



MALAYSIAN INSTITUTE OF ACCOUNTANTS
FINANCIAL REPORTING STANDARDS IMPLEMENTATION COMMITTEE
("FRSIC")

FRSIC Issue No. 31 [2009]

Interpretation of the Term "For Public Use" Contained in FRS 127 in Determining the Applicability of Exemption from Preparing Consolidated Financial Statements

The issue:

Various definitions on 'Public Use' of FRS 127 "Consolidated and Separate Financial Statements" under the exemption of preparing consolidated financial statements.

Current accounting practice as observed by the Submitter:

A parent could apply for an exemption from preparing consolidated financial statements ("CFS") if and only if, it meets the conditions under paragraph 10 of FRS 127. One of the conditions under the said paragraph is that "the ultimate or any intermediate parent of the parent produces CFS available for public use that comply with FRSs".

In interpreting the 'Public Use', there are three (3) thoughts in the market:-

- i. 'Public Use' is restricted only to those financial statements of PLCs.
- ii. It includes those non-PLCs of which their financial statements are published on the entities' website.
- iii. The definition has been extended to those companies incorporated under the Companies Act, 1965 whereby such companies are required to lodge a copy of financial statements to the Companies Commission of Malaysia ("SSM") annually.

Reasons for the FRSIC to address the issue:

Various interpretations lead to different practices by the profession. A clear interpretation would definitely synchronize the different practices among the profession in Malaysia.

Submitter's proposal or recommendation to address the issue:

The 'Public Use' should include all companies incorporated under the Companies Act, 1965. However, arguments may arise on:

- a) Parents which are not wholly-owned;
- b) Ultimate or any intermediate parents that always late in filing to the SSM; and
- c) Ultimate or any intermediate parents who are exempted private enterprises that opt not to file financial statements to the SSM.

If the parent is not a wholly-owned subsidiary, approvals would have already been sought from the minority interests from not presenting CFS. Thus, there is no issue should restrict to those

financial statements of PLCs that could easily available via Bursa Malaysia. Other interpretations, especially item (iii), may not be able to provide necessary information required by the users if the ultimate or immediate holding company did not file financial statements to SSM.

Submitted on:

18 August 2009

Corresponding FRSIC Consensus:

ISSUE WAS REJECTED FROM FURTHER DELIBERATION.

The FRSIC's deliberation: FRSIC decided not to take up the issue as the matter is related to the interpretation of accounting standards and not an implementation issue.

[Last updated: 25 August 2009]