. Met with representatives of the Malaysian Investment Development Authority (MIDA) on 30 July 2015 to discuss further, amongst other matters, the Guidelines on Grant Disbursement, MIDA's expectation of the auditors and also to share with MIDA the capabilities of the auditors within the auditing and assurance framework.
6. Participated in a dialogue with the Audit Oversight Board (AOB) to discuss on matters pertaining to the auditing profession on 17 August 2015.
7. Met with the representatives of Bursa Malaysia Berhad jointly with the MICPA and the AOB on 22 March 2016 on implementation of enhancements to auditor reporting in Malaysia.

8. Participated in a panel session on *Heightening Governance Through Significant Matters* at 2016 Audit Committee Conference – Setting the Right Tone, jointly organised by the MIA and IIAM on 29 March 2016.
  9. Jointly organised a roundtable and forum on 14 April 2016 and 15 April 2016 respectively with IAASB and the Association of Chartered Certified Accountants (ACCA) on Audit Quality. The focus of the roundtable and forum was the IAASB's Invitation to Comment: *Enhancing Audit Quality in the Public Interest - A Focus on Professional Skepticism, Quality Control and Group Audits*.
  10. Presented on *New Auditor's Report* at the National Accounting Educators Convention (NAEC) 2016 on 23 May 2016.
  11. The Auditing and Assurance Standards Board carried out initiatives to promote awareness and understanding of the new and revised ISAs addressing auditor reporting and the auditor's responsibilities relating to other information as follows:
    - (a) Issued a briefing note addressed to all listed issuers of Bursa Malaysia Berhad on 6 August 2015 to promote awareness and understanding of the new and revised standards for the audit report.
    - (b) Participated in a panel session on *The New Auditor's Report: A Game Changer?* at MIA Conference 2015 on 26 October 2015. The session highlighted pivotal changes to the standards, shared United Kingdom best practices on disclosures of Key Audit Matters, discussed auditor and Board responsibility for the new auditor's report and addressed the management of implementation issues.
    - (c) Presented on *What You Need to Know About the New Auditor's Report* at AuditWorld 2015 Conference, jointly organised by the MIA and the MICPA on 4 November 2015.
    - (d) Participated in a panel session on *The New Auditor's Report* at MIA-IFAC Regional SMP Forum, jointly organised by the MIA and the International Federation of Accountants (IFAC) on 18 November 2015. The session guided SMPs on how to prepare for the implementation of the revised auditor reporting standards and associated benefits and challenges.
  12. The MIA and the MICPA Joint Working Group on Auditor Reporting had the following initiatives to promote awareness and understanding of the new and revised ISAs addressing auditor reporting and the auditor's responsibilities relating to other information:
    - (e) Reviewed and provided input via CMAC on Part 3 of the Consultation Paper No.2/2015 *"Proposed Review of the Listing Requirements relating to – Disclosure and Corporate Governance Requirements; and Post-Listing Disclosure Obligations for Mineral, Oil and Gas Listed Issuers"* issued by Bursa Malaysia Securities Berhad which has a section entitled *Proposed Enhancements to Align with International Standards on Auditing relating to Key Audit Matters and Going Concern*.
    - (f) Attended *The New Auditor's Report – Sharing the UK Experience, featuring invited speaker, Paul George, from the Financial Reporting Council (FRC), UK* organised by the AOB on 13 and 14 January 2016.
- Financial Institutions Directors' Education Program (FIDE) Forum, the only association for directors of financial institutions in Malaysia on 20 January 2016.



## ETHICS

1. Commented on the following exposure drafts and consultation paper issued by the International Ethics Standards Board for Accountants (IESBA):

Exposure Draft	Date submitted to IESBA
<i>Responding to Non-compliance with Laws &amp; Regulations</i>	1 September 2015
<i>Proposed Revisions Pertaining to Safeguards in the Code—Phase 1</i>	21 March 2016
<i>Improving the Structure of the Code of Ethics for Professional Accountants—Phase I</i>	18 April 2016
<i>Limited Re-exposure of Proposed Changes to the Code Addressing the Long Association of Personnel with an Audit Client</i>	15 June 2016

2. Adopted the IESBA's "the Code Addressing Certain Non-assurance Services Provisions for Audit and Assurance Clients" in Malaysia as By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.
3. As part of the Ethics Standards Board (ESB) continuous effort to uphold and encourage ethical behaviour, the ESB conducted an outreach event entitled "Driving Value through Ethics" in Kuala Lumpur on 14 June 2016. The event attracted about 108 participants consisting of professional accountants from business, public practice, as well as university students. There was a panel discussion regarding how value can be created through ethics. Included in the programme was ethics board game "Living Ethics". The game served to remind the participants to practice ethical values and promote ethical culture in their organisations.

## REGULATORY & GOVERNANCE

1. Reviewed and commented on the Public Consultation Paper No. 1/2015 "Proposed Policy for the Admission of Mineral or Oil and Gas Exploration or Extraction Corporations or Assets to the Main Market of Bursa Malaysia Securities Berhad" issued by Securities Commission Malaysia (SC). Comments were submitted to the SC on 20 November 2015.
2. Reviewed and commented on the consultation papers issued by Bursa Malaysia Securities Malaysia (the Exchange) below:
  - Consultation Paper No. 1/2015 "Proposed Amendments to the Listing Requirements Relating to Sustainability Statement in Annual Reports and the Sustainability Reporting Guide"; and
  - Consultation Paper No. 2/2015 "Proposed Review of the Listing Requirements Relating to (i) Disclosure and Corporate Governance Requirements; and (ii) Post-Listing Disclosure Obligations for Mineral, Oil and Gas Listed Issuers".

Comments on the Consultation Papers No. 1/2015 and 2/2015 were submitted to the Exchange on 24 August 2015 and 3 November 2015 respectively.

3. Issued the Frequently Asked Questions (FAQs) on 2 December 2015 relating to combined financial statements and pro-forma financial information.
4. Organised a Capital Market Advisory Committee (CMAC) outreach entitled "Changing Scope of Capital Market Regulations" on 24 November 2015. The outreach focused on discussing the changes in regulations in relation to financial information and accountants' report. Participants who attended the outreach included reporting accountants, investment bankers and other professional accountants.
5. Organised a roundtable discussion on 7 April 2016 with the objectives to understand:
  - Current and practical issues faced by valuation experts and other key stakeholders; and
  - Areas that need enhancement and support such as qualifications, standards and continuing professional development requirements in respect of valuations.

The roundtable involved 25 participants that included regulators, valuation experts, reporting accountants and principal advisers.

6. Jointly organised a roundtable with Malaysian Institute of Corporate Governance (MICG) on 7 June 2016. The roundtable deliberated on the public consultation paper entitled "Proposed Draft of the Malaysian Code on Corporate Governance (MCCG) 2016" which was published by the Securities Commission Malaysia (SC). The roundtable enabled participants to engage in a robust discussion on the "Proposed Draft of MCCG 2016" and thereafter, to submit constructive feedback to the SC on 18 April 2016. There were 25 participants at the roundtable who are representatives from Top 50 public listed companies, big 4 accounting firms and others.
7. Organised a forum on the topics of MIA By-Laws on Prospective Financial Information (PFI) and Pro-Forma Financial Information on 14 June 2016. The main objectives are to inform and update participants on the contents of the MIA By-Laws on PFI and the pro-forma adjustments used in preparation of pro-forma statement of financial position. The roundtable involved 84 participants including investment bankers, principal advisers and partners of audit firms that are registered with the AOB.

## TAXATION

1. Submitted the Goods and Services Tax (GST) technical issues to the Royal Malaysian Customs Department (RMCD) on 2 July 2015 and 6 August 2015.
2. Submitted a joint memorandum on issues relating to the 2016 Budget Proposal & Finance Bill 2015 and Other Technical Matters to the Inland Revenue Board (IRB) on 19 November 2015. The joint parties are the MIA, the Malaysian Institute of Certified Public Accountants (MICPA), the Chartered Tax Institute of Malaysia (CTIM) and the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).
3. Submitted a joint memorandum on issues relating to the improvement and reform of tax operations to the IRB jointly with MICPA on 22 April 2016.
4. Submitted 35 budget proposals for 2017 to Ministry of Finance (MOF) jointly with the MICPA on 27 May 2016.

## DEVELOPMENT FOR PROFESSIONAL ACCOUNTANTS IN BUSINESS

The MIA is constantly looking at activities and projects to develop and support members who are professional accountants in business. The MIA strives to provide a platform to facilitate the exchange of information regarding current developments and emerging issues that shape the profession and to promote global best practices for the enhancement of the profession.

Ultimately, through this platform, the MIA hopes to provide thought leadership to stakeholders and excellent services to members by maintaining and enhancing the reputation and status of the Institute and its members in technical areas. To support these objectives, the MIA carried out the following activities:

1. The Institute carried out a nationwide Malaysian Private Entities Reporting Standard (MPERS) Outreach Programme from September to November 2015. The programme was partially subsidised by a grant from the Ministry of International Trade and Industry (MITI) to provide stakeholders, especially preparers and auditors, the opportunity to understand the outline of the new financial reporting framework for private entities and how it will affect their work. It was also a platform for stakeholders to enquire and communicate concerns regarding its application as well as the role and responsibilities of stakeholders during the migration from the existing PERS to MPERS.

The outreach was successfully done at six targeted locations within three (3) months in Ipoh, Seremban, Melaka, Kuantan, Miri, and Alor Setar. The response from 5 out of 6 locations exceeded the originally targeted number of participants. The outreach programme was conducted by an experienced speaker who went through all the standards in MPERS thoroughly giving special focus to those that are more challenging to apply. Feedbacks from participants were very encouraging with favourable comments on the usefulness of such a programme in enhancing their knowledge towards the application of MPERS in financial reporting.

The overall objective of the outreach was achieved which was to be able to enhance the awareness of MPERS among members and strengthen their

technical competency. The outreach helped to build capacity by enhancing the knowledge and skill sets with regard to the application of current standards and to facilitate compliance on relevant standards whilst elevating the quality of financial reporting among private entities.

2. The Institute organised an engagement session with Bursa Malaysia on 8 June 2016 and the Malaysian Institute of Corporate Governance (MICG) on 9 June 2016 with stakeholders to explore mutual areas of interest in the advancement of the accountancy profession and to discuss areas of enhancement that would lead to quality financial reporting. Arising from the above engagement session, the Institute plans to develop a long-term programme in order to enhance the competency of finance function among listed issuers. This initiative is also partly in response to comments made in the CSAP Report.

Two roundtables with relevant stakeholders have been organised to obtain feedback on the Competency Framework for Finance Function. The Framework would address all levels of the finance function which include the accounting technicians, accountants and the CFOs. As a start it was decided that focus would be on the expectations and roles of a CFO.

To widen the discussion and obtain different views on the proposed framework for finance function and CFO taking into account local and global perspectives, the Institute is lining up a series of group discussion with CEOs, Board members and CFOs.

3. The Institute organised an evening talk titled 'Developing the CFOs Ability to Make Accounting Judgements' on 14 March 2016. The speaker was Mr Michael Wells, a renowned expert who led the International Accounting Standards Board (IASB) Education Initiative developing the Framework-based approach for teaching IFRS and spreading it across the world. The session focused on providing a framework for developing and maintaining a cohesive understanding of general purpose financial reporting requirements; and making the judgements necessary to apply International Financial Reporting Standards.

The event was attended by CFOs, finance directors and directors from public listed companies. The event was well-received with active participation from the attendees and discussions on real-life issues and situations.

4. The MIA Articles of Merit Award on PAIB 2015 is catered for members' development as one of the MIA's main agendas and as such, contributions from members who are professional accountants in business (PAIB) have to be acknowledged. The MIA in turn, consistently interacts with members and encourages them to develop their professional knowledge and skills with the objective of enhancing the members' status. This award intends to provide a platform for engagement on issues and topics relevant to the profession and hopes that it would spur the adoption and development of best practices in order to promote the value of professional accountants in business.

5. Debuting in 2004, the National Award for Management Accounting (NAfMA) is jointly organised by the MIA and the Chartered Institute of Management Accountants (CIMA). The award recognises best practices in management accounting by companies in Malaysia that lead to value creation and excellent business performance. NAfMA also aims to promote the application of management accounting techniques and systems within organisations in Malaysia.

The 2015 award winners clearly demonstrated their excellence in corporate governance, sustainability and Corporate Social Responsibility (CSR), displayed leadership skills which transformed the company's corporate performance and competitiveness and gaining significant value by implementing key management accounting techniques in their organisation.

YB Datuk Seri Abdul Wahid Omar, Minister in the Prime Minister's Department presented the awards at a Gala Dinner held on 3 September 2015.

The main sponsor of NAfMA is Public Bank Berhad who has supported NAfMA since its inception in 2004. The supporting partners were KPMG and Universiti Teknologi Mara. NAfMA 2015 was



endorsed by the Accountant-General's Department of Malaysia, Bursa Malaysia, EU-MCCI (EU Malaysia Chamber of Commerce & Industry), and the Malaysian International Chamber of Commerce and Industry.

6. A talk comprising two sessions was held for the accounting students of UNITAR International University on 6 March 2016. The first session covered briefly about MIA, the PAIB Committee and the route to becoming a member of MIA.

In the second session, En Jeremy Nasrulhaq, a member of the PAIB Committee, gave a brief overview of the activities carried out by the PAIB Committee. He also shared his experience on climbing the corporate ladder with the students and the market's expectations for future accountants. He ended the talk with a Q&A session where there was active participation from the students.

More than 80 students attended the talk. The UNITAR team from the Faculty of Business Technology and Accounting found that the talk was beneficial to the students, especially the sharing session.

7. The Institute is represented on the IFAC PAIB Committee by Datuk Zaiton Mohd Hassan, MIA Vice President. She attended the Committee meeting in New York in March 2016 together with her technical advisor, Dr. Nurmazilah Dato' Mahzan, MIA Deputy Chief Executive Officer. The Committee is made up of an international group of PAIB thought leaders from IFAC member organisations. Some of the topics debated at the meeting included trends affecting the finance function, the UN Sustainable Development Goals and the PAIB perspective on audit quality, risk management and integrated reporting.

One of the key recommendations is that meetings and forums held by professional accountancy organisations (PAOs) targeting and in support of PAIBs, and the issues they face, allow for useful information exchange on emerging issues and trends. Some of the challenges highlighted during an open exchange between Committee members were succession planning and the digital disruption of business which have significant implications on how finance functions support organisations. IFAC has developed

guidance providing advice to PAOs on supporting their PAIB members through more effective engagement which is expected to be published in June 2016. The suggested actions on the issues highlighted have been forwarded to the relevant parties for their consideration and further action.

## INTEGRATED REPORTING

1. Organised a series of events on Integrated Reporting (<IR>):
  - (i) Visited 6 public listed companies (PLCs) on 4 August 2015 to understand the practical challenges faced by the potential preparers of integrated report and provide assistance or solutions thereon;
  - (ii) An investors' roundtable "Why is Integrated Reporting Relevant to Investors?" was held on 5 August 2015 to explain the value creation of <IR> and understand investors' demand for <IR>;
  - (iii) An engagement session with public listed companies (PLCs) "Unlock Trust and Create Value" was held on 6 August 2015 to understand challenges or difficulties in implementing <IR> and suggest solutions thereon.

The investors' roundtable and engagement session with PLCs were held with the support from the Securities Commission Malaysia (SC). A report on these events was published in January 2016.

2. Conducted a survey on <IR> with Association of Chartered Certified Accountants (ACCA) Malaysia. The survey was launched on 13 August 2015 and closed on 14 September 2015. There was a total of 330 respondents which consist of members of boards of directors, chief executive officers, chief financial officers, auditors, consultants, regulators and others.

## ISLAMIC FINANCE

In the areas of Islamic Finance (IF), the MIA through various initiatives and collaborations aims to showcase Malaysia's expertise in IF and promote its accountants' marketability locally and internationally. It plans to develop the knowledge base on the application of IFRS on Islamic Finance as well as to encourage research on this area through collaborations and share the findings with stakeholders.

