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Professionalism at the Forefront

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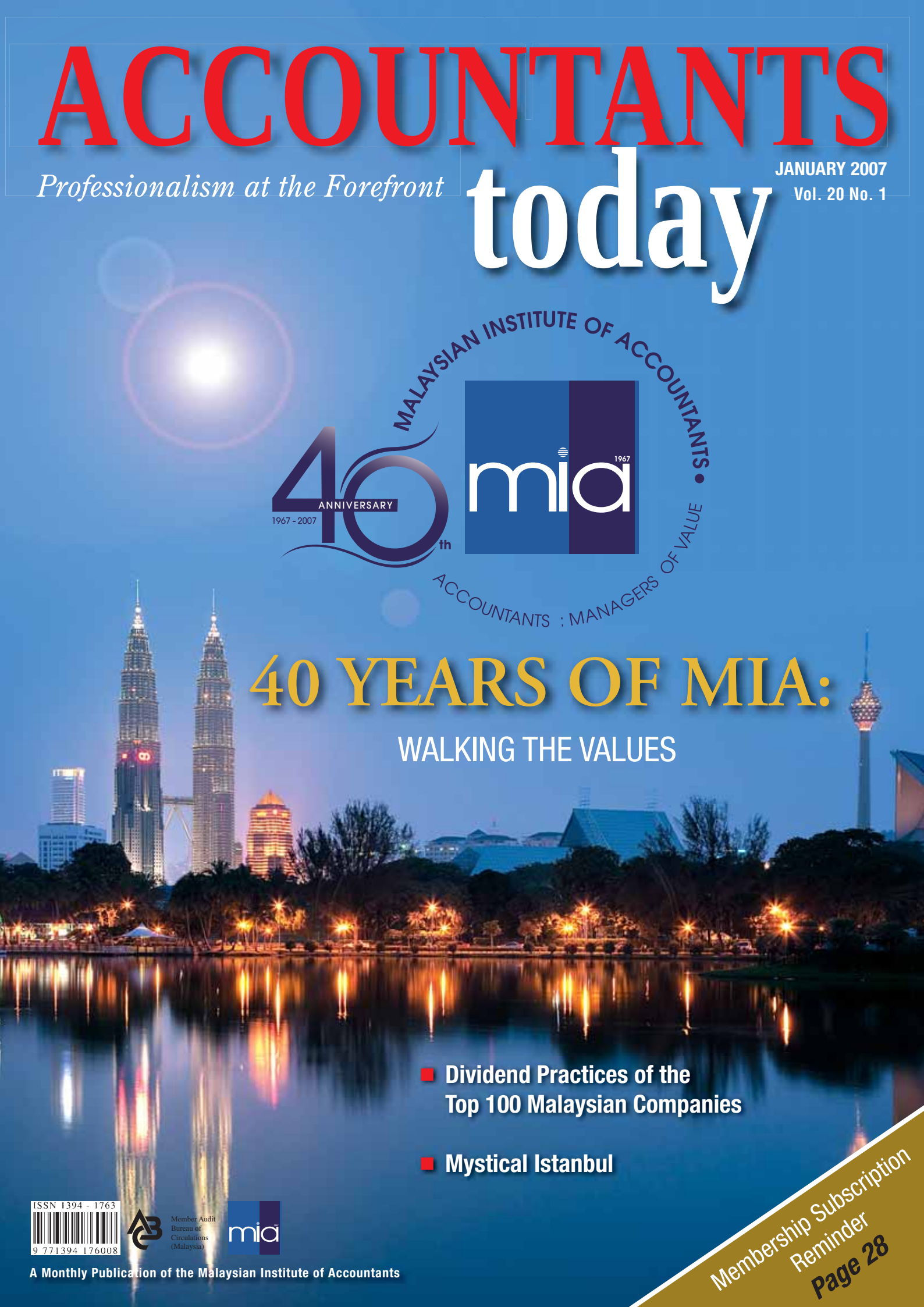

40 YEARS OF MIA:

WALKING THE VALUES

- Dividend Practices of the Top 100 Malaysian Companies
- Mystical Istanbul

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People say that life begins at 40. If this saying holds true, then MIA stands at the brink of bigger and better achievements as she turns 40 this year. Having grown from strength to strength, MIA has become a dynamic organisation that is the active voice for more than 22,000 members. "Strength should not be measured by numbers alone. Rather, it should be measured by the organisation's ability to lead the profession in responding to changes, shaping public opinion on key issues, contributing to international development and charting new frontiers," MIA's President Encik Abdul Rahim Abdul Hamid said in his speech during MIA's 19th Annual General Meeting in September last year. In this article, **Accountants Today** *takes a look at some of MIA's defining moments and achievements in the last 40 years.*

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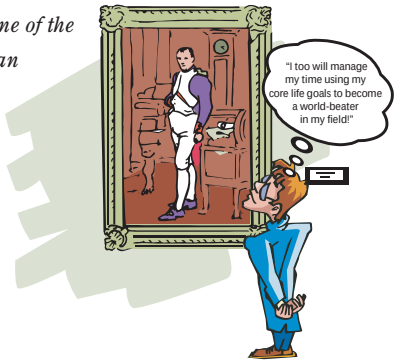

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ACCOUNTANTS today
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Malaysian Institute of Accountants
Institut Akauntan Malaysia
(Established under the Accountants Act, 1967)

The Malaysian Institute of Accountants is a statutory body set up under the Accountants Act, 1967 to regulate and develop the accountancy profession in Malaysia. The functions of the Institute are, *inter alia*:

(a) To regulate the practice of the accountancy profession in Malaysia;
(b) To promote in any manner it thinks fit, the interests of the accountancy profession in Malaysia;
(c) To provide for the training and education by the Institute or any other body, of persons practising or intending to practise the profession;
(d) To determine the qualifications of persons for admission as members; and
(e) To approve, regulate and supervise the conduct of the Qualifying examination.

Vision and Mission

MIA'S VISION

- To be a globally recognised and respected business partner committed to nation-building.

MIA'S MISSION

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

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ADVERT

Goodbye 2006! *Hello 2007!*

Yet again we find ourselves standing at the threshold of a brand new year. To many, the new year will not only mean changing the digits of the year when they write the dates, it also signifies the kind of changes we need to make in order to have a good and productive year filled with success. Be it new year resolutions or simply aspirations, let us march spiritedly into the new year to make the best of 2007.

The year 2007 will see MIA celebrating her 40th anniversary. Indeed, MIA is at a turning point in her life. Starting out humble and hopeful, she has transitioned to become a strong and matured organisation with many a seed for success sown and some already reaped.

What does 40 years of MIA mean? Apart from the increasing number of accountants which presently stands at 22,000, it also signifies the organisation's ability to lead a profession that is highly dynamic and responsive to the demands of the industry. In conjunction with MIA's 40th anniversary, we feature a cover story which highlights some of MIA's achievements over the last 40 years.

It is felt that the 40th anniversary is a milestone that is cause for celebration. Special activities and programmes have been lined up to commemorate the 40th anniversary. *AT* also hopes to put forward some interesting articles in connection with the celebration throughout this year. Do keep watch for them!

The year 2007 will see MIA celebrating her 40th anniversary. Indeed, MIA is at a turning point in her life. Starting out humble and hopeful, she has transitioned to become a strong and matured organisation with many a seed for success sown and some already reaped.

