

INTEGRATED REPORT 2019

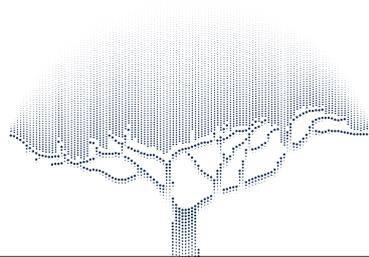
#NATION BUILDING

Upholding
Trust, Fostering
the Profession's
Sustainability



MALAYSIAN INSTITUTE
OF ACCOUNTANTS





UPHOLDING TRUST, FOSTERING THE PROFESSION'S SUSTAINABILITY

MIA was established on 30 September 1967, pursuant to the implementation of the Accountants Act 1967 that entrusted us with the mandate of regulating and developing the accountancy profession in Malaysia. We celebrated our Golden Jubilee in 2017 with the theme of Integrity, Accountability and Trust, which are the enduring values that lay the foundation of the accountancy profession and inspire trust and confidence.

Going forward, we will continue to shape a vibrant and sustainable profession by developing its capacity and competency. While we face complex and unprecedented challenges in the 21st century, MIA remains committed to future-proofing the profession and training accountants of quality and integrity to drive the nation's economic and social growth.

We ensure that all of our actions to create sustainable value are seamlessly aligned with our theme of "Upholding Trust, Fostering the Profession's Sustainability". In our third integrated report, we explain how the Institute creates and derives value from our regulation and development of accountancy professionals, which is closely interlinked with the end-goal of sustainable nation building.

By identifying and educating a greater number of competent accountancy professionals infused with ethics and compliant with standards and regulations, MIA is able to improve the provision and regulation of accountancy services in both the public and private sectors. In turn, this enhances good public and private sector governance and quality financial management which then strengthens the country's competitiveness, trust and reputation. This is how MIA supports nation building.

This report narrates our ongoing journey of nation building over the financial year, and has been prepared

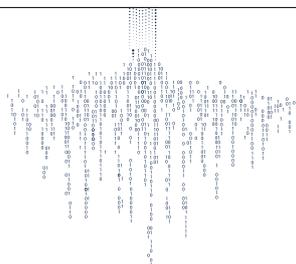
in accordance with the International Integrated Reporting Council (IIRC) International Integrated Reporting Framework to provide a comprehensive yet concise overview of how the Institute creates value using its main resources – human capital, intellectual capital, social and relationship capital, manufactured capital and financial capital.

In this report, the Council and management share key messages and insights explaining MIA's strategies, initiatives and outcomes demonstrating accountability and tone from the top. This report also summarises our performance - as steered by our four strategic objectives and driven by our four enablers, which are mapped to our business model, stakeholders and outcomes. Furthermore, we explain the risk assessments, material factors, market outlook and megatrends that inform and guide our decisions and actions.

We are committed to enhancing assurance, which we believe is central to the credibility of this report. To ensure the integrity of the information contained in this report, the Council exercises collective oversight over the preparation and presentation of the integrated report. It is the Council's opinion that this report is presented in accordance with the IIRC's Integrated Reporting Framework.

We hope that this 2019 report is a step up in our <IR> journey and serves as a useful model and reference for other adopters of <IR>, especially those in emerging markets. Feedback on this report and further enquiries about our policies and practices are most welcome. Lastly, we cordially invite <IR> adopters and practitioners within Association of Southeast Asian Nations (ASEAN) to attend MIA's IIRC-certified training programmes and workshops, which will share best practices and knowledge to elevate and facilitate your organisation's <IR>.

This report is available online at www.mia.org.my. For more information, contact communications@mia.org.my



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MIA's Distinctive Vision for #NationBuilding

ADVOCATING CHANGE, STRENGTHENING GOVERNANCE, BUILDING TRUST

Nation Building

Building robust and sustainable economic and social ecosystems

Upholds Trust, Protects the Public Interest and Strengthens Markets and Reputation

Trusted Profession and Competent Accountancy Services Support Better Business Performance and Stronger Governance

Regulation and Development of Accountancy Professionals

PURPOSE

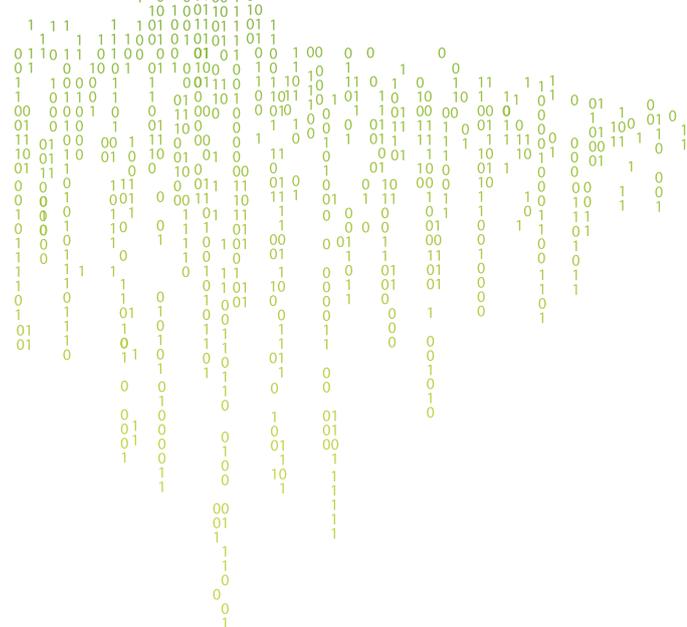
To regulate and develop the accountancy profession to support economic growth and nation building

VISION

To be a globally recognised Professional Accountancy Organisation (PAO) in regulating and developing the profession for nation building

VALUES

Integrity, Mutual Trust & Respect, Professionalism, Accountability, Commitment, Teamwork, Sustainability



MEMBERSHIP, TECHNOLOGY & OPERATIONS

Spearheads internal technology adoption to drive MIA's digital transformation and relevancy for the IR4.0 economy. Identifies, filters, selects and nurtures accountancy talent through end to end education and membership initiatives that enhance capacity, competency and ethics, in order to support

business and protect the public interest. Engages and collaborates with local, regional and global stakeholders to strengthen MIA's recognition and influence as the profession's voice for technology, governance and economic and social transformation.

<
35,630
MIA MEMBERS

>
142
CIRCULARS
ISSUED

PROFESSIONAL PRACTICES & TECHNICAL

Provides technical and administrative support to standard-setting Boards of the Institute for the setting and implementation of auditing and assurance as well as ethics standards. Drives continuing development and enhancement of accountancy professionals through

thought leadership, technical support and guidance and advocacy of best practices to future-proof the profession. Implements internal finance function transformation to support MIA's operational and financial sustainability.

STRATEGY & DEVELOPMENT

Develops and refines the Institute's holistic strategy backed by extensive data, analytics, materiality and risk matrices, market research and stakeholder engagement, to map MIA's purpose and vision while strengthening enterprise sustainability. Reviews and improves operations, business processes & systems to enhance Institute's efficiency and value creation. Designs and delivers current, forward-looking and

localised continuing professional education (CPE) content, special projects and strategic communications and branding content to articulate and advance MIA's vision of building competency to empower regulation, good governance and trust. CPE initiatives successfully generate income to finance MIA's regulation and development activities and ensure operational and financial sustainability.

<
36,240
PROFESSIONALS
UPSKILLED

>
108
COMPLAINTS
DISPOSED

SURVEILLANCE & ENFORCEMENT

Combines balanced education - emphasising professional competency, inculcating ethics and regulatory compliance - together with proactive regulation to continuously improve the profession's regulation and development. Empowers regulation and strengthens good governance in the

profession and broader business ecosystem through ongoing legislative reform and implementation and improvement of Practice Review, Financial Statements Review, CPE Compliance Audit, Investigation and Disciplinary Proceedings.

Business Model

CREATING VALUE

Governed by the powers enshrined in the Accountants Act 1967, we invest our capitals as guided by our Strategic Objectives to regulate and develop the accountancy profession, which supports good governance and trust for nation building

DRIVEN BY OUR
PURPOSE
**NATION
BUILDING**

OUR RESOURCES

Intellectual Capital

- Standards and regulations
- Technical guidance
- Publications and research
- Thought leadership

Human Capital & Culture

- Top Management and Internal talent
- Council, Committee and Task Force members
- Technical Committees & subject matter experts

Social and Relationship Capital

- Strong ties with Government ministries
- Collaboration with Government agencies and regulatory bodies
- Partnerships with statutory and global bodies and other related organisations
- Collaboration with accountancy firms, professional bodies, educational institutions, corporates and other organisations
- Close relationships with the Media

Manufactured Capital

- Office premises owned by MIA
- Fixtures and equipment

Financial Capital

- Membership fees
- Income from CPE programmes and conferences
- Retained earnings
- Government grants

HOW WE DO IT

4 Strategic Objectives (SOs)



SO1

Develop and enhance the competency of accountancy professionals to stay relevant to business and market demand



SO2

Nurture professional values and ethics of members to uphold a strong accountancy profession



SO3

Regulate and develop the practice of the accountancy profession consistent with global standards and best practices



SO4

Promote the value proposition of the accountancy profession and continuously uplift global recognition

4 Enablers



E01 PEOPLE & CULTURE

Competent and engaged talent, reinforcing high performance culture



E02 INFORMATION SYSTEMS & TECHNOLOGY

Business enabling, data-driven, and future-proofing approach



E03 POLICIES, PRACTICES & OPERATIONS

Operational optimisation through effective policies and best practices



E04 FINANCIAL STEWARDSHIP

Financial sustainability through dynamic funding mechanism and financial management

KEY BUSINESS ACTIVITIES

Membership Registration and Licensing

Surveillance, Proactive Enforcement, Investigation and Disciplinary Processes

Competency development and capacity building

CPE as key driver for competency development

Advocacy for transformation and future-proofing the profession

Strategic engagement and collaborations with multiple stakeholders

Research and development, thought leadership, and knowledge sharing

Guidance and implementation of standards and professional practices

Issuance and embedding of ethical codes

Continuously upgrading the value proposition of membership and the accountancy profession

Communications and branding management to position MIA as the voice of the profession

Funding for long-term sustainability

Selected Key Outputs	Mapped to Strategic Objectives and Enablers	Value Created for Nation Building
35,630 Members - 3% increase in members registered	 	Larger and competent accountancy talent pipeline drives economic and social development
12,000 Students reached		
108 Complaints resolved		Enhanced enforcement and regulation support public interest and good governance
34 Actions against bogus accountants	 	
02 Competency Frameworks for CFOs and Finance Functions in PIEs launched and operationalised	  	More competent finance functions and leaders in PIEs support good governance, market integrity and public trust
40 Technology events 36,240 People trained - Members: 22,593 - Non-members: 13,647	 	Digital transformation of the profession enables accountants to better support public and private sector organisations in the digital economy
968 CPE programmes	  	Continuing professional development for all stakeholders enhances competency and compliance for good governance and business growth
27 Outreach programmes	  	
32 Collaborated partners	 	Strategic collaboration, collaborative leadership and value partnerships enable more knowledge sharing and joint initiatives to upskill talent, and signals recognition of MIA as voice of profession in Malaysia
895 Signed up to Special Pathway via MoUs	 	
224 Lecturers trained through capacity building initiatives for academicians	 	Upskills academicians and supports accounting education innovation and reforms to future-proof graduates and enhance talent pipeline
29 Thought leadership publications / articles	  	Enriches the accountancy knowledge base locally, regionally and globally, and positions MIA as a thought leader and voice of the profession
27 Comment letters 142 Circulars issued		
842 78% increase in ASEAN CPAs		Supports marketability and mobility of members who are ASEAN CPAs, which in turn strengthens the regional provision of services needed by the ASEAN Economic Community, of which Malaysia is a key member
17,780 Downloads - MIA Digital Membership Privilege Card (85 Lifestyle Benefits)		Technological adoption enhances MIA's processes and delivers a more satisfying user experience to members, strengthens member retention and recruitment, which in turn expands the accountancy talent pipeline
32,804 Number of unique logins into MMIS by existing members	 	
544 Media mentions		Uplift recognition of MIA and the profession as partners for business and nation building
RM45.21 million Income		Diverse sources of income sustain the continuous funding and execution of regulatory and developmental initiatives that support nation building

Strengthening Regulation, Driving Governance

Balanced enforcement and strategic collaboration are pivotal to enhancing the Institute's surveillance and enforcement activities in the public interest

As a statutory body established under the Accountants Act 1967 to regulate and develop the accountancy profession in Malaysia, MIA operates under the purview of the Ministry of Finance (MoF) and is empowered by law to regulate the profession of accountancy.

MIA membership is mandatory for those holding themselves out or practising as an accountant.

MIA practises the concept of balanced enforcement and strategic collaboration to drive regulation. Importantly, we educate accountants on compliance by upskilling them through CPE, knowledge sharing and advocacy for mindset change. To ensure a strong ethical foundation, we embed ethics in concord with the revised MIA By-Laws, in order to develop the values and moral compass that accountants need to drive compliance with standards, best practices and regulations.

To combat non-compliance, MIA practises Proactive Enforcement — MIA officers go out to actively investigate and lodge complaints against non-compliant accountants, while collaborating with fellow regulators on surveillance to identify delinquent members and bogus accountants.

Since adopting this approach, MIA has successfully strengthened the structure and processes of regulation and governance.

To reinforce our position as the regulator of the accountancy profession, we will step up our advocacy for the amendment of the Accountants Act 1967 to grant us enhanced regulatory powers and more punitive sanctions which in turn will further strengthen regulation and uphold good governance in the pursuit of protecting public interest.

HOW MIA
REGULATION
BUILDS
THE NATION

NATION BUILDING

GOOD GOVERNANCE

MIA'S REGULATORY AND DEVELOPMENT INITIATIVES

FY2018/2019 MILESTONES

CPE Compliance

08

engagement programmes with members

88%

Practising Certificate (PC) holders were in CPE compliance for year 2018

MIA Investigation Committee

156
Complaints Lodged with MIA's Registrar in FY2018/2019

57

pro-active complaints lodged by the Surveillance and Enforcement Division and Membership Department of the Institute with the Registrar relating to members practising without an audit or tax licence, members practising without PC, advertising public practice without PC, being in partnership with non-members in providing public practice services and failure to comply with the MIA By-Laws

Record disposal of
108
cases

MIA Disciplinary Committee

61

cases disposed

Disciplinary Appeal Board

09

appeals heard

Actions Against Bogus Accountants

34

actions

38

re-active complaints received from Practice Review Committee (PRC) and Financial Statements Review Committee (FSRC) of the Institute

61

Complaints from public at large

MIA'S ENFORCEMENT PROCESS

Proceedings are initiated against non-compliant accountants according to the following regulatory process:

REGISTRAR OFFICE

(Rule 3(1) of the Rules)

INVESTIGATION COMMITTEE (IC)

(Section 20(1) of the Act, Rule 7 and 9 of the Rules)

DISCIPLINARY COMMITTEE (DC)

(Section 20(2) of the Act and Rule 18 of the Rules)

DISCIPLINARY APPEAL BOARD (DAB)

(Section 21(3) of the Act and Rule 28 of the Rules)

JUDICIAL REVIEW

(Para.1 Court of Judicature Act 1964 & O.53 r3(6) of the Rules of Court 2012)

Disciplinary proceedings against a member can be initiated by way of complaints from any persons made to the Registrar of MIA pursuant to Rule 3 of Malaysian Institute of Accountants (Disciplinary) (No.2) Rules 2002 (the Rules) or an inquiry based on a decision of a court of law pursuant to Rule 18(2) of the Rules or by complaint from FSRC or PRC.

All complaints made to the Registrar shall fulfil the requirements of Rule 4 of the Rules failing which the complaint will not be processed. Once the complaint is registered, the Registrar will issue a Notice of Complaint (NOC) setting out the particulars of the complaint, inviting the Respondent to give a written explanation on the complaint alleged against him and stating whether the Respondent wants to be heard by the IC.

When the time specified in the NOC has lapsed, the Registrar shall refer the matter to the IC for investigation. At this stage, the IC is empowered to request for clarifications and documents for purposes of investigation from the Respondent and any other person. Refusal of any member of the Institute to comply is an offence and can be brought to action. Pursuant to Rule 9 of the Rules, upon investigation, the IC either refers the case to the DC with a report stating the IC's findings or dismisses the complaint.

Once the complaint is referred, the DC will proceed to conduct the hearing against the Respondent, giving him notice of the same, attaching the IC's Report stating that the Respondent will be given an opportunity to be heard and can be represented by an advocate and solicitor or a member of MIA. It is important to note that evidence before the DC shall be given orally or if necessary, by way of sworn affidavits. The DC is also empowered to proceed with the hearing if the Respondent fails to attend without lawful notice as provided in Rule 13 of the Rules. The IC will also be given the same opportunity when presenting their case during the hearing. Rule 17 of the Rules gives the DC the mandate to regulate its own procedures subject to the Act and Rules. Upon hearing both parties, the DC will determine if the Respondent is guilty of unprofessional conduct. If found guilty, the DC is empowered to impose a combination of punishment(s) as set out in Rule 18(3) of the Rules based on the presented facts, aggravating and/or mitigating points. In cases involving serious misconduct, the DC can remove or suspend the Respondent.

As for cases initiated by the DC based on a court's decision involving a member of the Institute pursuant to Rule 18(2) of the Rules for unprofessional conduct, offences relating to fraud or dishonesty or

bankruptcy, it is to be noted that no finding of facts nor investigation are involved in the process. Only a due inquiry will be held and if the DC is satisfied with the facts, the DC will proceed to impose appropriate punishment as set out in Rule 18(3) of the Rules.

In discharging its disciplinary functions, the DC relies on the provision under Rule 18(3) in imposing one or a combination of the punishments as prescribed by the Rules.

If the Respondent is aggrieved by the decision of the DC, the member may within 21 days upon receipt of the decision of the DC appeal to the DAB by giving a notice of appeal stating grounds of appeal together with the payment of costs imposed by the DC. Failing to pay the costs shall invalidate the appeal made to the DAB. It is to be noted that the appeal will be heard by way of written representation only. By virtue of Section 21(3) of the Act, after deliberation of the appeal, the DAB is empowered to confirm, reverse or vary the decision of the DC. The decision made by the DAB is final.

The decision of the DAB can only be challenged by way of a judicial review proceeding filed in the High Court by virtue of Order 53, Rules of Court 2012. Judicial review application must be filed within 3 months from the communication of the DAB's decision that is sought to be challenged (Para.1 Court of Judicature Act 1964 & O.53 r.3(6) of the Rules of Court 2012).

President's Message

MIA seeks to mitigate core legislative and governance risks to ensure the sustainability of the Institute and the profession

2018/2019 has been a rollercoaster ride as the global and local environment is becoming increasingly complex and disruptive, thanks to tectonic shifts from the old to the new economy, geopolitical shifts to the existing world order driven by Brexit and the US-China trade rift, technological transformation, and even a crisis in trust and governance as the public questions the veracity of news and the integrity of leaders and politicians.

As the regulator and developer of the profession, the onus is on MIA to respond appropriately to support our stakeholders in the face of known risks as well as black swans. MIA recognises disruption as a top business challenge as well as an opportunity for differentiation and excellence. We are continually responding with strategies for innovation and transformation to ensure our sustainability, recognition and relevance as the voice and representative of the accountancy profession in Malaysia.

ENHANCING GOVERNANCE

MIA has identified governance as a key risk to sustainability as well as a fundamental pillar which MIA is striving to influence, across the public and private sectors and within the profession.

In line with our nation building purpose, MIA is a staunch supporter of the new Malaysian Government's emphasis on fighting corruption and instilling good governance through institutional and legislative reforms and mindset change. Leveraging on our strengths, MIA has put in place initiatives to help drive good public sector financial management which is the foundation of the Government's financial integrity and transparency. These initiatives include supporting the implementation of accrual-based accounting and adoption of Malaysian Public Sector Accounting Standards (MPSAS), the implementation

of outcome-based budgeting, professionalisation of the finance function and advocating digital transformation and use of artificial intelligence and blockchain solutions for accuracy, accountability and transparency, among others.

To support good governance in the business and capital market ecosystems, MIA has launched competency frameworks for Chief Financial Officers (CFOs) and the finance functions in Public Interest Entities (PIEs), although the principles and tools can be applied by organisations of all sizes. It is vital to upskill and future-proof CFOs and the finance function as they are the stewards of finance and leaders in regulatory compliance and good corporate governance, in addition to being advisors on business and strategy. Indeed, these frameworks will be helpful in addressing competency and compliance gaps for financial management in order to enhance the integrity and competitiveness of Malaysian business and capital markets.

Within the Institute proper, the Council is collectively tasked with providing oversight and ensuring good corporate governance. In fact, governance has been identified as the top risk under MIA's enterprise risk management framework, traceable to the need to strengthen the Accountants Act 1967 and the Council itself in the best interests of the profession and the Institute.

To mitigate governance risks arising from the Act, the Institute is actively engaging with the Government on regulatory reforms for more empowerment via the Institute's Committee to Strengthen the Accountancy Profession (CSAP) Task Force which was established last year. To address the governance risks pertaining to the Council, the Institute has arranged for Board training to improve knowledge and enforcement of good corporate governance and to

enable Council to discharge its oversight obligations more effectively.

With these holistic initiatives in place, MIA is firmly establishing itself as a voice for good governance. This is fully aligned with the profession's values of integrity, accountability and trust and our purpose of protecting the public interest.

ACKNOWLEDGEMENTS

MIA has grown from strength to strength over the past few years, and I am honoured to have served as President of the MIA Council from 2017 to 2019. Thank you very much to my fellow Council members, MIA Committees and Task Forces, the management and staff of MIA, the Government and public sector agencies, accounting deans and academicians, MIA members as well as our valued partners and strategic collaborators for supporting MIA's mission of nation building.

I am confident that MIA will continue to uphold its advocacy and championship of all matters related to the profession in order to strengthen regulation and developing future-proof accountants. I wish all the best to my successor Mr. Huang Shze Jiun, the Council and management of the Institute in navigating the complex and changing environment.



SALIHIN ABANG
President



**DR. NURMAZILAH
DATO' MAHZAN**
Chief Executive Officer

CEO's Statement

Strategic objectives and collaboration drive MIA's collective mission and purpose of nation building

STRENGTHENING COMPETENCY, DRIVING GOVERNANCE, BUILDING THE NATION

At MIA, our central mission is nation building. Our collective efforts are directed towards elevating competency of the profession, which in turn enhances regulation and good governance to support nation building.

In developing competency and strengthening regulation, we are guided by our four strategic objectives (SOs) and facilitated by our policy of strategic collaboration.

FOUR STRATEGIC OBJECTIVES

Through our SOs, we build competency (SO1) and embed ethics (SO2) to improve compliance and regulation (SO3), which in turn enhances the value and recognition of the profession (SO4).

SO1 – MIA's advocacy and initiatives under SO1 are specially designed to build competency by changing mindsets and future-proofing accountants. For FY2018/2019, we launched two Competency Frameworks geared at upskilling CFOs and the finance functions into strategic business partners and leaders while enhancing their financial stewardship. We continued to strengthen digital advocacy for the profession through the ongoing operationalisation of the Digital Technology Blueprint, the AccTech Conference franchise and numerous digital CPE programmes.