In 2014, the MIA supported the International Shari'ah Research Academy (ISRA) for Islamic Finance in one of its research projects on 'Mudharabah Profit Sharing Investment Accounts (PSIA): Accounting Treatment and Classification'. ISRA was established by Bank Negara Malaysia to promote applied research in the area of Shari'ah and Islamic Finance as well as to undertake studies on contemporary issues in the Islamic financial sector.

ISRA is currently embarking on a few researches relating to accounting and auditing for Islamic financial institutions. As both accounting and auditing are important subjects to support the development of Islamic finance, these researches could have a high impact on regulators, Islamic banks and Takaful operators. The MIA is supporting ISRA's efforts by contributing its views through participation in their working groups.

## Investors' Roundtable 2015



5 August 2015, Sasana Kijang, Bank Negara Malaysia



## Roundtable with MICG 2016



7 June 2016  
MIA Office @ Brickfields,  
Kuala Lumpur

## NAfMA 2015



3 September 2015  
Hilton, Kuala Lumpur

# SUSTAIN





## Surveillance and Enforcement

### Upholding the Integrity and Credibility of the Profession

As a leading regulator of the profession, the overall goal of the Surveillance and Enforcement activities of MIA is to ensure that the profession complies with standards and regulations to uphold and protect the interest of stakeholders, especially the public interest. Concurrently, enforcing standards and regulations will enable members of the profession to meet growing expectations and demand for financial transparency and ensure the continuing relevance and sustainability of accountancy going forward.

As part of our ongoing reforms, MIA intends to strengthen our surveillance and enforcement mechanisms by strengthening its existing governance in all its processes. A key function in our governance structure is activities carried out by the Surveillance & Enforcement Division, which encompasses the Practice Review, Financial Statements Review, Continuing Professional Education Compliance, Investigation of Complaints, Disciplinary Proceedings, Appeal, and the Legal Unit.

Practice Review is a mandatory quality assurance programme for public practitioners, which aims to ensure that audit firms registered with MIA comply with international auditing and accounting standards, as well as legal and statutory provisions when they carry out their audit work. Going forward, MIA will review its current Practice Review framework and, where necessary, introduce reforms to enhance the effectiveness of the practice review processes.

The Financial Statements Review Committee (FSRC) conducts reviews of financial statements and audit reports of listed entities to determine compliance with statutory and other requirements, approved accounting standards and approved auditing standards in Malaysia. The FSRC conducts reviews of selected financial statements on a random basis and takes on cases pertaining to the public interest, including those referred by other regulators. The FSRC also practices proactive surveillance by monitoring public interest cases reported in the media on financial reporting irregularities and ensures that prompt action is taken to address the matter. Moreover, as part of MIA's efforts to promote higher standards of corporate reporting, MIA jointly organises the National Annual Corporate Reporting Awards (NACRA) with Bursa Malaysia and the Malaysian Institute of Certified Public Accountants

(MICPA). NACRA, which strives towards accountability and excellence, aims at promoting effective communication of financial and business information through the publication of timely and informative annual reports.

To ensure competency, MIA also emphasises Continuing Professional Education (CPE) Compliance where professional accountants are required to participate in CPE learning activities that are relevant to their current and future work and professional responsibilities. To monitor compliance, MIA conducts random CPE audits on selected members and has initiated several measures to raise awareness of the importance of CPE among members.

The Investigation Committee (IC) is a statutory committee established under Section 19(a) of the Accountants Act 1967, which investigates all complaints received by the Registrar and refers the complaints, where it warrants, to the Disciplinary Committee (DC). The DC is the other statutory arm of the Institute established under Section 19(b) of the Accountants Act 1967, and is empowered under the Act to consider all complaints referred to it by the IC and cases coming directly to it under Rule 18(2) of the MIA (Disciplinary) (No. 2) Rules 2002. The DC derives its powers to impose disciplinary punishments where it thinks fit and proper against MIA members pursuant to Rule 18(3) of the MIA (Disciplinary) (No. 2) Rules 2002.

Going forward, the Institute will continue to emphasise on the continuing acquisition of professional knowledge and adherence to a robust ethical code to ensure that members discharge their ethical obligation of due care to their clients, employers and stakeholders in a competent manner. MIA is also taking steps to better emphasise disciplinary and punitive action to enhance its relevance and to send a stern warning to non-compliant members of the accounting fraternity. Although the number of disciplinary cases is relatively low compared with the number of members which exceed 30,000, our commitment to taking preventive and punitive action demonstrates the spirit of the Institute in upholding the integrity and credibility of its members. Significantly, cases referred with punishments meted out rose significantly between FYE 2013 to 2015 testifying to our seriousness in enforcing professional and ethical behaviour. We hope these actions will act as a deterrent to members from committing offences that will tarnish the image of the accounting profession.

To build a holistic and proactive ecosystem for good governance, a key strategy as we move ahead is to engage our peers and co-regulators to share information and initiate action where necessary under the respective jurisdictions. MIA is already working more diligently to initiate actions to ensure that errant non-members who flout the laws relating to the accounting profession are seriously dealt with by other regulators within the jurisdictions. Only by taking consistent and serious action can we then demonstrate that MIA resolve to regulate and govern the profession and our members, and thus enhance market confidence and public trust in the quality of audit and financial reporting.

## Ensuring Checks and Balances In The Profession

As the national regulatory body for the accountancy profession in Malaysia, MIA is responsible to ensure that the credibility of the profession is maintained and public interest is upheld. MIA, through its enforcement mechanism, uses the statutory powers accorded to impose effective sanctions in an effort to further enhance the standard of professional conduct amongst members.

### INVESTIGATION

The IC is a statutory committee established under Section 19(a) of the Accountants Act 1967. It investigates all complaints received by the Registrar and refers the complaints to the Disciplinary Committee ("DC") where appropriate. Each complaint is investigated and assessed objectively in line with natural justice.

There were 58 (2015: 115) complaints pending investigation brought forward from the previous financial year. During the financial year, the IC received 84 (2015: 30) complaints from the Registrar for investigation on various forms of alleged misconduct. The IC held 13 (2015: 11) investigative meetings during the financial year which resulted in the dismissal of 47 (2015: 60) complaints and the referral of 5 (2015: 21) complaints to the DC. The IC also held 1 (2015: Nil) administrative meeting. As at the financial year end, 90 (2015: 58) complaints are still under investigation of which 9 (2015: 6) are under active deliberation by the IC.

The IC, in its course of investigation, accords the parties involved in the investigation the opportunity to be heard. The IC held 3 (2015: 9) such interviews during the financial year. These interviews which are also conducted prior to IC sittings by the Investigation Officer ("IOs") provides an avenue for the parties involved to render their explanations and representations and for the IC and IOs to clarify matters pertaining to the complaint.

The IC is also involved in DC mentions and hearings as case presenters. At a DC mention, the IC renders clarification (if requested by the DC) while at a DC hearing, the IC is required to present the case against the Respondent, examine the Complainant, re-examine the Respondent and make its final submission. The IC is also required to prepare written submissions and written submissions in reply, where appropriate. The IC attended 16 (2015: 41) mentions of which 6 (2015: 23) turned into DC hearings.

MIA also accords the Respondent an avenue to appeal through the Disciplinary Appeal Board ("DAB"). During the financial year, the IC received 5 (2015: 5) requests for written representations from DAB. The IC completed 4 (2015: 6) written representations comprising Nil (2015:1) brought forward from previous financial year and 4 (2015:5) from the current year.

### Statistics of Investigation from 1 July 2015 to 30 June 2016

Complaints under investigation brought forward from previous financial year	58
Complaints received from the Registrar during the financial year	84
Complaints dismissed by IC during the financial year	(47)
Complaints referred by IC during the financial year	(5)
Complaints under investigation carried forward	90

The investigations above are in respect of various types of alleged misconduct as narrated below.

Types of misconduct	Complaints under investigation brought forward from previous financial years	Complaints received from the Registrar during the financial year	Complaints dismissed by IC during the financial year	Complaints referred to DC during the financial year	Complaints under investigation carried forward
Accounting & auditing failure	31	30	22	3	36
Liquidators' failure	5	5	5	-	5
Company secretary's failure	21	23	20	-	24
Practice Review failure	1	26	-	2	25
Total	58	84	47	5	90

### Statistics of complaints referred to Disciplinary Committee from 1 July 2015 to 30 June 2016

Reports of Investigation submitted to DC during the financial year	13
No. of DC Mentions attended	16
No. of DC hearings attended	6
No. of Written Submissions & Submissions in Reply submitted to DC	1

### Statistics of cases at the Disciplinary Appeal Board from 1 July 2015 to 30 June 2016

No. of Appeals brought forward	-
Request for Written Representations from DAB	5
Written Representations Submitted to DAB	4
No. of Appeals carried forward	1

## DISCIPLINARY COMMITTEE

The Disciplinary Committee ('the DC') is the other statutory arm of the Institute established under Section 19(b) of the Accountant's Act 1967. The DC is empowered under the Act to consider all complaints referred to it by the Investigation Committee ('the IC') and cases coming directly to it under Rule

18(2) of the MIA (Disciplinary) Rules 2002 ('the 18(2) Rule'). The DC derives its powers to impose disciplinary punishments where it thinks fit and proper against members of the Malaysian Institute of Accountants ('MIA') pursuant to Rule 18(3) of the MIA (Disciplinary) Rules 2002.

### Table A (refer Appendix below)

During the FYE 30 June 2016, the DC dealt with a total of 15 cases out of which 14 cases were referred by the IC and 1 case came directly under the 18(2) Rule. The most number of complaints heard and disposed by the DC involves auditors for matters pertaining to Practice Review and audit issues. The scheduling of hearings of these cases has to take into account the availability of the DC members, the representatives of the IC, the member involved and if they are represented, their legal counsel. The DC nevertheless had in a timely manner disposed these cases leaving a balance of 7 cases.

Where the DC makes a decision on a case and metes out its punishment, these decisions, including the members' names are published in the Institute's magazine, Accountants Today and in both an English and Bahasa Malaysia news daily. Such information is also given to all relevant government licensing authorities and to the association of accountants to which the member is associated with and is also uploaded to the Institute's website for transparency and to serve as a warning to potential wrongdoers.

**TABLE A: CASES BEFORE THE DISCIPLINARY COMMITTEE FROM 1 JULY 2015 TO 30 JUNE 2016**

Cases from previous financial years	No. of Cases referred to the DC during current financial year	Cases Heard (including cases from previous financial years)		No. of Cases Withdrawn by the Investigation Committee	Pending cases	Complainant		Cases Involving :	
		No. of Cases Resulted in Disciplinary Punishment	No. of Cases Dismissed by the Disciplinary Committee			Individual/ Internal/ Council Complaints/ Others	Regulators	Auditors	-Directors -Liquidators -Company -Secretary -Others
7 [1 case came directly to the Disciplinary Committee under Rule 18 (2) of the MIA (Disciplinary) Rules, 2002]	15	10	5	0	7*	19	3	19	3

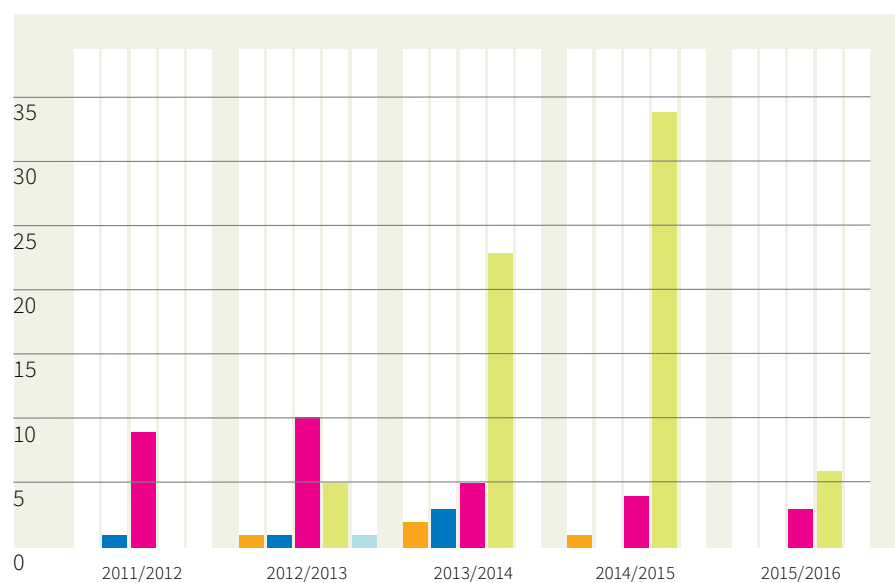
\* Pending hearing before the Disciplinary Committee



**Table B (refer Appendix below)**

This table illustrates the type of decisions meted out by the DC from FYE 2011 till 2016. Data illustrates that the DC is more inclined to impose costs and/or a fine against members for minor audit or accounting offences and membership issues while the DC is seen to take a more drastic stand of removing or suspending members where cases come to DC via the Rule 18(2) route. Rule 18(2) cases relate to those where judgments have been obtained against the member for offences involving fraud, gross negligence, misconduct or dishonesty or where members have been declared a bankrupt. These cases are monitored as watch-list cases and an inquiry is initiated after the matter in court is disposed entirely. The DC views such offences with seriousness as it involves the dignity and integrity of the profession. Some referrals by the IC that involved serious audit related breaches have also resulted in removal or suspension of the member in the past.

Cases referred with punishments meted out rose significantly between FYE 2013 to 2015 testifying the increasing importance the Institute places on complaints lodged against its members and the seriousness in sending a stern message across to the accounting fraternity. To put the numbers in the DC's reporting in perspective, the number of members disciplined, though relatively low compared with the current Institute membership of more than 30,000, demonstrates the spirit of the Institute in upholding the standard and the integrity of its members. However, these punishments, it hopes, will continue to serve as a deterrent to members from committing offences that will tarnish the professional image of the accounting profession.