Apart from that, this month's issue also puts forward a special report article titled 'Professional Success with Continuing Professional Education'. The aim of the article is to highlight the importance of CPE courses in gaining that extra edge as professionals. As we operate in a highly globalised environment which demands that we be competitive, there is no choice but to ensure that knowledge is a continous pursuit. The onus is upon professional accountants to ensure that they attend the relevant CPE courses in order to be on the ball at all times and to be equipped with the latest information with regards to market and profession trends.

The team at *Accountants Today* has worked hard to ensure that the magazine is an interesting and insightful read. We sincerely hope that you enjoy what you read and we would love to hear from you if you have any feedback about *AT*. Do write to us at *accountantstoday@mia.org.my*

Happy New Year and Salam Aidil Adha. AT

Editor
Accountants Today

ERRATA

We refer to the article titled "Singapore's Quarterly Reporting (QR) Stays for the Bigger Listed Players" that was published on page 18 of the November 2006 issue of *Accountants Today*. We wish to inform you that the article was written by Jesrinder Kaur and not Patrick PC Ow. The error is regretted.

letters to the editor

A key element in the world of publishing is what readers have to say. We want to hear from you on just about anything that appears in each issue of *Accountants Today*. Why not drop us a line now?

contribution of articles

Accountants Today welcomes original and previously unpublished contributions which are of interest to accountants, business leaders, executives and scholars. Manuscripts should cover domestic or international accounting developments. Lifestyle articles of interest to accountants are also welcomed. Manuscripts should be submitted in English and range from 1,000 to 2,000 words. They can be submitted in hardcopy or softcopy. Manuscripts are subject to a review procedure without prejudice and the Editor reserves the right to make amendments which may be deemed appropriate prior to publication.

ADVERT

PROFESSIONAL SUCCESS WITH Continuing Professional Education

Information is power. This view has been echoed by famous management gurus — Peter Drucker (recognised as one of the greatest management thinkers of the past decade), Peter Scholtes and Philip Kotler, to name a few. They have long acknowledged that information and the application of information are the key to profits, process improvements and a better life.

William Carr of the American Accounting Association says that the present-day accountant does not spring Athena-like, fully formed, from the brow of some commercial Zeus, but comes into being only after a painstaking and diligent acquisition of a fairly sound knowledge of business principles and practices.

The MIA believes that its Continuing Professional Education (CPE) programme greatly helps its members acquire the knowledge they need to face the contemporary rigors and challenges of the profession. It is geared towards enhancing the quality of the profession by developing higher professional standards and fostering greater sharing of information between members and experts of the industry.

A fundamental principle from which the basic tenets of ethical and professional conduct are derived is that a member should carry out professional work with proper regard for the technical and professional standards expected of a member of the Institute. Rapid developments by way of changes to legislation and accounting standards and guidelines, as well as developments in technology and increased public expectation, place increasing demands on the profession. Professional accountants face unprecedented scrutiny with regard to the quality of internal control, governance and financial statements in independent audits. These pressures apply to professional accountants in both the private and public sectors. Continued development of professional competence and lifelong learning are critical in meeting these expectations. It is therefore every professional accountant's responsibility to ensure that the service he renders is of a high standard.

The Institute's CPE requirement is aligned with the International Education Standards (IES) 7 issued by the International Federation of Accountants (IFAC). It requires all professional accountants to complete 120 CPE credit hours of relevant CPE learning for every three calendar years. Of the 120 CPE hours, 60 should be structured and verifiable, and at least 20 of the 60 should be obtained in a calendar year regardless of the category of membership or nature of practice. This requirement was contained in By-Law A-4 of the By-Laws (On Professional Conduct and Ethics) and in the new Section 410 of the By-Laws (On Professional Ethics, Conduct & Practice) of the Malaysian Institute of Accountants issued on 1 January 2007. The IFAC requirements have been effective since 1 January 2005. Due to the recent changes in this area of the Institute's By-Laws, members are requested to refer to the Frequently Asked Questions section of this article for a better understanding of the matter.

CPE Courses and Record Keeping

The Institute regularly organises CPE events and tries to cater to the varying needs of its members. MIA or non-MIA organised programmes are accorded 1 CPE credit hour to an hour. The streamlining of the CPE credit hours will allow members the liberty to choose courses which are relevant to them.

The responsibility to track CPE credit hours earned falls on the individual member in the case of non-MIA organised courses. To help MIA keep track of their CPE credit hours for non-MIA courses, members should upload the information through the Institute's web portal. Members are required to submit proof of attendance of non-MIA courses to obtain CPE credit hours. *(See diagram)*. It is anticipated that once it is fully utilised by all members, this online mechanism will prove to be a useful self-assessment tool.

In the case of MIA organised courses, CPE credit hours will be automatically recorded in the individual member's record and may be viewed on the Institute's web portal. Members are however encouraged to keep a personal record of their CPE credit hours.

Random Monitoring and Enforcement

Annually, members selected at random are requested to verify their compliance by producing evidence. Members are notified of the random selection via registered mail. Evidence provided should be either in the form of receipts, certificates of attendance, evidence of enrolment, assessment re-ports from the organisers or a letter from the employer verifying the member's attendance. Unless selected, members are not encouraged to send hardcopy records of CPE com-

pliance to the Institute for updating. Instead, members are encouraged to utilise the online CPE mechanism to monitor and keep track of their CPE compliance.

The Institute views compliance with CPE requirements seriously and will take disciplinary action against those members who willfully fail to comply or respond to the Institute's inquiries on compliance.

Top Ten Frequently Asked Questions

The following are some questions frequently asked by members. Members may refer to the Institute's website for more FAQs on CPE.

Please note that the clarification takes into account the provisions of the previous By-Law A-4 of the Laws (On Professional Conduct and Ethics) and Section 410 of the By-Laws (On Professional Ethics, Conduct & Practice) of the Malaysian Institute of Accountants issued on 1 January 2007.

www.mia.org.my

membership/members/Continuing Professional Education /add or view CPE hours

Log in username and password

Click "**Add**" button → Add CPE credit hours (Key in one event at a time.)

Click "**View**" button → View updated CPE credit hours

Click "Next" button → Added CPE hours may be edited/deleted here

Click "**Browse**" button *(to attach files.)*

Then *Click* "**Upload**" button *(File size limit 1024000 bytes/file)*

Click "**Next**" button → "**Edit**" button will appear again for amendments

Click "**Print**" button to print a copy *(Once submitted, you will not be able to retrieve the submission.)*

Click "**Submit**" button *(which will then be sent to the Institute for approval).*

Useful information:

The member will receive an e-mail notification upon every update made. The e-mail subject matter will appear as **"Thank you for updating your CPE credit hours."**

A member can check on-line if his/her records have been approved by the Institute seven days after submission **provided that he/she has submitted all required supporting documents.**

Members can scan and attach the documents on-line or mail or fax the documents to the Institute at 03-2279 9386 for the attention of the Membership Department. The Institute will also accept supporting documents sent by e-mail to *membership@mia.org.my.*

For further information/clarification on CPE compliance or audit procedures, please contact the Membership — Registration & Supervision Department of the Institute at 03-2279 9200 or e-mail to *membership@mia.org.my*