SO2 – It is essential that competency be backed by robust ethics which are a moral compass for good behaviour. Ethics are the foundation of trust, which is a core concept of the profession. Under SO2, MIA issued the revised MIA By-Laws on Code of Ethics, which reinforces the ethical foundations of the profession in line with global standards.

SO3 – By embedding ethics and upskilling, accountants are prepared to comply with the letter as well as the spirit of the laws, standards and professional practices governing the profession and the larger business environment. Since FY2016, MIA has invested tremendously in strengthening the structure and processes of regulation and governance. We have heightened our surveillance, monitoring, enforcement, investigation and discipline of members, and cracked down on bogus accountants. The revised Practice Review and Financial Statement Review enhances the quality of audit and financial reporting, which supports trust and integrity of the capital market. We have also begun closely monitoring audit licence holders' and practising certificate holders' CPE compliance before recommending for renewal of their audit licenses or PCs. Looking ahead, we are optimistic that our advocacy for the amendment of the Accountants Act 1967 to grant us expanded regulatory powers will bear fruit. This will enable MIA to further drive regulation and uphold good governance.

SO4 – SO1, SO2 and SO3 combined help MIA to achieve SO4, which is to enhance and communicate the value proposition of the profession to build capacity and uplift our brand and recognition. For FY2018/2019, MIA recruited 1,514 new members bringing our total membership to 35,630 as of 30 June 2019. This supports the Government's aspiration to grow the talent pipeline to 60,000 accountancy professionals eventually.

CULTURE OF STRATEGIC COLLABORATION

Extensive stakeholder engagement and discourse are key to enriching our knowledge bases and thought leadership. To supplement internal resources, MIA leverages heavily on our social and relationship capital and networks to drive our strategic objectives.

This enables us to implement a powerful culture of strategic collaboration. We have put in place a flexible and agile collaborative structure where we bring together committees, working groups and task forces comprising people from diverse industries and roles to push our initiatives forward.

Our productivity has grown exponentially as this collaborative approach creates cross-functional internal committees and working groups that are very cohesive and integrated, breaking down silos and promoting fertile cross-pollination of ideas. As a result, we have achieved 40 key outputs for 2018/2019, compared to 23 in 2017/2018 and 13 in 2016/2017.

In particular, strategic collaboration has paid off tremendously. One, multi-agency collaboration helps in enforcing regulation and actions against bogus accountants. Two, strategic collaboration with global associations has raised MIA's international recognition and created opportunities to share thought leadership and Malaysian perspective. For 2018/2019, MIA was honoured to be invited to speak on digital transformation and Professional Accountancy Organisation (PAO) management at the World Congress of Accountants (WCOA) 2018, International Federation of Accountants (IFAC), ASEAN Federation of Accountants (AFA), Asian Development Bank (ADB), World Bank and Philippines Institute of Certified Public Accountants (PICPA) platforms.

ACKNOWLEDGEMENTS

On behalf of MIA and the management team, I would like to extend my deepest appreciation to all our stakeholders, collaborators and staff for your contributions and support of MIA's regulatory and developmental initiatives. Going forward, I trust that we can continue to collaborate strategically and even more innovatively as partners towards nation building.

Management Team

Aspiring to shape a high-performance culture that leverages on the wisdom, sound judgement, and professionalism of collective minds



01

G. Shanmugam
Executive Director
Strategy &
Development

02

Simon Tay Pit Eu
Executive Director
Professional Practices
& Technical

03

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

04

**Dato' Muhammad
Redzuan Abdullah**
Executive Director
Surveillance
& Enforcement

05

**Siti Rohana Haji
Mohamed Amin**
Executive Director
Membership, Technology
& Operations



DRIVING TRANSFORMATION THROUGH COLLABORATIVE LEADERSHIP

MIA's management team is dedicated to leading transformation and working towards a sustainable future for the profession, business and the nation. The management team embraces the culture of collaborative leadership, whereby a team of senior talents with diverse, specialised and complementary expertise collectively drives the execution of MIA's strategic objectives to uplift competency, governance and reputation.

By emphasising strategic collaboration, which is aimed at promoting seamless integration across functions and roles, the management team aspires to embed a high-performance culture in MIA that is backed by the core values of teamwork, integrity, accountability and trust.

Open communication, informed guidance, knowledge sharing, intensive on-the-job training, coaching and mentoring are key to how the management team engages with and invests in MIA's people. Constant engagement is vital to influencing the mindset and behavioural changes that will facilitate MIA's transition to a high-performance culture.

Inculcating integrated thinking and informed decision-making, backed by a commitment to good governance and ethics, is equally critical to ensure that everybody is unified in achieving our common aspirations.

MIA's management team has successfully embraced this strategy of collaborative leadership to leverage on the Institute's vast social capital and connections to create value, drive innovation and brand MIA and the accountancy profession as partners in nation building.



MIA's extensive thought leadership initiatives are strategically aimed at developing competency and promoting compliance with professional standards and best practices.

YB Dato' Ir Haji Amiruddin Hamzah
Deputy Finance Minister recognising MIA for its efforts in capacity-building for accountants and the profession, at the MIA International Accountants Conference (MIAC) 2018

**DR. NURMAZILAH
DATO' MAHZAN**
Chief Executive Officer

**DATO' MUHAMMAD
REDZUAN ABDULLAH**
Executive Director
Surveillance & Enforcement

MIA actively advocates for technological transformation to future-proof the profession and business. Going forward, how will MIA expand its advocacy and impacts, especially within the regional and global landscape?

The technology evolution and revolution bring abundant opportunities that can be leveraged to spark tremendous and sustainable growth for the profession and all its stakeholders.

The key to harnessing these opportunities is knowledge. MIA aims to contribute to the creation and utilisation of value-adding knowledge not only for the nation but also within the regional and global landscape. We achieve this by enriching existing knowledge whilst exploring new ideas that can enhance the profession.

Central to the development of knowledge is data gathering, analysis, interpretation and wisdom. MIA has successfully combined our research, development and knowledge to produce game-changing initiatives that are of immense impact and benefit to the profession and its stakeholders across our footprint. These include the award-winning MIA Digital Technology Blueprint which has gained recognition as a game-changing guide for digital transformation by IFAC and AFA; the upcoming multi-stakeholder Electronic Bank Confirmation platform which will elevate the efficiency of audit and assurance; and our carefully curated professional development technology programmes.

All these pave the way for MIA's further advocacy in the area of digital adoption and transformation in the accountancy profession, and establish MIA as the voice for the IR4.0 digital agenda in the services sector.

Strengthening enforcement and regulation is a work in progress for MIA. While regulation has been beefed up tremendously, what further reforms are needed to bullet-proof accountancy regulation?

Going forward, it is imperative to revamp the existing Accountants Act 1967 in line with the recommendation from the Government's CSAP to enhance MIA's regulatory powers and sanctions and promote the development of the accountancy profession.

Once the Act is revamped, you will see the following impacts. One, the Institute's S&E division will be restructured to strengthen the compliance, investigation and prosecution functions. These regulatory mechanisms will be deployed in monitoring both members and non-members at large to ensure strict compliance of the laws administered by MIA in the practice of the profession.

Two, the new Act will contain enhanced regulatory powers and sanctions that would definitely be a deterrent to both members and non-members, particularly non-members who advertise or offer public practice services in defiance of the law. The above initiatives would improve compliance, professionalism, good governance and trust among practitioners, heighten MIA's role in regulating and promoting the profession, and protect and safeguard the public interest tremendously in line with the Government's noble intention of creating this Institute through an Act of Parliament.



**MIA as the regulator of the
accountancy profession
is instrumental to the
development of a more
efficient tax ecosystem and
supporting better business.**

YBhg. Dato' Sri Sabin Samitah
Chief Executive Officer
Inland Revenue Board Malaysia
at the Malaysian Tax Conference 2019

SIMON TAY PIT EU

Executive Director
Professional Practices & Technical

MIA has successfully issued the Competency Frameworks for CFOs and Finance Functions to support implementation of best practices that will drive business transformation and enhance good governance. While the market has been receptive, what are the biggest challenges to implementation and how will MIA address these?

Whilst we have received positive feedback on the Competency Frameworks, the application of the principles and tools encapsulated in the Frameworks is needed to reap their full benefits.

One of the biggest challenges is for organisations to heed the call to action in understanding the competencies stated in the Frameworks and to address gaps. Another challenge is to obtain the acknowledgment and support of key stakeholders to the finance function on the need for competent CFOs and finance functions.

Therefore, we will continually promote the application of the Frameworks by engaging those involved in the finance function and other stakeholders including those charged with governance (TCWG). Engagements will be done through outreach programmes; production and circulation of video clips and articles on the Frameworks as well as user interviews; and Framework-driven discussions at events such as the CFO Circle and the CFO Conference. We also intend to conduct focus group discussions on Framework application and investment in the finance function with Audit Committees and middle management while continuing to collaborate with capital market regulators on raising awareness and application of the Frameworks.

G. SHANMUGAM

Executive Director
Strategy & Development

MIA's operations and business model are steered by its data-driven, inclusive, and flexible strategic plan. Going forward, how will MIA's overall strategy, systems and processes evolve to enhance its value creation?

MIA's primary role is to ensure the country accountancy profession is robust and relevant in supporting economic growth whilst protecting public interest, in a digitally driven business landscape that is rapidly evolving.

In anticipating and responding to ever-changing circumstances, market conditions and stakeholders' needs and expectations, our strategy will focus on improving the trust of the profession and enhancing the skills of accountancy professionals to meet market demand. This will in turn support accountancy professionals to embrace technology and automation across their roles, and focus their abilities more on tactical and strategic responsibilities in steering trusted and sustainable organisations and business enterprises. Ultimately, this enhances the value proposition of the profession to the economy.

To drive our strategy effectively and achieve the desired results, we must continuously strengthen our enablers. Therefore, we will further strengthen and evolve our systems, processes (ISO9001:2015) and human capital to embrace more automation and become more data-driven, agile and integrated – to attain greater operational efficiency and long-term sustainability.

**SITI ROHANA HAJI
MOHAMED AMIN**

Executive Director
Membership, Technology & Operations

MIA seeks to leverage technology to enable internal and external value creation in the IR4.0 economy. How far has MIA progressed on the journey of digital transformation, and what remains to be done?

Technology is a strategic agenda for MIA given the Institute's digital transformation journey in the IR4.0 ecosystem.

MIA has embarked on the MIA Membership Information System (MMIS), a fully integrated members' portal which, among others, enables members to manage their membership information, register for training, and make online payments at anytime and anywhere with a seamless user experience. MMIS is hosted on cloud which eases the scalability and business continuity planning to cater for future expansion needs and business continuity in the event of a disaster.

In its journey of digital transformation, MIA will continue to strengthen its cybersecurity measures, leverage artificial intelligence for office automation, empower decision-making capabilities with the adoption of big data analytics, implement innovative IT solutions and embark on blockchain solutions to increase productivity and add sustainable value within the Institute.

Future-Proofing the CFO and Finance Function

Strengthening the business and capital markets through competency frameworks

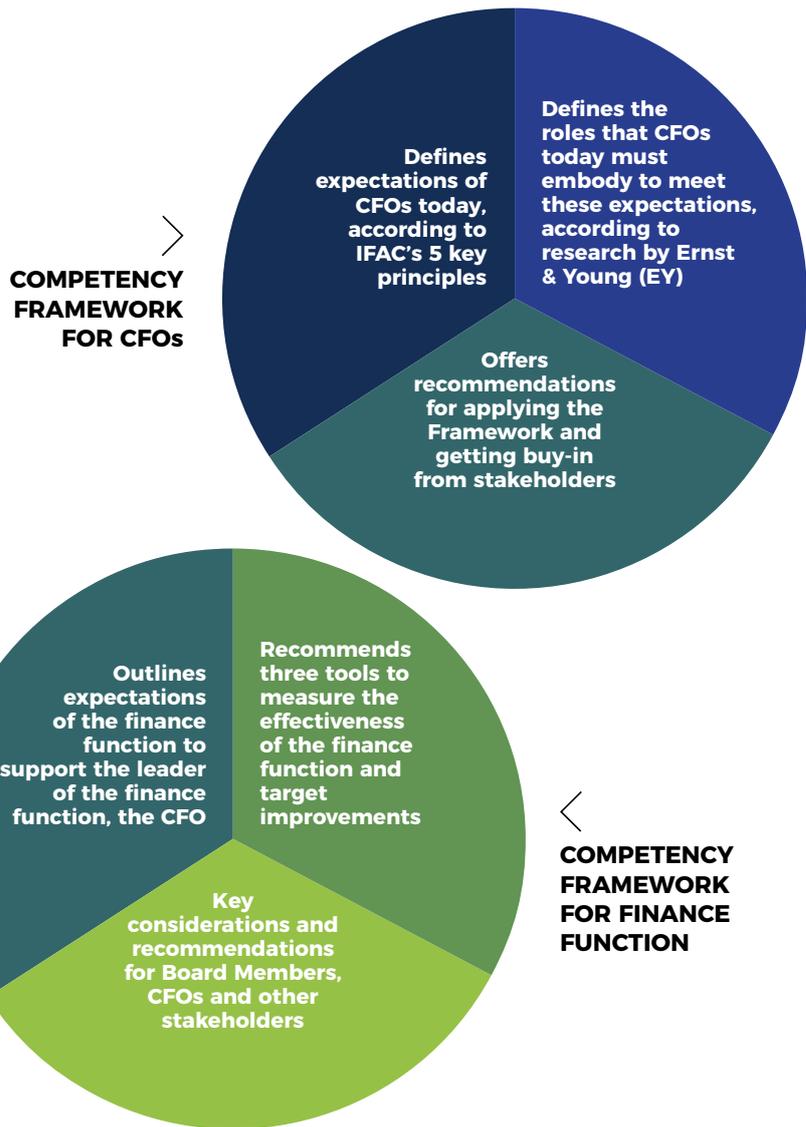
To raise the competency of Professional Accountants in Business (PAIBs), who make up about 68% of MIA membership, the Institute has embarked on a comprehensive and integrated strategy to future-proof CFOs and the finance functions.

Key to this is to bridge competency gaps in compliance with financial regulations and accountancy standards, as well as competency gaps in strategy, leadership and communications affecting the finance function and the CFO as the leader of the finance function.

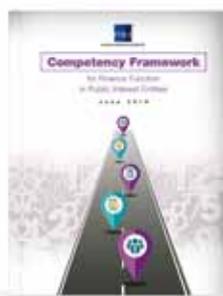
To resolve these competency gaps and upskill PAIBs, MIA launched its new Competency Framework for Finance Function in PIEs in June 2019 at the CFO Conference 2019, which supports the Competency Framework for CFOs in PIEs launched a year earlier in June 2018.

These two frameworks are central to MIA's initiatives to future-proof CFOs and the finance functions and improve their relevance and value as the business and regulatory landscape becomes more complex.

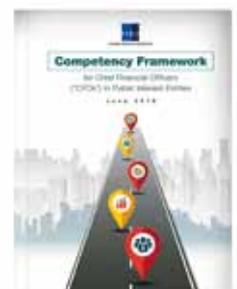
These frameworks are further supported by MIA's complementary CFO initiatives – the CFO Circle, CFO Conference annual franchise, the Business Economic Outlook (BEO) Report and Roundtable 2019, and other targeted and curated CFO development programmes.



+ MIA Competency Framework for Financial Function can be downloaded from https://www.mia.org.my/v2/ppt/research_publications.aspx



+ MIA Competency Framework for CFO's can be downloaded from https://www.mia.org.my/v2/ppt/research_publications.aspx



NATION BUILDING

SUSTAINABILITY AND TRUST

STRONGER BUSINESS, STRONGER GOVERNANCE

MIA ADVOCACY AND INITIATIVES FOR CFO/FINANCE FUNCTION TRANSFORMATION

Competency Frameworks

guide the transformation of CFOs and finance functions to enhance business, governance and trust

were issued following extensive research and engagement with stakeholders, through focus group discussions and roundtables

were driven by the MIA PAIB Committee

upskill PAIBs with the core competencies required of contemporary finance professionals namely, preparation of financial statements and external reporting in compliance with standards and regulations as well as competency in financial management, strategy development and execution, and stakeholder communications

CFO Circle

caters to the professional development needs of MIA's members in senior management, who number about 2,000 and PAIBs account for 68% of MIA's membership

brings together CFOs to create a very high-level platform to share experiences and learn from best practices and have conversations on issues surrounding business and the profession

serves as a platform for MIA to gather comments and feedback from CFOs and PAIBs, both for MIA's internal use and to be channelled back to relevant stakeholders fellow regulators and policymakers including the MoF, Ministry of Economic Affairs, Bursa Malaysia and the Securities Commission.

CFO Conference & Professional Development Programmes

carefully curated to meet the upskilling and future-proofing needs of current and aspiring CFOs

upskill CFOs with the core competencies needed to function as financial stewards, business partners and strategists

expose CFOs and senior members of the finance function to the latest developments in technology, business, and regulations

provide a platform for networking, discussion, conversation and sharing of issues and best practices

Business Economic Outlook Report and Roundtables 2019

jointly released by MIA and Association of Chartered Certified Accountants (ACCA)

engages CFOs as key advisors to business and government to share their business and economic insights

post-report, MIA and ACCA organised a follow-up roundtable with CFOs to gather more data and insights for further action, documented in the CFO Roundtable on BEO Report 2019

CFO insights and wisdom can inform the strategies, policies and operations of private and public sector organisations

MIA Membership Information System

Harnessing technology to drive process efficiency and member satisfaction

The MIA Membership Information System (MMIS) provides a seamless platform from pre-membership registration to post-membership application and enhancement; allowing MIA to focus on assisting potential members to register as a Chartered Accountant and updating them continually on regulatory, technical and CPE developments to future-proof them. It unifies Institute-wide functions, enhancing the efficiency and effectiveness of key business processes and leveraging on better data analytics for informed decision making.

VALUE CREATED FOR MEMBERS

- MMIS portal is accessible online and remotely from any devices
- Powerful web-based cloud hosting platform enables 24-7 access to MMIS
- Safeguards in place to protect members' data and defend against cybercrime
- Intuitive online platform and one-stop centre for membership-related activities and transactions
- Self service membership profile management
- Data analytics personalise members' engagement with the Institute
- Specific learning recommendations tailored to members' interests and CPE requirements
- Interactive system incorporates continuous feedback from members and users to improve user experience
- Enables submission of membership applications, tracking of approvals, course registration and online payments
- Updates on Institute's news and activities and developments affecting the profession
- Provision of a portable and lifelong membership ID enables members to consolidate and maintain their professional development history for easy reference

VALUE CREATED FOR EMPLOYERS

- Supports external organisations' talent development pathways as employers are able to register their employees for CPE courses, track their training programmes and monitor payments made to the Institute

VALUE CREATED FOR THE INSTITUTE

- Enables tracking of members' activities and CPE compliance to deliver enhanced value and satisfaction while supporting compliance, regulation and governance
- Improves MIA's productivity and performance by implementing a more efficient system and processes for managing membership, CPE, payments and regulation
- Breaks down silos by integrating workflows and processes more seamlessly across all divisions in the Institute
- Supports MIA's sustainability efforts in line with the United Nations Sustainable Development Goals by removing requirements for hard copies of documents



➤
**MMIS SYSTEM
- A GAME CHANGER
FOR THE INSTITUTE,
MEMBERS AND
THE PUBLIC**

MMIS SYSTEM

- The system enables transactions related to training, applications, payments, CPE, Member Privileges, profile updates, enquiries, Frequently Asked Questions (FAQs) and account maintenance
- **Manage Application module** enables applications related to membership, CARE application, Qualifying Examination (QE) renewal and certificate replacement
- **Manage Members module** enables management of membership-related transactions, general and technical enquiries, CPE audit functions, QE maintenance and complaints to the Registrar Office, IC, DC, DAB and Legal Department
- **Manage Firms module** enables management of applications related to member firms e.g. new firm set-up, change of name, status conversion, withdrawal, update, annual return submission, tracking of practice review activities and setting of risk profile criteria
- **Manage Events module** enables management of CPE events creation, participants registration and event communications
- **Manage Communication module** enables email broadcast, management of distribution lists, management and execution of campaigns, and telemarketing functions
- **Dashboard and Reports module** enables business dashboard report viewing, report generation and downloads
- **Manage Payment module** enables management of payments, issuance of financial documents, payment gateway tracking, and monitoring of payment batch processing

Championing Technology, Driving Nation Building

Technology is a key enabler for MIA to future-proof the profession.

MIA's strategic digital agenda is to future-proof the profession and support nation building by advocating and enabling technology adoption.

By improving our regulation and development using technology as an enabler, MIA develops ethical and professional accountants who operate with good values and governance to support healthy business and economic development while engendering trust and protecting the public interest.

To drive technology adoption in the profession, MIA has put in place an integrated digital strategy that is being driven through several key initiatives:

MIA Digital Technology Blueprint

The AccTech Conference franchise – kicked off in 2018, designed to expose accountants to the latest technological solutions and trends impacting them

Outlines five principles for accountants to adopt technology in their organisations

A platform for MIA's increasing global and regional recognition as an exemplar on digital adoption for the profession

Following the launch of the Blueprint, the IFAC invited MIA's Chief Executive Officer (CEO) Dr. Nurmazilah Dato' Mahzan to speak at its Chief Executives' Forum in February 2019 in New York on the "Future of the Profession: Embracing the Drivers of Disruption"

MIA was awarded the OpenGov Malaysian Recognition of Excellence award for the Blueprint, as part of OpenGov's regional Recognition of Excellence series in conjunction with the 5th Annual Malaysia OpenGov Leadership Forum held in Kuala Lumpur in 2019. OpenGov is a content platform focused on ICT-related knowledge and information sharing for the public sector and governments in Asia Pacific

Strong advocacy for Public Sector Digital Transformation

To enhance public sector financial management and good governance

MIA has organised several recurring conferences and programmes such as the Data Intelligence Conference 2019 – Public Sector to educate the public sector on related technology adoption

MIA supports the Government's proposed initiative on data sharing between government agencies and statutory bodies to enhance delivery of public goods and services

Support for MIA Members and the Profession

Championing an industry-wide Electronic Bank Confirmation Platform which facilitates electronic confirmations by Malaysian auditors in order to enhance the efficiency and security of the external confirmation process

Providing free trial access to the RoboCFO AI-enabled analytical platform that enables members to test accounting solutions and familiarises them with the tools on the market prior to purchase

Strong emphasis on embedding digital wisdom and ethics in professional development and regulation activities to help members and the profession uphold governance, trust and integrity in the public interest

Delivering learning events and conferences designed to address members' and accountants' technology issues such as data intelligence analytics conferences, cashless economy conferences, MIAC and AccTech Conference

+ MIA Digital Technology Blueprint can be downloaded from https://www.mia.org.my/v2/ppt/research_publications.aspx



Digital Policy Recommendations for Economic and Social Development

Presented memoranda on digital transformation incentives and policy recommendations from the perspective of the accountancy profession at the National Professional Services Action Council (NAPSEC) Roundtable and Ministry of International Trade and Industry (MITI) Consultative Dialogue 2019

Key recommendations for digital transformation were picked up by the Government and incorporated in the upcoming Budget 2019

Leading statutory body and voice of the profession advocating for Industrial Revolution 4.0 (IR4.0) programmes and initiatives for the Malaysian services sector

Strategic Collaborative Leadership

Spearhead collaborations between MIA as the profession's regulator and developer with expert technical and technology partners to transform the profession, business and the nation

Examples of collaborations with expert partners include the industry-wide Electronic Bank Confirmation Platform championed by MIA and endorsed by Bank Negara Malaysia (BNM) as well as the RoboCFO workshop

Established a dedicated Digital Technology Implementation committee (DT IC) chaired by an MIA council member and comprising five working groups to drive implementation

Ensuring MIA's Digital Transformation to Support the Profession

Gathering data from stakeholder engagement and surveys to support informed decision-making, laser-focused initiatives as well as effective and efficient allocation of MIA's limited resources

Launched the 2019 survey on technology adoption in the accountancy profession, as a follow-up to the 2017 benchmark survey

Strengthening MIA as a digital organisation through implementing initiatives such as the MIA Membership Privilege Card, the MMIS and e-Accountants Today (e-AT) to support development and regulation



...one of the first around the world that I've seen.