**TABLE B : PUNISHMENTS METED OUT BY THE DISCIPLINARY COMMITTEE**

● Removal (includes Costs and or Fine)	0	1	2	1	0
● Suspension (includes Costs and/or Fine)	1	1	3	0	0
● Reprimand/ Attend Course/Costs and/ or Fine	9	10	5	4	3
● Fine and/or Costs	0	5	23	34	7
● Admonish/Censure Reprimand Only	0	1	0	0	0

## NACRA 2015



26 November 2015 , Intercontinental Hotel, Kuala Lumpur

## IAASB Roundtable 2016



14 April 2016, St Giles The Gardens, Grand Hotel & Residences, Kuala Lumpur

# Committees: Statutory and Other Committees



# Statutory

## INVESTIGATION COMMITTEE

No. of Meetings: 11

No.	Name	Designation	Status	Attendance
1.	<b>Dato' Dr. Lukman Ibrahim</b>	Chairman	<ul style="list-style-type: none"> <li>Appointed 5 November 2015</li> <li>Appointed as a Chairman 16 December 2015</li> </ul>	11/11
2.	<b>Soo Hoo Khoo Yean</b>	Chairman	<ul style="list-style-type: none"> <li>Retired 16 September 2015.</li> </ul>	3/3
3.	<b>Aznorashiq Mohamed Zin</b>	Member	<ul style="list-style-type: none"> <li>Appointed 5 November 2015</li> </ul>	7/11
4.	<b>Leong Kah Mun</b>	Member	<ul style="list-style-type: none"> <li>Appointed 26 May 2016</li> </ul>	1/1
5.	<b>Ng Kean Kok</b>	Member	<ul style="list-style-type: none"> <li>Resigned 18 August 2015.</li> </ul>	0/2
6.	<b>Prof. Dr. Che Ruhana Isa @ Mohamed Isa</b>	Member	<ul style="list-style-type: none"> <li>Retired 16 September 2015.</li> </ul>	1/3
7.	<b>Salihin Abang</b>	Member	<ul style="list-style-type: none"> <li>Appointed 16 October 2015</li> </ul>	11/11
8.	<b>Tan Theng Hooi</b>	Member	<ul style="list-style-type: none"> <li>Resigned 19 April 2016</li> </ul>	7/8
9.	<b>Wong Wye Pong, Brian</b>	Member	<ul style="list-style-type: none"> <li>Appointed 16 December 2015</li> </ul>	10/10

## DISCIPLINARY COMMITTEE

No. of Meetings: 10

No.	Name	Designation	Status	Attendance
1.	<b>Yap Seng Chong</b>	Chairman	<ul style="list-style-type: none"> <li>Appointed 16 October 2015</li> </ul>	10/10
2.	<b>Chan Wan Siew, Paul</b>	Chairman	<ul style="list-style-type: none"> <li>Retired 19 September 2015</li> </ul>	1/1
3.	<b>Assoc. Prof. Dr. Romlah Jaffar</b>	Member	<ul style="list-style-type: none"> <li>Appointed 16 October 2015</li> </ul>	9/9
4.	<b>Dato' Gan Ah Tee</b>	Member	<ul style="list-style-type: none"> <li>Appointed 5 November 2015</li> </ul>	5/10
5.	<b>Mohamad Azmi Ali</b>	Member	<ul style="list-style-type: none"> <li>Retired 26 May 2016</li> </ul>	1/3
6.	<b>Yeo Tek Ling</b>	Member	<ul style="list-style-type: none"> <li>Re-appointed 16 October 2015</li> </ul>	8/10
7.	<b>Dr Yacob Mustafa</b>	Member	<ul style="list-style-type: none"> <li>Appointed 26 May 2016</li> </ul>	1/1



**DISCIPLINARY APPEAL BOARD****No. of Meetings: 1**

No.	Name	Designation	Status	Attendance
1.	<b>Dato' Abdul Rauf Rashid</b>	Chairman	• Re-appointed 5 November 2015	1/1
2.	<b>Assoc. Prof. Dr. Sabri Mohamat Hassan</b>	Member	• Retired 15 July 2015	-
3.	<b>Dato' Zahrah Abd Wahab Fenner</b>	Member	• Retired 15 July 2015	-
4.	<b>Dealananathan Joseph Lourdes</b>	Member	• Retired 19 September 2015	1/1
5.	<b>Dr. Veerinderjeet Singh</b>	Member	• Re-appointed 5 November 2015	1/1
6.	<b>Leong Wai Leng</b>	Member	• Appointed 5 November 2015	-
7.	<b>Prof. Dr. Maliah Sulaiman</b>	Member	• Retired 16 October 2015	0/1
8.	<b>Prof. Dr. Rozainun Abdul Aziz</b>	Member	• Appointed 5 November 2015	-
9.	<b>Wong Chin Aik</b>	Member	• Re-appointed 5 November 2015	1/1

## Technical

**AUDITING AND ASSURANCE STANDARDS BOARD (AASB)****No. of Meetings: 2**

No.	Name	Designation	Status	Attendance
1.	<b>Lee Tuck Heng</b>	Chairman	-	2/2
2.	<b>Ahmad Shahrul Mohamed</b>	Member	-	1/2
3.	<b>Chan Wan Siew, Paul</b>	Member	• Re-appointed 16 December 2015	1/2
4.	<b>Cheong Thoong Farn</b>	Member	-	1/2
5.	<b>Dato' Lock Peng Kuan</b>	Member	-	2/2
6.	<b>Dr Zarina Zakaria</b>	Member	• Appointed 16 December 2015	1/1
7.	<b>Hooi Kok Mun</b>	Member	• Re-appointed 16 December 2015	1/2
8.	<b>Josephine Phan Su Han</b>	Member	-	1/2
9.	<b>Loh Kam Hian</b>	Member	-	2/2
10.	<b>Ng Kim Tuck</b>	Member	• Appointed 16 December 2015	1/1
11.	<b>Ooi Song Wan</b>	Member	-	2/2
12.	<b>Quay Chew Soon</b>	Member	• Re-appointed 16 December 2015	2/2
13.	<b>Sukanta Kumar Dutt</b>	Member	• Resigned 8 October 2015	-
14.	<b>Tan Bun Poo, Robert</b>	Member	-	1/2
15.	<b>Tang Seng Choon</b>	Member	-	0/2
16.	<b>Thong Foo Vung</b>	Member	• Re-appointed 16 December 2015	1/2
17.	<b>Walter Sandosam</b>	Member	• Re-appointed 16 December 2015	2/2
18.	<b>Datin Paduka Ong Swee Leng</b>	Observer	-	2/2
19.	<b>Lim Fen Nee</b>	Observer	-	1/2
20.	<b>Tan Lay Khoon</b>	Observer	-	0/2
21.	<b>Yap Lai Kuen</b>	Observer	-	2/2
22.	<b>Yap Weng Seong</b>	Observer	-	0/2

**ETHICS STANDARDS BOARD (ESB)****No. of Meetings: 4**

No.	Name	Designation	Status	Attendance
1.	<b>Ravindran Navaratnam</b>	Chairman	• Appointed 16 October 2015	4/4
2.	<b>Chan Siew Mei</b>	Member	• Re-appointed 22 January 2016	3/4
3.	<b>Eugene Wong Weng Soon</b>	Member	• Resigned as Chairman 18 August 2015 • Re-appointed as member 22 January 2016	2/4
4.	<b>Leong Wai Leng</b>	Member	• Appointed 5 November 2015	2/2
5.	<b>Mohd Nizam Mohd Ali</b>	Member	• Re-appointed 22 January 2016	2/4
6.	<b>Prof. Dr. Ayoib Che Ahmad</b>	Member	• Re-appointed 16 October 2015	2/4
7.	<b>Tan Khoon Yeow</b>	Member	• Re-appointed 22 January 2016	4/4
8.	<b>Tan Soo Yan</b>	Member	• Re-appointed 22 January 2016	4/4
9.	<b>Teoh Wuey Sze</b>	Member	• Re-appointed 22 January 2016	3/4
10.	<b>Datin Paduka Ong Swee Leng</b>	Observer	• Re-appointed 22 January 2016	0/4
11.	<b>Lim Fen Nee</b>	Observer	• Re-appointed 22 January 2016	1/4
12.	<b>Tan Lay Khoon</b>	Observer	• Re-appointed 22 January 2016	4/4

**ANTI-MONEY LAUNDERING AND ANTI-TERRORISM FINANCING ACT (AMLATFA) COMMITTEE****No. of Meetings: 0**

No.	Name	Designation	Status	Attendance
1.	<b>Dato' Abdul Rauf Rashid</b>	Chairman	• Re-appointed 16 October 2015	N/A *
2.	<b>Foong Mun Kong</b>	Member	• Resigned 16 October 2015	N/A *
3.	<b>Leong Kah Mun</b>	Member	• Re-appointed 16 October 2015	N/A *
4.	<b>Ng Kim Tuck</b>	Member	• Re-appointed 22 January 2016	N/A *
5.	<b>Prof. Dr. Rozainun Abdul Aziz</b>	Member	• Re-appointed 16 October 2015	N/A *

\* No meeting was held from 1 July 2015 to 30 June 2016.

**CAPITAL MARKET ADVISORY COMMITTEE (CMAC)****No. of Meetings: 6**

No.	Name	Designation	Status	Attendance
1.	<b>Dato' Mohammad Faiz Azmi</b>	Chairman	• Re-appointed 16 October 2015	4/6
2.	<b>Chan Jee Peng, Kris</b>	Member	• Re-appointed 22 January 2016	3/6
3.	<b>Chan Kuan Chee, James</b>	Member	• Re-appointed 22 January 2016	6/6
4.	<b>Chan Wan Siew, Paul</b>	Member	• Re-appointed 22 January 2016	2/6
5.	<b>Dato' Lock Peng Kuan</b>	Member	• Re-appointed 22 January 2016	5/6
6.	<b>Dato' Wong Wing Seong</b>	Member	• Resigned 22 January 2016	1/3
7.	<b>Eng Hooi Ling, Carol</b>	Member	• Re-appointed 22 January 2016	5/6
8.	<b>Foong Mun Kong</b>	Member	• Re-appointed 16 October 2015	4/6
9.	<b>Gary Huang</b>	Member	• Re-appointed 22 January 2016	6/6
10.	<b>Ng Chee Hoong</b>	Member	• Re-appointed 22 January 2016	5/6
11.	<b>Ooi Thiam Poh, Alex</b>	Member	• Appointed 22 January 2016	3/3
12.	<b>Oong Kee Leong, Stephen</b>	Member	• Re-appointed 22 January 2016	5/6
13.	<b>Quay Chew Soon</b>	Member	• Appointed 22 January 2016	3/3
14.	<b>Salihin Abang</b>	Member	• Appointed 16 October 2015 • Resigned 5 November 2015	1/1
15.	<b>Sukanta Kumar Dutt</b>	Member	• Resigned 8 October 2015	0/2
16.	<b>Teoh Soo Hock</b>	Member	• Appointed 22 January 2016	2/3
17.	<b>Tiang Woon Meng</b>	Member	• Re-appointed 22 January 2016	5/6
18.	<b>Yeo Tek Ling</b>	Member	• Appointed 16 October 2015	3/4
19.	<b>Leong Shook Kheng, Kelly</b>	Observer	• Re-appointed 22 January 2016	3/6
20.	<b>Tan Lay Khoon</b>	Observer	• Re-appointed 22 January 2016	2/6



## FINANCIAL REPORTING STANDARDS IMPLEMENTATION COMMITTEE (FRSIC)

No. of Meetings: 6

No.	Name	Designation	Status	Attendance
1.	<b>Dato' Mohammad Faiz Azmi</b>	Chairman	• Appointed 27 July 2015	5/5
2.	<b>Datuk Johan Idris</b>	Chairman	• Retired 15 July 2015	1/1
3.	<b>Cheah Pooi Lin, Esther</b>	Member	• Re-appointed 22 January 2016	6/6
4.	<b>Cheong Thoong Farn</b>	Member	• Re-appointed 22 January 2016	4/6
5.	<b>Ng Kean Kok</b>	Member	• Re-appointed 22 January 2016	5/6
6.	<b>Ng Kim Tuck</b>	Member	• Re-appointed 22 January 2016	4/6
7.	<b>Ooi Thiam Poh, Alex</b>	Member	• Re-appointed 22 January 2016	2/6
8.	<b>Oong Kee Leong, Stephen</b>	Member	• Re-appointed 22 January 2016	4/6
9.	<b>Sung Fong Fui, Sharon</b>	Member	• Re-appointed 22 January 2016	0/6
10.	<b>Siew Kar Wai</b>	Member	• Re-appointed 22 January 2016	6/6
11.	<b>Soo Hoo Khoo Yean</b>	Member	• Re-appointed 22 January 2016	2/3
12.	<b>Thong Foo Vung</b>	Member	• Re-appointed 22 January 2016	5/6
13.	<b>Yeah Seok Luan</b>	Member	• Re-appointed 22 January 2016	5/6
14.	<b>Leong Wai Leng</b>	Observer	• Re-appointed 22 January 2016	4/6
15.	<b>Mohamed Raslan Abdul Rahman</b>	Observer	• Re-appointed 22 January 2016	5/6
16.	<b>Toh Ying Ying</b>	Observer	• Re-appointed 22 January 2016	4/6
17.	<b>Wong Kah Yong</b>	Observer	• Re-appointed 22 January 2016	4/6

## ISLAMIC FINANCE COMMITTEE (IFC)

No. of Meetings: 2

No.	Name	Designation	Status	Attendance
1.	<b>Dato' Mohammad Faiz Azmi</b>	Chairman	• Appointed 16 October 2015	2/2
2.	<b>Abdul Rahim Abdul Hamid</b>	Member	• Appointed 22 January 2016	0/2
3.	<b>Ahmad Nasri Abdul Wahab</b>	Member	• Appointed 22 January 2016	2/2
4.	<b>Assoc. Prof. Dr. Mohamat Sabri Hassan</b>	Member	• Retired 15 July 2015	0/0
5.	<b>Dato' Badlisyah Abdul Ghani</b>	Member	• Appointed 22 January 2016	1/2
6.	<b>Daud Vicary Abdullah</b>	Member	• Appointed 22 January 2016	2/2
7.	<b>Dr. Mohd Nordin Mohd Zain</b>	Member	• Appointed 16 October 2015	1/2
8.	<b>Hizamuddin Jamalluddin</b>	Member	• Appointed 22 January 2016	1/2
9.	<b>Mohd Zabidi Md Nor</b>	Member	• Appointed 16 October 2015	2/2
10.	<b>Nik Mohd Hasyudeen Yusoff</b>	Member	• Appointed 22 January 2016	0/2
11.	<b>Prof. Dr. Ayoib Che Ahmad</b>	Member	• Appointed 16 October 2015	1/2
12.	<b>Prof. Dr. Maliah Sulaiman</b>	Member	• Appointed 16 October 2015	1/2
13.	<b>Syarizal Rahim</b>	Member	• Appointed 22 January 2016	1/2
14.	<b>YM Raja Teh Maimunah Raja Abdul Aziz</b>	Member	• Appointed 22 January 2016	1/2
15.	<b>Zainal Izlan Zainal Abidin</b>	Member	• Appointed 22 January 2016	1/2

## SSM COMMITTEE

No. of Meetings: 1

No.	Name	Designation	Status	Attendance
1.	<b>Dato' Mohammad Faiz Azmi</b>	Chairman	• Appointed 5 November 2015	1/1
2.	<b>Abraham Verghese</b>	Member	• Re-appointed 5 November 2015	1/1
3.	<b>Abu Bakar Rajudin</b>	Member	• Appointed 5 November 2015	1/1
4.	<b>Aznorashiq Mohamed Zin</b>	Member	• Appointed 5 November 2015	0/1
5.	<b>Dato' Heng Ji Keng</b>	Member	• Resigned 5 November 2015	N/A *
6.	<b>Datuk Mohd Nasir Ahmad</b>	Member	• Re-appointed 5 November 2015	0/1
7.	<b>Dealanathan Joseph Lourdes</b>	Member	• Resigned 5 November 2015	N/A *
8.	<b>Leong Wai Leng</b>	Member	• Appointed 5 November 2015	1/1
9.	<b>Ng Kean Kok</b>	Member	• Re-appointed 5 November 2015	1/1
10.	<b>Ong Ching Chuan</b>	Member	• Re-appointed 5 November 2015	0/1
11.	<b>Quay Chew Soon</b>	Member	• Appointed 5 November 2015	1/1
12.	<b>Thong Foo Vung</b>	Member	• Re-appointed 5 November 2015	0/1
13.	<b>Yeo Tek Ling</b>	Member	• Appointed 5 November 2015	1/1

\* No meeting was held from 1 July 2015 to 5 November 2015

## PUBLIC SECTOR ACCOUNTING COMMITTEE (PSAC)

No. of Meetings: 1

No.	Name	Designation	Status	Attendance
1.	<b>Dato' Haji Che Pee Samsudin</b>	Chairman	• Re-appointed 5 November 2015	1/1
2.	<b>Chong Dee Shiang, Teresa</b>	Member	• Re-appointed 5 November 2015	1/1
3.	<b>Dato' Zahrah Abd Wahab Fenner</b>	Member	• Re-appointed 5 November 2015	1/1
4.	<b>Datuk Haji Anwari Suri</b>	Member	• Re-appointed 5 November 2015	1/1
5.	<b>Datuk Wan Selamah Wan Sulaiman</b>	Member	• Re-appointed 5 November 2015	1/1
6.	<b>Dr. Mohd Nordin Mohd Zain</b>	Member	• Re-appointed 5 November 2015	1/1
7.	<b>Er Beng Kiong</b>	Member	• Re-appointed 5 November 2015	1/1
8.	<b>Lip Mun Lai, Stephanie</b>	Member	• Appointed 5 November 2015	1/1
9.	<b>Muhammad Syarizal Abdul Rahim</b>	Member	• Re-appointed 5 November 2015	0/1
10.	<b>Nor Yati Ahmad</b>	Member	• Re-appointed 5 November 2015	0/1
11.	<b>Nurul Ain Abdul Latif</b>	Member	• Re-appointed 5 November 2015	1/1