1 When does my CPE cycle begin?

Category of Members	Commencement of new CPE requirements
(i) Members admitted prior to 1 January 2003	Transition — These members will need to complete the CPE cycle pursuant to the existing By-Law A-4 from 1 January 2005 to 31 December 2007. Thereafter, the next CPE cycle will commence in accordance with the new Section 410.4.
(ii) Members admitted between 1 January 2003 and 31 December 2003	Transition — These members will need to complete the CPE cycle pursuant to the existing By-Law A-4 from 1 January 2006 to 31 December 2008. Thereafter, the next CPE cycle will commence in accordance with the new Section 410.4.
(iii) Members admitted between 1 January 2004 and 31 December 2004	Transition — These members will need to complete the CPE cycle pursuant to the old By-Law A-4 from 1 January 2005 to 31 December 2007. Thereafter, the next CPE cycle will commence in accordance with the new Section 410.4.
(iv) Members admitted between 1 January 2005 and; 30 June 2005	Transition — These members shall complete the CPE cycle pursuant to the existing By-Law A-4 from 1 January 2005 to 31 December 2007. Thereafter, the next CPE cycle will commence in accordance with the new Section 410.4.
(v) Members admitted between 30 June 2005 and 31 December 2005	Transition — These members will need to complete the CPE cycle pursuant to the existing By-Law A-4 from 1 January 2006 to 31 December 2008. Thereafter, the next CPE cycle will commence in accordance with the new Section 410.4.
(vi) Members admitted between 1 January 2006 and 30 June 2006	Transition — These members will need to complete the CPE cycle pursuant to the existing By-Law A-4 from 1 January 2006 to 31 December 2008. Thereafter, the next CPE cycle will commence in accordance with the new Section 410.4.
(vii) Members admitted between 1 July 2006 and 31 December 2006	These members will need to complete the CPE requirements in accordance with the new Section 410.4 from 1 January 2007 onwards.
(viii) Members admitted between 1 January 2007 and 30 June 2007	These members will need to complete the CPE requirements in accordance with the new Section 410.4 from 1 January 2007 onwards.
(ix) Members admitted between 1 July 2007 and 31 December 2007	These members will need to complete the CPE requirements in accordance with the new Section 410.4 from 1 January 2008 onwards.

2 If I attend a course organised by another professional body, will I get CPE credit hours?

Yes. In most cases, the Institute would grant CPE credit hours for courses organised by other professional accountancy bodies. CPE credit hours are not restricted to courses organised by the Institute.

3 What is the difference between structured learning and unstructured learning?

Structured CPE learning activities are those activities which have a clear set of objectives and a logical framework. Examples of structured learning include attendance either as a presenter/lecturer or participant at short courses, conferences and seminars, recognised post-graduate studies or diploma courses and formal distance learning which requires participation and assessment. It also includes participation or the rendering of services in a technical committee where the technical material is prepared by you or writing technical articles, papers or books for publication.

Unstructured learning includes private reading and study of technical briefs and journals and technical research on accounting and auditing matters for practical work purposes.

4 If I am unemployed or retired, do I have to comply with the CPE requirements as set out in the Institute's By-Laws (On Professional Conduct and Ethics)?

Yes. As a member of the Institute, you are required to comply with the CPE requirements regardless of whether you are in employment or otherwise. Similarly, if you have retired, you will also have to comply with the CPE requirements. The objective of the CPE requirements is continuous life long learning and to provide you with real value and career development options if you are unemployed. If you are retired, CPE compliance will keep you abreast with the profession, especially if you have undertaken a senior position in industry subsequent to your retirement such as a directorship or an advisory position.

5 If I am no longer employed in the areas of finance, accountancy and/or business, am I required to comply with the CPE requirements as set out in the Institute's By-Laws (On Professional Conduct and Ethics)?

Yes. As explained above, all members of the Institute have to adhere to the CPE requirements regardless of their career path or divergence from areas of accountancy, finance or business. Above all else, as a member, you remain a professional and need to uphold the standards of professionalism.

6 If I have obtained more than the required CPE credit hours for a particular CPE cycle, can the excess CPE credit hours be carried forward to the next CPE cycle?

No. The excess CPE credit hours cannot be carried forward from one CPE cycle to another. The next CPE cycle will start afresh.

7 How can I ascertain if a certain course or seminar would be recognised by the Institute for CPE purposes?

In general, if a particular course or seminar is relevant to a member's area of work and equips the member with the required skill and knowledge to enable the member to discharge his or her duties competently, the course or seminar would be recognised for CPE purposes. The term 'relevant' is broad and general and also varies according to individual circumstances. A seminar or course may be relevant to the member's area of work but not necessarily be related to accounting, business or finance. It could be a seminar on people management, decision making or presentation skills.

8 Under what circumstances can I request for an exemption from the CPE requirements?

The Council of the Institute may in its absolute discretion grant a temporary or partial exemption from the CPE requirements to you for the following reasons:

(a) prolonged illness or disability; and/or

(b) any other reason as may be determined by the Council.

A request for exemption should be in writing and supported with the relevant documentation, for example, a medical report.

9 What if I fail to obtain the requisite CPE credit hours?

Non-compliance with the CPE requirements will amount to 'unprofessional conduct' because it is a violation of one of the fundamental principles of the profession, namely the duty to maintain and update professional competence. It is unfair for the majority of members who do comply with the CPE requirements to allow non-complying members to claim the same status or competencies.

If, after duly conducting its investigations, the Investigation Committee determines that there are sufficient grounds for disciplinary action, it will refer the matter to the Disciplinary Committee for further action.

You are also cautioned that failure to respond to a request by the Institute for evidence of compliance to the CPE requirements is also a *prima facie* breach of the Institute's By-Laws, and can result in a complaint against you.

10 If I have any queries regarding CPE requirements or CPE compliance, to whom should I address my queries?

You may contact the Membership – Registration & Supervision Department of the Institute at 03-2279 9200 or e-mail to *membership@mia.org.my.*

NEWSFLASH

The next audit process for members admitted between 1 January 2004 and 31 December 2006 will take place in early January 2007. Members will be notified by AR Registered Mail of the random selection to complete a report of the CPE credit hours earned for the years 2004-2006.

Members are encouraged to update the courses/seminars attended along with the documentary evidence as attachment through the Institute's web portal. The on-line updates are an ongoing process and members are advised to do so upon attending non-MIA organised courses. Please note that MIA courses will be updated by the Institute.

For further information/clarification, please contact the Membership — Registration & Supervision Department of the Institute at 03-2279 9200 or *membership@mia.org.my* AT

40 YEARS OF MIA:

WALKING THE VALUES

People say that life begins at 40. If this saying holds true, then MIA stands at the brink of bigger and better achievements as she turns 40 this year. Having grown from strength to strength, MIA has become a dynamic organisation that is the active voice for more than 22,000 members. "Strength should not be measured by numbers alone. Rather, it should be measured by the organisation's ability to lead the profession in responding to changes, shaping public opinion on key issues, contributing to international development and charting new frontiers," MIA's President Encik Abdul Rahim Abdul Hamid said in his speech during MIA's 19th Annual General Meeting in September last year. In this article, **Accountants Today** *takes a look at some of MIA's defining moments and achievements in the last 40 years.*

WCOA 2010 Organising Chairman Y.C. Lee telling participants of WCOA 2006 in Istanbul what to expect at the next congress in Kuala Lumpur

MIA's First Annual General Meeting was held after a new Council line-up was formed

First Council line-up when the Accountant's Act 2001 (Amendment) came into force

Not just a regulatory body

In its early days, when Malaysia was still a young nation, MIA's focus was to spur growth in the accountancy profession to contribute to the economic growth of the nation. The main thrust of the Institute was to encourage accountants to contribute their professional expertise to the key sectors of Malaysia's economy such as agriculture, manufacturing and natural resources.