Rachel Grimes

Past President of the IFAC, extolling the MIA Digital Technology Blueprint at the MIA AccTech Conference 2018



+ MIAC 2018



+ MIA e-AT www.at.mia.my
Facilitating access to thought leadership content locally and globally

Strategic Objectives, Key Performance Outputs and Outcomes

MIA's is steered by its four strategic objectives which are aligned with its purpose of regulating and developing the accountancy profession to support economic and social development.

STRATEGIC OBJECTIVE 1 (SO1)

Develop and enhance the competency of accountancy professionals to stay relevant to business and market demand



2018/2019 HIGHLIGHTS (OUTPUTS)

Developing Competency and Upskilling Accountants

- Completed and released exposure draft (ED) of MIA Competency Framework and completed public consultation on ED
- Defined baseline competencies for accountancy professionals in line with the International Education Standards of the International Accounting Education Standards Board

Launched 2 Competency Frameworks – Competency Framework for CFOs in PIEs and Competency Framework for Finance Function in PIEs

- Delivered 968 CPE Seminars and Conferences including the MIAC 2018
- Served 36,240 participants in total at 968 seminars and conferences
- Served 3,119 participants at the MIAC 2018
- 41 customised in-house training programmes

141 e-learning modules

Growing the Local Accountancy Knowledge Base

- 29 thought leadership and technical publications / articles on a range of topics; auditing, accounting, taxation, ethics, Islamic finance, small and medium practices (SMPs) and public sector
- 368 technical queries answered
- 142 circulars issued by the Professional Practices and Technical Division

Published and launched the second edition of the book "Illustrative MPERS Financial Statements, with Commentaries and Guidance Notes (Illustrative MPERS Financial Statements)"

Completed Phases 1 and 2 of the World Bank Laos IFRS transition project

2019/2020 TARGETS**VALUE CREATED FOR STAKEHOLDERS (OUTCOMES)**

- Complete, launch and operationalise MIA Competency Framework
- Create further awareness and champion implementation

- Accountants understand the skillsets and competencies needed to future-proof themselves
- Talents at all levels understand the roles, skillsets and competencies expected of them
- Academicians understand the skillsets and competencies that must be embedded in students
- Talents' competencies match employer expectations, preventing mismatch of talents and reducing graduate unemployment

Educate stakeholders on Competency Frameworks and encourage widespread application of Competency Framework tools and recommendations

- CFOs and finance functions understand their roles and expectations as financial stewards, compliance officers and strategic business advisors and partners
- TCWG and Board audit committees understand the necessity of investing in CFOs and finance functions to strengthen corporate governance and market competitiveness and integrity

Upcoming conferences and programmes will focus on: fair value accounting; capital market; technology; <IR>; Malaysian Public Sector Accounting Standards (MPSAS); Malaysian Financial Reporting Standards (MFRS); Malaysian Private Entities Reporting Standard (MPERS); International Standards on Auditing (ISAs); taxation; Budget updates and new Public Rulings

- Improves competency of members, accountancy firms and companies to meet current and future skills demand
- Supports fellow regulators in market and regulatory enforcement by enhancing compliance with standards

Improve the quantity and quality of e-learning

Flexible, convenient and self-paced learning accessible for members, especially those in remote areas

- Continue advocating compliance with standards and professional practices through articles and publications
- Continue to disseminate and share technical knowledge

- Establishes MIA as the voice of the profession for Malaysia and an authority on accounting, business and capital market ecosystems, standards, ethics, regulations and governance
- Supports all stakeholders by growing the localised accountancy knowledge base and making available more technical accountancy literature that is applicable for the Malaysian context
- Enhances compliance and governance by educating members, practitioners and accountancy professionals in Malaysia and beyond on regulations, standards and professional practices

- Supports higher quality financial reporting for SMPs and companies in Malaysia
- Supports the implementation of the MPERS Framework, the new Companies Act and auditing standards by SMPs

- MIA expertise benefits regional emerging markets where governments, regulators and professional accountancy organisations are implementing and overseeing the transition to International Financial Reporting Standards (IFRS)

STRATEGIC OBJECTIVE 1 (SO1) (CONT'D)

2018/2019 HIGHLIGHTS (OUTPUTS)

Development of curriculum and delivery of IIRC training programmes on <IR>

Completed and launched the Best Practice Guide for Business Valuation in Malaysia and Skills Set for Business Valuation in Malaysia

Sharing of Technical Expertise

Conducted 10 complimentary outreach programmes on accounting, auditing, ethics, integrated reporting, public sector and change management

Establishment of MIA Education Board

- Provided oversight and guidance for developing the MIA Competency Framework
- Defined baseline competencies for accountancy professionals in the MIA Competency Framework

Increased Capacity Building Initiatives for Academicians

- Conducted 5 events internally and in collaboration with other professional bodies on financial reporting, auditing, integrated case studies and Companies Act 2016
- 224 lecturers trained in capacity building initiatives for academicians

Engage with the Ministry of Education (MoE) and related agencies

- Participated in the Malaysian Qualifications Agency (MQA) consultation session on the Malaysian Qualifications Framework- ASEAN Qualifications Reference Framework
- Mapping of MIA and MQA existing accreditation process
- Supports the MQA initiative to establish the Joint Technical Committee under the MQA Act 2007

2019/2020 TARGETS

VALUE CREATED FOR STAKEHOLDERS (OUTCOMES)

Market workshops and programmes to improve adoption of <IR>

- Companies that embrace <IR> can become more sustainable and relevant to markets
- Increased application of <IR> results in better reporting on value creation in external reports, benefiting investors as providers of capital and companies as seekers of capital
- Supports a more transparent and competitive capital market benchmarked against global <IR> practices, in line with regulators' agenda

Educate stakeholders and market on operationalising the Best Practice Guide

- Provides a valuable reference for MIA members, member firms and professionals practising business valuation (BV) in Malaysia
- Bridges the gaps between current practices and international standards to enhance compliance and consistency on valuation by preparers and reporting accountants
- Supports transparent and fair market valuation processes for good governance

- Continue to respond and share technical and professional knowledge in the interests of the profession
- Design and deliver more complimentary outreach programmes

- Members welcome outreach programmes that upskill them and address their concerns
- Complimentary programmes increase members' satisfaction with MIA's value proposition
- More competent members enhance compliance with standards and regulations, facilitating regulators' functions and good governance

Completion, launch and operationalisation of the MIA Competency Framework

- Work on Competency Framework helps to match accountants' skillsets and competencies to market and employer expectations
- Future-proofs accountants for digital economy
 - Aligns and converges Malaysian accountants' competencies and professional development with global standards to ensure global marketability and competitiveness

Continue to upskill accounting academicians via Train-The-Trainer Programmes

- Future-proofs academicians for digital economy
- Upskill accounting academicians to help them innovate and update their teaching and content to be industry relevant
- Helps academicians train industry-relevant accounting talent to match market expectations
- Expands inclusivity and upskilling opportunities for academicians across Malaysia
- Support the Government specifically the MoE's efforts to transform accountancy education in line with the Malaysia Education Blueprint

Streamline and harmonise the accreditation process in line with the MIA Competency Framework

Provides clarity on accreditation process and upholds the quality of MIA members in line with international standards

STRATEGIC OBJECTIVE 1 (SO1) (CONT'D)

2018/2019 HIGHLIGHTS (OUTPUTS)

- Appointed as a panel member of the Mesyuarat Saringan Awal and Jawatankuasa Pendidikan Tinggi meetings of MoE
- Provided feedback on curriculum for degree and matriculation programmes
- Supported the Education Performance and Delivery Unit

Supported Accountancy Research

- Collaborated on the launch of the Malaysian Accountancy Research & Education Foundation (MAREF) priority research report project
- Successfully completed the Priority Research Report Project 1.0, which produced 4 research papers on current accountancy issues
- Launched Priority Research Report Project 2.0

Digital Transformation and Advocacy

- Launched e-AT
- Invested in digital production, equipment and skills to produce and deliver in-house content and live streaming

Launched MIA Digital Technology Blueprint as a guide for successful technological adoption

- Completed 5-year Operational Plan on Digital Technology Blueprint to be driven by the newly-formed Digital Technology Implementation Committee
- Operationalised Blueprint by organising awareness and engagement sessions with MIA members and relevant stakeholders e.g. industry players and fintech firms; 5 programmes relating to digital technology; and complimentary workshops on using AI and restructuring traditional business models

Launched Inaugural MIA AccTech Conference in 2018 as well as other technology conferences

Strengthening SMPs

- Through the ongoing Implementation of the MIA SMP Roadmap
- Managing, planning & monitoring of Practical Auditing Methodology project
- Facilitating the Quality Assessment Programme to enhance audit quality of participating firms
- 42 programmes and workshops on enhancing public practice for SMPs and improving financial literacy for small and medium-sized enterprises (SMEs) as SMP clients
- Advocacy of Mergers and Acquisitions (M&A), technology adoption and internationalisation programmes for SMP

Developing Islamic Finance

- Graduated 15 students from the first Islamic Finance Mini Pupillage Programme
- Issued an e-publication compiling 13 case studies produced by graduates of the Mini Pupillage programme

2019/2020 TARGETS

VALUE CREATED FOR STAKEHOLDERS (OUTCOMES)

Continue to engage and share knowledge and insights to influence education policies

- As the voice of the profession, MIA is positioned to influence accounting education reforms to meet the needs of members, talent, companies, regulators and market
- Supports the Government's initiatives for education reform
- Produces market-ready accounting talent and competent academicians
- Ensures that matters related to the accounting profession are incorporated into Government's collective action plans that impact the accounting fraternity

Continue working on Priority Research Report Project 2.0

- Supports all stakeholders by growing the localised accountancy knowledge base and making available more technical accountancy literature that is applicable for the Malaysian context
- Supports academicians in enriching critical accountancy research
- Applied accountancy research into the real issues impacting business fosters closer links between companies and academicians

Improve the quantity and quality of content

- All stakeholders enjoy 24-7 and always-on access to MIA's thought leadership and knowledge sharing contained within e-AT and social media and streaming platforms
- Provides a platform for MIA staff and talent to share their expertise in creating content, which enriches their on-the-job training
- Provides diverse channels for MIA invited speakers and subject matter experts to share their expertise and build their corporate and personal brands

Further operationalisation of the MIA Digital Technology Blueprint

Promotes familiarity with digital technologies and their applications for members, practitioners and other accountancy professional

Curate more impactful and meaningful content tailored to members' and stakeholder needs

Supports digital literacy of members, accountants and all stakeholders

- Continue operationalising the MIA SMP Roadmap
- Explore further opportunities to upskill SMPs

- Supports sustainable development of SMPs
- Promotes SMPs as business advisors to SMEs, the backbone of the economy

- Launched second Islamic Finance Mini Pupillage Programme
- Working to complete textbook on IFRS for Islamic Finance

- Supports the Government's efforts to develop a highly skilled Islamic finance workforce and sustain the sector's high growth
- Upskills highly specialised talent in Islamic Finance

STRATEGIC OBJECTIVE 2 (SO2)

Nurture professional values and ethics of members to uphold a strong accountancy profession



2018/2019 HIGHLIGHTS (OUTPUTS)

- Issued Restructured MIA By-Laws on Code of Ethics
- Organised an outreach session entitled MIA Ethics Seminar on Code of Ethics – A Key to Public Trust featuring IESBA speakers
- Released 2 videos:
 - In Brief - International Ethics Standards Board for Accountants (IESBA) Revised Code of Ethics for Professional Accountants
 - Key Changes to the IESBA Revised Code of Ethics for Professional Accountants
- Organised engagement sessions on the MIA's Revised and Restructured By-Laws in Penang, Johor Bahru, Kota Kinabalu and Kuching for members
- Issued Questions and Answers on Audit Partner Rotation Requirements in Malaysia as guidance to members to explain and facilitate proper application of the revised partner rotation regime

STRATEGIC OBJECTIVE 3 (SO3)

Regulate and develop the practice of the accountancy profession consistent with global standards and best practices



Surveillance and Enforcement

- Record disposal of 108 cases by IC
- 61 cases disposed at DC
- DAB heard 9 appeals
- Total fines collected of approximately RM210,000
- As part of pro-active enforcement, the Surveillance and Enforcement Division and Membership Department had lodged 57 complaints with the MIA's Registrar relating to members practising without an audit or tax licence, members practising without practising certificate, advertising public practice without having a practising certificate, being in partnership with non-members in providing public practice services and failure to comply with the MIA By-Laws in FY 2018/2019
- In total, the Registrar Office received 156 complaints of which 22 complaints did not fulfil the requirement of Rule 4 of the MIA (Disciplinary) Rules 2002 and are therefore rejected by the Registrar of MIA

Ongoing management of high profile cases

- The investigation of all 4 cases of 1Malaysia Development Berhad (1MDB) auditors has been completed by IC and in turn referred to DC
- Two cases have commenced hearing at DC of which one is at the final stage

Drastic action against bogus accountants

MIA commenced action against 34 entities providing bogus accounting services

Monitoring CPE compliance as a condition for audit licence and practice certificate renewals

- In order to renew their licences for 2018/2019, PC holders would be required to comply with the 2017 CPE requirements
- 3,733 or 88% of PC holders were in compliance for year 2018
- Support letters were not issued for 1 non-compliant auditor and 20 PC holders which resulted in non-renewal of practising certificates
- Reminder emails were sent to all PC holders who had not complied with the CPE requirements for year 2018



The Government lauds MIA’s efforts to organise a number of Public Financial Management roundtables with public sector entities, such as the federal statutory bodies and the public higher learning institutions.

YBhg Datuk Ahmad Badri Mohd Zahir
Secretary General Treasury, Ministry of Finance Malaysia

2019/2020 TARGETS

VALUE CREATED FOR STAKEHOLDERS (OUTCOMES)

- Further strengthen members’ awareness and recognition of MIA By-Laws
- Educate members and practitioners on compliance with the MIA By-Laws

- Strengthens ethical foundations of the profession in line with global codes and standards
- Raises awareness and greater compliance of the restructured code
- Informed compliance supports the Government’s efforts to instil good governance and protects the public interest
- Guides members on the proper application of the revised partner rotation regime

- Continue to strengthen surveillance and enforcement
- Advocate for amendments to the Accountants Act 1967 to support structural and statutory reforms in the interest of the profession and the public

- Protects the public interest and enhances public confidence
- Creates a safe working environment for members and the profession

Targeting closure of high profile cases

- Supports the Government’s efforts to create a corruption-free environment
- Protects the interests of accountancy professionals and members
- Protects the public interest and strengthens public trust in accountants
- Supports compliance with the law and good governance in line with Government aspirations

Strengthen policing against bogus accountants

- Protects the public interest and enhances public confidence
- Creates a safe working environment for competent and compliant members and the profession

Enhance monitoring processes and efforts

Monitoring CPE compliance is key to ensuring members maintain professional competency and compliance

STRATEGIC OBJECTIVE 3 (SO3) (CONT'D)

2018/2019 HIGHLIGHTS (OUTPUTS)

Proposed Regulatory Reforms to Strengthen Regulation and Governance

- MIA CSAP Task Force undertook multiple engagements on the proposed change to Accountants Act 1967
- MIA undertook multiple engagements with new stakeholders in Government, namely new ministers/deputy ministers and office bearers on risk areas affecting the profession and wealth of opportunities

Enhancing Audit Quality to Strengthen Governance and Public Trust

- Implemented revised Practice Review framework for the second year
- Finalised 41 reports under first review or follow-up review
 - Type 1 (Pass): 1 report
 - Type 2 (Marginal pass – Assurance required): 12 reports
 - Type 3 (Unsatisfactory – remedial action plan (RAP) required): 22 reports
 - Type 3 (Unsatisfactory – referred for disciplinary action): 4 reports
 - Type 4 (Failure – referred for disciplinary action): 2 reports
- Received a total of 62 RAPs of which 59 were approved by the PRC
- Monitoring reviews commenced during the year, with 19 firms or approximately 53% out of 36 firms rated as satisfactory, whereas the remaining 17 firms were rated as unsatisfactory resulting in the PRC lodging complaints to the Registrar of MIA
- Published Practice Review Report 2018, entitled “The Audit Profession in Malaysia 2018”

Strengthening Financial Reporting

- The FSRC conducts reviews of financial statements and audit reports of listed entities to assess compliance with statutory and other requirements, approved accounting standards and approved auditing standards in Malaysia.
- The FSRC closed 16 cases (12 cases in Category 1 – satisfactory and 4 cases in Category 3 – unsatisfactory)
- Jointly organised National Annual Corporate Report Awards (NACRA) 2018 with Bursa Malaysia and the Malaysian Institute of Certified Public Accountants (MICPA)

Providing Technical Guidance and Comments

- 15 technical guidance materials produced on auditing, accounting, taxation and regulations
- 27 comment letters sent to standard-setters and other regulators



Congratulations to MIA for continually advocating <IR> and earning recognition and certification from the global advocacy of <IR>, IIRC.

YB Tuan Lim Guan Eng

Minister of Finance commending MIA at the National Annual Corporate Report Awards (NACRA) 2018 Awards Presentation Dinner

2019/2020 TARGETS

VALUE CREATED FOR STAKEHOLDERS (OUTCOMES)

- Potential passing of new Accountants Act to replace the Accountants Act 1967
- Continue to canvass the Government’s support for MIA’s nation building and knowledge sharing initiatives

- The Government understands constraints on MIA’s existing regulatory powers under the Accountants Act 1967
- Strengthens MIA’s regulatory powers to act against errant members and accountants as well as bogus accountants
- Supports other regulators’ efforts to implement good governance
- Enhances compliance and good governance for all stakeholders
- Creates a safe and better-regulated environment for accountancy professionals, MIA members and the public

- Continue to strengthen practice review and encourage remedial actions by member firms
- Continue to educate practitioners on the practice review process and common findings, as well as the initiatives available to them to proactively improve their audit quality.

- Supports regulatory agenda of good governance and protects the public interest
- Enables the audit profession in Malaysia to consistently deliver high quality professional service
- Supports audit firms and practitioners in building a strong reputation for competence, quality and value
- Communicates a heightened understanding of the value of audit to all stakeholders, hence supporting the sustainability of the profession

- Enhance reviews and education on compliance with financial reporting standards and best practices
- Enhancing NACRA through the addition of new requirements and changes in criteria and assessment

- Promotes higher standards of corporate governance among companies
- Upskills and enhances competency of preparers and practitioners in financial reporting standards and compliance
- Recognises and encourages excellence in the presentation of financial and business information to support the capital market and regulatory compliance

- Continue to disseminate and share technical knowledge
- Continue to provide feedback to standard-setters and other regulators on consultation documents and matters of interest to the profession

- Enhances competency and compliance of members and supports regulators in discharging their roles
- Supports all stakeholders by growing the global accountancy knowledge base
- Upholds members’ interests by sharing insights and knowledge that are applicable for the Malaysian context
- Expands the technical knowledge and international exposure of MIA staff and talent

STRATEGIC OBJECTIVE 4 (SO4)

Promote the value proposition of the accountancy profession and continuously uplift global recognition



2018/2019 HIGHLIGHTS (OUTPUTS)

Secured Recognition of Accountants as a Critical Occupation

- Engaged with Talent Corp on the Critical Occupational List
- Invited to participate in the Technical and Steering Committees of the National Employment Returns Survey 2018 on the Environmental Scan for Professional Services Activities, initiated by the Institute of Labour Market Information and Analysis of the Ministry of Human Resources

Enhance Value Proposition of Membership

- Recruited 1,514 new members
- Increased number of members' benefits and privileges under the MIA Digital Membership Privilege Card

MMIS went live in September 2018 to simplify membership processes and enhance the MIA member experience

- Conducted 2nd MIA Member Satisfaction Survey in 2018 to obtain members' feedback on how MIA can further add value to the membership and continue developing the profession in Malaysia
- The 2018 survey polled a total of 7,463 members versus 5,618 members for the 2016 survey
- 81.2% of members are proud to be associated with MIA based on the 2018 survey

Targeted Value Propositions to Different Segments of the Profession

- Launched the CFO Circle as an exclusive platform for senior PAIBs
- Reached out to the younger members of the profession via the MIA Young Professionals Committee
- Engaged highly experienced and senior female members to take on board positions
- Conducted 6 engagement sessions with public practitioners to articulate MIA's support and value proposition
- Held 4 Town Hall sessions in the 4 Regional Offices whereby the President met with members to communicate MIA's efforts to strengthen regulation and development
- Reached out to 12,000 students through 54 career talks and outreach programmes such as MIA Open Day, National Inter-Varsity Accounting Quiz for students pursuing degrees, Accounting Students Conference and Best Accounting Students Award
- Conducted 15 CARE Awareness Sessions involving more than 1,206 students, whereby Chartered Accountant's Relevant Experience (CARE) Coordinators provide awareness on the CARE programme to the students

2019/2020 TARGETS

VALUE CREATED FOR STAKEHOLDERS (OUTCOMES)

Continue to share insights and engage to advocate for the interests of the profession

- Accountants is listed as a critical occupation for 2018, therefore being recognised as a valuable human capital resource by the Government and companies
- Recognition of accountants as a critical occupation adds value and marketability to members

- Recruit more new members by enhancing and communicating MIA's value proposition
- Increase the value of membership further

- Supports the Government's vision of creating 60,000 accountants to support economic development
- Positions accountants as valued professionals who contribute to society and uphold integrity
- Members benefit from the increased value, benefits and recognition conferred by MIA membership

Use survey results to shape MIA strategies and policies to enhance member competency and wellbeing

- More effective and efficient work processes facilitate productivity and performance of MIA talent
- Improved user experience increases member satisfaction and facilitates their CPE compliance

Members benefit from more targeted strategies and policies

Continue delivering initiatives and programmes tailored to the interests and needs of specific membership segments

Enhances and communicates MIA's value proposition for differentiated segments of membership and the profession

STRATEGIC OBJECTIVE 4 (SO4) (CONT'D)

2018/2019 HIGHLIGHTS (OUTPUTS)

Advocacy for ASEAN CPA

- 842 MIA members are qualified as ASEAN CPAs
- The ASEAN CPA Coordinating Committee (ACPACC) meeting was held in Malaysia in June 2019 and MIA organised a stakeholder engagement session on ASEAN CPA benefits and issues

Uplifting Recognition Promoting MIA's global thought leadership and reputation

- MIA invited to speak at high-level international platforms - WCOA 2018, IFAC, AFA and PICPA on topics of digital transformation, PAO enterprise management and <IR>
- Provided feedback to IFAC on the draft publication for developing a Competency Framework for Accounting Technicians and feedback on the ED of Proposed Revisions to International Educational Standards 2, 3, 4 and 8 on Information and Communication Technologies and Professional Scepticism
- Hosted the International Public Sector Accounting Standards Board meeting
- Received award from OpenGov for MIA Digital Technology Blueprint
- Signed an Memorandum of Understanding (MoU) with Kampuchea Institute of Certified Public Accountants and Auditors and National Accounting Council to collaborate on SMP audit training, International Public Sector Accounting Standards (IPSAS) and upskilling for academicians
- 1 article published in IFAC Knowledge Gateway
- 1 article published in the new AFA Connect magazine
- Renewal of MoUs on special pathways for professional membership with CPA Australia, Chartered Institute of Management Accountants (CIMA), ACCA and Chartered Institute of Public Finance and Accountancy
- MoU with the MICPA to explore a pathway for MIA members towards MICPA qualification

Published MIA-ACCA BEO 2019 Report and subsequent roundtable reports with CFOs and practitioners on BEO to share profession's insights into economic prospects and business developments

Produced MIA's second <IR> for FY2017/18

Enhanced Branding and Reputation through Media

- Increased media coverage and high-level profiling of the Institute and the Profession – 544 mentions in mainstream media
- Increased growth in number of followers on social media platforms – Facebook, LinkedIn and Twitter
- Responded to increased demand for MIA thought leadership engagements, interviews and articles from leading media



MIA as always, is one step ahead of pretty much everyone else (PAOs) in the region on a topic <IR> that I believe will pick up pace in the coming years.