**TAXATION PRACTICE COMMITTEE (TPC)****No. of Meetings: 2**

No.	Name	Designation	Status	Attendance
1.	<b>Dr. Veerinderjeet Singh</b>	Chairman	-	2/2
2.	<b>Beh Tok Koay</b>	Member	-	2/2
3.	<b>Datin Tam Poh Lin, Pauline</b>	Member	-	0/2
4.	<b>Dealananathan Joseph Lourdes</b>	Member	• Retired 19 September 2015	0/0
5.	<b>Eng Hooi Ling, Carol</b>	Member	-	2/2
6.	<b>Michael Hendroff</b>	Member	• Retired 25 February 2016	1/1
7.	<b>Mohd Noor Abu Bakar</b>	Member	-	2/2
8.	<b>Po Yih Ming, Frances</b>	Member	-	2/2
9.	<b>Salihin Abang</b>	Member	-	1/2
10.	<b>Soh Siong Hoon, Sam</b>	Member	-	2/2
11.	<b>Wong Chin Aik</b>	Member	• Appointed 16 October 2015	0/2
12.	<b>Wong Yok Chin</b>	Member	-	2/2
13.	<b>Woon Yoke Lee</b>	Member	-	2/2
14.	<b>Yeo Eng Ping</b>	Member	-	2/2

**EDUCATION COMMITTEE****No. of Meetings: 5**

No.	Name	Designation	Status	Attendance
1.	<b>Datuk Zaiton Mohd Hassan</b>	Chairperson	• Re-appointed as Chairman 5 November 2015	5/5
2.	<b>Dato' Heng Ji Keng</b>	Member	• Appointed 30 July 2015	2/5
3.	<b>Dr. Veerinderjeet Singh</b>	Member	• Re-appointed 5 November 2015	2/5
4.	<b>Josephine Phan Su Han</b>	Member	• Re-appointed 22 January 2016	5/5
5.	<b>Kua Choo Kai, Simon</b>	Member	• Retired 18 September 2015	1/1
6.	<b>Ooi Thiam Poh, Alex</b>	Member	• Re-appointed 22 January 2016	5/5
7.	<b>Prof. Dr. Maliah Sulaiman</b>	Member	• Appointed 30 July 2015	2/5
8.	<b>Prof. Dr. Che Ruhana Isa @ Mohamed Isa</b>	Member	• Re-appointed 5 November 2015	4/5

**EXAMINATION COMMITTEE****No. of Meetings: 3**

No.	Name	Designation	Status	Attendance
1.	<b>Dr. Mohd Nordin Mohd Zain</b>	Chairman	• Re-appointed 5 November 2015	3/3
2.	<b>Assoc. Prof. Noorbijan Abu Bakar</b>	Member	• Re-appointed 5 November 2015	2/3
3.	<b>Foo Yoke Pin</b>	Member	• Re-appointed 5 November 2015	1/3
4.	<b>Prof. Dr. Che Ruhana Isa @ Mohamed Isa</b>	Member	• Re-appointed 5 November 2015	1/3
5.	<b>Prof. Dr. Nik Nazli Nik Ahmad</b>	Member	• Re-appointed 5 November 2015	1/3
6.	<b>Prof. Dr. Rozainun Hj Abdul Aziz</b>	Member	• Re-appointed 5 November 2015	3/3
7.	<b>Saat Esa Representative: Abd Majid Salleh</b>	Member	• Re-appointed 5 November 2015	1/3
8.	<b>Syahrul Idzuan Mohamad</b>	Member	• Re-appointed 5 November 2015	0/3
9.	<b>Yeo Tek Ling</b>	Member	• Re-appointed 5 November 2015	3/3

# Surveillance

## FINANCIAL STATEMENTS REVIEW COMMITTEE (FSRC)

No. of Meetings: 8

No.	Name	Designation	Status	Attendance
1.	<b>Foong Mun Kong</b>	Chairman	• Appointed 5 November 2015	8/8
2.	<b>Ahmad Zahirudin Abdul Rahim</b>	Deputy Chairman	• Re-appointed 22 January 2016	7/8
3.	<b>Abu Bakar Rajudin</b>	Member	• Retired 5 November 2015	1/2
4.	<b>Asna Atqa Abdullah</b>	Member	• Retired 22 January 2016	2/4
5.	<b>Chan Kuan Chee, James</b>	Member	• Re-appointed 22 January 2016	5/8
6.	<b>Cheah Pooi Lin, Esther</b>	Member	• Re-appointed on 22 January 2016	6/8
7.	<b>Chen Voon Hann</b>	Member	• Resigned 22 January 2016	1/4
8.	<b>Cheong Chye Hin, Raymond</b>	Member	• Retired 22 January 2016	3/4
9.	<b>Cheong Thoong Farn</b>	Member	• Resigned 22 October 2015	0/2
10.	<b>Chew Lam Koon</b>	Member	• Re-appointed 22 January 2016	8/8
11.	<b>Chu Shuk Ken, Grace</b>	Member	• Appointed 22 January 2016	3/4
12.	<b>Dato' Heng Ji Keng</b>	Member	• Appointed 5 November 2015 • Resigned 26 May 2016	4/4
13.	<b>Khairudin Ibrahim</b>	Member	• Re-appointed 22 January 2016	4/8
14.	<b>Lam Kee Soon</b>	Member	• Re-appointed 22 January 2016	3/8
15.	<b>Ng Kean Kok</b>	Member	• Appointed 26 May 2016	1/2
16.	<b>Ngo Yaik Lung, Winston</b>	Member	• Appointed 22 January 2016	3/4
17.	<b>Oong Kee Leong, Stephen</b>	Member	• Re-appointed 22 January 2016	6/8
18.	<b>Ow Peng Li</b>	Member	• Re-appointed 22 January 2016	4/8
19.	<b>Prof. Dr. Rozainun Hj Abdul Aziz</b>	Member	• Retired 5 November 2015	0/2
20.	<b>Soon Teck Thong</b>	Member	• Re-appointed 22 January 2016	6/8
21.	<b>Sung Foong Fui, Sharon</b>	Member	• Re-appointed 22 January 2016	4/8
22.	<b>Tan Lay Khoon (alternate member to Wong Kay Yong)</b>	Alternate member	• Re-appointed 22 January 2016	4/8
23.	<b>Tang Seng Choon</b>	Member	• Re-appointed 22 January 2016	4/8
24.	<b>Wong Kay Yong</b>	Member	• Reappointed on 22 January 2016	4/8



**PRACTICE REVIEW COMMITTEE****No. of Meetings: 6**

No.	Name	Designation	Status	Attendance
1.	<b>Lim Thiam Kee, Peter</b>	Chairman	• Appointed as Chairman 16 December 2015	6/6
2.	<b>Chan Kuan Chee, James</b>	Member	• Re-appointed 16 December 2015	5/6
3.	<b>Foong Mun Kong</b>	Member	• Retired as Chairman 19 September 2015 • Appointed 16 December 2015	3/6
4.	<b>Huang Shze Jiun</b>	Member	• Re-appointed 16 December 2015	6/6
5.	<b>Ooi Chee Kun</b>	Member	• Re-appointed 16 December 2015	6/6
6.	<b>Pauline Ho</b>	Member	• Re-appointed 16 December 2015	1/6
7.	<b>Prof. Dr. Ayoib Che Ahmad</b>	Member	• Re-appointed 16 December 2015	3/6
8.	<b>Siew Kah Toong, David</b>	Member	• Re-appointed 16 December 2015	4/6

**Member's Practice Support****PROFESSIONAL ACCOUNTANTS IN BUSINESS (PAIB) COMMITTEE****No. of Meetings: 4**

No.	Name	Designation	Status	Attendance
1.	<b>Datuk Mohd Nasir Ahmad</b>	Chairman	• Appointed 22 January 2016	3/4
2.	<b>Assoc. Prof. Dr. A. Thillaisundaram</b>	Member	• Appointed 22 January 2016	3/4
3.	<b>Aznorashiq Mohamed Zin</b>	Member	• Appointed 05 November 2015	2/2
4.	<b>Chan Wan Siew, Paul</b>	Member	• Appointed 22 January 2016	3/4
5.	<b>Dato' Dr. Lukman Ibrahim</b>	Member	• Appointed 05 November 2015	0/2
6.	<b>Dr. Ng Boon Beng</b>	Member	• Appointed 22 January 2016	2/4
7.	<b>Eugene Wong Weng Soon</b>	Member	• Retired 15 July 2015	0/1
8.	<b>Jeremy Nasrulhaq</b>	Member	• Appointed 22 January 2016	3/4
9.	<b>Leong Kah Mun</b>	Member	• Appointed 16 October 2015	2/4
10.	<b>Mazhairul Jamaludin</b>	Member	• Appointed 22 January 2016	2/4
11.	<b>N. Chanthiran Nagappan</b>	Member	• Appointed 22 January 2016	3/4
12.	<b>Ng Kean Kok</b>	Member	• Appointed 16 October 2015	1/2
13.	<b>Nur Hayati Baharuddin</b>	Member	• Appointed 22 January 2016	1/4
14.	<b>Wong Chin Aik</b>	Member	• Appointed 16 October 2015	1/2
15.	<b>Yeo Tek Ling</b>	Member	• Appointed 16 October 2015	4/4

**PUBLIC PRACTICE COMMITTEE (PPC)****No. of Meetings: 4**

No.	Name	Designation	Status	Attendance
1.	<b>Dato' Heng Ji Keng</b>	Chairman	-	4/4
2.	<b>Abu Bakar Rajudin</b>	Member	-	2/4
3.	<b>Dato' Liew Lee Leong, Raymond</b>	Member	-	4/4
4.	<b>Dato' Narendra Kumar Jasani</b>	Member	-	4/4
5.	<b>Huang Shze Jiun</b>	Member	-	3/4
6.	<b>Kang Wei Geih, Billy</b>	Member	-	2/4
7.	<b>Leong Kah Mun</b>	Member	-	4/4
8.	<b>Lim Thiam Kee, Peter</b>	Member	-	4/4
9.	<b>Ngiam Mia Teck</b>	Member	-	4/4
10.	<b>Ooi Chee Kun</b>	Member	-	3/4
11.	<b>Ooi Thiam Poh, Alex</b>	Member	• Retired 25 February 2016	1/2
12.	<b>Oong Kee Leong, Stephen</b>	Member	• Retired 25 February 2016	1/2
13.	<b>Salihin Abang</b>	Member	-	3/4
14.	<b>Soh Siong Hoon, Sam</b>	Member	-	4/4
15.	<b>Soo Hoo Khoon Yean</b>	Member	• Retired 25 February 2016	0/2
16.	<b>Subramaniam AV Sankar</b>	Member	-	4/4
17.	<b>Tan Chee Beng, Desmond</b>	Member	• Retired 25 February 2016	2/2
18.	<b>Tan Cheng Hooi, Michael</b>	Member	-	4/4
19.	<b>Tan Poh Ling</b>	Member	-	1/4
20.	<b>Wong Wye Pong, Brian</b>	Member	• Appointed 5 November 2015	2/3
21.	<b>Yap Seng Chong</b>	Member	-	3/4
22.	<b>Yap Weng Seong</b>	Member	-	3/4

**SMALL AND MEDIUM PRACTICES COMMITTEE (SMPC)****No. of Meetings: 3**

No.	Name	Designation	Status	Attendance
1.	<b>Datuk Zaiton Mohd Hassan</b>	Chairman	-	3/3
2.	<b>Dato' Heng Ji Keng</b>	Member	-	2/3
3.	<b>Dato' Narendra Kumar Jasani</b>	Member	-	3/3
4.	<b>Lim Thiam Kee, Peter</b>	Member	-	3/3
5.	<b>Salihin Abang</b>	Member	• Appointed 5 November 2015	1/2

**INTEGRATED REPORTING STEERING COMMITTEE (IRSC)****No. of Meeting(s): 3**

No.	Name	Designation	Status	Attendance
1.	<b>Datuk Johan Idris</b>	Chairman	• Re-appointed 16 October 2015	2/3
2.	<b>Assoc. Prof. Dr. Romlah Jaffar</b>	Member	• Appointed 16 October 2015	0/1
3.	<b>Cheong Thoong Farn</b>	Member	• Re-appointed 22 January 2016	1/3
4.	<b>Chiew Chun Wee</b>	Member	• Re-appointed 22 January 2016	3/3
5.	<b>Dato' Dr. Lukman Ibrahim</b>	Member	• Appointed 5 November 2015	1/1
6.	<b>Dato' Mohamad Nasir Ab. Latif</b>	Member	• Re-appointed on 22 January 2016	2/3
7.	<b>Dato' Mohd Izani Ghani</b>	Member	• Appointed 16 October 2015	0/1
8.	<b>Datuk Tong Poh Keow</b>	Member	• Re-appointed 22 January 2016	1/3
9.	<b>Kasturi Paramanathan</b>	Member	• Resigned 16 October 2015	1/2
10.	<b>Ong Chee Wai</b>	Member	• Re-appointed 22 January 2016	3/3
11.	<b>Pauline Ho</b>	Member	• Re-appointed 22 January 2016	3/3
12.	<b>Tang Seng Choon</b>	Member	• Re-appointed 22 January 2016	2/3
13.	<b>Venkkat Ramanan</b>	Member	• Re-appointed 22 January 2016	3/3
14.	<b>Azryta Abdul Aziz</b>	Observer	• Re-appointed 22 January 2016	1/3
15.	<b>Tan Lay Khoon</b>	Observer	• Re-appointed 22 January 2016	2/3

**INSOLVENCY PRACTICE COMMITTEE (IPC)****No. of Meetings: 4**

No.	Name	Designation	Status	Attendance
1.	<b>Dato' Gan Ah Tee</b>	Chairman	• Appointed 5 November 2015	4/4
2.	<b>Abu Bakar Rajudin</b>	Member	• Appointed 5 November 2015	2/4
3.	<b>Andrew Heng</b>	Member	• Appointed 22 January 2016	1/4
4.	<b>Dato' Narendra Kumar Jasani</b>	Member	-	0/4
5.	<b>Dato' Heng Ji Keng</b>	Member	• Retired 5 November 2015	0/0
6.	<b>Dato' Liew Lee Leong, Raymond</b>	Member	-	3/4
7.	<b>Datuk Ng Seing Liong</b>	Member	-	3/4
8.	<b>Duar Tuan Kiat, Stephen</b>	Member	-	2/4
9.	<b>Foo Lai-Don, Geoffrey</b>	Member	-	3/4
10.	<b>Kumar Kanagasingam</b>	Member	-	4/4
11.	<b>Lim San Peen</b>	Member	-	3/4
12.	<b>Lim Swee Geok, Amy</b>	Member	-	4/4
13.	<b>Lim Thiam Kee, Peter</b>	Member	• Retired 5 November 2015	0/0
14.	<b>Lim Tian Huat</b>	Member	• Appointed 22 January 2016	1/4
15.	<b>Lok Peng Chuan, Aaron</b>	Member	-	3/4
16.	<b>Mak Kum Choon</b>	Member	-	4/4
17.	<b>Mok Chew Yin</b>	Member	• Retired 5 November 2015	0/0
18.	<b>Nirmala Devi Ramadass</b>	Member	-	1/4
19.	<b>Ong Hock An</b>	Member	• Appointed 22 January 2016	4/4
20.	<b>Pauline Teh Abdullah</b>	Member	• Appointed 22 January 2016	2/4
21.	<b>Subramaniam AV Sankar</b>	Member	-	0/4
22.	<b>Wong Chee Lin</b>	Member	-	3/4







**REPORT OF THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF  
MALAYSIAN INSTITUTE OF ACCOUNTANTS  
FOR THE YEAR ENDED 30 JUNE 2016**

### **Report on the Financial Statements**

The financial statements of Malaysian Institute Of Accountants have been audited by my representative, which comprise the Statement of Financial Position as at 30 June 2016 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Accumulated Fund and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

#### *The Council's Responsibility for the Financial Statements*

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with approved financial reporting standards in Malaysia and Accountants Act 1967 (Act 94). The Council is also responsible for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on the audit. The audit has been carried out in accordance with the Audit Act 1957 and in conformity with approved standards on auditing in Malaysia. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence that I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements give a true and fair view of the financial position of Malaysian Institute Of Accountants as at 30 June 2016 and of its financial performance as well as cash flows for the year then ended in accordance with approved financial reporting standards in Malaysia.