The Institute entered a new era following its first AGM in 1987. One of the significant developments that took place during that time was the reactivation of the Institute and the establishment of an independent Secretariat to represent and serve accountants in Malaysia.

From an organisation that was mainly concerned with the registration of accountants,MIA has re-invented itself into one that provides a comprehensive range of professional activities for its members. Induction courses for new members and the Continuing Professional Education (CPE) courses are organised to ensure that members are updated with the most current information concerning standards and legislation. Other services that the Institute provides to members include the practice review, practice matters and help desk support.

At the same time, it has continued to reinforce public awareness on the differences between qualified and unqualified accountants.

It has persistently worked to address some pertinent issues confronting the profession locally, regionally and globally. The Institute over the past year has also focused on several critical areas such as regulatory changes, continuous education and training, profiling itself and facing global challenges.

The nation-building agenda

The development of the accountancy profession and its role in national capacity-building remains high on MIA's agenda. It has persistently worked to address some pertinent issues confronting the profession locally, regionally and globally. The Institute over the past year has also focused on several critical areas such as regulatory changes, continuous education and training, profiling itself and facing global challenges.

The Institute continues to work closely with the Ministry of International Trade and Industry (MITI), the Accountant-General's Office (AGO), the National Economic Action Council (NEAC) and the Professional Services Development Corporation (PSDC), the key players in the liberalisation process. At various meetings and forums, the Institute's representatives articulate its position and views on the accountancy profession, as well as communicate the needs, requirements and concerns of the profession in Malaysia.

MIA is also actively involved in promoting excellent corporate and financial reporting among corporate organisations in Malaysia through its involve-

ment in awards ceremonies such as the National Annual Corporate Report Awards, the National Award for Management Accounting and the Best Internal Audit Practice Award programmes. It is envisioned that these programmes will be able to help instill good values and high levels of corporate governance among Malaysian organisations.

At the National Accountants Conference 2006 which was held at the Kuala Lumpur Convention Centre from 31 October to 1 November 2006, MIA reaffirmed its commitment to lead the profession towards nation-building initiatives through the conference theme, 'Accountants: Generating growth, building confidence.' It is one of MIA's efforts to ensure that accountants play their part in realising the nation's dream to become fully developed by the year 2020.

MIA and IAI signed a Mutual Recognition Agreement at the NAC 2006

Another of MIA's biggest achievements in the recent past was winning the bid to host IFAC's 18th World Congress of Accountants in Kuala Lumpur in 2010 – an encouraging development that would certainly highlight Malaysia to the accounting fraternity of the world.

Becoming a global player

MIA also continues to be responsible in its responses to the needs of the profession and the country. Its fervour in achieving world-class standards is clearly seen in its progress reports over the last few years.

Two years ago, former Council Member and Public Relations Committee Chairman YB Datuk Nur Jazlan Mohamad said that "the big challenge for the Institute is to further transform itself from a fairly domestic Malaysia-based accountancy regulatory body into a globally recognised and respected business partner committed to nation building."

But to date, MIA has achieved milestones not only in Malaysia but also regionally and globally.

MIA has been a member body of the International Federation of Accountants (IFAC) since 1978. As a member body of IFAC, MIA participates in various committees, the Professional Accountants in Business Committee and the Small and Medium Practices Committee.

MIA also plays an active role in regional accountancy bodies such as the ASEAN Federation of Accountants (AFA) and the Confederation of Asia Pacific Accountants (CAPA).

Another of MIA's biggest achievements in the recent past was winning the bid to host IFAC's 18th World Congress of Accountants (WCOA) in Kuala Lumpur in 2010 – an encouraging development that would certainly highlight Malaysia to the accounting fraternity of the world.

MIA is extremely committed to elevating the status and profile of the accountancy profession in this country and is looking forward to organising the event, which will be one of the most significant developments in the history of the accountancy profession and for the Institute, MIA President Abdul Rahim Abdul Hamid says about the achievement.

At the WCOA 2006, which was held in Istanbul recently, the MIA delegation gave the audience a short presentation on what to expect at WCOA 2010. Part of this presentation was a welcome message from the Prime Minister of Malaysia, YAB Dato' Seri Abdullah Ahmad Badawi. MIA also set up a booth at the congress's exhibition in order to further promote WCOA 2010.

"MIA's involvement in regional bodies is being carried out at the same pace, if not greater, and we have a healthy representation in some of the International Federation of Accountants (IFAC)'s key committees."

Encik Abdul Rahim Abdul Hamid, MIA President

Apart from this, the Globalisation and Liberalisation Committee has been very active in discussion on Free Trade

Agreements (FTAs) and Mutual Recognition Agreements (MRAs). During the National Accountants Conference 2006, MIA signed a MRA with Ikatan Akuntan Indonesia which provides for the mutual recognition of the two parties' memberships. It is the first ever MRA to be entered into between ASEAN national accountancy bodies.

In an interview with *Accountants Today* last year, Abdul Rahim said: "MIA has a healthy representation in some of IFAC's key committees, and our involvement in regional bodies is being carried out at the same pace, if not greater."

Enhancing MIA's competitiveness

The winds of change blew in the year 2000. For the first time since its activation in 1987, the Institute's leadership changed hands for a record three times within a span of eight months. At the Institute's 14th Annual General Meeting in September 2000, a new team was voted into the Council, paving the way for a revamp of the Institute and reaffirming its role as the regulatory body for the accountancy profession in Malaysia.

At the Institute's Strategic Visioning Workshop in October 2001, a new vision and mission were conceptualised for the Institute. Whilst the old vision stated that MIA is the 'body representing the voice of accountants in Malaysia and is a leading partner in nation building', the new vision boldly evinces MIA's resolve 'to be a globally recognised and respected business partner committed to nation-building'.

Likewise, the new mission, 'To develop, support and monitor quality and expertise consistent with global best practice in the accountancy profession for the interest of stakeholders', clearly outlines the Institute's determination to play a proactive role in steering the Malaysian accounting fraternity into the mainstream of global competition.

Also, a Strategic Blueprint was devised to guide the Institute in charting its future. Another purpose of the blueprint is to ensure the effective execution of the functions entrusted to it. The various activities and projects of the Council and its committees, working groups and taskforces are guided by this blueprint, which was developed to ensure that the functions entrusted to the MIA under Section 6 of the Accountants Act, 1967 are carried out with the funds and resources available to the Institute.

Apart from that, strategic retreats are held whenever a necessity is felt in order to revisit the goals of the blueprint. One such retreat was held in early 2006 to acquaint all the Council Members, including the new members who were not present when the blueprint was first introduced, with the strategic direction of the Institute. Following the strategic retreat, specific observations and recommendations have been established to further drive the Institute towards excellence.

Rebranding MIA

In October 2004, MIA underwent a corporate image overhaul when it launched its new logo and the tagline at the National Accountants Conference 2004.

The new image aptly represents the arrival of the new MIA, an organisation that is highly responsive, relevant and responsible. The new identity also clearly exemplifies leadership, not only in the field of accountancy but also governance responsibilities and professional development.

It portrays MIA as a determined organisation that wants to continue to effectively adapt to changes in its stride. The new logo is also reflective of the Institute's new tagline, 'Accountants: Managers of Value'.

The MIA communication organ was not always *Accountants Today*. It started out as a newsletter called *Berita MIA* and evolved to become *Akauntan Nasional*, a journal. However, after the revamp in 2003, it is no longer a journal but a widely-read monthly business magazine which aspires to be true to its tagline which reads 'Professionalism at the Forefront'. Indeed *Accountants Today* has grown by leaps and bounds from when it started.