Aucky Pratama

Executive Director ASEAN Federation of Accountants

2019/2020 TARGETS

VALUE CREATED FOR STAKEHOLDERS (OUTCOMES)

The ACPACC (in which MIA represents Malaysia) has started on the next phase of implementation of the ASEAN MRA on Accountancy Services i.e. the operationalisation of the Registered Foreign Professional Accountants which would enable the ASEAN CPAs to work in the other ASEAN Member States.

- Members benefit from the increased value, benefits and recognition conferred by ASEAN CPA membership
- Companies can tap a larger pool of regional accountancy talent

Continue to seek opportunities for engagement, thought leadership and knowledge sharing that benefit members and the profession

- Articulating MIA's purpose of regulation and development facilitates support and recognition from a cross-spectrum of stakeholders
- MIA expertise benefits AFA members and regional emerging markets where governments, regulators and professional accountancy organisations are implementing and overseeing the transition to IFRS, IPSAS and digital transformation

Continue to seek collaborative opportunities to build value and competencies of accountants and the profession

- MIA members can further upskill and add value by taking additional professional qualifications
- Professional and global accountancy organisations leverage on MIA's membership and reach, facilitating our strategic collaborations and partnerships

- Improve reporting content and compliance with the IIRC Integrated Reporting Framework
- Enhance assurance on report

- Companies benefit from insights of accountants as business and strategic advisors
- Heightens recognition of members and professional
- Enables clear and transparent communication of MIA's value creation narrative to all stakeholders
- MIA is a role model for other companies embarking on their <IR> journey
- Supports regulators' efforts to enhance corporate reporting to strengthen the capital market and good governance

- Continue to seek opportunities to showcase thought leadership and accounting issues within leading business media
- Leverage more on new media platforms
- Developing new website with enhanced features, functions and design, scheduled to go live in 2020

- Supports MIA's advocacy for digital transformation and the Institute's digital adoption journey
- Attracts younger members who are digital natives

Enablers

MIA relies on 4 Enablers to drive our Strategic Objectives and achieve our nation building purpose of regulation and development.



E01 PEOPLE AND CULTURE

MIA's end-to-end human capital development ecosystem aims to create a high-performance and ethical culture facilitated by technology and backed by robust values.

HOW IT WORKS

- Talent acquisition via a thorough filtering process to assess competency and values
- Upskilling people through continuous learning and multiple methods e.g on-the-job training, collaborative discussions, high-level stakeholder engagements, knowledge sharing, special assignments, forums, workshops, events and conferences
- Providing two-way open communication channels e.g. staff meetings, dialogue sessions, open-door access to senior management
- Periodical assesment of staff work performance against set key performance indicators (KPIs) in alignment with MIA's Operation Plan
- Identify gaps in staff expectation for overall improvement via closed-door staff engagement sessions and opinion surveys
- Promote culture and behavioural change to adapt with the current environment and future outlook through on going learning opportunities, coaching and counselling sessions, involments in special projects, etc.
- Explore and implement innovative ways to further increase staff satisfaction, teamwork and engagement e.g. incentive trips, health programmes, time credit / bank, staggered working hours, etc.

CHALLENGES AND RESPONSES

- Work strategically to change mindsets, culture and behaviours in order to achieve a high-performance culture
- Promote mindset change to help talent benefit from the many opportunities for learning and upskilling within a fast-paced regulatory environment
- Create a conducive environment for learning and engagement for talent at all levels
- Motivate talent to become more strategic and efficient knowledge workers
- Encourage staff to improve two-way communications with senior management to bridge gaps
- Strengthen staff buy-in and alignment with MIA's purpose of regulation and development
- Clarify staff's role as enablers and demonstrate how their work supports MIA's strategic objectives
- Promote engagement, bonding and integration between staff in different teams, functions and roles
- Enhance staff satisfaction – including benchmarking remuneration and perquisites to the market - to improve retention and productivity



I enjoy being given sufficient opportunities to investigate diversified cases that enrich my knowledge and exposure.

Christina Yoong

Manager
Investigation, Surveillance
& Enforcement, MIA



E02 INFORMATION SYSTEMS AND TECHNOLOGY

MIA's internal digital transformation journey has started with the implementation of the MMIS, which went live on 26 September 2018

HOW IT WORKS

- Integrates functions and workflows across MIA to eliminate silos and redundancies
- Improve process efficiencies and process automation e.g. easier application processing, more effective collection with daily updates on payment status; automates issuance of receipts, invoices and credit notes
- Generates automated reports
- Enhances performance tracking
- Facilitates data extraction for statistical analysis
- Promotes sustainability by replacing physical documents with e-documents, saving on paper and toner consumption and expenditure

CHALLENGES AND RESPONSES

- Continuing education and mindset change for users to familiarise themselves with MMIS and the ensuing challenges of change management



E03 POLICIES PRACTICES AND OPERATIONS

MIA continually works to improve the effectiveness and efficiency of its organisational systems and processes, to ensure that we optimise our resources and impacts

HOW IT WORKS

- Our activities are guided by the 3-year MIA Strategic and Operational Plan FY2018/2019 to FY2020/2021
- Ongoing Institute-wide enhancement of internal processes and systems, benchmarked according to ISO9001:2015 and Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework best practices

CHALLENGES AND RESPONSES

- MIA's Strategic and Operational Plan is reviewed periodically taking into consideration the changes in the market, regulatory, economic, social and technological outlook; changes in stakeholder expectations and needs; and MIA's own enterprise risk assessment results.
- Ensuring documentation and completion of MIA's SOP reviews within the targeted timeline



E04 FINANCIAL STEWARDSHIP

MIA seeks to achieve healthy financial sustainability in order to fund and strengthen our regulatory and development functions

HOW IT WORKS

MIA finances its regulatory and development activities through a combination of:

- membership income
- professional development income
- event sponsorship
- valued partnerships
- regulatory sanctions and fines
- Government grants

CHALLENGES AND RESPONSES

- Generating sufficient funding to support our regulatory and development activities, and to finance our operations sustainably in the long term
- Budgetary control and prudent cost management

Engaging Stakeholders

The rich diversity and inclusivity of MIA's relationships with stakeholders is essential to achieving our strategic objectives



MIA relies heavily on our extensive stakeholder engagements to identify and advocate for material issues and initiatives that impact the relevancy and value-add of the profession. These range from competency development initiatives to technology transformation to regulatory reforms.

We employ a highly flexible and adaptable Collaborative Leadership approach to suit different contexts and stakeholders. Our collaborative leadership takes on many facades and plays out at different levels

– via strategic level partnerships, and especially at the level of Operations and our Working Committees.

For the year under review, MIA continued to tailor specific initiatives to fit the needs of our diverse stakeholders. Our major and collaborative milestones include the following:

- Working with professional accountancy organisations to upskill academicians in order to build up the calibre of accountancy education. This in turn develops the quality of

the talent pipeline in accordance with the Government's national agenda for building capacity and competency.

- Enhancing public trust by working with practitioners to enhance audit quality, through our Public Practice CPE, ongoing SMP Roadmap initiatives and Practice Review. This is complemented by our two-pronged collaboration with regulators to implement best practices and competencies while strengthening surveillance and enforcement of the profession
- Engaging with Global Associations

GOVERNMENT

How We Engage

- Structured engagements
- Forums
- Meetings
- Working Groups
- Committees, Joint Technical Committees, Special meetings

Their Response

- Endorse necessity to amend Accountants Act 1967 to strengthen MIA's powers of regulation
- MIA invited to share insights on regulatory and educational reforms and participate in steering and technical committees
- Recognise accountants as a critical occupation and a valuable human capital resource and companies

Our Response

- Strengthen relationships and collaborations with key strategic Ministries and agencies
- Intensify advocacy for good governance; regulatory, digital and accountancy education transformation; and for IR4.0 programmes to be extended to the professional services sector
- Propose spokespeople and subject matter experts to further understanding of advocated issues

Value Created

- Positively impact Government policies in the interest of stakeholders
- Strengthen public sector financial management and good governance
- Support the Government's efforts to transform accountancy education



such as IFAC and AFA to advocate for technological transformation of the profession and international recognition and implementation of the MIA Digital Technology Blueprint.

The effectiveness of our strategic collaboration approach can be measured both qualitatively and quantitatively, based on our real outputs, outcomes and value created through these partnerships -as mapped by our reporting on our strategic objectives and achievements (see pages 24 – 37).

Moving forward, MIA will continue to strengthen our linkages and relationships with our valued stakeholders. In addition to our current engagements, we will explore more opportunities to create and add value through avenues like joint thought leadership, research and survey projects, roundtable discussions, MoU signings and further collaborative partnerships.

REGULATORS

How We Engage

- Collaborate on market surveillance and enforcement, proactive enforcement on bogus accountants, and key initiatives guided by MIA strategic objectives
- Comment on consultation papers issued by regulators

Their Response

- Recognise MIA as regulator and voice of accountancy profession
- Collaborate with MIA to strengthen surveillance, education, compliance and enforcement of regulations

Our Response

Prioritise and engage on issues that affect regulatory compliance, such as non-compliance of members, bogus accountants, enhancement of audit quality, financial statement reporting, Malaysian Business Reporting Systems and <IR>

Value Created

- Facilitate regulatory compliance in the public interest
- Improve ease of doing business and business competitiveness
- Strengthen good governance, integrity and investor trust in the capital market

MEMBERS

How We Engage	Their Response	Our Response	Value Created
<ul style="list-style-type: none"> • Membership and licensing • Balanced regulation • Designing and delivering CPE and monitoring of CPE compliance • Upskilling and knowledge sharing through CPE and other competency development and future-proofing initiatives • Enhancing member satisfaction and value proposition of accountancy profession 	<ul style="list-style-type: none"> • Appreciate proactive enforcement on bogus accountants • Welcome capacity and competency building initiatives, knowledge sharing and advocacy for transformation and upskilling • Improve CPE compliance • Increase engagement with MIA through MMIS and other channels 	<ul style="list-style-type: none"> • Strengthen regulation to create a safer environment for members to operate • Heighten competency, CPE and knowledge sharing, and monitor CPE compliance • Continue to improve value proposition of membership and accountancy profession 	<ul style="list-style-type: none"> • Strong regulation protects compliant members • Upskilling produces competent and marketable accountants who are valued partners for business and nation building • Members future-proofed against digital and regulatory disruption

PROFESSIONAL ACCOUNTANCY ORGANISATIONS

How We Engage	Their Response	Our Response	Value Created
<ul style="list-style-type: none"> • Collaborate with local, regional and global PAOs on MoUs, co-branded capacity- and competency building programmes for academicians, and thought leadership surveys and publications 	<ul style="list-style-type: none"> • Seek more opportunities to collaborate on partnerships and co-branded events • Continue to strengthen and add value to existing partnerships and co-branded arrangements 	<ul style="list-style-type: none"> • Welcome requests and inquiries on partnership • Establish win-win partnership terms • Devise new platforms and events to expand and enrich branding and engagement 	<ul style="list-style-type: none"> • Jointly build capacity and competency and enhance local expert knowledge base to future-proof the profession, support business growth and nation building

ACCOUNTANCY FIRMS

How We Engage	Their Response	Our Response	Value Created
<ul style="list-style-type: none"> • Facilitate applications and licensing processes • Proactive enforcement on bogus accountants • Enforcement of CPE compliance and CPE audits • Practice Review to enhance audit quality • Organise CPE events, roundtables and engagement sessions • Publish locally developed technical guidance • Special support for SMPs 	<ul style="list-style-type: none"> • 419 new PC applications • Firms, particularly SMPs, welcome extended support and initiatives to strengthen their competency and compliance in a challenging environment 	<ul style="list-style-type: none"> • Continue developing firms' competency and capacity • Enhance compliance and platforms for engagement, discussion and reducing divergence • Strengthen implementation of SMP Roadmap and Practice Review 	<ul style="list-style-type: none"> • Strengthens the quality of financial reporting and audit which supports regulatory compliance, thereby promoting good governance and business integrity • Empowers SMPs as business advisors and financial managers of choice for SMEs as the backbone of the Malaysian economy

ACADEMICIANS

How We Engage	Their Response	Our Response	Value Created
<ul style="list-style-type: none"> Upskilled through capacity and competency building programmes Access to the MAREF research project and grant funding Engage Government on accounting education related matters and initiatives 	<ul style="list-style-type: none"> Post-training, academicians keen to innovate and update their teaching methods and content Universities and institutions of higher learning able to diversify income streams and strengthen financial management and resilience Welcome opportunity to participate in MAREF research education reforms and innovation Supports universities and institutions of higher learning to improve financial management 	<ul style="list-style-type: none"> Strengthen advisory on financial management for educational institutions Launched MAREF research project 2.0 Conduct more capacity building and upskilling programmes Strengthen engagement and advocacy on accountancy education innovation 	<ul style="list-style-type: none"> Upskilled academicians are relevant and future-proof Upskilled academicians train accounting talent to match market expectations

PUBLIC

How We Engage	Their Response	Our Response	Value Created
<ul style="list-style-type: none"> Publicise the risks of contracting bogus accounting service providers Offer a variety of non-technical programmes either on a complimentary basis or at an affordable fee Widening public engagement through Regional Offices in Johor, Northern Region, Sabah and Sarawak 	<ul style="list-style-type: none"> Public understands benefits of contracting genuine accounting service providers Satisfied with the quality of training programmes 	<ul style="list-style-type: none"> Drive continuing regulation and development of the profession to uphold the public interest Continue organising programmes of quality Strengthen crackdown on bogus accountants as well as non-compliant accountants 	<ul style="list-style-type: none"> Supports the Government's effort to improve the public's financial literacy Public gains access to legitimate financial and accounting services and are warned against patronising bogus accountants

GLOBAL ASSOCIATIONS

How We Engage	Their Response	Our Response	Value Created
<ul style="list-style-type: none"> Collaborate with IFAC, IIRC, International Auditing and Assurance Standards Board, AFA and other associations and standard-setters at the regional and global level Active engagement and participation in global IFAC meetings Issue comment letters on consultative documents Advocacy on competency, digital transformation, ASEAN CPA and <IR> 	<ul style="list-style-type: none"> Recognise MIA as voice of the profession and value our views and contributions Invite MIA to participate and present at global IFAC meetings 	<ul style="list-style-type: none"> Enhance participation and contribution to development of standards, professional practices and regulation of the accountancy profession in the regional and international arena Strengthen advocacy and implementation of ASEAN CPA, <IR> and digital transformation 	<ul style="list-style-type: none"> Malaysia's perspectives recognised and integrated into global and regional knowledge bases Malaysia is recognised as a thought leader on key issues impacting the profession, especially within the local and ASEAN context

COMPANIES

How We Engage	Their Response	Our Response	Value Created
<ul style="list-style-type: none"> Created initiatives and CPEs to upskill PAIBs working in finance functions, internal audit and Board Audit Committees Advocate excellence in financial reporting and corporate reporting, including <IR> Customise in-house training programmes 	<ul style="list-style-type: none"> Appreciate MIA's targeted upskilling initiatives Increased uptake of <IR> and tools recommended in the Competency Framework for CFOS in PIEs 	<ul style="list-style-type: none"> Strengthen advocacy for <IR>, financial reporting excellence and compliance, as well as upskilling for PAIBs Continue promoting relevant customisable programmes that fit corporate needs 	<ul style="list-style-type: none"> Companies and board audit committees understand the necessity of investing in CFOs and finance functions Companies understand that strengthening financial reporting and audit enhances corporate governance and trust

EMPLOYEES

How We Engage	Their Response	Our Response	Value Created
<ul style="list-style-type: none"> Advocate change management and the transition to a high-performance culture Communicate MIAs strategic objectives and nation building purpose Propagate job value in MIA comprising ethics, self-development, teamwork and mutual respect 	<ul style="list-style-type: none"> Employees appreciate the diverse exposure and engagement with multiple stakeholders Employees welcome efforts to develop them and create a supportive work environment 	<ul style="list-style-type: none"> Delegate more responsibility and ownership of strategic initiatives to high calibre employees Recognise and reward outperformers Promote channels for communications to bridge gaps between management and staff 	<ul style="list-style-type: none"> Employees are motivated and productivity improved Reduced staff turnover Improved employees' skillsets and willingness to assume expanded responsibilities

ACCOUNTANCY TALENT

How We Engage	Their Response	Our Response	Value Created
<ul style="list-style-type: none"> Position accountancy as the career of choice Work with schools and universities to engage students Appoint CARE coordinators to share on CARE programme Collaborate with Malaysia Professional Accountancy Centre to produce young accountants 	<ul style="list-style-type: none"> Students welcome opportunity to learn about accountancy Increased participation in events like national accountancy quizzes, career fairs and MIA Open Day as well as CARE sessions 	<ul style="list-style-type: none"> Continue organising more events to interest young talents and students in accountancy careers Appoint more CARE coordinators and conduct increased CARE sessions to connect with young talents 	<p>Attract young potential accountants to the accountancy profession to strengthen the talent pipeline</p>

MEDIA

How We Engage	Their Response	Our Response	Value Created
<ul style="list-style-type: none"> Build strong relationships with media partners Respond to media requests for interviews Share the profession's perspectives, insights and viewpoints Leverage on social media platforms to increase coverage and reach a wider audience 	<ul style="list-style-type: none"> Increased coverage of MIA and accountancy-related news Increasing requests for exclusive interviews and e-mail responses Strong social media growth 	<ul style="list-style-type: none"> Refine and implement MIA's strategic communications plan Explore potential for more coverage Collaborate with media partners to market and brand MIA initiatives and platforms 	<ul style="list-style-type: none"> MIA recognised as the voice of the profession Brands accountants and the profession as valued partners in business and nation building Communicates issues and developments impacting business and the profession to diverse stakeholders

SUBJECT MATTER EXPERTS (PARTNERS & SPEAKERS)

How We Engage	Their Response	Our Response	Value Created
<p>Approach reputable partners and high-calibre speakers to jointly organise and facilitate CPE programmes</p>	<p>Appreciate the recognition and opportunities to share knowledge, engage with participants, and leverage MIA's platform for branding</p>	<ul style="list-style-type: none"> Negotiate mutually beneficial engagement and partnership terms to attract and retain speakers and partners respectively Scout for new experts to diversify and add value to CPE 	<p>Their contributions and knowledge sharing builds capacity and competency of the profession, which enhances regulatory compliance, good governance and public trust</p>

COMMITTEES AND TASK FORCES

How We Engage	Their Response	Our Response	Value Created
<p>Committees and Task Forces drive the Institute's strategic objectives and initiatives</p>	<p>Appreciate the recognition and opportunities to contribute</p>	<ul style="list-style-type: none"> Expand and enrich collaborations with Committees and Task Forces Identify and nominate market leaders and subject matter experts for Committees and Task Forces 	<ul style="list-style-type: none"> Diverse expertise of Committees and Task Forces enriches knowledge sharing Employ their influence and expertise to advance MIA's strategic objectives and nation building purpose

Materiality

MIA identifies and prioritises material factors which could substantively affect our ability to create value based on multi-stakeholder perspectives from ongoing engagements as well as continuing deliberations by Council, Committees and Management.