**(LIM CHIN TEONG)**  
For AUDITOR GENERAL  
MALAYSIA

PUTRAJAYA  
15 AUGUST 2016



## MALAYSIAN INSTITUTE OF ACCOUNTANTS

## STATEMENT BY THE COUNCIL

We, Dato' Mohammad Faiz Mohammad Azmi and Dr Nurmazilah Dato' Mahzan, being the President and Chief Executive Officer, respectively, of the MALAYSIAN INSTITUTE OF ACCOUNTANTS, do hereby state that, in the opinion of the Council, the accompanying financial statements are properly drawn up in accordance with the provisions of the Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Institute as at 30 June 2016 and of its results and cash flows for the financial year then ended.

Signed on behalf of the Council in accordance with a resolution by the Council.



**DATO' MOHAMMAD FAIZ MOHAMMAD AZMI**  
PRESIDENT



**DR NURMAZILAH DATO' MAHZAN**  
CHIEF EXECUTIVE OFFICER

Dated: 29 July 2016  
Kuala Lumpur

## DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE INSTITUTE

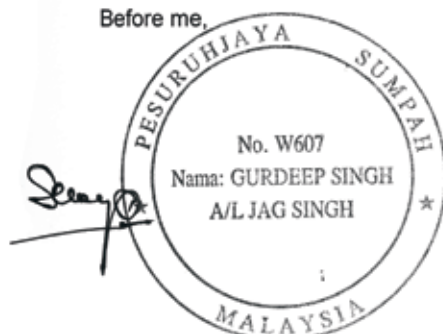
I, Chua Suat Khim, being the officer primarily responsible for the financial management of the MALAYSIAN INSTITUTE OF ACCOUNTANTS, do solemnly and sincerely declare that the accompanying financial statements are to the best of my knowledge and belief correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named  
CHUA SUAT KHIM at Kuala Lumpur in Wilayah  
Persekutuan on 29 July 2016



**CHUA SUAT KHIM**

Before me,



5B, JALAN RAKYAT  
( JALAN TRAVERS )  
BRICKFIELDS  
50470 KUALA LUMPUR

# Statement of Financial Position

as at 30 June 2016

		2016 RM	2015 RM
<b>Assets</b>	<b>Note</b>		
<b>Non-current assets</b>			
Property, plant and equipment	3	25,463,350	22,998,497
Intangible assets	4	321,955	253,996
Investment	5	7,458	7,458
Deferred tax asset	12	24,773	-
		25,817,536	23,259,951
<b>Current assets</b>			
Inventories	6	19,282	4,158
Receivables, deposits and prepayments	7	2,279,836	1,643,281
Subscription receivables	8	-	-
Current tax recoverable		691,509	-
Fixed deposits with licensed financial institutions	9	10,908,193	30,433,960
Cash and bank balances		6,121,642	5,138,780
		20,020,462	37,220,179
<b>Non-current assets held for sale</b>	10	1,614,222	-
		21,634,684	37,220,179
<b>Total assets</b>		47,452,220	60,480,130
<b>Non-current liabilities</b>			
Islamic financing	11	-	16,683,600
Deferred tax liability	12	-	74,543
		-	16,758,143
<b>Current liabilities</b>			
Subscriptions in advance		4,200,870	1,163,620
Payables and accruals	13	5,748,540	7,279,830
Deferred income	14	2,095,261	1,784,933
Deferred income - Government grants	15	429,750	525,152
Current tax payable		-	204,164
		12,474,421	10,957,699
<b>Total liabilities</b>		12,474,421	27,715,842
<b>Total net assets</b>		34,977,799	32,764,288
<b>Accumulated fund</b>		34,977,799	32,764,288

## Statement of Profit or Loss and Other Comprehensive Income

### for the financial year ended 30 June 2016

	Note	2016 RM	2015 RM
Membership income	16	13,199,800	12,814,400
Income from events and conferences	17	21,661,321	30,289,199
Total revenue		34,861,121	43,103,599
Other income	18	3,145,647	2,652,516
<b>Total income</b>		<b>38,006,768</b>	<b>45,756,115</b>
Operating expenses			
Depreciation of property, plant and equipment	3	789,856	452,612
Amortisation of intangible assets	4	141,361	55,241
Expenses for events and conferences	17	10,834,754	13,554,407
Employee benefits	19	17,996,165	18,149,282
Finance cost		383,692	-
Membership services		1,250,403	1,298,441
Other operating expenses		4,496,342	4,446,404
<b>Total expenses</b>		<b>35,892,573</b>	<b>37,956,387</b>
<b>Surplus before tax</b>	20	<b>2,114,195</b>	<b>7,799,728</b>
Income tax	22	99,316	(409,551)
<b>Surplus for the financial year, representing total comprehensive income for the financial year</b>		<b>2,213,511</b>	<b>7,390,177</b>

## Statement of Changes in Accumulated Fund

### for the financial year ended 30 June 2016

	RM
At 1 July 2014	25,374,111
Surplus for the financial year, representing total comprehensive income for the financial year	7,390,177
At 30 June 2015/1 July 2015	32,764,288
Surplus for the financial year, representing total comprehensive income for the financial year	2,213,511
At 30 June 2016	34,977,799



# Statement of Cash Flows

## for the financial year ended 30 June 2016

	Note	2016 RM	2015 RM
<b>Cash flows from operating activities</b>			
Receipts from members and non-members		42,197,486	43,015,128
Payments for expenditures		(39,307,312)	(37,786,555)
<b>Cash generated from operations</b>		<b>2,890,174</b>	<b>5,228,573</b>
Government grants received	15	505,000	626,632
Rental income		5,500	33,600
Management fees		5,500	6,500
Tax paid		(895,673)	(172,008)
Tax refund		-	1,128
<b>Net cash generated from operating activities</b>		<b>2,510,501</b>	<b>5,724,425</b>
<b>Cash flows from investing activities</b>			
Withdrawal/(Placement) of fixed deposits with licensed financial institutions maturing later than 3 months		8,965,734	(4,265,037)
Purchase of property, plant and equipment and intangible assets (Note A)		(5,040,517)	(11,594,027)
Interest received		1,054,403	1,019,337
<b>Net cash from/(used in) investing activities</b>		<b>4,979,620</b>	<b>(14,839,727)</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowing, representing net cash generated from financing activity		2,224,480	11,122,400
Finance cost paid (profit portion under the Bai' Bithaman Ajil (BBA) Concept)		(383,692)	-
Repayment of loan		(18,908,080)	-
<b>Net cash (used in)/from financing activities</b>		<b>(17,067,292)</b>	<b>11,122,400</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(9,577,171)</b>	<b>2,007,098</b>
Cash and cash equivalents at beginning of financial year		15,698,813	13,691,715
<b>Cash and cash equivalents at end of financial year</b>		<b>6,121,642</b>	<b>15,698,813</b>
<b>Analysis of cash and cash equivalents:</b>			
Cash in hand		10,700	7,868
Bank balances		6,110,942	5,130,912
Fixed deposits with licensed financial institutions maturing within 3 months	9	-	10,560,033
		<u>6,121,642</u>	<u>15,698,813</u>
<b>Note A: Purchase of property, plant and equipment and intangible assets</b>			
Purchase of property, plant and equipment during the financial year	3	4,872,234	11,309,351
Purchase of intangible assets during the financial year	4	209,320	189,089
Add: Unpaid purchases as at previous financial year end		14,403	109,990
		<u>5,095,957</u>	<u>11,608,430</u>
Less: Unpaid purchases as at financial year end		(55,440)	(14,403)
		<u>5,040,517</u>	<u>11,594,027</u>

# Notes to the Financial Statements

## For the financial year ended 30 June 2016

### 1. GENERAL INFORMATION

The Institute is established under the Accountants Act, 1967 ("the Act") and domiciled in Malaysia. The principal objectives/activities of the Institute under the Act are:

- a) to determine the qualifications of persons for admission as members;
- b) to provide for the training and education by the Institute or any other body, of persons practising or intending to practice the profession of accountancy;
- c) to approve the Malaysian Institute of Accountants Qualifying Examination and to regulate and supervise the conduct of that Examination;
- d) to regulate the practice of the profession of accountancy in Malaysia;
- e) to promote, in any manner it thinks fit, the interests of the profession of accountancy in Malaysia;
- f) to render pecuniary or other assistance to members or their dependents as it thinks fit with a view to protecting or promoting the welfare of members; and
- g) generally to do such acts as it thinks fit for the purpose of achieving any of the aforesaid objectives.

There has been no significant change in the nature of these objectives/activities during the financial year.

The registered office of the Institute is located at Dewan Akauntan, 2 Jalan Tun Sambanthan 3, Brickfields, 50470 Kuala Lumpur.

The financial statements were authorised for issue by the Council in accordance with a resolution of the Council on **29 July 2016**.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1. Basis of Preparation of The Financial Statements

The financial statements of the Institute have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards.

The financial statements of the Institute have been prepared under the historical cost basis, unless otherwise stated in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Institute's functional currency.

#### 2.2. New and Revised Pronouncements Yet in Effect

The accounting standards, amendments and interpretations that have been issued by the MASB which are expected to be applicable and have not been adopted by the Institute are as follows:

##### Effective for annual periods beginning on or after 1 January 2016

- |                          |   |
|--------------------------|---|
| • Amendments to MFRS 5   | Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to MFRSs 2012-2014 Cycle) |
| • Amendments to MFRS 7   | Financial Instruments: Disclosures (Annual Improvements to MFRSs 2012-2014 Cycle)                           |
| • Amendment to MFRS 101  | Presentation of Financial Statements (Disclosure Initiative)  |
| • Amendments to MFRS 116 | Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation        |
| • Amendments to MFRS 119 | Employee Benefits (Annual Improvements to MFRSs 2012-2014 Cycle)  |
| • Amendments to MFRS 138 | Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation                    |

##### Effective for annual periods beginning on or after 1 January 2017

- |                          |   |
|--------------------------|---|
| • Amendments to MFRS 107 | Statement of Cash Flows (Disclosure Initiative)                         |
| • Amendments to MFRS 112 | Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses |

##### Effective for annual periods beginning on or after 1 January 2018

- |           |                                       |
|-----------|---------------------------------------|
| • MFRS 9  | Financial Instruments                 |
| • MFRS 15 | Revenue from Contracts with Customers |

##### Effective for annual periods beginning on or after 1 January 2019

- |           |        |
|-----------|--------|
| • MFRS 16 | Leases |
|-----------|--------|

The Institute does not anticipate that the application of the above new and revised pronouncements will have any material impact on the Institute's financial statements.

## 2.3 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

### (a) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost, net of amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of acquisition of the property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that the future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably.

Cost includes expenditure that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

When significant parts of plant and equipment are required to be replaced at intervals, the Institute depreciates them separately based on their specific useful lives. The net carrying amount of the replaced part is derecognised when the replacement occurs. All other repairs and maintenance are recognised in profit or loss as incurred.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated as it has an infinite life. Capital work-in-progress ("Capital WIP") is not depreciated until the assets are ready for their intended use. Depreciation of other property, plant and equipment is provided for on the straight-line basis to write off the cost of each asset to its estimated useful life as follows:

• Buildings	50 years
• Office equipment	10 years
• Furniture and fittings	10 years
• Computer equipment	3 years
• Renovation	10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

### (b) Intangible assets - computer software

Computer software is measured initially at cost. Following initial acquisition, computer software is measured at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of computer software are assessed to be finite. Computer software is amortised over their estimated useful life of 3 years and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method are reviewed at each financial year end. The amortisation expense on computer software is recognised in profit or loss.

Gain or loss arising from derecognition of computer software is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the computer software is derecognised.

### (c) Impairment of non-financial assets

The Institute assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Institute makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

## 2.3 Summary of Significant Accounting Policies (cont'd)

### (c) Impairment of non-financial assets (cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

### (d) Inventories

Inventories such as publications are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. Costs of purchased inventory are determined after deducting rebates, discounts and the amount of GST, except where the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of purchased inventory. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and the estimated costs necessary to make the sale.

### (e) Subscription receivables

Subscription receivables for 6 months and above due from members who were removed from the Register of Members and where, in the opinion of the Council, these debts are no longer recoverable are written off to profit or loss. Members who have ongoing investigation and disciplinary proceedings instituted against them and whose subscriptions are in arrears for more than 6 months will not be removed from the Register of Members. An impairment of receivables is carried out based on a review of all subscription in arrears at the reporting date. Subsequent recovery is taken up on a cash receipt basis.

### (f) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand, bank balances, deposits with licensed financial institutions with original maturities within 3 months and other short-term highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The statement of cash flows is prepared using the direct method.

### (g) Non-current assets held for sale

Non-current assets, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Institute's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

### (h) Financial assets

The Institute recognises all financial assets in its statement of financial position when, and only when, the Institute becomes a party to the contractual provisions of the financial instruments.

#### (i) Classification and measurement

Financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are classified into financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, depending on the nature and purpose of the financial assets and are determined at the time of initial recognition.

## 2.3 Summary of Significant Accounting Policies (cont'd)

### (h) Financial assets (cont'd)

#### (i) Classification and measurement (cont'd)

The Institute categorises its financial assets as follows:

##### **Loans and receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Receivables are recognised initially at fair value, with the amount of GST included. The net amount of GST recoverable from the government is presented within 'receivables, deposits and prepayments' in the statement of financial position.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

##### **Available-for-sale financial assets**

Available-for-sale financial assets comprise investment in equity and debt securities instruments that are not held for trading and do not fall in other categories of financial assets

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Institute's right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

#### (ii) Derecognition of financial assets

A financial asset is derecognised when, and only when, the contractual right to receive cash flows from the financial assets has expired or it transfers the financial asset without retaining control or substantially all the risks and rewards of ownership of the financial asset to another party. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

#### (i) Impairment of financial assets

The Institute assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### (i) Receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Institute considers factors such as the significant financial difficulties of the debtor and default or significant delay in payments. Certain categories of financial assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Institute's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amount due from events and conferences participants, subscriptions receivables and other receivables, where the carrying amount is reduced through the use of allowance accounts. When trade receivables and other receivables become uncollectible, they are written off against the allowance accounts.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.



## 2.3 Summary of Significant Accounting Policies (cont'd)

### (i) Impairment of financial assets (cont'd)

#### (ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The difference is recognised in profit or loss. Such impairment losses are not reversed in subsequent periods.

### (j) Financial liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into and the definitions of a financial liability.

The Institute recognises all financial liabilities in its statement of financial position when, and only when, the Institute becomes a party to the contractual provisions of the financial instruments.

#### (i) Classification and measurement

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Institute categorises its financial liabilities as other financial liabilities.

Other financial liabilities are recognised initially at fair value, with the amount of GST included plus directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method. The net amount of GST payable to the government is presented within 'payables and accruals' in the statements of financial position. Other financial liabilities of the Institute include subscriptions in advance, payables and Islamic financing.

For other financial liabilities, gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

#### (ii) Derecognition of a financial liability

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### (k) Provisions

Provisions are recognised when the Institute has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

### (l) Government grants

Government grants are recognised initially at their fair values in the statement of financial position as deferred income where there is reasonable assurance that the grants will be received and all conditions attached will be complied.

Grants related to property, plant and equipment are set up as deferred income and recognised as income on a systematic basis over the estimated lives of the assets. Grants that compensate the Institute for expenses incurred are recognised as income over the periods to match the cost that the grants are intended to compensate.