Moving ahead, staying relevant

The need to constantly evolve and expand horizons to adapt to changing times is continuously present. However, MIA is also well aware of the fact that some things will never change. One thing that will remain constant is the fact that MIA will continue to promote quality accountancy practices that will raise the standard of governance and business in Malaysia. MIA is committed to raising the bar of accounting quality. And it will continue to give the accountancy profession in Malaysia the best that it is capable of.

Despite having tasted much success, MIA is not planning on resting on its laurels, definitely not after it has gained much experience and maturity under the leadership of its various Presidents and its Council Members.

MIA's aspiration has always been to maintain its relevance in the environment within which it operates. As such, it will continue to renew and reinvent its future. It is committed to achieving global standards par excellence. AT

One thing that would remain constant is the fact that MIA will continue to promote quality accountancy practices that will raise the standard of governance and business in Malaysia. MIA is committed to raising the bar of accounting quality. And it will continue to give the accountancy profession in Malaysia the best that it is capable of.

DIVIDEND PRACTICES OF THE Top 100 Malaysian Companies

Wee Shu Hui, Rashidah Abdul Rahman, Normah Omar, Norazam Mastuki, Norhayati Mohamed, Wan Azmimi Mohamed and Maz Ainy Abd Azis

Investors tend to want fast returns. Short-term gains are often preferred to long-term gains. On the other hand, companies may prefer not to distribute dividends in order to utilise profit for expansion. How do Malaysian companies respond to this pull from two different directions?

The issue of dividend policy is important for several reasons. Dividends are one of the best and perhaps the most reliable indicator of the current and future earnings of a company. According to "the information content of dividend hypothesis" (Miller and Modigliani, 1961), dividend changes trigger stock returns because they convey new information about the firm's future profitability (e.g. Aharony and Swary, 1980; Nissim and Zif, 2001). For example, an increase in the dividend implies management's confidence that future earnings will be strong enough to support the new and higher dividend, while a dividend cut is a signal that management is worried about the level of future earnings. Dividend signals are "honest" because they require cash payments and unlike earnings, cash is harder to manipulate.

In addition, dividends play an important role in a firm's capital structure by facilitating primary capital market monitoring of the firm's activities and performance (Farinha, 2003). The reason is that higher dividend payouts increase the likelihood that the firm will have to sell common stock in primary capital markets. This in turn leads to an investigation of management by investment banks, securities exchanges and capital suppliers. Additionally, Jensen (1986) sees expected, continuing dividend payments as helping to dissipate cash which might otherwise have been wasted in non-value-maximising projects, therefore reducing over-investment by managers.

In Malaysia, there is no standard policy or procedure governing dividend payments. As such, companies are free to decide when and how much to pay out in dividents for a specific financial business year. This results in inconsistent policies and procedures. The current research is undertaken to empirically examine and understand existing practices related to dividend payments in Malaysia.

Survey Methods

A survey[1] was conducted on the top 100 companies as per market capitalisation on 31 December 2005 to examine their behaviour on dividend distribution over a three-year period, 2002 to 2004. The market value of the top 100 public-listed companies (PLCs) ranged from RM983 million to RM41,972 million as of 31 December 2005. Market capitalisation indicates the worth of the company as viewed by the market. In terms of average market capitalisation, the Trading and Services sector had the highest followed by Finance. The Property sector had the lowest market capitalisation.

The survey examined some basic performance indicators pertaining to the dividend-related practices of these companies. Of the 100 firms in the survey, 31 are from the Trading and Services sector, 19 from Finance, 13 from Industrial Products, 12 from Consumer Products, 10 from Plantations, six from Property, five from Infrastructure, three from Construction, and one from Technology.

Table 1 Dividend per Share by Sectors

	Average Dividends (RM per share)		
Sector	2002	2003	2004
Construction	0.084	0.125	0.183
Consumer Product	0.173	0.196	0.244
Finance	0.089	0.107	0.152
Infrastructure	0.017	0.017	0.032
Industrial Product	0.070	0.123	0.130
Plantation	0.340	0.398	0.419
Property	0.084	0.105	0.102
Technology	0.090	0.054	0.072
Trading & Services	0.085	0.115	0.129

The payment of cash dividends to shareholders is premised on two important elements: *availability of substantial net income* and *satisfactory cash position*. As such, four specific ratios were used to examine the liquidity and profitability positions of the companies, namely Earnings Per Share (EPS), Dividend Per Share (DPS), Return on Equity (ROE) and Cash Flow Per Share (CFPS). The financial data were obtained from the companies' annual reports over three years, from 2002 until 2004 .

Findings

The study found that 89 companies paid dividends in the year 2002. The number of dividend payers increased to 93 in 2003 but decreased to 89 in 2004. Most of the companies paid dividends in the three-year period (see Table 1).

Table 1 shows that the Plantation sector paid the highest dividend per share followed by Consumer Product in all the three years. The lowest dividend paying sectors were Infrastructure and Technology. Construction, Consumer Product, Finance, Infrastructure, Industrial Product, Plantation and Trading and Services indicated increasing trends in dividend per share over the three-year period.

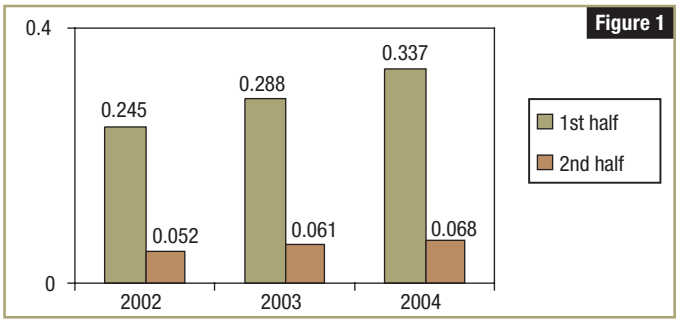
A detailed analysis on dividend per share for the three years indicated that the majority of these companies paid dividends over the three-year period. Some companies maintained the amount of their dividend payouts, others increased their dividends but very few decreased the dividend amounts. There were 22 companies with increasing dividends over the three-year period. On the other hand, there were 13 companies which did not pay dividends in at least one of the three years. Out of these, seven companies did not pay dividends in all the three years. Three of these seven companies were newly listed and were not yet in operation either in 2002 or 2003. A detailed analysis on these non-payers revealed that most of them were not able to pay dividends due to lacklustre performance.

Characteristics of Payers and Non-Payers

The characteristics of these dividend payers and non-dividend payers are examined in respect of the four financial ratios: Dividend Per Share, Cash Flow Per Share, Earnings Per Share and Return on Equity. The payers are divided into two categories: the 1st half in Figure 1 refers to the top half dividend payers while the 2nd half refers to the bottom half dividend payers.

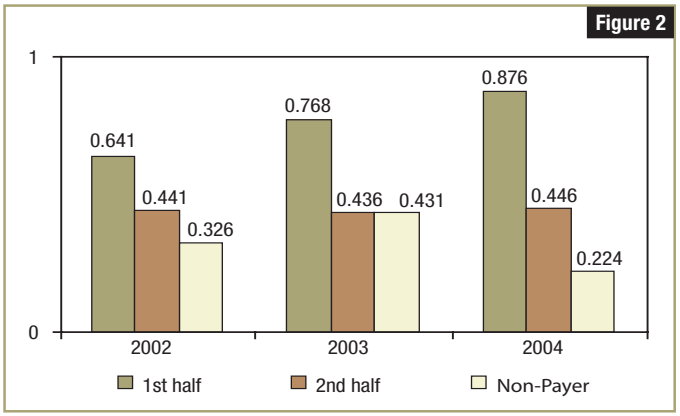
1 The survey was commissioned by the Minority Shareholders Watchdog Group (MSWG). Published details of the survey can be purchased from the MSWG.