Accountants Act 1967

MIA's current governance structure is constrained by the Accountants Act 1967, which limits the Institute's scope, function and its regulatory role according to the powers enshrined in the Act

Mapped to Enablers and Strategic Objectives	What are the Opportunities?	What are the Risks?	Stakeholders Impacted
	Enhancing the Act will empower MIA's regulatory powers and strengthen good governance and public trust	Delays in amending the Act constrain MIA's powers of regulation, weakening governance and trust There is a risk that MIA's regulatory powers might be transferred to a new regulatory agency	Government, Regulators, Members, Accountancy Firms, Public, Companies, Employees

Regulations, Standards, Professional Practices, MIA By-Laws and Code of Ethics

These govern compliance and instil good behaviour

Mapped to Enablers and Strategic Objectives	What are the Opportunities?	What are the Risks?	Stakeholders Impacted
 	Strengthening competency and knowledge drives compliance and fosters good governance, market and systemic integrity, and public trust	Weak compliance affects good governance in the entire financial ecosystem, and heightens regulatory, litigation and reputational risks resulting in trust deficit	Government, Regulators, Members, Accountancy Firms, Public, Companies

Competency

Competent and professional accountancy talent and the Institute's competent workforce drive our strategic objectives aligned with nation building

Mapped to Enablers and Strategic Objectives	What are the Opportunities?	What are the Risks?	Stakeholders Impacted
 	Competency development future-proofs members and the profession to drive sustainable economic and social development Enhancing internal talent competency builds a high-performance culture that delivers on MIA's strategic objectives	Scarcity of competent accountants hinders organisational performance across all sectors Delays or obstructs achievement of MIA's strategic objectives	Members, Accountancy Firms, Companies, Employees

Technology

The profession and business must be future-proofed against technology disruption

Mapped to Enablers and Strategic Objectives	What are the Opportunities?	What are the Risks?	Stakeholders Impacted
 	Advocate for technology adoption to future-proof the profession MIA is enhancing and replacing its IT systems to improve Institute processes and productivity, facilitate a high-performance culture and improve membership satisfaction	Hesitancy to adopt technology leads to accountants' irrelevance in the digital economy Reluctance to embrace technology stunts a high-performing culture and impairs MIA's advocacy for digital transformation	Members, Accountancy Firms, Companies, Talent Employees

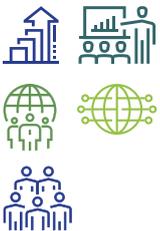
Strategic Collaboration

Our collaborative leadership approach leverages on the collective knowledge and expertise of our diverse stakeholders to achieve MIA's strategic objectives

Mapped to Enablers and Strategic Objectives	What are the Opportunities?	What are the Risks?	Stakeholders Impacted
	Explore new opportunities for collaboration while adding value to existing partnerships and alliances	Lack of collaboration hinders progress	Subject Matter Experts, Committees & Task Forces, Employees

Stewardship

Strong collective leadership and oversight by the MIA Council improves corporate governance and supports execution of MIA's strategic initiatives

Mapped to Enablers and Strategic Objectives	What are the Opportunities?	What are the Risks?	Stakeholders Impacted
	Provide education and board training to improve leadership and oversight competencies of MIA Council, thus addressing governance risks	Risk of conflicting or vested interests within the Council could impair judgement and decision making, compromising MIA's commitment to good corporate governance	Members, Accountancy Firms, Public

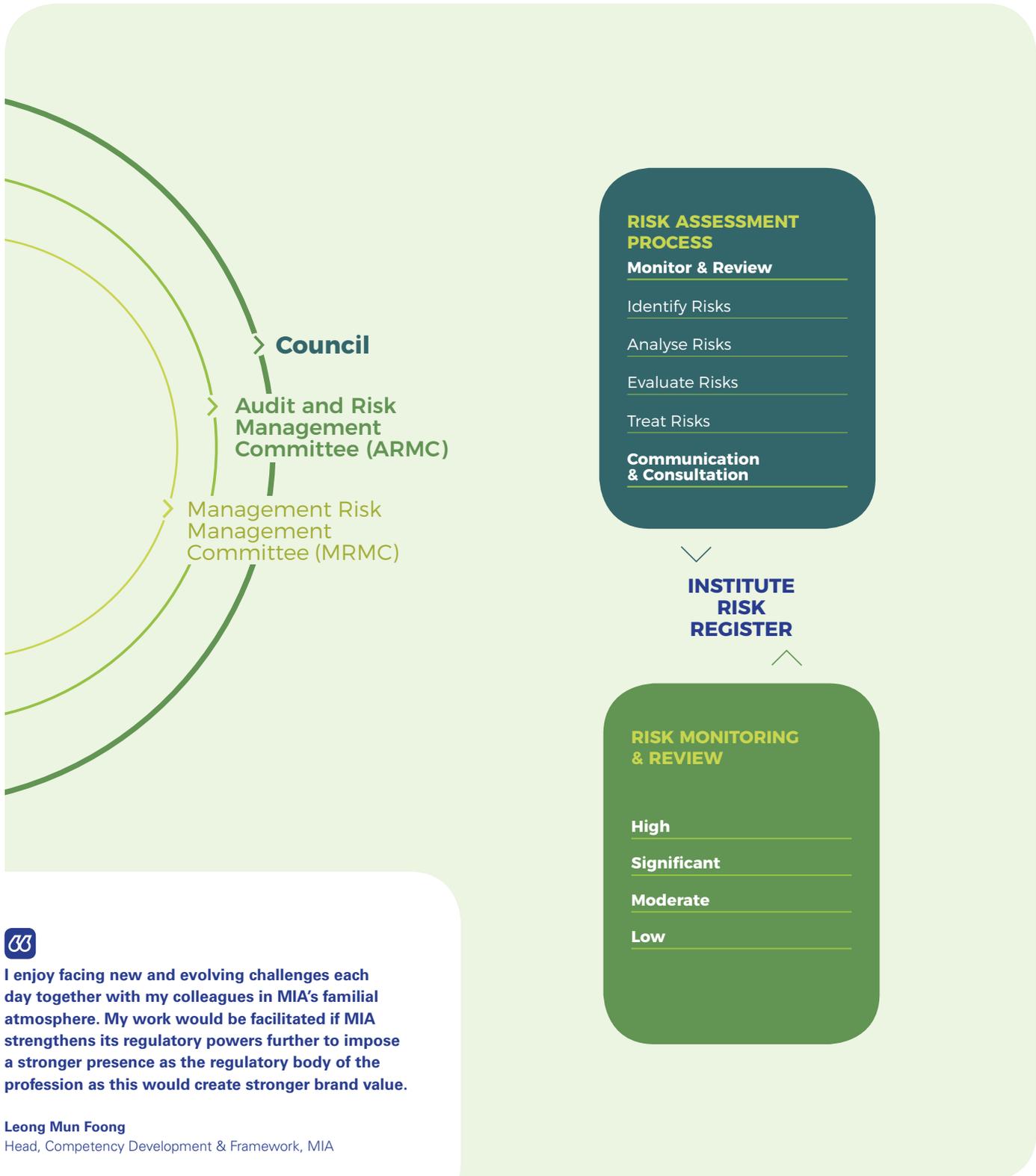
Financial Sustainability

Adequate funding for MIA's regulatory and development functions

Mapped to Enablers and Strategic Objectives	What are the Opportunities?	What are the Risks?	Stakeholders Impacted
	<p>Expand funding mechanism option e.g. through CPE and strategic collaborative initiatives</p> <p>Addressing the risk of non-competitive procurement can help MIA better manage operating and capital expenditure</p>	<p>Lack of financial sustainability affects MIA's ability to fund its regulatory and development activities</p> <p>MIA might not be obtaining optimum values and competitive pricing due to the limitations of the current procurement process</p>	Members, Accountancy Firms, Employees, Public

Our Risk Management Framework

Our Enterprise Risk Management framework is compliant with ISO 31000:2009 Risk Management and provides a strong control environment through the implementation of appropriate systems and risk assessment processes.



I enjoy facing new and evolving challenges each day together with my colleagues in MIA's familial atmosphere. My work would be facilitated if MIA strengthens its regulatory powers further to impose a stronger presence as the regulatory body of the profession as this would create stronger brand value.

Leong Mun Foong

Head, Competency Development & Framework, MIA

Our Key Risks

Our Risk Register was developed from the bottom up by risk owners at operations level and documents the Institute's material risks. It is reviewed every 6 months by risk owners and is further deliberated by the MRMC. Below are the top 5 key risks that have been identified and reported to the ARMC for further action.

01 Governance

MIA's current governance structure is constrained by the Accountants Act 1967, which limits the Institute's scope, function and its regulatory role according to the powers enshrined in the Act.

Based on the CSAP report, there is a risk that MIA's regulatory powers might be transferred to a new regulatory agency.

The Council's composition comprising appointed and elected members from various sectors raises the potential risk of conflicting or vested interests, which could impair their independent judgement and decision making and compromise the Institute's performance.

Mitigation Measures

There is a need to strengthen the Accountants Act 1967 and the Council to improve decision making in the best interests of the profession and the Institute.

The Institute is engaging with the Government on regulatory reforms for more empowerment and has established a CSAP Task Force to focus on this agenda.

Board training is being implemented to improve corporate governance and independent oversight, which supports execution of strategic planning towards nation building.

02 Information Technology - System Performance/ Service Delivery Lapses

The possible disruption or failure of IT legacy systems is a risk to effective systems performance and service delivery.

Mitigation Measures

The Institute is enhancing its IT systems and troubleshooting issues where necessary. Moving forward, the Institute is planning to replace its current servers with more powerful servers to overcome existing service limitations.

03 Human Capital Recruitment and Retention

As a medium-sized non-profit organisation, the Institute faces financial and structural constraints in providing attractive remuneration and career progression opportunities for the subject matter experts who comprise a substantial percentage of its human capital.

Mitigation Measures

To enhance employee engagement and satisfaction, the Institute proposes to continue its current practice of reviewing salaries and benefits every 3 years. Other measures to improve wellbeing include obtaining employee feedback via satisfaction surveys to improve the working environment, provision of intensive on-the-job training, and tailoring of learning and development programmes to enhance employees' career and personal development.

04 Non-Competitive Procurement

Procurement accounts for a sizeable part of the Institute's operating and capital expenditure. Given the high volume of transactions and time pressures, the Institute might not be obtaining optimum values and competitive pricing due to the limitations of the current procurement process.

Mitigation Measures

Standard Operating Policies & Procedures are being formalised to streamline the procurement process. A Tender Committee is deployed for procurement and tender exercises that trigger their criteria for involvement. An approved panel of suppliers is used and reviewed periodically to ensure reliability and competitiveness.

05 Implementation Of Competency Framework

Failure to successfully develop the MIA Competency Framework threatens the Institute's ability to achieve the "sustain" status under IFAC Statements of Membership Obligations 2 and to address the CSAP recommendations. The risk also includes being unable to set baseline competencies for accountancy professionals, which will impact public confidence on the competency of accountants and could have repercussions on the perception and quality of MIA members who are admitted as ASEAN CPAs.

Mitigation Measures

A structured implementation plan is in place and the timeline is being strictly monitored to ensure that the project is on track. There is ongoing engagement with stakeholders to remove or modify bottlenecks to implementation.

Market Outlook and Key Trends

These are the key developments, disruptions and anticipated events shaping MIA's strategic planning and impacting the execution of our strategic objectives.

ECONOMIC OUTLOOK



Locally, the economy is expected to grow at 4.5% amidst a challenging global environment, according to BNM

Challenging landscape characterised by increasing geopolitical and cross-border risks e.g. US-China trade war, Brexit, risk of recession and market contagion, climate change impacts and transboundary waste exports

OUR OPPORTUNITIES	Position accountants as strategic partners cognizant of material developments impacting business
RISKS	Accountants with narrow competencies and limited knowledge risk becoming irrelevant
OUR RESPONSE	<ul style="list-style-type: none"> • Crafted and implementing MIA's 3-year Strategic and Operational Plan FY2019/2020 - FY2021/2022 to drive competency development • Increasing CPE and competencies on conscious capitalism, sustainability and climate change

The e-commerce space is accelerating, replacing traditional business models

OUR OPPORTUNITIES	<ul style="list-style-type: none"> • Prepare accountants for new economic models • Advocate for digital taxation and compliance with the OECD/G20 Inclusive Framework on Base Erosion Profit Shifting (BEPS)
RISKS	Government and tax regulators risk losing out on significant revenues due to non-implementation of digital taxation and non-compliance with BEPS rules
OUR RESPONSE	<ul style="list-style-type: none"> • Upskill accountants for new economic models • Engage with Government and other stakeholders to optimise digital taxation and curb tax avoidance

Pivot to Asia as global economic powerhouse, spearheaded by China and ASEAN Economic Community (AEC)

OUR OPPORTUNITIES	Advocate for more members to qualify as ASEAN CPAs and tap regional market opportunities
RISKS	<ul style="list-style-type: none"> • Accountants without ASEAN CPA are less marketable regionally • Accounting talent scarcity inhibits optimal AEC and Asian growth
OUR RESPONSE	Strengthen advocacy for ASEAN CPA

SOCIAL OUTLOOK



Strong emphasis on embedding culture of competency, accountability and trust (CAT) under new political regime

OUR OPPORTUNITIES	MIA able to align regulation and development of accountancy profession with Government's stance on CAT
RISKS	Delays in institutional and regulatory reforms and weak enforcement endanger governance, public trust, productivity and global reputation
OUR RESPONSE	<ul style="list-style-type: none"> • Strong advocacy for ethics and good governance in public and private sector and capital market • Engaging with Government to facilitate amendments to Accountants Act 1967, to enhance MIA's powers of regulation in the public interest

Technology, conscious capitalism, new economic models and global sustainability movement disrupting the way we work and transact

OUR OPPORTUNITIES	<p>Emerging demand for talents who are:</p> <ul style="list-style-type: none"> • technically competent • technologically savvy • demonstrate soft skills e.g. aptitude for leadership, empathy and communications • flexible, agile, curious and resilient • ethical, empathetic and trusted
RISKS	Failure to address talent mismatches could drag down economic growth and national competitiveness
OUR RESPONSE	Strong advocacy for mindset, culture and behavioural change as well as upskilling among young talents and members



The International Integrated Reporting Council ... is a small market-led organisation that (seeks) to leverage the support of those (organisations with busy networks) like MIA.

Jonathan Labrey
 Chief Strategy Officer
 IIRC speaking to the Audit Committee Members
 of Public Listed Entities

**TECHNOLOGY
OUTLOOK**



Diverse technologies are disrupting the roles and expectations of accountants and the profession

OUR OPPORTUNITIES	Proactive accountants and firms embrace technologies such as data analytics, blockchain, artificial intelligence (AI), cybersecurity and cloud to remain relevant in the IR4.0 economy where machines and humans work side-by-side
OUR RISKS	Rejection of technology or slow adoption rates raise risks of incompetence, obsolescence and irrelevance
OUR RESPONSE	<ul style="list-style-type: none"> • Strong advocacy and knowledge sharing on technology across sectors e.g. Digital Blueprint and technology CPE • Facilitating technology adoption e.g. conducting workshops on AI, developing e-confirmation platform and enabling members' bulk subscription to software-as-a-service

Business and communities are contending with increasingly sophisticated cyber attacks ranging from malware to phishing to data, security and systems hacking that have placed the data and assets of corporations, governments and individuals at constant risk. This is compounded by a severe shortage of cyber security professionals and risk experts even as the cyber crime epidemic shakes public trust.

OUR OPPORTUNITIES	Enhance cybersecurity, data security and digital governance competencies
OUR RISKS	Need to address and mitigate increasing cybersecurity and data risks
OUR RESPONSE	<ul style="list-style-type: none"> • Advocacy for digital governance and cyber and data security • To focus more on tactical and strategic roles

**LEGISLATIVE
OUTLOOK**



Compliance for accountants is becoming more challenging and complex both locally and globally. Key changes in local legislations and standards include:

- Corporate Liability Provision - Section 17A Malaysian Anti-Corruption Act 2009
- MFRS 16 – Leases
- Implementation of Sales and Services Tax (SST) superseding Goods and Services Tax (GST)
- Malaysian Code of Corporate Governance

Key global developments include:

- The Revised and Restructured Code of Ethics by the IESBA
- ISA 540 (Revised), Auditing Accounting Estimates and Related Disclosures
- Exposure draft on ISA 315 (Revised), Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment
- Exposure Draft, International Standard on Quality Management 2, Engagement Quality Reviews

OPPORTUNITIES	<p>Engage and share MIA's perspectives and insights in the local context to uphold the interests of the profession</p> <ul style="list-style-type: none"> • Knowledge sharing and advocacy establish MIA as thought leader and voice of the profession • Advocate for good governance through upskilling competencies and compliance with regulations and standards
RISKS	<ul style="list-style-type: none"> • Weak compliance raises regulatory, litigation and reputational risks as well as public trust deficit • Non-compliance impairs Malaysia's competitiveness and integrity of the capital market, deterring potential investors
OUR RESPONSE	<ul style="list-style-type: none"> • Strategically collaborate with regulators to strengthen enforcement and governance • Design and deliver specific CPE on the impacts of new regulations to ensure upskilling and compliance, hence driving good governance • Issued the amended MIA By-Laws on Professional Ethics in accordance with the changes to the IESBA revised code of ethics

Our People

People are the power behind MIA's high-performance culture. We work smarter and harder by leveraging strategic collaboration to optimise the combined talents and expertise of our internal and external talent – Council, management and staff, committees, working groups and task forces

OUR WAY

MIA practices a culture of collaborative leadership and integration guided by our values of professionalism, integrity, accountability and trust, whereby our staff work cohesively together to achieve MIA's strategic objectives. Having positioned talent as one of our four key enablers, MIA strives to nurture and empower competent and dynamic talent by embedding a high-performance and values-driven culture using various methods - boosting motivation, systematic recruitment processes and a supportive working environment, among others.

OUR INCLUSION AND DIVERSITY

At MIA, people of different cultures, ages, backgrounds and skills come together to make up a compact yet productive, dynamic and cohesive team, united by our purpose of nation building. We are strengthened by our tremendous diversity of backgrounds, knowledge, experience and abilities. As an equal opportunity organisation, MIA provides ample opportunities for both genders. Nonetheless, MIA's worklife balance initiatives have been able to attract more women as evident from the gender ratio of nearly 77% females and 23% males. While work at MIA is fast-paced, MIA is committed to supporting the wellbeing of our people by putting in place several flexible working arrangements such as staggered working hours, time-off, time credit / bank, etc.

OUR CULTURE

Culture transformation for our staff is a work in progress at MIA. As we evolve and heighten our focus on innovation and change management, we will strive to behave in accordance with our core values of integrity, mutual trust and respect, professionalism, accountability, commitment, teamwork and sustainability. We are shaping a high-performance culture founded on these values and guided by our strategic objectives, in order to

further our purpose of nation building. Importantly, we are championing a culture of communication and openness across all levels of management and staff, to bridge gaps, break down silos and become more integrated in our teamwork.

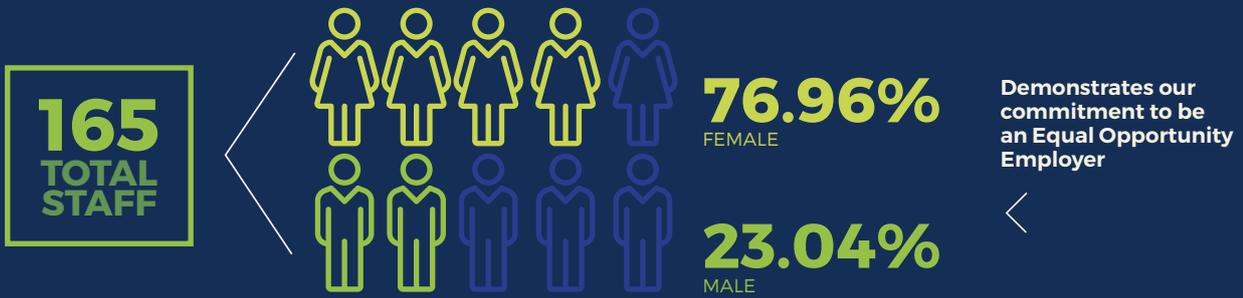
OUR EXPERTISE

Our wealth of expertise is a key pillar of our competency and critical to building a high-performance culture. MIA emphasises the recruitment and retention of professionals who are technically competent and inculcated with professional values and codes of ethics to drive our demanding regulatory and competency initiatives. Currently, MIA has 62 professionals on staff, holding qualifications from MIA, ACCA, CPA Australia, CIMA, ICAEW, MICPA, Institute of Internal Auditors and the Malaysian Institute of Chartered Secretaries and Administrators. MIA staff also comprises experts in law, management and information technology. The presence of talent with dual qualifications or more facilitates MIA's further engagement and strategic linkages with these professional bodies.

To develop more professionals among our talent, MIA staff are encouraged to take advantage of our special pathways and programmes to gain additional qualifications.

OUR FUTURE OUTLOOK

Going forward, we are working to build a brand that consistently advocates MIA as a good place to work and grow. MIA is committed to coaxing the best performance out of our people by focussing on learning and development to enrich their career, professional and personal growth. It is also crucial that we future-proof our people to be technologically literate as much as we advocate digital transformation for our members and stakeholders in the new economy.



62
PROFESSIONALS
OF TOTAL STAFF

Enriches
Competency, Builds
MIA Reputation

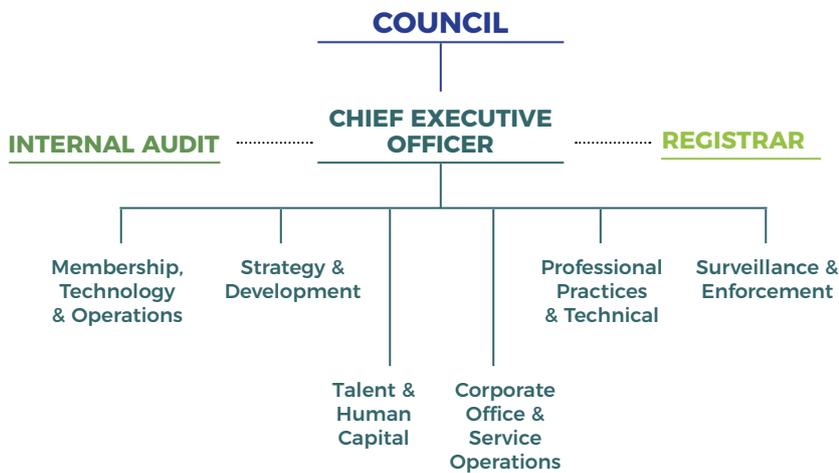
HEIGHTENED
PRODUCTIVITY

FY2017/2018

FY2018/2019

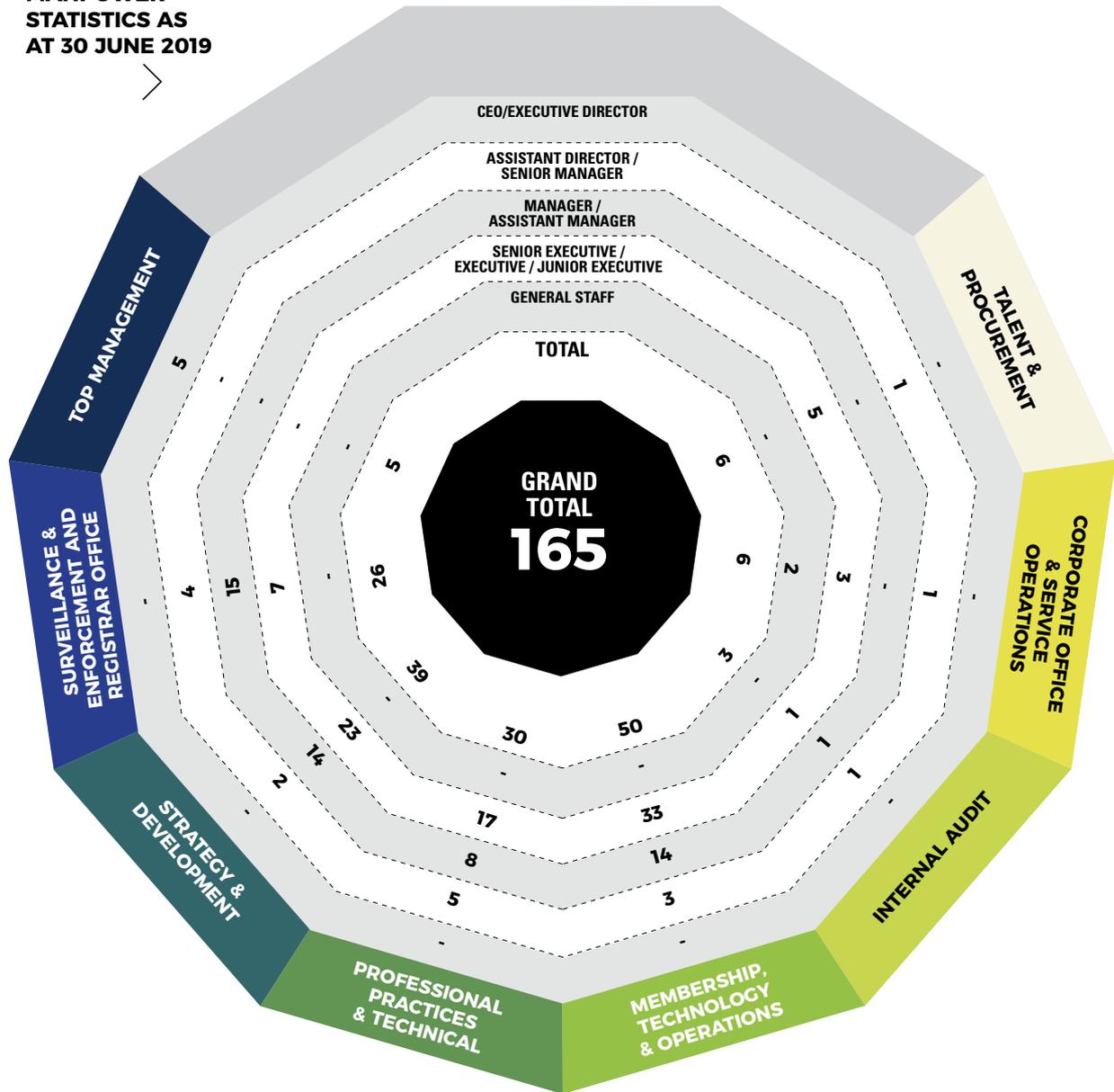
23 KEY
OUTPUTS
170 STAFF

40 KEY
OUTPUTS
165 STAFF



MIA
ORGANISATIONAL
STRUCTURE

**MANPOWER
STATISTICS AS
AT 30 JUNE 2019**



MIA offers a supportive workplace where superiors and colleagues are very helpful and understanding.