## 2.3 Summary of Significant Accounting Policies (cont'd)

### (m) Income recognition

- (i) Membership subscription and practising certificate fees are payable annually at the beginning of the financial year. Only subscription which is attributable to the current financial year is recognised as income. Subscription relating to periods beyond the current financial year is recognised as subscription in advance in deferred income under current liabilities in the statement of financial position.
- (ii) Membership admission is recognised upon approval by Council. Membership subscription and admission fees for applicants approved after the end of the financial year but received during the financial year are taken up as deferred income under current liabilities in the statement of financial position.
- (iii) Income from events and conferences is recognised in the period the services are provided. Advanced payments received from events and conferences are recognised as deferred income under current liabilities in the statement of financial position.
- (iv) Processing fee on registration as a candidate for the Qualifying Examination is recognised upon receipt but the candidacy fee is only recognised upon approval by the Examination Committee. Examination fees are recognised twice every calendar year when the examination is held. Tuition fees are recognised over the tuition term.
- (v) Income from advertisements placed in the Institute's journal is recognised over the advertisement period. Cash received for such advertisements that take place before the said period is taken up as deferred income. Sponsorship income is deferred until the event takes place.
- (vi) Income from sale of technical materials/publications is recognised when physical control of the technical materials/publications passes to the purchasers.
- (vii) Practice review income is recognised upon the rendering of services.
- (viii) Interest income is recognised based on an effective yield basis.
- (ix) Rental income is recognised on an accrual basis.

### (n) Taxation

#### (i) Current tax

Income tax on profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the reporting date.

#### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except for the deferred tax liability that arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except for the deferred tax asset that arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised as income or expense and included in profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

Deferred tax assets and liabilities are offset, if legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (iii) Goods and Services Tax ("GST")

The net amount of GST being the difference between output GST and input GST, payable to or receivable from the respective authorities at the reporting date, is included in other payables or other receivables in the statements of financial position.

## 2.3 Summary of Significant Accounting Policies (cont'd)

### (o) Employee benefits

#### (i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Institute. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulated compensated absences such as sick leave are recognised when the absences occur.

#### (ii) Defined contributions plans

Defined contribution plans are post-employment benefit plans under which the Institute pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss in the period in which the related service is performed. As required by law in Malaysia, such contribution is made to the Employees Provident Fund ("EPF").

### (p) Foreign currency transactions and balances

Transactions in foreign currencies are translated into Ringgit Malaysia, which is also the Institute functional currency at the exchange rates prevailing at the transaction dates or, where settlement has not yet taken place at the end of the financial year, at the approximate exchange rates prevailing at that date. All exchange gains and losses are taken up in the profit or loss.

### (q) Leases

#### (i) As lessee

Finance leases, which transfer to the Institute substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Institute will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on the straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as reduction of rental expense over the lease term on the straight-line basis.

#### (ii) As lessor

Leases where the Institute retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.3 (m)(ix).

### (r) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Institute incurred in connection with the borrowing of funds.

### (s) Operating segments

An operating segment is a component of the Institute that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Institute's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Institute, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

## 2.4 Significant Accounting Estimates and Judgements

There were no significant judgements made in applying the accounting policies of the Institute which may have significant effects on the amounts recognised in the financial statements.

Management makes key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The following represents a summary of the key sources of estimation uncertainty:

### (i) Useful lives of property, plant and equipment and intangible assets

Property, plant and equipment are depreciated on the straight-line basis over their estimated useful lives. The Council estimates that the useful lives of the property, plant and equipment to be within 3 years to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment. Therefore, the future depreciation charge could be revised.

The carrying amount of the Institute's property, plant and equipment at the reporting date are disclosed in Note 3.

For intangible assets, changes in the expected useful lives or the expected pattern of consumption of future embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates. The amortisation expenses on computer software with finite lives are recognised in profit or loss. The carrying amount of the intangible assets at the reporting date are disclosed in Note 4.

### (ii) Income taxes and deferred tax

Estimation is required to determine the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Institute recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable, in the periods in which such determination is made.

Deferred tax implications arising from the changes in income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While the Institute's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in profit or loss in the period in which actual realisation and settlement occurs.

### 3. PROPERTY, PLANT AND EQUIPMENT

Included in leasehold buildings is a leasehold shop lot in Sabah acquired in financial year ended 30 June 2000 with a net carrying amount of RM262,760 (2015: RM270,661). As at end of the financial year, the Institute has yet to receive the strata title.

During the financial year, the leasehold office suite previously accounted for as capital work in progress was reclassified to leasehold buildings after the Institute acquired vacant possession from the developer. The office suite, with a carrying amount of RM21,954,405 as at 30 June 2016 (2015: RM20,177,974), was pledged with a bank as collateral for the Institute's Islamic financing. The loan was fully repaid during the financial year (Note 11). This leasehold office suite is being depreciated over 50 years although the unexpired lease term is 91 years as the Institute estimates that the economic useful life is about 50 years.

Included in property, plant and equipment are fully depreciated assets which are still in use, with cost totaling RM3,422,607 (2015: RM2,739,430).

	Freehold land	Freehold building	Leasehold buildings	Capital WIP	Computer equipment	Renovation	Furniture & fittings	Office equipment	Total
Cost	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2015	580,160	2,031,239	395,000	20,177,974	2,095,577	1,565,108	579,938	828,381	28,253,377
Additions	-	-	-	4,701,895	121,049	10,172	6,408	32,710	4,872,234
Write-offs (Note 20)	-	-	-	-	(152,468)	-	-	(17,077)	(169,545)
Reclassification	-	-	22,402,454	(22,402,454)	-	-	-	-	-
Reclassification to non-current assets held for sale	(580,160)	(2,031,239)	-	-	-	-	-	-	(2,611,399)
At 30 June 2016	-	-	22,797,454	2,477,415	2,064,158	1,575,280	586,346	844,014	30,344,667
<b>Accumulated depreciation</b>									
At 1 July 2015	-	956,553	124,339	-	1,871,519	1,236,131	448,875	617,463	5,254,880
Charge for the year (Note 20)	-	40,624	455,950	-	143,743	73,764	28,056	47,719	789,856
Write-offs (Note 20)	-	-	-	-	(152,407)	-	-	(13,835)	(166,242)
Reclassification to non-current assets held for sale	-	(997,177)	-	-	-	-	-	-	(997,177)
At 30 June 2016	-	-	580,289	-	1,862,855	1,309,895	476,931	651,347	4,881,317
<b>Net carrying amount at 30 June 2016</b>	-	-	22,217,165	2,477,415	201,303	265,385	109,415	192,667	25,463,350



### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM	Freehold building RM	Leasehold buildings RM	Capital WIP RM	Computer equipment RM	Renovation RM	Furniture & fittings RM	Office equipment RM	Total RM
<b>Cost</b>									
At 1 July 2014	580,160	2,031,239	395,000	9,055,574	2,088,159	1,537,458	560,678	785,947	17,034,215
Additions	-	-	-	11,122,400	95,058	27,650	19,260	44,983	11,309,351
Write-offs (Note 20)	-	-	-	-	(87,640)	-	-	(2,549)	(90,189)
At 30 June 2015	580,160	2,031,239	395,000	20,177,974	2,095,577	1,565,108	579,938	828,381	28,253,377
<b>Accumulated depreciation</b>									
At 1 July 2014	-	915,851	116,439	-	1,746,075	1,130,175	415,391	568,492	4,892,423
Charge for the year (Note 20)	-	40,702	7,900	-	213,052	105,956	33,484	51,518	452,612
Write-offs (Note 20)	-	-	-	-	(87,608)	-	-	(2,547)	(90,155)
At 30 June 2015	-	956,553	124,339	-	1,871,519	1,236,131	448,875	617,463	5,254,880
<b>Net carrying amount at 30 June 2015</b>	580,160	1,074,686	270,661	20,177,974	224,058	328,977	131,063	210,918	22,998,497

#### 4. INTANGIBLE ASSETS

	2016 RM	2015 RM
<b>Computer software</b>		
<b>Cost</b>		
At beginning of financial year	543,373	354,284
Addition during the financial year	209,320	189,089
At end of financial year	<u>752,693</u>	<u>543,373</u>
<b>Accumulated amortisation</b>		
At beginning of financial year	289,377	234,136
Amortisation for the financial year (Note 20)	141,361	55,241
At end of financial year	<u>430,738</u>	<u>289,377</u>
<b>Net carrying amount at end of financial year</b>	<u>321,955</u>	<u>253,996</u>

The computer software represents the costs of software acquired. The costs of software acquired, including all directly attributable costs of preparing the assets for their intended use, are amortised on the straight-line basis over the estimated useful life of 3 years.

#### 5. INVESTMENT

	2016 RM	2015 RM
At cost		
Investment, unquoted	<u>7,458</u>	<u>7,458</u>

The Institute acquired 9.09% share in the issued and paid-up share capital of Ultimate Professional Centre (Sarawak) Sdn. Bhd. ("UPC") in the financial year ended 30 June 1996.

#### 6. INVENTORIES

	2016 RM	2015 RM
At cost		
Publications	<u>19,282</u>	<u>4,158</u>

During the financial year, the amount of inventories recognised as expense was RM123,513 (2015: RM62,014).

## 7. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016 RM	2015 RM
Amount due from participants of events and conferences	512,387	519,297
Other receivables	461,714	613,264
	974,101	1,132,561
Less : Allowance for impairment losses	(20,924)	(68,435)
	953,177	1,064,126
Prepayments	1,092,541	412,471
Deposits	234,118	166,684
	1,326,659	579,155
	2,279,836	1,643,281

Prepayments include advance payments of RM467,595 for renovation of office suite and MIA Conference 2016. The credit periods granted to receivables range from 30 days to 60 days (2015: 30 days to 90 days).

The ageing analysis of receivables is as follows:

	2016 RM	2015 RM
Neither past due nor impaired	623,630	474,056
1 to 30 days past due not impaired	237,180	318,788
31 to 60 days past due not impaired	73,164	119,698
61 to 90 days past due not impaired	19,203	151,584
	953,177	1,064,126
Impaired	20,924	68,435
	974,101	1,132,561

### Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Institute. The Institute does not hold any collateral over these balances.

### Receivables that are past due but not impaired

Receivables that are past due but not impaired relate to debtors with slower repayment pattern. Based on past experience, the Council of the Institute is confident to collect the debts and is of the opinion that no allowance for impairment is necessary as these balances are assessed to be fully recoverable. The Institute does not hold any collateral over these balances.

### Receivables that are impaired

Receivables that are impaired at the reporting date are as follows:

	2016 RM	2015 RM
Receivables - nominal amounts	20,924	68,435
Less : Allowance for impairment losses	(20,924)	(68,435)
	-	-

These receivables have been individually determined to be impaired when the debt is past due and collection has not been successful.

**7. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)**

The movement of allowance for impairment losses during the financial year is as follows:

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
At beginning of financial year	68,435	69,783
Impairment losses recognised during the financial year (Note 20)	41,007	68,335
Reversal of impairment losses (Note 20)	(85,418)	(61,345)
Written off	(3,100)	(8,338)
At end of financial year	<u>20,924</u>	<u>68,435</u>

During the financial year, receivables amounting to RM8,386 (2015: RM18,264) were written off in profit or loss (Note 20).

**8. SUBSCRIPTION RECEIVABLES**

In accordance with the (Membership and Council) Rules 2001, Part II, para 7(1), the Council may require the Registrar to remove from the register the name of any member who is in arrears for 6 months or more in the payment of any fees. Members who have ongoing investigation and disciplinary proceedings instituted against them and who are in arrears of more than 6 months will not be removed from the Register of Members. An estimate is made for allowance for impairment losses based on a review of all subscriptions in arrears at the reporting date.

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Subscription receivables	4,350	5,100
Less : Allowance for impairment losses	<u>(4,350)</u>	<u>(5,100)</u>
	<u>-</u>	<u>-</u>

These receivables have been individually determined to be impaired when the debt is past due and collection has not been successful.

The movement of allowance for impairment losses during the financial year is as follows:

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
At beginning of financial year	5,100	11,150
Impairment losses recognised during the financial year (Note 20)	2,200	2,450
Reversal of impairment losses (Note 20)	(1,050)	(2,850)
Written off	(1,900)	(5,650)
At end of financial year	<u>4,350</u>	<u>5,100</u>

During the financial year, subscriptions receivables amounting to RM168,450 (2015: RM151,250) was written off in profit or loss (Note 20).

## 9. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The effective interest rates receivable for the fixed deposits placed with licensed financial institutions range from 3.30% to 4.30% (2015: 3.25% to 4.20%) per annum.

The maturity profile of fixed deposits is presented as follows:

	2016 RM	2015 RM
Within 3 months	-	10,560,033
Later than 3 months	10,908,193	19,873,927
	<u>10,908,193</u>	<u>30,433,960</u>

## 10. NON-CURRENT ASSETS HELD FOR SALE

The Institute's freehold land and building has been reclassified as non-current assets held for sale during the financial year following a resolution of the Council at a meeting on 22 January 2016 to sell the property. Efforts to sell the property are currently under way, and a sale is expected to be concluded in the next financial year. At 30 June 2016, the net carrying amount of property classified as held for sale is as follows:

	2016 RM
Cost of freehold land and building	2,611,399
Accumulated depreciation	(997,177)
	<u>1,614,222</u>

## 11. ISLAMIC FINANCING

	2016 RM	2015 RM
Repayable between two to five years	-	5,213,625
Repayable later than five years	-	11,469,975
	<u>-</u>	<u>16,683,600</u>

The Institute obtained Islamic financing amounting to RM18.9 million during 2013 to contribute towards the acquisition of 2 units of office suite in Bangsar South. The financing was secured over the office suite (Note 3). The Effective Profit Rate ("EPR") of the financing is at 4.45% (2015: 4.2%) per annum, however, the EPR shall not exceed the Ceiling Profit Rate ("CPR") of 10.75% per annum. The financing is repayable over 192 monthly instalments.

The Bank has undertaken to grant Ibra' (rebate) of such amount where the EPR is less than the CPR; upon early settlement of the facility; and/or upon receipt by the Bank of early settlement amount pursuant to occurrence of any of the Events of Default as per facility agreement.

During the construction period of the office suite, the financing cost (profit portion under the Bai' Bithaman Ajil (BBA) concept) was borne by the developer until delivery of vacant possession. The loan was fully repaid during the financial year.

**12. DEFERRED TAX ASSET/(LIABILITY)**

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Deferred tax asset	24,773	-
Deferred tax liability	-	(74,543)
	<u>24,773</u>	<u>(74,543)</u>
<b>At beginning of financial year</b>	(74,543)	(123,864)
Recognised in profit or loss (Note 22)		
- property, plant and equipment	89,406	(9,430)
- provisions	9,910	58,751
	<u>99,316</u>	<u>49,321</u>
<b>At end of financial year</b>	<u>24,773</u>	<u>(74,543)</u>
<b>Deferred tax asset (before offsetting)</b>		
- property, plant and equipment	-	-
- provisions	68,661	58,751
	<u>68,661</u>	<u>58,751</u>
Offsetting	(43,888)	(58,751)
<b>Deferred tax asset (after offsetting)</b>	<u>24,773</u>	<u>-</u>
<b>Deferred tax liability (before offsetting)</b>		
- property, plant and equipment	(43,888)	(133,294)
Offsetting	43,888	58,751
<b>Deferred tax liability (after offsetting)</b>	<u>-</u>	<u>(74,543)</u>

**Unrecognised deferred tax assets**

Balance of unutilised capital allowances and unutilised losses totalling RM542,137 as at the end of the current financial year represents brought forward amounts from membership activities that was prior to the Addendum to Public Ruling No 6/2005 in relation to tax treatment for Trade Associations. Deferred tax assets have not been recognised in respect of these items at the reporting date as the utilisation of the tax benefits is not probable in the foreseeable future:

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Unabsorbed capital allowance	346,573	346,573
Unutilised tax losses	195,564	195,564
	<u>542,137</u>	<u>542,137</u>
Potential deferred tax assets not recognised at 24% (2015: 25%)	<u>130,113</u>	<u>135,534</u>



**13. PAYABLES AND ACCRUALS**

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Payables	759,287	595,958
Accruals - events and conferences expenses	525,172	697,195
Accruals - employee benefits	3,796,951	4,799,333
Accruals - education expenses	59,012	75,536
Accruals - others	507,018	1,012,608
Deposits	101,100	99,200
	<u>5,748,540</u>	<u>7,279,830</u>

The credit periods granted by sundry payables to the Institute range from 14 days to 60 days (2015: 14 days to 60 days).