Dividend Per Share (DPS)



Dividend Per Share measures the amount of dividend paid in respect of the shares of the company. A high dividend per share indicates that the company paid a high dividend. It can be seen from Figure 1 that the dividend per share for the top payers increased from 0.245 to 0.337 (37.5 per cent). There was a consistent rate of increase from 2002 to 2003 by 17.5 per cent and from 2003 to 2004 by 17 per cent. As for the bottom-half dividend payers, there was also an increase over the three-year period from 0.052 to 0.068 (30 per cent). This can be seen by the increase of 17.3 per cent from 2002 to 2003 and 11.4 per cent from 2003 to 2004, even though the increase was at a decreasing rate.

Cash Flow Per Share (CFPS)

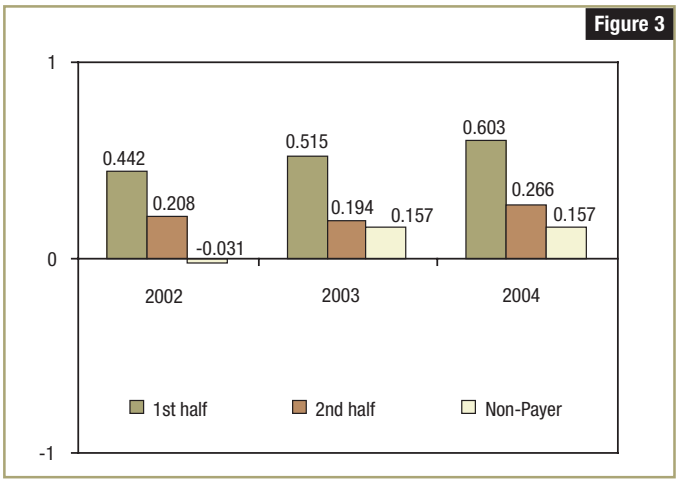


As depicted in Figure 2, there was an increase in the amount of cash flow per share from 0.641 to 0.876 (36.6 per cent) for the top dividend payers during the three-year period. The rate of increase was 19.8 per cent from 2002 to 2003 and 14 per cent from 2003 to 2004. For the bottom half dividend payers, the cash flow per share was rather consistent over the three-year period with a slight increase of one per cent. The year 2003 showed a slight decrease from 0.441 to 0.436. However, in 2004, there was an increase by two per cent (0.436 to 0.446). Cash flow per share for the non-payers showed a fluctuation over the three-year period with an increase from 2002 to 2003 and a reduction from 2003 to 2004.

Earnings Per Share (EPS)

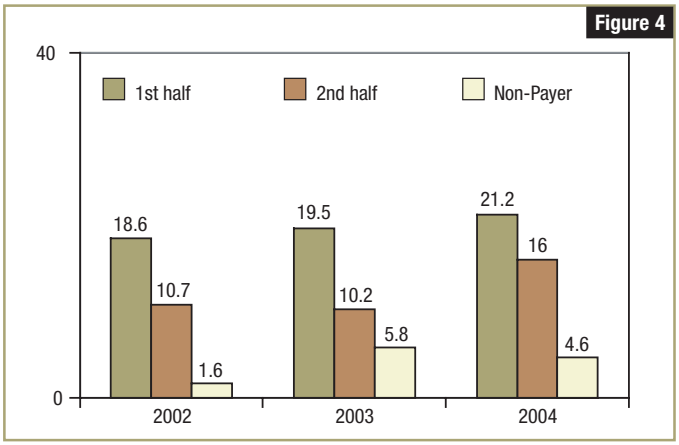
Earnings Per Share (EPS) is a measure of net income earned on each common share. Expressing net income earned on a per share basis provides a useful perspective for determining profitability. The top dividend payers showed a steady rate of growth in earnings during the three-year period from 0.442 to 0.603 (36.4

Earnings Per Share (EPS)



per cent). The rate of increase was 16.5 per cent from 2002 to 2003 and 17 per cent from 2003 to 2004. For the bottom half-dividend payers, there was an increase by 27.8 per cent (0.208 to 0.266) from 2002 to 2004. However, from 2002 to 2003, there was a slight reduction by six per cent (0.208 to 0.194), but from 2003 to 2004, the earnings per share for these bottom half dividend payers had increased quite significantly by 37.1 per cent (0.194 to 0.266). For the non-payers, there was an improvement in their earnings per share from a negative EPS (-0.031) in 2002 to a positive and consistent amount in the subsequent years at 0.157.

Return on Equity (ROE)



Return on Equity (ROE) is another measurement of a company's profitability. ROE shows how much RM of net income was earned for each RM invested by the owners. That is, it measures a firm's efficiency in earning profits from its operations. The ROE of top dividend payers showed an increase by 13.9 per cent over the three-year period from 18.6 per cent in 2002 to 21.2 per cent in 2004. The bottom-half dividend payers made a significant increase of 49.5 per cent from 2002 to 2004, even though there was a slight decrease by 4.6 per cent from 2002 to 2003. As for the non-payers, a marked improvement in ROE was noted in 2003 when there was an increase from 1.6 per cent in 2002 to 5.8 per cent in 2003.

Discussion and Conclusion

Dividends are payments to shareholders of a proportion of a

company's current profits. The principles of dividend payments are quite clear. If dividends are held constant even when profits fall, then something else has to change. That means the company either has to invest less or raise more money. If it raises money by borrowing more, its leverage would increase. If it raises money by issuing more shares, the shareholders are no better off, for its market price would invariably fall.

If no money were paid out to shareholders, the firm would borrow less and reduce its risks and cash demands from banks. Or it could spend more on investment and build up its business. This may explain why many fast growing companies do not pay high dividends or may not even be paying dividends at all; they use their money to invest and shareholders can benefit by the potential likelihood of increases in their share values.

Based on the above reasoning, dividends should be kept within reasonable amounts and should rise and fall with a company's profits. In practice, there are other considerations. One such consideration is the preference of investors, who may prefer cash in hand to capital gains. Some companies may court these investors by consistently paying high dividends. The survey indicated that most profitable companies in Malaysia paid dividends consistently over the three-year period.

The results indicated that there were marked differences in the dividend amounts paid between two main groups of payers: the top-half payers and the bottom-half payers. Although no statistical testing was done on the differences, Figure 1 indicates that for all the three years, the bottom-half payers paid very minimal dividends, less than RM0.10 per share, while the top-half payers paid about five times more in all the three years.

Figure 2 indicates that the CFPS of the bottom-half payers were less than those of the top-half payers. Figures 3 and 4 show similar patterns in that the EPS and ROEs of the bottom-half payers were less than those of the top-half payers. The CFPS, EPS and ROEs of non-payers were lower than the bottom-half payers, indicating that they did not have sufficient profitability and liquidity to enable dividend payments.

The analysis reveals that the top-half payers had higher DPS, ROE, CFPS and EPS while the bottom-half payers had lower DPS, ROE, CFPS and EPS, thus confirming that profitability and liquidity are two essential ingredients for a healthy, dividend-paying PLC. Companies with these two healthy components send out signals that they are able to sustain their DPS in the future.