Stephanie Chai Cheng Shiang

Junior Executive, Strategy & Development Division, MIA



Committees/ Task Forces

MIA leverages heavily on strategic collaboration and expert networks and linkages to augment our institutionalised thought leadership and expertise. Our Council, Committees and Task Forces consist of thought leaders and leading subject matter experts who complement the Management team and staff who are qualified and experienced in their respective specialisations. Everyone works together to enhance and spearhead the accountancy profession.

Statutory

Committee	Chairman	No of Members*
Disciplinary Appeal Board	Dato' Abdul Rauf Rashid	5
Disciplinary Committee	Jeremy Nasrulhaq	5
Examination Committee	Assoc. Prof. Dr. Zarina Zakaria	8
Investigation Committee	Dato' Dr. Lukman Ibrahim	5

Non-Statutory

Committee	Chairman	No of Members
Audit and Risk Management Committee	Dr. Azrie Tamjis	5
Auditing and Assurance Standards Board	Lee Tuck Heng	18
Capital Market Advisory Committee	Teoh Soo Hock	18
Digital Technology Implementation Committee	Chong Hou Nian, Steven	13
Education Committee	<i>Dissolved in January 2019</i>	-
Education Board	Tan Sri Abdul Samad Haji Alias	15
Ethics Standards Board	Ravi Navaratnam	9
Executive Committee	Salihin Abang	7
Financial Reporting Standards Implementation Committee	<i>Dissolved in January 2019</i>	-
Financial Statements Review Committee	Foong Mun Kong	15
Insolvency Practice Committee	Dato' Gan Ah Tee	15
Integrated Reporting Steering Committee	Ong Chee Wai	15
Islamic Finance Committee	Mohd Muazzam Mohamed	16
MIA-MQA Joint Technical Committee	Salihin Abang	13
Monitoring Committee	Salihin Abang	9
Nominating Committee	Salihin Abang	7
Practice Review Committee	Lim Thiam Kee, Peter	7
Professional Accountants In Business Committee	Jeremy Nasrulhaq	13
Public Practice Committee	Huang Shze Jiun	15
Public Sector Accounting Committee	Datuk Saat Esa	12
Small and Medium Practices Committee	Dato' Gan Ah Tee	10
Taxation Practice Committee	Dr. Veerinderjeet Singh	15
Valuation Committee	Dato' Wong Wing Seong	10
Young Professionals Committee	K. Renganathan Kannan	9

Task Force

Task Force	Chairman	No of Members
Corporate Governance and Charter Task Force	Dato' Dr. Lukman Ibrahim	7
CSAP Task Force	Salihin Abang	6



I enjoy being able to learn a lot and sharpening my skills and knowledge in MIA through new challenging opportunities such as public speaking engagements (with members, students and other stakeholders). Variations and improvements in the Institute's rewards system would be great!

Fauziah Khan
Najibullah Khan
Assistant Manager
Assurance & Digital
Transformation, MIA

*The full listing of Committee and Task Force members can be found at <https://www.mia.org.my/v2/discover-mia/Committees.aspx>

Financial Summary

INCOME

45.21
RM MILLION

2018
RM53.66
MILLION

ACCUMULATED FUND

44.95
RM MILLION

2018
RM44.54
MILLION

SURPLUS BEFORE TAX

0.37
RM MILLION

2018
RM8.79
MILLION

SUMMARY

MIA recorded a surplus before taxation of RM0.37 million in the financial year ended 30 June 2019, against the backdrop of moderate but decelerating economic growth, marking the Institute's consistency and ability to maintain its financial sustainability while driving operations to achieve greater outputs and outcomes for nation building.

The year-on-year decline of RM0.94 million in surplus before taxation (excluding gain on disposal of land and building of RM7.49 million in the previous financial year) was mainly due to the decrease in income from education, advertisement and government grant.

ACCUMULATED FUND

The accumulated fund of the Institute has increased by RM0.41 million (0.9% increase) mainly due to cost saving measures taken despite the decline in income. The surplus for the financial year is a positive reflection of robust capital management resulting in an overall increase in the net assets of the Institute.

Five-Year Summary of Financial Performance

	2019 (in RM 'Million)	2018 (in RM 'Million)	2017 (in RM 'Million)	2016 (in RM 'Million)	2015 (in RM 'Million)
Revenue from contracts with customers	43.56	44.10	39.61	36.20	44.04
Other income	1.65	9.56	1.44	1.80	1.71
Surplus before gain on disposal of land and building	0.37	1.31	0.71	2.11	7.80
Gain on disposal of land and building	-	7.48	-	-	-
Surplus before taxation	0.37	8.79	0.71	2.11	7.80
Taxation	0.04	(0.20)	0.26	0.10	(0.41)
Surplus after taxation	0.41	8.59	0.97	2.21	7.39
Accumulated fund	44.95	44.54	35.95	34.98	32.76
Property, plant and equipment	26.34	27.38	28.31	25.46	23.00
Right-of-use assets	0.26	-	-	-	-
Intangible assets	1.16	0.49	0.42	0.32	0.25
Investments	0.01	0.01	0.01	0.01	0.01
Deferred tax assets	0.23	0.19	0.29	0.03	-
Total non-current assets	28.00	28.07	29.03	25.82	23.26
Current assets	30.53	31.74	21.63	21.63	37.22
Current liabilities	13.46	15.27	14.71	12.47	10.96
Net current assets	17.07	16.47	6.92	9.16	26.26
Non-current liabilities	0.12	-	-	-	16.76
Net assets	44.95	44.54	35.95	34.98	32.76
Current ratio	2.27	2.08	1.47	1.74	3.40

Council Members

The Council provides collective leadership and oversight to guide MIA's nation building purpose



01

Dr. Azrie Tamjis
Member
Section 8(1)(f) - Appointed

02

Salihin Abang
President
Section 8(1)(g) - Elected

03

**Ahmad Zahirudin
Abdul Rahim**
Member
Section 8(1)(f) - Appointed

04

**Dato' Merina
Abu Tahir**
Member
Section 8(1)(d) - Appointed

05

**Khaw Hock
Hoe, Alex**
Member
Section 8(1)(g) - Elected

06

**Sharman
Arumugam**
Member
Section 8(1)(d) - Appointed



NOT IN PICTURE



Datuk Saat Esa
Accountant General



Dato' Zamimi Awang
Member
Section 8(1)(a) - Appointed

07
Prof. Dr. Maliah Sulaiman
Member
Section 8(1)(b) - Appointed

08
Leong Kah Mun
Member
Section 8(1)(g) - Elected

09
Huang Shze Jiun
Vice President
Section 8(1)(g) - Elected

10
Andrew Heng
Member
Section 8(1)(g) - Elected

**11****Aznorashiq
Mohamed Zin***Member**Section 8(1)(f) - Appointed***12****Arief Putera
Mohd Sharipudin***Member**Section 8(1)(f) - Appointed***13****Leong Wai Leng***Member**Section 8(1)(f) - Appointed***14****Assoc. Prof. Dr.
Zarina Zakaria***Member**Section 8(1)(b) - Appointed***15****Prof. Dr. Nor
Aziah Abd Manaf***Member**Section 8(1)(b) - Appointed***16****Ong Chee Wai***Member**Section 8(1)(g) - Elected*



17
Dr. Veerinderjeet Singh
Member
Section 8(1)(c) - Appointed

18
K. Renganathan
Member
Section 8(1)(g) - Elected

NOT IN PICTURE



Assoc. Prof. Dr. Romlah Jaffar
Member
Section 8(1)(b) - Appointed



Dato' Abdul Rauf Rashid
Member
Section 8(1)(f) - Appointed



19

Lim Fen Nee*Member**Section 8(1)(g) - Elected*

20

Sudirman**Masduki***Registrar*

21

Dato' Dr. Lukman**Ibrahim***Member**Section 8(1)(f) - Appointed*

22

Chong Hou**Nian, Steven***Member**Section 8(1)(g) - Elected*

23

Dato' Gan Ah Tee*Member**Section 8(1)(e) - Appointed*

24

Irvin George**Luis Menezes***Member**Section 8(1)(d) - Appointed*



25
**Lim Thiam Kee,
Peter**
Member
Section 8(1)(g) - Elected

26
**Assoc. Prof. Dr.
Zuraeda Ibrahim**
Member
Section 8(1)(b) - Appointed

NOT IN PICTURE

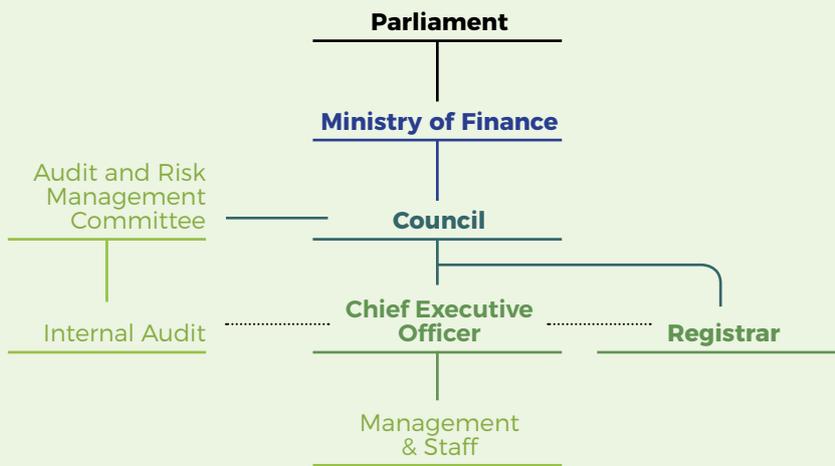


Jafril Junit
Member
Section 8(1)(f) - Appointed



Jeremy Nasrulhaq
Member
Section 8(1)(f) - Appointed

Governance Framework and Functions



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 create value, 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.



MICG appreciates MIA's strategic collaboration and joint efforts to strengthen corporate governance and the capital market.

Dato' Yusli Mohamed Yusoff
President, Malaysian Institute of Corporate Governance

Report of the Council

COUNCIL

Pursuant to Section 9 of the Act, the general power of the Council is to manage the Institute and its funds. 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, among others:

- Amendments to the MIA By-Laws (On Professional Ethics, Conduct and Practice) of the MIA based on the Revised Code of Ethics issued by IESBA
- The Competency Framework for Finance Function in PIEs;
- Audit Partner Rotation Requirements in Malaysia
- Matters pertaining to the MIA Competency Framework
- Recommencement of the MIA QE new candidate registration and other matters pertaining to the MIA QE
- Proposed provision in relation to the recommended fees for Recommended Practice Guide 7 (RPG7) to be incorporated in the New Accountants Act
- Best Practice Guide and Skills Set for Business Valuers in Malaysia
- Guidelines on Approval of Member Firm Names

- Dissolution of Financial Reporting Standards Implementation Committee (FRSIC) and review of FRSIC Consensuses
- MIA Member Satisfaction Survey 2018
- Consultation paper on Quarterly Reporting – Bursa Malaysia

AUDIT AND RISK MANAGEMENT COMMITTEE (ARMC)

Composition and Attendance

The Council at its meeting held on 22 November 2018 approved that the Committee shall comprise five (5) members, four (4) members of whom shall be Council members and who are not members of the Executive Committee of the Institute and one (1) member who is a non-Council MIA member. The ARMC held three (3) meetings during the financial year and members' attendance records are disclosed in the Report of the Council contained in this Annual Report.

The primary function of the ARMC is to assist the Council in fulfilling its statutory and fiduciary responsibilities. The ARMC reviews the financial statements and its reporting process, the system of internal controls, management of enterprise risks, the audit process and the process of compliance with laws and regulations. It has direct access to the internal and external auditors and full discretion to invite any Executive Director to attend its meetings.

Key Issues considered by the ARMC

During the financial year ended 30 June 2019, the ARMC discharged its functions and carried out its duties as set out in its ToR. The key issues considered and deliberated by the ARMC were:

Financial Reporting

- In overseeing MIA's financial reporting process, the ARMC reviewed the annual audited financial statements 2018/2019 at its meeting on 19 August 2019. The Committee deliberated

on significant matters raised by the External Auditor and received progress updates from Management on actions taken for improvements.

To safeguard the integrity of information, the Director of Professional Practices & Technical, who is the primary officer responsible for the financial management of the Institute, had given assurance to the ARMC that:

- Appropriate accounting policies had been adopted and applied consistently;
- Prudent judgement and reasonable estimates had been made in accordance with the requirements set out in the MFRSs;
- Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under MFRSs; and
- The Annual Financial Statements did not contain material misstatements but gave a true and fair view of the financial position of the Institute and the results of operations and cash flows of the Institute.
- The ARMC deliberated at its meeting on 7 May 2019 with regards to the early adoption of all the new and amended accounting standards with effective date of 1 January 2019. The Director of Professional Practices & Technical and his team had also presented to the Committee the impact assessment on the financial statements for 2018/2019 if MIA were to early adopt all the new and amended standards that took effect for financial periods beginning on or after 1 January 2019.

External Audit

- The external auditor met with the ARMC three (3) times during the financial year to review the financial statements, MFRS related issues and areas of concerns as identified.

- On 7 May 2019, the ARMC reviewed the External Auditors' 2018/2019 Audit Planning Memorandum outlining its scope of work and the fees for the statutory audit. The External Auditor in its 2018/2019 Audit Plan also presented to the ARMC its engagement team, audit timeline, the areas of audit emphasis and its focus areas with reference to the MFRSs.
- Reviewed the External Auditors' Management Letter together with the Institute's management responses.
- For this financial year, the Auditor General has also assigned its in-house IT audit team to review the new MIA Membership Information System to assist the external audit team in its assurance work.

Risks and Controls

The Council and Management have the overall responsibility in maintaining sound risk management and internal control systems that strengthen the Institute's control environment. During the financial year, the Committee carried out the following activities in overseeing the risks and controls of the Institute:

- Assessed the effectiveness of the Institute's policies and procedures regarding internal control systems by reviewing the work of the Internal Audit Department and the external auditor, and regular reports from management, including those on risk management. The Institute has adopted the necessary control mechanisms to monitor and comply with the Accountants Act 1967 and other regulatory requirements.
- The Institute's principal risks, risk profile and remedial actions were reported to, and deliberated by the ARMC on a half-yearly basis, a summary of which was reported to the Council; and
- Internal control and risk-related matters which warranted the attention of the Council were recommended by the ARMC to the Council for its approval and matters or decisions made within

the ARMC's purview were updated to the Council for its notation or actions, as the case may be.

Annual Report

The ARMC Report was reviewed and approved for inclusion in the Integrated Report for the financial year ended 30 June 2019.

Internal Audit Functions

The mission of Internal Audit (IA) is to provide independent, objective assurance and consulting services designed to add value and improve the Institute's operations. IA helps MIA to accomplish its objectives by bringing in a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes.

The IA reports functionally to the ARMC and administratively to the CEO. To ensure that the responsibility of IA is fully discharged according to its Charter and with the International Professional Practices Framework of Internal Auditors, the ARMC reviewed the adequacy of the scope and resources of the IA function as well as the competency and experience of the internal auditors. The IA is not involved in the development or implementation of policy procedure or systems, whilst personnel in the IA department are independent of the activities which they audit.

Apart from conducting independent, regular and systematic reviews of MIA's system of internal control to ensure such system continues to operate efficiently and effectively, the IA also follows up on Management's response to issues highlighted by the External Auditor in its Management Letter until closure. The IA function adopts a risk-based audit approach and performs its review based on a two-year internal audit plan encompassing assurance and consulting services. The IA function also implemented an adaptive audit planning approach which provides the flexibility needed to respond to emerging and potential risks.

The Committee deliberated on the IA reports and directed the Management to formulate and implement necessary controls to strengthen the risk management and internal control system so as to prevent recurrence of lapses. When deemed pertinent, the control deficiencies, including lapses, together with recommended action plans are escalated to the Council for deliberation. The IA follows up on the issues reported to ensure agreed upon actions are implemented by Management.

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 and Boards of the Institute or any other responsibility as directed by the Council. The Committee ensures that appointed members bring characteristics that satisfy the required mix of responsibilities, skills and experience.

The NC consists of the President, Vice President, two (2) Council members and a representative of the Accountant General's Department. The Committee shall meet as and when the Committee deems necessary.

During the financial year, the Committee conducted nine (9) meetings during which the Committee deliberated and made recommendations to the Council on matters of appointments of members to the Institute's Committee and Boards, revisions of ToR and formations/dissolution of new Committees and Task Forces, among others.

EXECUTIVE COMMITTEE (EXCO)

The EXCO was established by the Council as an operating Committee which functions as a medium between Council and management. The EXCO ensures

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 (ToR) of EXCO were approved by the Council. The EXCO comprises the Chairman who is the President, the Vice President, a representative of the Accountant General's Department and another (3) Council members.

During the financial year, the EXCO conducted eleven (11) meetings and the agenda of its meeting included, among others:

- Key Performance Indicators of Management
- MIA's 3-Year Operational Plan
- Early Adoption of MFRS 16 in MIA Financial Statements for FY 2018/19
- Cancellation of GST Related CPE Events & Measures and Initiatives to Overcome the Potential Loss of Income in the Financial Year 2018/19
- Industry-Wide Electronic Bank Confirmation Platform
- MIA's Investment Policy Statements
- Renewal of Agreements on Special Pathways for MIA Members to Obtain Professional Qualifications

Composition of Council

No. of Meetings: 13

Name	Designation	Status	Attendance
Salihin Abang	President		12/13
Huang Shze Jiun	Vice President	Elected as Vice President 25 October 2018	13/13
Ahmad Zahirudin Abdul Rahim	Member	Appointed 25 February 2019	3/4
Andrew Heng	Member	Elected 29 September 2018	7/9
Arief Putera Mohd Sharipudin	Member	Appointed 1 July 2018	7/13
Assoc. Prof. Dr. Romlah Jaffar	Member		8/13
Assoc. Prof. Dr. Zarina Zakaria	Member	Appointed 25 February 2019	3/4
Assoc. Prof. Dr. Zuraeda Ibrahim	Member		12/13
Aznorashiq Mohamed Zin	Member		10/13
Chong Dee Shiang, Teresa	Member	Retired 31 December 2018	4/5
Chong Hou Nian, Steven	Member		13/13
Dato' Abdul Rauf Rashid	Member		5/13
Dato' Dr. Lukman Ibrahim	Member		7/13
Dato' Gan Ah Tee	Member		10/13
Dato' Merina Abu Tahir	Member		9/13
Dato' Mohammad Faiz Azmi	Member	Retired 20 December 2018	3/5
Dato' Narendra Kumar Jasani	Member	Retired 29 September 2018	3/4
Dato' Zamimi Awang	Member		13/13
Datuk Tan Theng Hooi	Member	Retired on 25 May 2019	7/10
Dr. Azrie Tamjis	Member		10/12
Dr. Veerinderjeet Singh	Member	Appointed 25 May 2019	0/2
Irvin George Luis Menezes	Member		12/13
Jafril Junit	Member		1/13
Jeremy Nasrulhaq	Member	Appointed 1 July 2018	8/12
K Renganathan Kannan	Member		11/12
Khaw Hock Hoe, Alex	Member		8/12
Leong Kah Mun	Member	Elected 29 September 2018	9/9
Leong Wai Leng	Member		7/13
Lim Fen Nee	Member		9/12
Lim Thiam Kee, Peter	Member	Elected 29 September 2018	8/9
Ng Kean Kok	Member	Retired 29 September 2018	3/4
Ong Chee Wai	Member		6/13
Prof. Dr. Che Ruhana Isa @ Mohamed Isa	Member	Retired 20 December 2018	2/6
Prof. Dr. Maliah Sulaiman	Member		10/13
Prof. Dr. Nor Aziah Abd Manaf	Member		10/13
Sharman Arumugam	Member	Appointed 25 February 2019	4/4
Wong Wye Pong, Brian	Member	Retired 29 September 2018	4/4

Audit and Risk Management Committee

No. of Meetings: 3

Name	Designation	Status	Attendance
Dr. Azrie Tamjis	Chairman	Re-appointed 25 October 2018 Appointed as Chairman 27 June 2019	3/3
Datuk Tan Theng Hooi	Chairman	Re-appointed 25 October 2018 Retired 25 May 2019	3/3
Assoc. Prof. Dr. Zarina Zakaria	Member	Appointed 27 June 2019	0/0
Chong Dee Shiang, Teresa	Member	Re-appointed 25 October 2018 Retired 31 December 2018	2/2
Lee Min On	Member	Appointed 24 January 2019	0/1
Ong Chee Wai	Member	Re-appointed 25 October 2018	2/3
Sharman Arumugam	Member	Appointed 13 March 2019	0/1
Wong Wye Pong, Brian	Member	Retired 29 September 2018	2/2

Nominating Committee

Number of Meetings: 9

Name	Designation	Status	Attendance
Salihin Abang	Chairman	Re-appointed 25 October 2018	8/9
Dato' Abdul Rauf Rashid	Member	Retired 21 February 2019	4/6
Dato' Mohammad Faiz Azmi	Member	Retired 20 December 2018	4/4
Dato' Narendra Kumar Jasani	Member	Retired 29 September 2018	2/2
Dato' Zamimi Awang	Member	Reappointed 25 October 2018	9/9
Huang Shze Jiun	Member	Appointed 25 October 2018	6/6
Irvin George Luis Menezes	Member	Appointed 21 February 2019	3/3
Jeremy Nasrulhaq	Member	Appointed 21 February 2019	1/3