**14. DEFERRED INCOME**

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Membership admission pending Council's approval	269,850	409,050
Practising certificate fees pending Council's approval	10,000	14,000
Deferred income - readmission pending Council's approval	6,850	3,400
Deferred income - events and conferences	1,379,332	1,045,461
Deferred income - review on accreditation of universities	16,000	38,000
Deferred income - qualifying examination	227,300	184,909
Deferred income - education and advertisers	148,193	90,113
Deferred income - Professional Standards & Practices	37,736	-
	<u>2,095,261</u>	<u>1,784,933</u>

**15. DEFERRED INCOME - GOVERNMENT GRANTS**

<b>2016</b>	<b>ICS</b>	<b>Capacity building</b>	<b>SMIDEC training grant</b>	<b>FRSIC &amp; CMAC</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
	(a)	(b)	(c)	(d)	
At beginning of financial year	-	6,200	63,952	455,000	525,152
Grant received during the financial year	-	-	-	505,000	505,000
	-	6,200	63,952	960,000	1,030,152
Deferred income released to profit or loss	-	(6,200)	(63,952)	(530,250)	(600,402)
At end of financial year	-	-	-	429,750	429,750

**15. DEFERRED INCOME - GOVERNMENT GRANTS (CONT'D)**

<b>2015</b>	<b>ICS RM</b>	<b>Capacity building RM</b>	<b>SMIDEC training grant RM</b>	<b>FRSIC &amp; CMAC RM</b>	<b>Total RM</b>
	(a)	(b)	(c)	(d)	
At beginning of financial year	8,276	44,017	80,602	-	132,895
Grant received during the financial year	-	-	121,632	505,000	626,632
	8,276	44,017	202,234	505,000	759,527
Deferred income released to profit or loss	(8,276)	(37,817)	(138,282)	(50,000)	(234,375)
At end of financial year	-	6,200	63,952	455,000	525,152

**(a) ICS**

This represents grant from the Ministry of Higher Education Malaysia obtained in financial year 2009/2010 for the Institute to develop integrated cases to be used by universities under a newly introduced course, namely Integrated Case Study ("ICS"). The grant received in 2009 was RM125,000.

**(b) Capacity Building**

Approval on government assistance for capacity building was obtained on 12 April 2012 to carry out various programmes to upgrade capacity building for the nation. Total grant received as at 30 June 2016 stood at RM1.37 million (2015: RM1.37 million).

**(c) SMIDEC training grant**

The Institute received a training grant from SMECorp Malaysia ("SMIDEC") for mandatory and skill program for subsidising qualified participants' course fees. The total subsidy received as at 30 June 2016 amounted to RM2.75 million (2015: RM2.75 million).

**(d) FRSIC and CMAC**

During the previous financial year, the Capital Market Development Fund ("CMDF") approved a grant to the Institute for implementing and administering of the Financial Reporting Standards Implementation Committee ("FRSIC") and Capital Market Advisory Committee ("CMAC") projects. The grant will be receivable annually over a period of 4 years from May 2015 to 31 December 2018 for a total sum of RM4.52 million, to be used for initiatives in capacity building of professional accountants through the provision of knowledge and skills upgrading courses and to achieve consistent application of the securities laws and rules of the stock exchange and accounting standards through the provision of guidance notes, clarification and consensuses. The total grant received as at 30 June 2016 amounted to RM1.01 million (2015: RM0.51 million).

**16. MEMBERSHIP INCOME**

	<b>2016 RM</b>	<b>2015 RM</b>
Members' annual subscription fees	11,602,300	11,243,650
Members' admission fees	796,000	812,500
Practising certificate fees	801,500	758,250
	<u>13,199,800</u>	<u>12,814,400</u>

**17. INCOME FROM / (EXPENSES FOR) EVENTS AND CONFERENCES**

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Income	21,661,321	30,289,199
Direct expenses	(10,834,754)	(13,554,407)
	<u>10,826,567</u>	<u>16,734,792</u>

**18. OTHER INCOME**

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Included in other income are the following items:		
Education income	459,444	502,853
Accountants Today and other web advertisements	162,485	128,735
Practice review billings	187,265	176,103
Income from joint activities with other professional bodies	103,737	115,302
Interest on fixed deposits and current accounts	938,127	1,177,367
Rental income	6,000	33,600
Regional office activities	8,528	12,723
Enforcement penalty-reimbursement	77,050	124,400
Released of government grants	<u>600,402</u>	<u>234,375</u>

**19. EMPLOYEE BENEFITS**

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Salaries, overtime and bonus	14,476,206	14,704,678
Contributions to EPF	2,231,387	2,232,831
Other staff benefits	503,682	467,115
Social security contribution	112,147	88,906
Staff training	437,209	276,085
Staff welfare	235,534	379,667
	<u>17,996,165</u>	<u>18,149,282</u>

## 20. SURPLUS BEFORE TAX

	2016 RM	2015 RM
Surplus before tax has been arrived at after charging/(crediting):		
Amortisation of intangible asset	141,361	55,241
*Assets expensed off	4,916	6,178
*Auditor's remuneration - statutory audit	16,214	16,214
*Auditor's remuneration - (over)/under provision in prior year	(1,636)	1,788
Depreciation of property, plant and equipment	789,856	452,612
*Education expenses	352,301	385,879
Finance cost	383,692	-
*Financial assets written off:		
- receivables	8,386	18,264
- subscription receivables	168,450	151,250
*Impairment loss on financial assets:		
- receivables	41,007	68,335
- subscription receivables	2,200	2,450
#*International relations expenses	546,232	567,698
*Non-financial assets written off:		
- Property, plant and equipment	3,303	34
*Promotional cost	328,061	391,161
*Rental of premises	543,150	538,250
*Reversal of impairment loss on financial assets:		
- receivables	(85,418)	(61,345)
- subscription receivables	(1,050)	(2,850)
*Upkeep of office	399,897	293,356
*Utilities	380,685	401,373

# represent subscription fee and engagement expenses with Regional and International stakeholders.

\* represent items included in "Other operating expenses" as presented in the statement of profit or loss and other comprehensive income.

## 21. INCOME AND EXPENSES BY OPERATING SEGMENT

2016	Professional Development RM	Membership & Education RM	Professional Standards & Practices RM	Surveillance & Enforcement RM	Total RM
Revenue	21,661,321	13,199,800	-	-	34,861,121
Other income	-	1,338,680	592,525	264,315	2,195,520
Total income	21,661,321	14,538,480	592,525	264,315	37,056,641
<b>Less: Expenses</b>					
Direct expenses	10,834,754	1,784,093	206,080	4,518	12,829,445
Employee benefits - direct	2,509,141	3,601,355	1,670,896	3,626,046	11,407,438
Employee benefits - allocated	1,833,385	2,635,491	744,813	1,375,038	6,588,727
Overheads - direct & allocated	1,185,549	2,276,408	609,947	995,059	5,066,963
Total expenses	16,362,829	10,297,347	3,231,736	6,000,661	35,892,573
Surplus/(deficit) at segment level	5,298,492	4,241,133	(2,639,211)	(5,736,346)	1,164,068
Interest income					938,127
Rental and management income					12,000
<b>Surplus before tax at Institute level</b>					<b>2,114,195</b>

**21. INCOME AND EXPENSES BY OPERATING SEGMENT (CONT'D)**

2015	Professional Development	Membership & Education	Professional Standards & Practices	Surveillance & Enforcement	Total
	RM	RM	RM	RM	RM
Revenue	30,289,199	12,814,400	-	-	43,103,599
Other income	-	1,084,496	50,550	300,503	1,435,549
Total income	30,289,199	13,898,896	50,550	300,503	44,539,148
<b>Less: Expenses</b>					
Direct expenses	13,554,407	1,803,672	12,855	162,429	15,533,363
Employee benefits - direct	2,456,542	2,825,033	1,872,777	3,184,176	10,338,528
Employee benefits - allocated	1,968,064	2,890,594	1,230,040	1,722,056	7,810,754
Overheads - direct & allocated	817,410	2,025,747	664,412	766,173	4,273,742
Total expenses	18,796,423	9,545,046	3,780,084	5,834,834	37,956,387
Surplus/(deficit) at segment level	11,492,776	4,353,850	(3,729,534)	(5,534,331)	6,582,761
Interest Income					1,177,367
Rental and management income					39,600
<b>Surplus before tax at Institute level</b>					<b>7,799,728</b>

Notes:

1. *Professional Standards & Practices* unit is supported by the Anti-Money Laundering and Anti-Terrorism Financing Act Committee; Auditing and Assurance Standards Board; Capital Market Advisory Committee; Ethics Standards Board; Financial Reporting Standards Implementation Committee; Integrated Reporting Steering Committee; Islamic Finance Committee; Professional Accountants In Business Committee; Public Sector Accounting Committee; SSM Committee and Taxation Practice Committee.
2. *Surveillance and Enforcement* unit is supported by the Financial Statements Review Committee; Practice Review Committee; Investigation Committee; Disciplinary Committee and Disciplinary Appeal Board.

**22. INCOME TAX**

	2016 RM	2015 RM
Income tax		
- current year	-	460,000
- over provision in respect of previous years	-	(1,128)
	-	458,872
Deferred tax (Note 12)		
- relating to origination and reversal of temporary differences	(99,316)	(49,321)
	(99,316)	409,551

For tax purposes, the Institute is treated as a "Trade Association" under Section 53(3) of the Income Tax Act 1967 under which its income is taxed at scaled rates.

## 22. INCOME TAX (CONT'D)

A reconciliation of income tax expense applicable to surplus before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Institute is as follows:

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Surplus before tax	2,114,195	7,799,728
Taxation at applicable statutory tax rate of 24% (2015: 25%)	507,407	1,949,932
Tax effects of:		
- expenses not deductible for tax purposes	94,822	26,764
- utilisation of deferred tax assets previously not recognised	-	(720,045)
- membership income not subject to tax	(698,563)	(845,972)
- over provision of income tax in respect of previous years	-	(1,128)
- change in tax rate	(2,982)	-
	(99,316)	409,551

## 23. RELATED PARTY DISCLOSURES

Transactions carried out with related parties during the financial year were as follows:

### (a) Fees paid by Council members

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Members' annual subscription fees	10,050	9,350
Practising certificate fees	3,250	3,250
	13,300	12,600

### (b) Fees paid to Council members

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Reviewer fee	3,000	-
Qualifying examination facilitator fees	11,000	14,400
	14,000	14,400

### (c) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Institute either directly or indirectly.

The key management personnel of the Institute are the Chief Executive Officer, Deputy Chief Executive Officer, Chief Operating Officer and Directors of Membership Development & Education, Professional Standards & Practices and Surveillance & Enforcement. Their remunerations for the financial year are as follows:

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Salaries and bonus	1,961,721	1,609,211
Contribution to EPF	227,611	238,335
Social security contribution	2,891	1,859
	2,192,223	1,849,405

The year-end outstanding balance of RM333,571 (2015: RM541,711) in relation to compensation payable to key management personnel is included in payables and accruals.



## 24. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

### (a) Categories of financial instruments

	Available-for-sale financial assets	Loans and receivables	Financial liabilities at amortised cost	Total
	RM	RM	RM	RM
<b>As at 30 June 2016</b>				
Financial assets:				
- Investment	7,458	-	-	7,458
- Receivables and deposits	-	1,187,295	-	1,187,295
- Fixed deposits with licensed financial institutions	-	10,908,193	-	10,908,193
- Cash and bank balances	-	6,121,642	-	6,121,642
Total financial assets	7,458	18,217,130	-	18,224,588
Financial liabilities:				
- Islamic financing	-	-	-	-
- Payables	-	-	860,387	860,387
- Accruals	-	-	4,888,153	4,888,153
Total financial liabilities	-	-	5,748,540	5,748,540
<b>As at 30 June 2015</b>				
Financial assets:				
- Investment	7,458	-	-	7,458
- Receivables and deposits	-	1,230,810	-	1,230,810
- Fixed deposits with licensed financial institutions	-	30,433,960	-	30,433,960
- Cash and bank balances	-	5,138,780	-	5,138,780
Total financial assets	7,458	36,803,550	-	36,811,008
Financial liabilities:				
- Islamic financing	-	-	16,683,600	16,683,600
- Payables	-	-	695,158	695,158
- Accruals	-	-	6,584,672	6,584,672
Total financial liabilities	-	-	23,963,430	23,963,430

### (b) Net gains arising from financial instruments

	2016	2015
	RM	RM
Net gains on loans and receivables	420,860	1,001,263

## 24. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Financial risk management objectives and policies

The Institute's financial risk management objectives are to ensure that the Institute creates value and maximises returns to the Institute and its members at large. The Institute's financial risk management policies seek to ensure that adequate financial and non-financial resources are available for the smooth implementation of its operations. The Institute has exposure on liquidity risk, interest rate risk and profit rate risk arising from Islamic financing. The Institute does not invest in quoted shares and is, therefore, not exposed to market risk arising from the risk of the financial instruments fluctuating due to changes in market prices.

#### (i) Credit risk

Receivables and transactions with banking institutions may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are licensed financial institutions and organizations. It is the policy of the Institute to monitor the financial standing of these counter parties on an on-going basis to ensure that the Institute is exposed to minimal credit risk.

The Institute has also exercised strict control in removing members in arrears of more than 6 months as provided under the Malaysian Institute of Accountants (Membership and Council) Rules 2001.

Other than as mentioned, the Institute has no significant concentration of credit risk. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the statement of financial position.

#### (ii) Liquidity risk

Liquidity or funding risk is the risk of the inability to meet commitments associated with financial instruments.

The Institute practices prudent liquidity risk management to maintain sufficient levels of cash or cash equivalents to meet its requirements of working capital.

#### Maturity analysis

The maturity profiles of the Institute's financial liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows:

	Carrying amount RM	Contractual profit rate	Gross contractual cash flow RM	< than a year RM	1 - 5 years RM	> 5 years RM
<b>2016</b>						
Payables and accruals	5,748,540		5,748,540	5,748,540	-	-
<b>2015</b>						
Islamic financing	16,683,600	4.20%	22,940,544	1,624,956	6,499,824	14,815,764
Payables and accruals	7,279,830		7,279,830	7,279,830	-	-
	23,963,430		30,220,374	8,904,786	6,499,824	14,815,764

#### (iii) Interest rate risk

The Institute is exposed to interest rate risk in respect of its fixed deposits with licensed financial institutions and banks. The Institute places fixed deposits at competitive rates under the most favourable terms and conditions. As fixed deposits are subject to fixed rate and not accounted for at fair value through profit or loss, a change in the market interest rates would not affect the financial result for the financial year and the fund of the Institute.

As disclosed in Note 11 in the financial statements, the Institute is also exposed to profit rate risk for its Islamic financing with a licensed bank to a maximum ceiling rate of 10.75%. The Bank will grant "Ibra" (rebate) to the Institute where the EPR is less than the CPR; upon early settlement of the facility; and/or upon receipt by the licensed bank of the settlement amount pursuant to occurrence any of the Events of Default as set out in the facility agreement.

## 24. FINANCIAL INSTRUMENTS (CONT'D)

### (d) Fair value

The carrying amount of the financial assets and financial liabilities of the Institute at the end of the financial year approximated their fair values, on the following basis:

#### Short-term financial assets and financial liabilities

Carrying amounts approximated fair values due to the relatively short-term nature of these financial instruments.

#### Long-term financial liability (Islamic financing)

The fair value of the Islamic financing is determined by discounting the relevant cash flows using current profit rates for similar instruments at the end of the reporting period.