In addition to Dividend Per Share, the Dividend Payout Ratios of these companies were also analysed and the results indicated that there were some companies which paid dividends out of retained profits. A possible reason could be that these companies, in their preference to maintain a consistent dividend policy, may have opted to borrow and pay dividends out of retained profits. Other possible reasons cannot be discounted without a greater in-depth study.

Recommendations

This survey does not focus on the life cycles of the companies, which may play a part in the dividend distribution policy. Different companies are at different points of their life cycles. Many growing and profitable companies, in an early stage of their development, need to plough back the cash for investment and other needs. On the other hand, a mature company in a slow growing industry will have fewer profitable opportunities and may choose to pay more from its cash flow as dividends.

Some profitable companies, especially those that are still in their early stage of development, do not pay dividends as they must conserve cash for the purchase of plants and equipment or for other needs. Normally, it is only after a significant number of years of profitable operations that the board of directors recommends the declaration and payment of cash dividends. This would have to be investigated in future studies.

Dividend policy involves the decision to pay out earnings or to retain them for future investments. A number of factors influence dividend policy: *investment opportunities available to the firm, alternative sources of capital* and *stockholders' preferences for current versus future income*.

The payment of cash dividends to shareholders is premised on two important elements:

i) availability of substantial net income; and
ii) satisfactory cash position.

As dividends represent a distribution of earnings to shareholders, the "theoretical maximum" for dividends is the total undistributed net income in the form of retained earnings. The basic principle as to the maximum amount of dividends payable is that given in Section 365 of the Companies Act 1965, which states that dividends payable must be from profits only. So, PLCs are given free rein to pay dividends out of retained profits. One possible implication of PLCs paying dividends out of retained profits could be that current-year profits of certain PLCs cannot keep pace with investors' expectations of getting their constant flow of dividends. Under such circumstances, a policy of maintaining a consistent flow of dividends may work to the detriment of investors. Interestingly, many PLCs do not expressly state their dividend policies in the annual reports.

In certain countries, dividend payments are limited to about 40 to 45 per cent of net profit. The major portion of net income must be retained in the business if the company is to grow and to keep pace with its competitors. When a company reports large earnings, it does not necessarily mean that it also has a large amount of cash in hand. Generally, cash generated from operations may have been used to pay off debts or to purchase new assets. As a result, the amount of cash available to pay cash dividends would be somewhat constrained. When PLCs borrow to pay dividends, then the fundamental liquidity position would have to be examined carefully. Such PLCs could be sitting on a time bomb. AT

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Historical Cost VERSUS Current Cost Accounting

Nur Barizah Abu Bakar and Julia Mohd. Said

Academicians as well as practitioners have long debated the issue of historical cost accounting versus current value accounting. It seems like this is a never-ending story. The historical cost basis requires that most assets and liabilities be measured and reported at their acquisition price. Current cost accounting, on the other hand, requires that assets and liabilities be measured and reported at their current or market value.

Historical Cost Accounting

Historical cost is defined as *the aggregate price paid by the firm to acquire ownership and use of an asset, including all payments necessary to obtain the asset in the location and condition required for it to provide services in the production or other operations of the firm* (Hendriksen & Breda, 1992, p. 491). The conventional accounting model based on historical cost was designed for use in a situation where prices are stable or where prices change slowly. The conventional style of accounting does not make any provision for changes in purchasing power. According to conventional theory, the stewardship function of managers must be the focus of attention of accountants in reporting to external parties. Owners and creditors are primarily concerned about what management has done with the funds entrusted to them. Thus the net worth of a firm is not a relevant measure. Stockholders as equity-holders wish to know the results of their investment in the corporation. Hence, the determination of income is the most important function for the accountant. This leads to the view that income statement is the most important financial report since it re-

veals the results of the operations of the enterprise.

The advantages of historical cost accounting are discussed below.

Historical cost is relevant for making economic decisions: Ijiri (1975) presents three reasons why historical cost is relevant for decision-making. Historical cost affects the evaluation and selection of decision rules. To determine which decision rules to use, managers need information about the quality of their past decisions. Historical cost is directly related to past decisions. Also, in the decision-making process, a forecast of future prices must be made, and past prices (historical cost) serve as the basis for such a forecast. Historical cost provides input to the "satisficing" notion. Some decision makers do not seek to optimise but to satisfice. The question for them is how much has already been earned rather than how much more they can earn. Thus, historical cost is an important input for such cases. Historical cost is used because it is imposed on the decision maker by his environment. The fact that historical cost is employed in many different contexts, such as taxable income and cost-plus contracts, cannot be denied.

Historical cost is less subject to manipulation: Historical cost is based on actual, not merely possible, transactions. It is the acquisition price of the assets. The managers only have to record all the assets and liabilities at their acquisition price. Hence they are measured and reported objectively. Historical cost is therefore basically verifiable. Thus, this minimises the risk of manipulation of figures by the managers.

Historical cost is useful for control purposes: In conventional accounting, the objective of accounting is seen as involving mainly the stewardship function of management. Managers are to give accounts to the equity holders. Income is the essential measure of that function. The income statement provides the evidence for determining how effective management has met its responsibilities. Records of past transactions are necessary for accountability.

Historical cost survives test of time: Historical cost has survived the test of time. Most users of accounting data believe that accounting income is useful and that it constitutes a determinant of the practices and thought patterns of decision makers. Kohler (1963) states that "accounting is what it is today not so much because of the desire of accountants but because of the influence of businessmen".

Although it has been used for ages, historical cost still cannot escape criticisms that mainly come from the proponents of current cost accounting. Some criticism:

Historical cost is not relevant for decision-making: Historical cost has usefulness, but it is insufficient for the evaluation of business decisions. The focus of conventional accounting on the stewardship function of accounting is not the only focus of accounting. The history of accounting reveals that the primary role of accounting is to meet the needs of users of accounting information. Users of accounting information are not only interested in the stewardship function, but also in increases and decreases in the value of their investments as represented by the net assets of the company.

Historical cost accounting is misleading: MacNeal (1962) criticises historical cost accounting and its inconsistent principle. He cited cases of major fraud such as that of McKesson and Robbins in 1938, in which conventional accounting figures were used to misguide investors and creditors to part with their money. He argued that the transaction-oriented accountants were more interested in checking documents for historic cost than the current physical reality and valuation of the entity. Hence, the implementation of the historical cost concept can be misleading, meaning that it cannot guarantee the quality of justice and honesty within the information it carries.

Current Cost Accounting

Current costs reflect the prices that must be paid for an asset or its use at the date of the balance sheet or the date of the use or sale if that asset is not already owned (Hendriksen & Breda, 1992, p.426). For example, current cost for inventories is the current acquisition price of the merchandise or the current cost to produce it. Edwards & Bell (1961) present the first systematic presentation of current cost accounting in 1961 in their classical work, 'The Theory and Measurement of Business Income'. Unlike traditional accounting with the concept of accounting income, Edwards & Bell introduce the concept of business income. There are two components of business income, namely current operating profit and realisable cost savings. The former is the excess of the current value of the output sold over the current cost of the related inputs. Realisable cost savings are the increase in the current cost of the assets while held by the firm in the current period. In short, holding gains or losses is emphasised in current cost accounting. Furthermore, current cost accounting theory recommends that the current cost of assets should be measured and reported in the balance sheet.