Executive Committee

Number of Meetings: 11

Name	Designation	Status	Attendance
Salihin Abang	Chairman	Re-appointed 25 October 2018	10/11
Dato' Abdul Rauf Rashid	Member	Appointed 21 February 2019	2/3
Dato' Merina Abu Tahir	Member	Re-appointed 25 October 2018	10/11
Dato' Mohammad Faiz Azmi	Member	Retired 20 December 2018	2/6
Dato' Narendra Kumar Jasani	Member	Retired 29 September 2018	3/3
Dato' Zamimi Awang	Member	Re-appointed 25 October 2018	11/11
Huang Shze Jiun	Member	Appointed 25 October 2018	6/7
Prof. Dr. Maliah Sulaiman	Member	Re-appointed 25 October 2018	8/11

Acronyms

ACCA	Association of Chartered Certified Accountants	IFAC	International Federation of Accountants	PAOs	Professional Accountancy Organisations
ACPACC	ASEAN CPA Coordinating Committee	IFRS	International Financial Reporting Standards	PC	Practising Certificate
ADB	Asian Development Bank	IIRC	International Integrated Reporting Council	PICPA	Philippines Institute of Certified Public Accountants
AEC	ASEAN Economic Community	IPSAS	International Public Sector Accounting Standards	PIEs	Public Interest Entities
AFA	ASEAN Federation of Accountants	<IR>	Integrated reporting	PRC	Practice Review Committee
AI	Artificial Intelligence	IR4.0	Industrial Revolution 4.0	QE	Qualifying Examination
ARMC	Audit and Risk Management Committee	ISA	International Standards on Auditing	RAP	Remedial action plan
ASEAN	Association of Southeast Asian Nations	KPI	Key performance indicator	SME	Small and medium-sized enterprises
BEO	Business and Economic Outlook	M&A	Mergers and Acquisitions	SMP	Small and medium practices
BEPS	Base Erosion and Profit Shifting	MAREF	Malaysian Accountancy Research & Education Foundation	SO	Strategic Objectives
BNM	Bank Negara Malaysia	MIAC	MIA International Accountants Conference	SOP	Standard operating process
CARE	Chartered Accountant's Relevant Experience	MITI	Ministry of International Trade and Industry	TCWG	Those charged with governance
CAT	Competency, accountability and trust	MFRS	Malaysian Financial Reporting Standards	ToR	Terms of Reference
CEO	Chief Executive Officer	MICPA	Malaysian Institute of Certified Public Accountants	YPC	Young Professionals Committee
CFO	Chief Financial Officer	MMIS	Membership Information System	WCOA	World Congress of Accountants
CIMA	Chartered Institute of Management Accountants	MoE	Ministry of Education		
CPE	Continuing Professional Education	MoF	Ministry of Finance		
CSAP	Committee to Strengthen the Accountancy Profession	MoU	Memorandum of Understanding		
DAB	Disciplinary Appeal Board	MPERS	Malaysian Private Entities Reporting Standard		
DC	Disciplinary Committee	MPSAS	Malaysian Public Sector Accounting Standards		
DT IC	Digital Technology Implementation Committee	MQA	Malaysian Qualifications Agency		
e-AT	Electronic Accountants Today	MRMC	Management Risk Management Committee		
ED	Exposure draft	NACRA	National Annual Corporate Report Awards		
FAQs	Frequently Asked Questions	NAPSEC	National Professional Services Action Council		
FRSIC	Financial Reporting Standards Implementation Committee	NOC	Notice of Complaint		
FSRC	Financial Statements Review Committee	PAIB	Professional Accountants in Business		
GST	Goods and services tax				
IA	Internal Audit				
IC	Investigation Committee				
IESBA	International Ethics Standards Board for Accountants				

Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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**REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
MALAYSIAN INSTITUTE OF ACCOUNTANTS
FOR THE YEAR ENDED 30 JUNE 2019**

Report on the Audit of the Financial Statements

Opinion

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 2019 and 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, a summary of significant accounting policies and other explanatory information as set out on pages 80 to 106.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Malaysian Institute of Accountants as at 30 June 2019 and of its financial performance and cash flows for the year then ended in accordance with the approved financial reporting standards in Malaysia and Accountants Act 1967 (Act 94).

Basis for Opinion

The audit was conducted in accordance with the Audit Act 1957 and the International Standards of Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independence and Other Ethical Responsibilities

I am independent of the Malaysian Institute of Accountants and I have fulfilled the other ethical responsibilities in accordance with the International Standards of Supreme Audit Institutions.



Key Audit Matter

A key audit matter is the matter that, in my professional judgement, was of most significance in my audit of the financial statements of the Malaysian Institute of Accountants for the current financial year. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

Key Audit Matter	How the Matter was Addressed in Our Audit
<p>Accuracy of Income Recognition</p> <p>Refer to:</p> <p>Note 2.4 (k) (i) – Revenue; and Note 16 – Revenue from membership subscription fees and income from events and conferences.</p> <p>The main sources of income for the Malaysian Institute of Accountants are membership subscription fees and income from events and conferences. These sources of income total RM40,743,961 for the financial year ended 30 June 2019 (2018: RM40,138,100).</p> <p>I focused on the accuracy of these incomes as they represent significant components of the Malaysian Institute of Accountants' revenue and involve large volumes of transactions.</p>	<p>Audit procedures include, among others:</p> <ul style="list-style-type: none"> a) Obtained an understanding of the systems, processes and controls in place over the accuracy and timing of income recognised in the financial statements and performed testing over key controls; b) Developed an expectation of the current year members' annual subscription fees by reconciling the number of members for the year multiplied with the annual subscription fee charged, and compare the expectation against the actual members' annual subscription fees recognised for the current financial year; c) Reviewed reconciliation of income amount for events and conferences between accounting system and MIA Membership Information System prepared by the management; d) Checked to selected samples of invoices and agreed the number of participants and event fees charged against each attendance report of the particular events; e) Performed income cut-off testing; and f) Evaluated the appropriateness of the accounting policies for income recognition. <p>Based on the procedures performed above, I did not find any material exceptions in the accuracy of income recognition during the year.</p>

Information Other than the Financial Statements and Auditor's Report Thereon

The Council of the Malaysian Institute of Accountants is responsible for the other information in the Annual Report. My opinion on the financial statements of the Malaysian Institute of Accountants does not cover the information other than the financial statements and auditor's report thereon and I do not express any form of assurance conclusion thereon.

Responsibilities of the Council for the Financial Statements

The Council is responsible for the preparation of financial statements of the Malaysian Institute of Accountants that give a true and fair view 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 it determines is necessary to enable the preparation of the financial statements of Malaysian Institute of Accountants that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Malaysian Institute of Accountants, the Council is responsible for assessing of the Malaysian Institute of Accountants' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements of the Malaysian Institute of Accountants as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards of Supreme Audit Institutions will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards of Supreme Audit Institutions, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- a. Identify and assess the risks of material misstatement of the financial statements of the Malaysian Institute of Accountants, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- b. Obtain an understanding of internal control relevant to the audit 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 Malaysian Institute of Accountants' internal control.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- d. Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Malaysian Institute of Accountants' ability to continue as a going concern. If I conclude that a material uncertainty exists, I have to draw attention in my auditor's report to the related disclosures in the financial statements of the Malaysian Institute of Accountants if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of auditor's report.
- e. Evaluate the overall presentation of the financial statements of the Malaysian Institute of Accountants including the disclosures that achieve fair presentation.

I communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during my audit.

From the matters communicated with the Council, I determine the matter that was of most significance in the audit of the financial statements of the Malaysian Institute of Accountants for the current year and are therefore the key audit matter. I describe this matter in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Accountants Act 1967 (Act 94), I also report that in my opinion, the accounting and other records required by the Act to be kept by Malaysian Institute of Accountants have been properly kept in accordance with the provision of the Act.



Other Matters

This report is made solely to the Council and for no other purpose. I do not assume responsibility to any other person for the content of this report.



(JOHARI BIN ISMAIL)
ON BEHALF OF AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
13 SEPTEMBER 2019



MALAYSIAN INSTITUTE OF ACCOUNTANTS
STATEMENT BY THE COUNCIL

We, Salihin bin Abang 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 2019 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.



SALIHIN BIN ABANG
 President



DR NURMAZILAH DATO' MAHZAN
 Chief Executive Officer

22 August 2019
 Kuala Lumpur

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

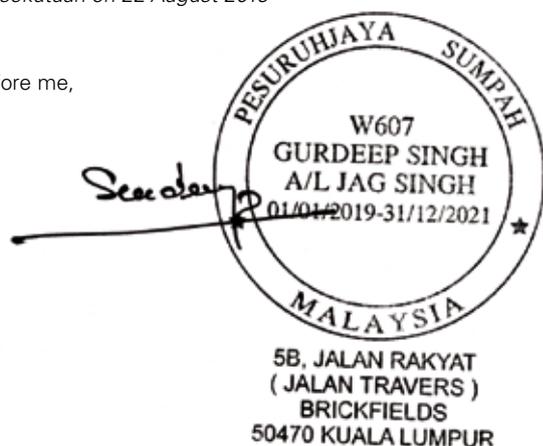
I, Tay Pit Eu, being the officer primarily responsible for the financial management of the MALAYSIAN INSTITUTE OF ACCOUNTANTS, do solemnly and sincerely declare that the accompanying financial statements are to the best of my knowledge and belief correct, and I make this solemn declaration conscientiously 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
 TAY PIT EU at Kuala Lumpur in Wilayah
 Persekutuan on 22 August 2019*



TAY PIT EU
 C.A.(M) 14358

Before me,



Statement of Financial Position

as at 30 June 2019

	Note	2019 RM	2018 RM
Assets			
Non-current assets			
Property, plant and equipment	3	26,343,399	27,376,642
Right-of-use assets	4	260,422	-
Intangible assets	5	1,156,841	495,684
Investment	6	7,458	7,458
Deferred tax assets	7	228,901	187,298
		27,997,021	28,067,082
Current assets			
Inventories	8	65,492	49,362
Receivables, deposits and prepayments	9	3,188,843	2,870,877
Subscription receivables	10	-	-
Current tax recoverable		168,000	465,985
Fixed deposits with licensed financial institutions	11	19,677,355	21,514,576
Cash and bank balances		7,436,562	6,836,396
		30,536,252	31,737,196
Total assets		58,533,273	59,804,278
Non-current liabilities			
Lease liabilities	12	116,331	-
Current liabilities			
Lease liabilities	12	149,129	-
Subscriptions in advance		1,700,569	3,757,305
Payables and accruals	13	7,810,613	7,689,481
Deferred income - government grants	14	903,464	1,229,164
Deferred income - others	15	2,899,161	2,588,992
		13,462,936	15,264,942
Total liabilities		13,579,267	15,264,942
Total net assets		44,954,006	44,539,336
Accumulated fund		44,954,006	44,539,336

Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 30 June 2019

	Note	2019 RM	2018 RM
Revenue from contracts with customers	16	43,560,436	44,101,916
Gain on disposal of land and building		-	7,485,778
Other income	17	1,650,880	2,074,976
Total income		45,211,316	53,662,670
Less			
Depreciation of property, plant and equipment	3	(1,323,701)	(1,301,850)
Depreciation of right-of-use assets	4	(179,772)	-
Amortisation of intangible assets	5	(172,188)	(170,988)
Expenses for events and conferences (Excluding employees benefits)	18	(14,326,290)	(14,722,207)
Employee benefits	19	(22,293,914)	(21,169,982)
Interest on lease liabilities		(14,210)	-
Membership services		(1,193,854)	(1,412,284)
Other operating expenses	20	(5,335,915)	(6,091,404)
Total expenses		(44,839,844)	(44,868,715)
Surplus before tax		371,472	8,793,955
Taxation	22	43,198	(207,700)
Surplus for the financial year, representing total comprehensive income for the financial year		414,670	8,586,255

Statement of Changes in Accumulated Fund

for the financial year ended 30 June 2019

	RM
At 1 July 2017	35,953,081
Surplus for the financial year, representing total comprehensive income for the financial year	8,586,255
At 30 June 2018 / 1 July 2018	44,539,336
Surplus for the financial year, representing total comprehensive income for the financial year	414,670
At 30 June 2019	44,954,006

Statement of Cash Flows

for the financial year ended 30 June 2019

	Note	2019 RM	2018 RM
Cash flows from operating activities			
Receipts from members and non-members		43,387,574	47,776,831
Payments for expenditure		(44,387,102)	(46,417,780)
Cash (used in)/generated from operations		(999,528)	1,359,051
Government grants received		-	595,000
Management fees received		24,000	21,600
Tax paid		(141,558)	(142,706)
Tax refunded		441,138	-
Net cash flow (used in)/generated from operating activities		(675,948)	1,832,945
Cash flows from investing activities			
Placements of fixed deposits with licensed financial Institutions maturing exceeding 3 months		(98,956)	(7,302,289)
Purchase of property, plant and equipment and acquisition of intangible assets (Note A)		(1,106,789)	(729,714)
Interest received		734,626	806,493
Proceeds from disposal of non-current assets held for sale		-	8,681,400
Net cash flow (used in)/generated from investing activities		(471,119)	1,455,890
Cash flows from financing activities			
Interest on lease liabilities		(14,210)	-
Payment of lease liabilities		(174,734)	-
		(188,944)	-
Net (decrease) / increase in cash and cash equivalents		(1,336,011)	3,288,835
Cash and cash equivalents at beginning of financial year		12,426,773	9,137,938
Cash and cash equivalents at end of financial year		11,090,762	12,426,773
Analysis of cash and cash equivalents			
Cash in hand		9,087	8,151
Bank balances		7,427,475	6,828,245
Fixed deposits with licensed financial institutions Maturing not exceeding 3 months	11	3,654,200	5,590,377
		11,090,762	12,426,773
Note A: purchase of property, plant and equipment And acquisition of intangible assets			
Purchase of property, plant and equipment during the financial year	3	309,454	379,999
Acquisition of intangible assets during the financial year	5	833,345	241,418
Add: unpaid purchases as at previous financial year end		56,090	164,387
		1,198,889	785,804
Less: unpaid purchases as at financial year end		(92,100)	(56,090)
		1,106,789	729,714

Notes to the Financial Statements

for the financial year ended 30 June 2019

1 General Information

The Institute is established under the Accountants Act, 1967 ("the Act") and domiciled in Malaysia. The principal objectives and 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 practise 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 and activities during the financial year.

The registered office of the Institute is located at Dewan Akauntan, Unit 33-01, Level 33, Tower A, The Vertical, Avenue 3, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The financial statements were authorised for issue by the Council in accordance with a resolution of the Council on **22 August 2019**.

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 Adopted

The Institute has applied the following new and amended standards and interpretations for the first time for its annual reporting period commencing 1 July 2018:

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9 *Financial Instruments*
- MFRS 15 *Revenue from Contracts with Customers*
- IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

Early adoption of the new and revised pronouncements that are effective for annual periods beginning on or after 1 January 2019

- Amendments to MFRS 9 *Financial Instruments (Prepayment Features with Negative Compensation)*
- MFRS 16 *Leases*
- Amendment to MFRS 119 *Employee Benefits (Plan Amendment, Curtailment or Settlement)*
- IC Interpretation 23 *Uncertainty Over Income Tax Treatments*

The adoption of the above new and revised pronouncements did not have any significant impact on the financial statements except for MFRS 16.

Given that MFRS 9, MFRS 15 and MFRS 16 are the major standards that the Institute adopted for the first time, the nature

and effect of the changes as a result of adoption of these standards are described below.

MFRS 9

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement*. MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset.

Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the portion of a fair value change due to an entity's own credit risk is recorded in OCI rather than profit or loss, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

2 Significant Accounting Policies (Cont'd)

2.2 New and Revised Pronouncements Adopted (Cont'd)

The Institute applied MFRS 9 retrospectively with the initial application date of 1 July 2018 but did not restate comparative information. The application of MFRS 9 did not have significant impact on its statement of financial position and accumulated fund.

MFRS 15

MFRS 15 *Revenue from Contracts with Customers* replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, that is, when the customer has the ability to direct the use of and obtain the benefits from the goods or services. Revenue is recognised in accordance with that core principle by applying a 5-step model:

- i) Identify contracts with customers;
- ii) Identify the separate performance obligations;
- iii) Determine the transaction price of the contract;
- iv) Allocate the transaction price of each of the separate performance obligations; and
- v) Recognise the revenue as each performance obligation is satisfied.

The Institute adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 July 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Institute elected to apply the standard only to contracts that are not completed as at 1 July 2018.

The cumulative effect of initially applying MFRS 15 is not material and accordingly, has not been adjusted in the opening balance of the accumulated fund. The comparative information was not restated and continues to be reported under MFRS 118.

MFRS 16

MFRS 16 supersedes MFRS 117 *Leases* and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset can be subsequently measured by applying a cost model or a revaluation model as required under MFRS 116 *Property, Plant and Equipment*. If a lessee applies the fair value model in MFRS 140 *Investment Property* to its investment property, the lessee shall also apply that fair value model to the right-of-use asset that meets the definition of investment property in MFRS 140.

The lease liability shall be measured subsequently by:

- a) increasing the carrying amount to reflect interest on the lease liability;
- b) reducing the carrying amount to reflect the lease payments made; and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications as specified in MFRS 16.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Institute adopted MFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under MFRS 117. The Institute has recognised lease liabilities and right-of-use assets amounting to RM346,019 in the statement of financial position as at 1 July 2018 by applying the practical expedient in MFRS 16 on the initial application for leases previously classified as an operating lease applying MFRS 117. The practical expedient allows a lessee to measure the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and recognise the right-of-use assets at the date of initial application for a lease previously classified as an operating lease under MFRS 117.

The Institute chose to measure the right-of-use assets at amounts equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognised in the statement of financial position immediately before the date of initial application. This will result in front-loaded total lease expenses in the earlier years of the lease contracts. The Institute has also elected not to apply the standard to leases for which the lease term ends within 12 months of the date of initial application. The effect of adopting MFRS 16 during the current financial year ended are as disclosed in Notes 4 and 12 to the financial statements.

2.3 New and Revised Pronouncements Not Yet in Effect

The accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("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 2020

- Amendments to MFRS 101 *Presentation of Financial Statements*

- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*
- Amendments to MFRS 138 *Intangible Assets*

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.

2.4 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. 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, if any.

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 according to its estimated useful life as follows:

<i>Leasehold properties</i>	<i>50 years</i>
<i>Office equipment</i>	<i>10 years</i>
<i>Furniture and fittings</i>	<i>10 years</i>
<i>Computer equipment</i>	<i>3 years</i>
<i>Renovation</i>	<i>10 years</i>

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

i. 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 3-7 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.

ii. Development expenditure

Costs incurred on development are recognised as intangible assets when the following criteria are fulfilled:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated that the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditure that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

The development expenditure represents the Institute's development of the MIA Competency Framework and is capitalised based on performance milestone subject to the satisfaction of the Institute.

2 Significant Accounting Policies (Cont'd)

2.4 Summary of Significant Accounting Policies (Cont'd)

b. Intangible assets (Cont'd)

ii. Development expenditure (Cont'd)

The development expenditure, which has definite useful life, is initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment loss.

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding 10 years.

The amortisation period and amortisation method are reviewed at the end of each reporting period. The effects of any revision are recognised in profit or loss when changes arise. Where an indication of impairment exists, the carrying amount of the development expenditure is assessed and written down immediately to its recoverable amount.

c. 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 and discounts. 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.

d. Receivables

Refer to Notes 2.4(g) on financial instruments and 2.4(h) on impairment of receivables.

e. 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 not exceeding 3 months and other short-term highly liquid investments

which are readily convertible to known amount 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.

f. Non-current asset 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.

g. Financial instruments

i. Recognition and initial measurement

The Institute recognises all financial assets and 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.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance.

A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Institute changes its business model for managing financial

assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

- **Amortised cost**

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. Any gain or loss on derecognition is recognised in profit or loss.

- **Fair value through other comprehensive income**

This relates to an investment in equity that is not held for trading where Institute irrevocably elect to measure at fair value through other comprehensive income.

Financial liabilities

The categories of financial liabilities are as follows:

- **Fair value through profit or loss**

The Institute does not hold any financial liabilities measured at fair value through profit or loss.

- **Amortised cost**

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

iii. Derecognition

A financial asset is derecognised when the risks and rewards relating to the financial asset has expired or had been fully transferred or had been partially transferred with no control over the same.

On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received is recognised in profit or loss.

A financial liability is derecognised when the liability is either discharged, cancelled or expired.

h. Impairment of receivables

Amount due from participants of events and conferences

The Institute applies the simplified approach to measure the expected credit losses on receivables using a provision matrix with reference to historical credit loss experience and adjust historical loss rates to reflect information about current conditions, and reasonable and supportable forecasts of future economic conditions.

An impairment loss in respect of receivables is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

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. Subsequent recovery is taken up on a cash receipt basis.

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.

i. 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.

j. 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 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.

k. Revenue and other income

i. Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of their parties. The Institute recognises revenue when (or as) it transfers control over a good or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Institute transfers control of a good or service at a point in time unless one of the following over time criteria is met:

- The customer simultaneously receives and consumes the benefits provided as the Institute performs;
- The Institute's performance creates or enhances an asset that the customer controls as the asset is created and enhanced; and

- The Institute's performance does not create an asset with an alternative use and the Institute has an enforceable right to payment for performance completed to date.

Membership subscription and practising certificate fees are payable annually at the beginning of the financial year. As member simultaneously receives and consumes the benefits of goods and services as provided over twelve months, such revenue is amortised over time. Subscriptions relating to periods beyond the current financial year is recognised as subscriptions in advance under current liabilities in the statement of financial position.

Membership admission is recognised upon approval by the Council. Membership subscription and admission fees received during the financial year but yet to be approved at the reporting date are taken up as deferred income under current liabilities in the statement of financial position.

Income from events and conferences is recognised upon the delivery of the events and conferences. Advanced payments received from events and conferences are recognised as deferred income under current liabilities in the statement of financial position.

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 when the examination is held. Tuition fees are recognised over the tuition term.

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 recognised based on the delivery timing of the performance obligations.

- ii. Interest income is recognised based on an effective yield basis

2 Significant Accounting Policies (Cont'd)

2.4 Summary of Significant Accounting Policies (Cont'd)

I. 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.

m. Employee benefits

i. Short-term employee benefits

Wages, salaries, bonuses, social security contributions and other benefits 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 contribution 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").

n. Foreign currency transactions and balances

Transactions in foreign currencies are translated into Ringgit Malaysia, which is also the 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.

o. Leases

The Institute has applied MFRS 16 using the modified retrospective approach. The impact of the changes is disclosed in Notes 4 and 12.

At inception of a contract, the Institute assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Institute assesses whether:

- a. the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- b. the Institute has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- c. the Institute has the right to direct the use of the asset. The Institute has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are

predetermined, the Institute has the right to direct the use of the asset if either:

- the Institute has the right to operate the asset; or
- the Institute has designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Institute allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

As a lessee

The Institute recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The depreciation period for the current and comparative periods are as follows:

- office equipments - 5 years
- properties - 2-5 years

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily

determined, the Institute's incremental borrowing rate. Generally, the Institute uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Institute is reasonably certain to exercise, lease payments in an option renewal period of the Institute is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Institute is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Institute's estimate of the amount expected to be payable under a residual value guarantee or if the Institute changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Institute has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Institute recognises the lease payments associated with these leases as

an expense on a straight-line basis over the lease term.

p. Borrowing costs

Borrowing costs consist of interest in respect of lease liabilities which is recognised in profit or loss in the period they are incurred.

q. 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.