## 25. CAPITAL MANAGEMENT

The objectives of the Institute in managing capital are:

- to safeguard the Institute's function, which is to regulate and develop the accountancy profession in Malaysia in line with its statutory obligations under the Accountants Act, 1967;
- to develop and enhance competency through continuous education and training to meet the challenges of the global economy; and
- to provide capital for the purpose of strengthening the Institute's operational efficiency.

The Institute regularly reviews and manages its capital to ensure adequacy for both operational and capital needs. All surpluses are transferred to the accumulated fund for future operational needs.

For the purpose of capital disclosure, the Council regards the accumulated fund as capital of the Institute.

## 26. COMMITMENTS

	Note	2016 RM	2015 RM
<b>Capital commitments</b>			
<b>Property, plant and equipment</b>			
Approved and contracted for	(a)	<u>2,954,912</u>	<u>2,224,480</u>
<b>Intangible asset</b>			
Approved and contracted for	(b)	<u>-</u>	<u>304,253</u>

Note:

- (a) The amount approved and contracted for as at the end of the current financial year is in relation to the renovation of the new office suite. The amount approved and contracted for in the previous year was in relation to the acquisition of the new office suite at Bangsar South.
- (b) The amount approved and contracted for in the previous year was in relation to the acquisition of the Human Resource System and new accounting system.

**27. OPERATING LEASES****Lease of office premises****Institute as lessee**

The Institute has entered into leases of office premises. These non-cancellable leases have remaining lease terms of between 1 to 3 years. Future minimum rental payable under non-cancellable operating lease at the reporting date are as follows:

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Less than one year	125,975	461,450
Between one and five years	69,600	142,775
	<u>195,575</u>	<u>604,225</u>

# Significant Event Highlights



# Media and Communications

MIA actively engages with the media to communicate issues affecting the accountancy profession. Throughout the year under review, MIA received many significant coverage in leading broadcast & print media. The media coverage also articulates and enhances MIA's brand and strategic objectives for building competency, quality and reputation.

## MIA, MICPA, Bursa Malaysia team up for NACRA 2016

**KUALA LUMPUR:** The Malaysian Institute of Accountants (MIA), The Malaysian Institute of Certified Public Accountants (MICPA) and Bursa Malaysia Bhd have teamed up to launch the National Annual Corporate Awards (NACRA) 2016.

Themed, "Towards Accountability and Excellence", NACRA was launched in 1990 with the aim of promoting excellence in annual corporate reporting.

NACRA is open to all organisations incorporated or registered in Malaysia, including companies listed on Bursa Malaysia and non-listed organisations.

Eligible Malaysian corporations and organisations are invited to participate in this year's NACRA awards by submitting their entries by May 31, 2016, said a statement from MIA.

NACRA 2016 Organising Committee Chairperson, Loh Lay Choon said NACRA aimed to improve the quality of annual reports recognising that information was the life blood of today's capital markets.

"Investors and stakeholders rely upon them to make informed decisions," Loh said. —Bernama

MIA, MICPA, Bursa Malaysia team up for NACRA 2015  
Source: Borneo Post  
25.3.2015

Konsep bank butik boleh diterjemahkan bantu PKS  
Source: UTUSANBIZ, Utusan Malaysia  
16.4.2015

SMK USJ 13 fields yet another winning team  
Source: Learning Curve, New Sunday Times  
20.9.2015

## GST Conference for SMEs

MIA is once again organizing the well-received GST Conference 2015. After a successful stint last year, SMEs are encouraged to attend and gain some much-needed insight on GST.

The GST Conference 2015 is a two-day event that provides SMEs with the latest information on GST, including the new GST rates, the GST credit and debit system, and the GST reporting requirements. The conference is held at the MIA Convention Centre in Kuala Lumpur and is open to all SMEs. The fee for the conference is RM100 per person, which includes a lunch and a certificate of attendance. The conference is organized by MIA in partnership with the Malaysian Accounting Reporting Council (MARC) and the Malaysian Accounting Standards Board (MASB).

## Come for GST, stay for PCAP

It is a good time to be a small and medium enterprise (SME) owner in Malaysia. The government has introduced a number of initiatives to support SMEs, including the Small Business Financing Scheme (SBFS) and the Small Business Development Fund (SBDF). One of the most recent initiatives is the Integrated Reporting (IR) framework, which is a holistic approach to financial reporting that focuses on the value created by the company and its stakeholders. The IR framework is being implemented by the Malaysian Accounting Standards Board (MASB) and the Malaysian Accounting Reporting Council (MARC). The IR framework is a two-year process that involves a number of steps, including the identification of the company's value drivers, the measurement of these drivers, and the reporting of the results. The IR framework is designed to help SMEs to improve their financial performance and to attract investment. The IR framework is also designed to help SMEs to improve their transparency and to build trust with their stakeholders. The IR framework is a good time to be a SME owner in Malaysia.

GST Conference for SMEs  
Source: SME News, Malaysia SME  
8-21.8.2015

## New business accounting standard in the books

MIA to organise The Malaysian Private Entities Reporting Standard (MPERS) Conference this 19th Oct for SMEs and accountants

In February 2016, the Malaysian Accounting Standards Board (MASB) announced that it will issue the Malaysian Private Entities Reporting Standard (MPERS) in 2016. The MPERS is a new accounting standard that is designed for SMEs and private entities. The MPERS is based on the International Financial Reporting Standards (IFRS) and is designed to be simpler and more practical than the IFRS. The MPERS is expected to be issued in February 2016 and will be effective from January 2017.

In this connection, the Malaysian Institute of Accountants (MIA) will be organising the Malaysian Private Entities Reporting Standard (MPERS) Conference this 19th October 2015 at the MIA Convention Centre in Kuala Lumpur. The conference is open to all SMEs and accountants. The fee for the conference is RM100 per person, which includes a lunch and a certificate of attendance. The conference is organized by MIA in partnership with the Malaysian Accounting Reporting Council (MARC) and the Malaysian Accounting Standards Board (MASB).

Participants could also be able to understand and ensure compliance with the standards on operational activities, such as payroll, goods, services, and transactions to MPERS and business combinations and goodwill as well as additional business and financial reporting for MPERS and for the IR framework.

The MPERS Conference 2015 will be in conjunction with the expected completion of the MPERS standard, which was earlier proposed for release in October 2015. These announcements are to be in line with the announcements made by the MASB.

In view of this, MIA has been a steady force behind the readiness of users, preparers, auditors and the public in embracing the IR framework.

Based on the survey findings, there appears to be a lack of awareness towards MPERS and the IR framework among SMEs and private entities. The MIA is committed to providing support and guidance to SMEs and private entities in understanding and implementing the MPERS and the IR framework.

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New business accounting standard in the books  
Source: SME News, Malaysia SME  
19.9.2015  
- 2.10.2015



IR Framework

## Improved accounting for the future of SMEs with new <IR> Framework

MIA convened Malaysian accountants to delve into the arrival of the <IR> Framework by the International Integrated Reporting Council (IIRC)

By Sherry Pong  
According to him, the rising importance of intangible assets represents a huge shift in how those who operate businesses are thinking about and attributing value. "A recent survey of some 400 SMEs in Malaysia found that 76% of respondents believe that intangible assets are important to the success of their business. This is a significant shift from the traditional focus on tangible assets. The IR framework is designed to help SMEs to measure and report on their intangible assets, such as intellectual property, human capital, and customer relationships. The IR framework is a two-year process that involves a number of steps, including the identification of the company's value drivers, the measurement of these drivers, and the reporting of the results. The IR framework is designed to help SMEs to improve their financial performance and to attract investment. The IR framework is also designed to help SMEs to improve their transparency and to build trust with their stakeholders. The IR framework is a good time to be a SME owner in Malaysia.

Comprehensive report  
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against what stated in the reports. Take for example, if a large company is saying that it is supporting small businesses, but it is not doing so in reality, it is only in speech.

"The only way we are helping small businesses, but are you really? And how much have you achieved? The IR framework is designed to help SMEs to improve their financial performance and to attract investment. The IR framework is also designed to help SMEs to improve their transparency and to build trust with their stakeholders. The IR framework is a good time to be a SME owner in Malaysia.

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Improved accounting for the future of SMEs with new <IR> Framework  
Source: SME News, Malaysia SME  
19.9.2015  
- 2.10.2015



## MIA conference to take on pressing issues of business world

BY SUPRIYA SUBRAMANIAN

The Malaysian Institute of Accountants (MIA) International Accountants Conference 2015, which is anticipated to be one of the largest gatherings of accountants in the world, is set to take on today's most pressing issues as well as challenges and opportunities in the accounting and business world.

The conference, to be held on Oct 26 and 27, has received a confirmed attendance of 2,000 delegates from commerce and industry, the public sector, public practice and academia, and will be opened by Second Finance Minister Datuk Seri Ahmad Hussen Mohamed Mansur.

It will feature 60 renowned local and international speakers across networking sessions, such as Alstia, a Bhd chairman Tan Sri Ruffiah Aziz, Royal Malaysian Customs Department deputy director general of customs (customs) Datuk Indra Mahalingam Thirumangalakudi and Second Finance Minister Datuk Seri Ahmad Hussen Mohamed Mansur.

The main sponsors of the MIA International Accountants Conference 2015 are the Chartered Institute of Management Accountants (CIMA) sponsor, the Association of Chartered Certified Accountants (ACCA) sponsor and the Institute of Cost Accountants of Malaysia (ICAM) sponsor.

The theme of this year's conference is "Today's Struggles, Tomorrow's Reality" and in a recent email interview with the Edge, MIA president Chua Mohamed Fala Azmi shared his insights into the conference and the evolution of the accountancy profession. The following are excerpts from the interview.

**Edge: What are your thoughts of the MIA International Accountants Conference 2015?**

**Fala Azmi:** The theme of the conference is apt as it reflects the realisation of the Asian Economic Community (AEC), which is expected to be established by the end of this year.

Accountants need to update themselves on the opportunities and challenges presented by the AEC and consider building resources and talent to provide new offerings or move existing ones into new jurisdictions and work environments.

This will not be easy for some, without a rethink of how to work with other cultures and environments and be able to draw on different types of people to get a result.

Third, the need to work collaboratively, synergistically, becomes important. To succeed, one can no longer work in silos.

Below the conference is an excellent way to provide ideas and solutions as well as to provide participants with a way of networking and finding people with relevant experiences, to help them succeed.

**What would be the key takeaways from the conference for participants?**

The MIA conference is longed for as one of the largest gatherings of accountants in the world. The conference has

received a confirmed attendance of 2,000 local and international delegates from commerce and industry, the public sector, public practice and academia.

With the theme reflecting the AEC, accountants will be pivotal in ensuring that the AEC takes off. At this conference, accountants will be able to share their experiences in being the AEC to realisation.

The conference seeks to encourage topics that are of interest to our members, both in terms of accounting and technical aspects.

On the technical side, the main takeaways for preparers and auditors are the implementation of a new accounting framework for non profit for interest entities next year, the Malaysian Private Entities Reporting Standard (MPEERS). This is being brought in by the Malaysian Accounting Standards Board (MASB) and is based on an international standard used by small and medium enterprises globally. We will also touch on new accounting standards such as Malaysian Financial Reporting Standards (MFRS) 11 on accounting for revenue that is arising from interest in a joint venture.

In terms of general awareness, we will also update our members on what is happening in Malaysia and regionally on a range of topics, such as integrated reporting, the impact of the AEC, the use of social media, taxation matters such as the Goods and Services Tax (GST), new audit methods such as big data analytics and the new auditor's report.

Finally, we have a few topics that seek to provide education, such as the role of accountants in government, the need for a common tax approach in the AEC as well as the topic of gender diversity in the profession.

Overall, it is a good balance of topics, which we believe will be of interest to members and will keep them abreast of things.

**What are MIA's aspirations and plans for the accountancy profession in Malaysia?**

One key aspiration is to discharge the overarching mandate of developing the accountancy profession to support nation building and good governance in the public interest.

Currently, there are more than 100,000 accountants in Malaysia. MIA has an estimate that the nation needs 60,000 accountants to meet the demand.

MIA's key short-term objective is to address this talent gap and build up the skill and quality of professional accountants to fulfil Malaysia's development needs.

The mandate to achieve the 60,000 target is not an easy task and we are working closely with the relevant stakeholders and institutions to help in this effort.

We have already started and intend to intensify our efforts to engage with schools and institutions of higher learning to encourage young talents to join the profession. Given the importance of this area, the vice-president of

"I believe the conference is an excellent way to provide some ideas and solutions as well as to provide participants with a way of networking and finding people with relevant experiences, to help them succeed."



Chua Mohamed Fala Azmi, MIA President, shares his insights into the conference and the evolution of the accountancy profession.



Datuk Hussen Mohamed Mansur, Second Finance Minister, will open the MIA International Accountants Conference 2015.

Finance Minister Datuk Hussen Mohamed Mansur, has been focusing most of his efforts to this end. We will share the objective to promote and train for free-purpose accountants.

Beyond this goal, we will continue to push the agenda for the profession forward on other fronts.

The 2015 milestone of the AEC and the signing of the Asian Mutual Recognition Arrangement for professional accountancy services will be the game changers for the profession. With a projected annual gross domestic product growth of 6% over the next six years, the region is poised to reach an economic size of about US\$1.5 trillion by 2020 – four times its size a decade ago, according to Bank Negara Malaysia recently.

The opening up of trade is expected to increase the demand for accountants and other professionals. Indeed, there is an opportunity for Malaysia MIA and there are estimates that the nation needs 60,000 accountants to meet the demand.

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grooming its members to go on to more bookkeeping to holding a more managerial position?

MIA is aware of the competency skill sets that CFOs need to possess. Consequently, MIA offers strategic leadership programmes on strategic management and business intelligence as well as providing global exposure on trends that are taking place in the business world to prepare CFOs for the leadership role.

One such initiative is the CFO Dialogue, a joint initiative between MIA and the Chartered Institute of Management Accountants that brings together C-suite finance professionals from various industries on a common platform to discuss the trends and challenges in the business environment.

We are also exploring the demand of a competency framework for accountants in business to ensure their skill sets are being constantly updated and that they are armed with up-to-date knowledge in order to do their job better.

**Is it vital for accountants nowadays to have professional certification, how much does it add to their professional value?**

Competency is a core attribute of any professional. As economies develop and the market becomes more sophisticated, accountants need to be able to adapt to those changes. It is clear the accountants of tomorrow will need to be more and be expected to deal with new products, standards and be able to deal with new situations.

As a trained professional, an international standard is being issued by bodies around the world.

To remain relevant and globally, MIA need to embrace change with both feet and be able to deal with new products, standards and be able to deal with new situations.

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MIA Conference to take on pressing issues of business world  
Source: The Edge Malaysia  
26.10.2015

Big data auditing a necessity in today's business accounting  
Source: SME Bytes, Malaysia SME  
14 - 27.11.2015

## Big data auditing a necessity in today's business accounting

Big data is an audit tool, an enabler to assist in audit procedures in the most efficient manner

By Sanjay Ranganathan

partner@sanjayranganathan.com

Big data auditing requires

Big change in the mind

set and auditors to swiftly

transform business accounting

for those who are prepared to

leverage on these huge range of

structured and unstructured data.

Big data is going to flood in.

There has to be a little switch in

the mind. What needs to be

proved is the understanding of the

right quality to be used in the

data process," he told MALAYSIA

Today.

He added that the thought

process remains fundamentally the

same and the format of the data

should not really matter. "What

we have been doing is not

changing but how we are doing

it is going to change. It is the

thought process and not looking

clearly the expectation and limitations

in capturing data, since that

is going to make the difference,"

Sanjay said.

"The thought process of an audit

has been tried and tested over the

cent. If the data does not

change the objective of an audit

of the auditor's thought process. The

data and control objectives are still

the same. All that is different is a

change in the way we are doing

it. We are going to be using a

different tool, but the objective

remains the same," he added.

Speaking to MALAYSIA

SME, Sanjay Ranganathan, Senior

Consultant at Sanjay Ranganathan

Consulting, said that the

challenge is to ensure that the

data is of the right quality and

that it is not just a collection of

data, but that it is a collection of

data that can be used to

make decisions. "Big data is not

just a collection of data, it is a

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