2.5 Significant Accounting Estimates and Judgements

a. Sources of estimation uncertainty

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.

2 Significant Accounting Policies (Cont'd)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

a. Sources of estimation uncertainty (Cont'd)

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 economic benefits 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 carrying amount of the intangible assets at the reporting date are disclosed in Note 5.

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.

b. Significant judgement made in the process of applying the accounting policies

In applying the accounting policies, significant judgement was made in the recognition of an intangible asset relating to the MIA Competency Framework which may affect the amount recognised in the financial statements. In particular, judgement was made whilst assessing the expected future economic benefits that are attributable to the Competency Framework. The future economic benefits are realisable upon enactment of proposed revisions to the Accountants Act, 1967 which enable the execution of operational plans related to MIA Competency Framework. The Institute is still in the process of following up with relevant parties regarding the proposal to revise the Accountants Act, 1967.

3 Property, Plant and Equipment

	Leasehold Properties RM	Computer Equipment RM	Renovation RM	Furniture and Fittings RM	Office Equipment RM	Total RM
Cost						
At 1 July 2018	22,797,454	1,456,030	3,109,652	1,754,115	2,806,515	31,923,766
Additions	-	213,903	32,550	63,001	-	309,454
Write-offs	-	(145,669)	-	(14,739)	(11,788)	(172,196)
At 30 June 2019	22,797,454	1,524,264	3,142,202	1,802,377	2,794,727	32,061,024
Accumulated depreciation						
At 1 July 2018	1,492,187	1,234,049	810,680	382,898	627,310	4,547,124
Charge for the financial year	455,949	138,692	283,465	173,764	271,831	1,323,701
Write-offs	-	(128,255)	-	(13,163)	(11,782)	(153,200)
At 30 June 2019	1,948,136	1,244,486	1,094,145	543,499	887,359	5,717,625
Net carrying amount at 30 June 2019	20,849,318	279,778	2,048,057	1,258,878	1,907,368	26,343,399
Cost						
At 1 July 2017	22,797,454	1,514,597	3,023,606	1,729,360	2,799,745	31,864,762
Additions	-	196,408	86,046	30,665	66,880	379,999
Write-offs	-	(254,975)	-	(5,910)	(60,110)	(320,995)
At 30 June 2018	22,797,454	1,456,030	3,109,652	1,754,115	2,806,515	31,923,766
Accumulated depreciation						
At 1 July 2017	1,036,238	1,360,237	530,448	214,724	410,718	3,552,365
Charge for the financial year	455,949	123,144	280,242	170,203	272,312	1,301,850
Write-offs	-	(249,332)	(10)	(2,029)	(55,720)	(307,091)
At 30 June 2018	1,492,187	1,234,049	810,680	382,898	627,310	4,547,124
Net carrying amount at 30 June 2018	21,305,267	221,981	2,298,972	1,371,217	2,179,205	27,376,642

As at end of the financial year, the Institute has yet to receive the strata titles for the leasehold properties. The new leasehold office suite is depreciated over 50 years based on the estimated economic useful life of the office although the lease term is 91 years at the vacant possession date.

Included in property, plant and equipment are fully depreciated assets which are still in use, with cost totalling RM1,451,093 (2018: RM1,494,660).

4 Right-of-Use Assets

As Lessee

The Institute leases properties and office equipment. Information about leases for which the Institute is a lessee is presented below.

	Properties RM	Office Equipment RM	Total RM
Cost			
At beginning of financial year	130,924	215,095	346,019
Addition during the financial year	94,175	-	94,175
At end of financial year	225,099	215,095	440,194
Accumulated depreciation			
At beginning of financial year	-	-	-
Charge for the financial year	120,225	59,547	179,772
At end of financial year	120,225	59,547	179,772
Net carrying amount at end of financial year	104,874	155,548	260,422

5 Intangible Assets

	2019 RM	2018 RM
Computer software		
Cost		
At beginning of financial year	899,487	811,537
Addition during the financial year	765,600	87,950
At end of financial year	1,665,087	899,487
Accumulated amortisation		
At beginning of financial year	776,511	605,523
Amortisation for the financial year	172,188	170,988
At end of financial year	948,699	776,511
Net carrying amount at end of financial year	716,388	122,976
Development expenditure		
Cost		
At beginning of financial year	372,708	219,240
Addition during the financial year	67,745	153,468
At end of financial year	440,453	372,708
Total	1,156,841	495,684

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 to 7 years.

The development expenditure represents the Institute's development of the MIA Competency Framework. The MIA Competency Framework is expected to be ready for its intended use upon the enactment of certain proposed revisions to the Accountants Act, 1967.

6 Investment

	2019 RM	2018 RM
At cost		
Investment, unquoted	7,458	7,458

The Institute acquired 9.09% of the ordinary equity interest in Ultimate Professional Centre (Sarawak) Sdn. Bhd. ("UPC") in the financial year ended 30 June 1996.

7 Deferred Tax Assets

	2019 RM	2018 RM
Deferred tax assets	228,901	187,298
At beginning of financial year	187,298	286,768
Recognised in profit or loss (Note 22)		
- Reversal of deferred tax assets for property, plant and equipment and tax losses carry forward	-	(82,813)
- Provisions, advance receipts and leases	41,603	(16,657)
	41,603	(99,470)
At end of financial year	228,901	187,298
Deferred tax assets		
Provisions, advance receipts and leases	228,901	187,298

Unrecognised Deferred Tax Assets

With effect from the year of assessment 2009, based on Addendum to Public Ruling No 6/2005 issued on 1 July 2009, capital allowances and losses from membership activities if unutilised, cannot be carried forward to a future year of assessment. As at the reporting date, the Institute has a balance of unabsorbed capital allowances and unutilised losses totalling RM542,137 (2018: RM542,137) from years of assessment before the addendum came into effect.

The deferred tax assets arising from unabsorbed capital allowances and unutilised tax losses brought forward for membership activities before year of assessment 2009 and for non-membership activities have not been recognised at the reporting date as the utilisation of the tax benefits is not probable in the foreseeable future:

	2019 RM	2018 RM
Unabsorbed capital allowance	1,413,299	1,074,702
Unutilised tax losses	2,718,067	1,179,966
	4,131,366	2,254,668
Potential deferred tax assets not recognised at 24% (2018: 24%)	991,528	541,120

8 Inventories

	2019 RM	2018 RM
At cost		
Publications	65,492	49,362

During the financial year, inventories recognised as an expense amounted to RM144,846 (2018: RM168,283).

9 Receivables, Deposits and Prepayments

	2019 RM	2018 RM
Amount due from participants of events and conferences	1,047,830	274,060
Other receivables	922,110	1,089,225
	1,969,940	1,363,285
Less: Allowance for expected credit losses	(25,064)	(2,120)
	1,944,876	1,361,165
Prepayments	1,117,564	1,383,509
Deposits	126,403	126,203
	1,243,967	1,509,712
	3,188,843	2,870,877

The credit periods granted by the Institute range from 30 days to 60 days (2018: 30 days to 60 days). Included in the prepayments as at 30 June 2018 is an amount of RM360,000 in respect of the prepayments of software cost of a membership information system.

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

	2019 RM	2018 RM
At beginning of financial year	2,120	29,051
Expected credit losses recognised during the financial year	25,064	-
Reversal of impairment losses	(2,120)	(26,263)
Written off	-	(668)
At end of financial year	25,064	2,120

10 Subscription Receivables

	2019 RM	2018 RM
Subscription receivables	9,150	2,800
Less: Allowance for impairment losses	(9,150)	(2,800)
	-	-

In accordance with Rules 2001 (Membership and Council), Part II, paragraph 7(1) of the Malaysian Institute of Accountants, 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.

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:

	2019 RM	2018 RM
At beginning of financial year	2,800	1,950
Impairment losses recognised during the financial year	9,150	1,150
Reversal of impairment losses	(350)	-
Written off	(2,450)	(300)
At end of financial year	9,150	2,800

During the financial year, subscriptions receivables amounting to RM192,300 (2018: RM158,900) were written off to profit or loss.

11 Fixed Deposits with Licensed Financial Institutions

The maturity profile of fixed deposits is presented as follows:

	2019 RM	2018 RM
Not exceeding 3 months	3,654,200	5,590,377
Exceeding 3 months	16,023,155	15,924,199
	19,677,355	21,514,576

The interest rates for the fixed deposits placed with licensed financial institutions range between 3.8% to 4.38% (2018: 3.10% to 5.00%) per annum.

12 Lease Liabilities

	2019 RM	2018 RM
Lease liabilities included in the statement of financial position		
At beginning of financial year	346,019	-
Addition during the financial year	94,175	-
	440,194	-
Less		
Payment of lease liabilities	(174,734)	-
At end of financial year	265,460	-
Current	149,129	-
Non-current	116,331	-
	265,460	-
Maturity analysis - contractual undiscounted cash flows		
Less than one year	157,044	-
Between one and five years	120,742	-
Total undiscounted lease liabilities at 30 June	277,786	-
Amount recognised in profit or loss		
Expenses relating to short-term leases	16,460	-
Expenses relating to leases of low-value asset, excluding short-term leases of low-value assets	1,908	-
Amount recognised in the statement of cash flows		
Total cash outflow for leases	188,944	-

13 Payables and Accruals

	2019 RM	2018 RM
Payables	1,093,163	932,957
Accruals - events and conferences expenses	960,555	925,728
Accruals - employee benefits costs	4,904,443	5,105,259
Accruals - education expenses	64,608	59,769
Accruals - others	689,644	567,368
Deposits	98,200	98,400
	7,810,613	7,689,481

The credit periods granted to the Institute range from 14 to 60 days (2018: 14 to 60 days).

14 Deferred Income - Government Grant

	2019 RM	2018 RM
At beginning of financial year	1,229,164	895,008
Grant receivable/received during the financial year	-	1,190,000
	1,229,164	2,085,008
Deferred income released to profit or loss (Note 17)	(325,700)	(855,844)
At end of financial year	903,464	1,229,164

In financial year ended 30 June 2015, the Capital Market Development Fund ("CMDF") approved a grant to the Institute for implementing and administering Financial Reporting Standards Implementation Committee ("FRSIC") and Capital Market Advisory Committee ("CMAC") projects. The grant was 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. As the grant agreement expired in May 2019, on 13 June 2019, the CMDF approved the extension of the term of the grant to 31 December 2020 with a revised total grant of RM3.95 million. The total grant receivable/received to date amounted to RM3.33 million (2018: RM3.33 million).

15 Deferred Income - Others

	2019 RM	2018 RM
Membership application fees	431,350	303,000
Practising certificate application fees	2,500	16,750
Readmission fees	88,850	34,650
Events and conferences	2,057,311	1,942,132
Qualifying examination	248,150	214,790
Education and advertisements	71,000	77,670
	2,899,161	2,588,992

The deferred income relates to the advance consideration received from customers for which revenue is recognised when the performance obligation has been satisfied.

16 Revenue from Contracts with Customers

	2019 RM	2018 RM
(i) Disaggregation of revenue from contracts with customers		
Membership subscription fees	12,752,578	12,512,080
Membership admission fees	782,700	878,500
Practising certificate fees	992,500	897,750
Income from events and conferences (note 18)	27,991,383	27,626,020
Advertisement income	22,299	123,607
Education income	574,472	909,476
Income from 50th anniversary celebration	-	611,751
Income from joint activities with other professional bodies	83,236	103,577
Sale of technical materials/publications	85,402	75,188
Technical program fees	106,341	197,795
Miscellaneous income	169,525	166,172
	43,560,436	44,101,916
(ii) Timing of revenue recognition		
At a point in time	26,896,171	26,917,441
Over time	16,664,265	17,184,475
	43,560,436	44,101,916

17 Other Income

	2019 RM	2018 RM
Enforcement penalties	155,200	51,800
Reimbursement of enforcement costs	128,150	147,211
Government grant recognised	325,700	855,844
Interest on fixed deposits and current accounts	970,248	808,997
Interest income - others	-	96,934
Practice review income	71,582	114,190
	1,650,880	2,074,976

18 Income from / (Expenses for) Events and Conferences

	2019 RM	2018 RM
Income (note 16)	27,991,383	27,626,020
Direct expenses (excluding employee benefits)	(14,326,290)	(14,722,207)
	13,665,093	12,903,813

19 Employee Benefits

	2019 RM	2018 RM
Salaries, overtime and bonus	17,861,896	17,042,772
Contributions to EPF	2,792,272	2,584,775
Social security contribution	126,340	123,660
Staff training	452,783	343,815
Staff welfare	299,348	440,379
Other staff benefits	761,275	634,581
	22,293,914	21,169,982

Included in employee benefits is the key management personnel compensation shown in Note 23(c).

20 Other Operating Expenses

	2019 RM	2018 RM
Assets written off	18,996	13,904
Auditors' remuneration	25,750	25,000
Bank charges	267,152	312,352
Committee to Strengthen the Accountancy Profession expenses	5,887	81,191
Consultancy fees	164,133	204,650
Education expenses	598,382	637,730
Enforcement expenses	241,731	83,408
Expenses for 50th anniversary celebration	-	801,369
Insurance expenses	77,117	91,465
International relations expenses	299,411	163,428
Legal fees	161,991	165,467
Licensing expenses	198,000	180,504
Printing, postage and stationery	252,131	359,359
Promotion and advertising cost	244,913	321,372
Receivables impaired/(recovered) and written off	22,944	(26,263)
Rental of premises	16,000	139,800
Subscriptions	478,770	478,009
Subscription receivables impaired and written off	201,100	160,050
Technical programme expenses	247,808	273,016
Travelling expenses	104,386	96,020
Upkeep of office	486,664	639,238
Upkeep of office equipment	528,767	260,702
Utilities	363,019	284,591
Other expenses	330,863	345,042
	5,335,915	6,091,404

21 Income and Expenses by Operating Segment

2019	Strategy & Development RM	Membership, Technology & Operations RM	Professional Practices & Technical RM	Surveillance & Enforcement RM	Total RM
Revenue	27,991,383	14,527,778	-	-	42,519,161
Other income	91,299	888,635	363,041	354,932	1,697,907
Total income	28,082,682	15,416,413	363,041	354,932	44,217,068
Less					
Direct expenses	(14,326,290)	(649,153)	(247,808)	(295,847)	(15,519,098)
Employee benefits	(2,852,757)	(1,573,381)	(2,123,573)	(3,957,451)	(10,507,162)
Overheads	(274,024)	(2,200,736)	(360,570)	(228,200)	(3,063,530)
	(17,453,071)	(4,423,270)	(2,731,951)	(4,481,498)	(29,089,790)
Surplus/(Deficit) before allocated expenses*	10,629,611	10,993,143	(2,368,910)	(4,126,566)	15,127,278
Less					
Employee benefits - allocated	(3,661,904)	(3,204,165)	(1,830,952)	(3,089,731)	(11,786,752)
Overheads - allocated	(1,231,318)	(1,077,403)	(615,658)	(1,038,923)	(3,963,302)
	(4,893,222)	(4,281,568)	(2,446,610)	(4,128,654)	(15,750,054)
Surplus/(Deficit) at segment level	5,736,389	6,711,575	(4,815,520)	(8,255,220)	(622,776)
Interest income					970,248
Management income					24,000
Surplus before tax at Institute level					371,472

21 Income and Expenses by Operating Segment (Cont'd)

2018	Strategy & Development RM	Membership, Technology & Operations RM	Professional Practices & Technical RM	Surveillance & Enforcement RM	Total RM
Revenue	27,626,020	14,288,330	-	-	41,914,350
Other income	408,357	1,828,329	768,889	328,436	3,334,011
Total income	28,034,377	16,116,659	768,889	328,436	45,248,361
Less					
Direct expenses	(14,722,207)	(745,550)	(273,224)	(117,717)	(15,858,698)
Employee benefits	(2,847,724)	(2,345,319)	(2,390,325)	(3,742,239)	(11,325,607)
Overheads	(222,653)	(1,706,053)	(354,138)	(220,045)	(2,502,889)
	(17,792,584)	(4,796,922)	(3,017,687)	(4,080,001)	(29,687,194)
Surplus/(Deficit) before allocated expenses*	10,241,793	11,319,737	(2,248,798)	(3,751,565)	15,561,167
Less					
Employee benefits - allocated	(3,157,630)	(2,786,144)	(1,485,943)	(2,414,658)	(9,844,375)
Overheads - allocated	(1,711,916)	(1,510,511)	(805,607)	(1,309,112)	(5,337,146)
	(4,869,546)	(4,296,655)	(2,291,550)	(3,723,770)	(15,181,521)
Surplus/(Deficit) at segment level	5,372,247	7,023,082	(4,540,348)	(7,475,335)	379,646
Interest income					905,931
Management income					22,600
Gain on disposal of land and building					7,485,778
Surplus before tax at Institute level					8,793,955

Notes:

1. The Membership, Technology & Operations Division, amongst others, provides support to the Education Board, Examination Committee, MIA - MQA Joint Technical Committee and Young Professionals Committee.
2. The Professional Practices & Technical Division, amongst others, provides support to the 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, SMP Committee, Insolvency Practice Committee, Valuation Committee, Public Practice Committee, Taxation Practice Committee and Digital Technology Implementation Committee.
3. The Surveillance & Enforcement Division, amongst others, provides support to the Financial Statements Review Committee, Practice Review Committee, Investigation Committee, Disciplinary Committee and Disciplinary Appeal Board.

*The allocation is based on headcount.

22 Taxation

	2019 RM	2018 RM
Income tax		
- current year	-	108,230
- over-recognition of current tax in prior year	(1,595)	-
Deferred tax assets (Note 7)		
- relating to origination and reversal of temporary differences	(41,603)	99,470
	(43,198)	207,700

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

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:

	2019 RM	2018 RM
Surplus before tax	371,472	8,793,955
Taxation at applicable statutory tax rate of 24% (2018: 24%)	89,153	2,110,549
Tax effects of:		
- expenses not deductible for tax purposes	242,286	248,651
- membership income not subject to tax	(745,282)	(560,517)
- other income not subject to tax	(78,168)	(205,403)
- gain on disposal of land and building not subject to tax	-	(1,796,587)
- unrecognised deferred tax assets	450,408	411,007
Over-recognition of current tax in prior year	(1,595)	-
	(43,198)	207,700

23 Related Party Transactions

The following are considered as the related parties to the Institute:

- (i) A person or close member of that person's family is related to the Institute if that person has control, joint control or has significant influence over the Institute or is a member of its key management personnel.
- (ii) An entity controlled or jointly controlled by a person identified in (i) or a person identified in (i) has significant influence over the entity or is a member of the key management personnel of the entity.

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

	2019 RM	2018 RM
(A) Fees and sponsorship income received from council members and their related parties		
Members' annual subscription & practising certificate fees	111,450	98,155
Event and conference fees	48,614	161,329
Sponsorship and other income	223,770	257,811
(B) Fees paid to council members and their related parties		
Speaker fees, QE examination & facilitator fees and contract fees	478,530	346,415

These transactions are transacted in the normal course of business.

(C) Key management's remuneration

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 that received remunerations are the Chief Executive Officer, and the Executive Directors of Membership, Technology and Operations, Professional Practices & Technical, Strategy & Development and Surveillance & Enforcement. The remunerations for the key management personnel for the financial year, which includes the contract fees as stated in Note 23(b) are as follows:

	2019 RM	2018 RM
Salaries, bonus and contract fees	2,358,975	2,006,248
Contribution to EPF	417,741	270,844
Others	4,271	3,773
	2,780,987	2,280,865

The year-end outstanding balance of RM830,200 (2018: RM706,980) 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 entity.

(a) Categories of financial instruments

	Financial Assets at FV Through OCI RM	Financial Assets at Amortised Cost RM	Financial Liabilities at Amortised Cost RM	Carrying Amount RM
As at 30 June 2019				
Financial assets				
- Investment	7,458	-	-	7,458
- Receivables	-	1,944,876	-	1,944,876
- Fixed deposits with licensed financial institutions	-	19,677,355	-	19,677,355
- Cash and bank balances	-	7,436,562	-	7,436,562
Total financial assets	7,458	29,058,793	-	29,066,251
Financial liabilities				
- Payables	-	-	1,093,163	1,093,163
- Accruals	-	-	6,619,250	6,619,250
- Lease liabilities	-	-	265,460	265,460
Total financial liabilities	-	-	7,977,873	7,977,873

	Available-for-Sale Financial Assets RM	Loans and Receivables at Amortised Cost RM	Financial Liabilities at Amortised Cost RM	Carrying Amount RM
As at 30 June 2018				
Financial assets				
- Investment	7,458	-	-	7,458
- Receivables	-	1,361,165	-	1,361,165
- Fixed deposits with licensed financial institutions	-	21,514,576	-	21,514,576
- Cash and bank balances	-	6,836,396	-	6,836,396
Total financial assets	7,458	29,712,137	-	29,719,595
Financial liabilities				
- Payables	-	-	932,957	932,957
- Accruals	-	-	6,658,124	6,658,124
- Lease liabilities	-	-	-	-
Total financial liabilities	-	-	7,591,081	7,591,081

(b) Net gains arising from financial instruments

	2019 RM	2018 RM
Income on fixed deposits and current accounts	970,248	808,997
Interest income - others	-	96,934
Subscription receivables impaired and written off	(201,100)	(160,050)
Receivables / (impaired and written off) recovered	(22,944)	26,263
Net gains on loans and receivables	746,204	772,144

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. 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 to credit risk, liquidity risk and interest rate risk. 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 organisations. 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 Rules 2001 (Membership and Council) of the Malaysian Institute of Accountants.

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	Gross contractual cash flow RM	Not more than 1 year RM	1-5 years RM
2019				
Payables and accruals	7,712,413	7,712,413	7,712,413	-
Lease liabilities	265,460	277,786	157,044	120,742
2018				
Payables and accruals	7,591,081	7,591,081	7,591,081	-
Lease liabilities	-	-	-	-

(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 and loss, a change in the market interest rates would not affect the financial result for the financial year and the fund of the Institute.

(d) Fair value

The carrying amount of the short-term financial assets and financial liabilities of the Institute at the end of the financial year approximated their fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of long-term lease liabilities approximated their fair values.

25 Capital Management

The objectives of the Institute in managing capital are:

- (a) 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;
- (b) to develop and enhance competency through continuous education and training to meet the challenges of the global economy; and
- (c) 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

	2019 RM	2018 RM
Authorised capital expenditures not provided for in the financial statements		
(a) Development expenditure for MIA Competency Framework	-	65,772
(b) Membership and Human Resource Systems	-	424,219
(c) Digital publishing and bookstore	198,957	-
	198,957	489,991

HEAD OFFICE

Malaysian Institute of Accountants

Dewan Akauntan
Unit 33-01, Level 33
Tower A, The Vertical
Avenue 3, Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
T +603 2722 9000
F +603 2722 9100

MIA REGIONAL OFFICES

Johor

T +607 227 0369
F +607 222 0391
E miajbu@mia.org.my

Northern

T +604 261 3320
F +604 261 3321
E miapng@mia.org.my

Sabah

T +6088 261 291
F +6088 261 290
E miakku@mia.org.my

Sarawak

T +6082 418 427
F +6082 417 427
E miakch@mia.org.my

www.mia.org.my