Like historical cost accounting, current cost accounting has its own advantages and disadvantages. The advantages of current cost accounting are:

Relevant for decision-making purposes: This is the main advantage of current cost accounting as agreed by its proponents. There are many studies that indicate current cost accounting is value-relevant (see Eccher et. al., 1996; Bernard et. al., 1991; Beaver & Venkatachalam, 1999). The market value of current cost accounting better presents the economic reality of transactions and therefore tends to provide more useful and relevant information than does historical cost financial reporting. As business environments are changing rapidly and becoming increasingly volatile, the financial statements of firms should portray the underlying economic reality of the firms rather than the summary of past transactions. The market value of financial reporting may be less reliable due to the subjectivity of certain measurements, but it can provide much more relevant and meaningful information to the users despite the subjectivity involved in the measurement (Shim et. al., 1998). A study conducted by Duncan & Moores (1988) on New Zealand company directors indicate that current cost accounting provides more relevant information which was perceived to be just as reliable and possibly more reliable than historical cost statements.

It provides a better measure of efficiency: Current cost accounting gives a better measure of efficiency of the company. Current cost accounting provides a separation of profit into that part which arises from holding assets before they are sold. This separa-

tion reflects the results of asset management decisions and the impact of the environment on the firm not reflected in transactions. Proponents of current cost accounting believe that a failure to recognise this dichotomy of profit may result in an inadvertent 'capital erosion' (Godfrey et. al., 1997). In addition, it is suggested that the separate reporting of holding gains will enable users of financial statements to make a more accurate assessment of managers' operating performance.

Despite the advantages of using current cost accounting, it has also received some criticism from academicians as well as practitioners. The disadvantages and problems of implementing current cost accounting are:

Current cost accounting is open to subjectivity: Current cost accounting is claimed to be very subjective (Edward et. al., 1981; Leo & Rodford, 1999). This conclusion is perhaps derived from the fact that in most instances, the current cost to be used is not based on actual transactions. It is difficult to determine the exact current value, for example if a second-hand market does not exist and it cannot be replaced with an identical asset. The determination of current cost then is up to the discretion of managers. For assets where no market prices are available, appraisals, calculations of reproduction costs and use of index numbers will be necessary. However these methods require a great deal of judgement. Thus, for current cost to be objective and verifiable, a standardisation of the method used as well as the availability and accessibility of market price are needed.

Current cost accounting is relevant only for short-term decisions: Peasnell et. al. (1987) in their study found that investors use current cost information in their short-term portfolio decisions. The study also concluded that current cost information does not seem to be the driving force behind long-term returns. Share returns in the long run are more closely associated with historical data than with current cost financial data. Thompson & Watson (1989) found that historical cost profits generally provide the best explanation for the change in dividends. Further, there was no convincing evidence that individual current cost adjustments play a significant part in the dividend decision.

Illustration 1

A business began operations with a single item of inventory which cost RM1,000. The balance sheet at the date of commencement is as follows:

	RM		RM
Cash	-	Capital	1,000
Inventory	1,000		
	1,000		1,000

The inventory was eventually sold for RM1,500 cash, giving a profit of RM500, which was immediately withdrawn by the owner. Now the balance sheet is as follows:

	RM		RM
Cash	1,000	Capital	1,000
Inventory	-		
	1,000		1,000

The owner then attempted to replenish the inventory only to find out that its replacement cost was RM1,200. The business had insufficient cash to restore itself to its pre-sale condition. The problem arose because the owner failed to distinguish between the gains made from holding inventory for some time before selling it and the revenue from trading. If the replacement cost at the time of sale (RM1,200) had been matched against revenue of RM1,500, profit would have been RM300. If this profit had been withdrawn, cash of RM1,200 would have been available for replacing the inventory. Thus, this simple illustration shows that (1) historical cost accounting can mislead the user of the accounting information (2) current cost accounting is value relevant.

Islamic Perpective

There is no unanimous agreement among Islamic scholars with regard to this issue. This may be because this area is subject to *Ijtihad* (continuous exertion), as the Syariah only provides a general rule with regard to valuation and measurement. As mentioned in the Quran: "Give measure and weight with *(full) justice*; … whenever you speak, speak *justly* …" (6:152)

"And O mankind! Give *just* measure and weight, not withhold from the people the things that are their due …" (11:85)

The concept of fairness and justice, the importance of *zakah* and the objectives of Islamic accounting: According to Adnan & Gaffikin (1997), to examine a historical cost concept from the Islamic perspective, one has to see whether the concept violates the values determined by Islamic tenets. So, based on the Quranic verses above, we can say that the concept of fairness and justice are among the most important values that must be adhered to in valuation and measurement from the Islamic perspective.

Adnan and Gaffikin (1997) list three alternative methods to cope with the constraints in the historical concept, namely Current Purchasing Power (CPP), Current Cost Accounting (CCA) and Continuously Contemporary Accounting (CoCoA). Chambers (1966) and Gaffikin (1993) also appraise CoCoA as the most theoretically sound method and very suitable for Islam. Gambling and Karim (1991) suggest using the current exit price as a valuation basis of wealth, which is liable for religious taxes (i.e. *zakah*).

Further, the importance of *zakah* cannot be denied in determining the proper basis for valuation in Islam. Shehata (1970) and Atiyah (1989), as quoted in Baydoun and Willet (1997), mention that '*zakah* is so central to the Islamic faith that it has to be given a prominent place in the system of Islamic accounting.'

According to Clarke et. al., 1996, the valuation of the assets for *zakah* is parallel to the concept of CoCoA or Current Cash Equivalent. The notion of 'value-in-exchange' has been incorporated in these valuation methods. It is simultaneously the selling price of one asset and the purchase price of the other. The method suggests that the assets of a business should be evaluated according to the cash or generalised purchasing power that can be obtained by selling each asset under conditions of orderly liquidation, which may be measured by quoted market prices for goods of a similar kind and condition. It ignores past prices as they are not relevant for future actions. At the same time, it does not accept future cash flows as a valid basis because they are mere subjective guesses. Instead, the method tries to determine current cash equivalents in

the contemporary market (Khan, 1994).

Current Cash Equivalent Value adopts a basis of valuation, which is useful for *zakah* calculation. We do not have to prepare another set of accounts for this purpose. The concept of different figures of profit for shareholders and tax authorities is accepted in capitalist society. In Islam, accounts should consist of one set of figures useful for everyone, namely shareholders, *zakah* authorities, government, future investors and the general public.

Further, companies in Islamic society have a social role. One of the main objectives of accounting in Islam is to help an individual determine his or her liability for *zakah*. Thus, we think that it is fair to accept the same basis of valuation of assets which is good for calculating *zakah*. It also emphasises the position of wealth rather than revenue and expenses. It determines profit by evaluating assets and liabilities and not by matching revenue with expenses, which involves many subjective assumptions about allocation of cost and recognition of revenue.

In addition, we also believe that valuation and measurement in Islam should be based on the Islamic accounting objectives. Ibrahim (n.d.) has outlined three main objectives of Islamic accounting, namely

1. to provide a fair basis for the calculation of *zakah*,
2. to avoid disputes among society members through providing a fair basis of sharing of profits, wealth transfers and full disclosure of activities and values, and
3. to promote and ensure only Islamically permitted economic activities are carried out.

It depicts the real life situation in accounts and it minimises the subjective element in the valuation of assets. The method dispenses with the need for any inflation accounting, which has created several controversies in the profession. The values assigned to the assets are the market prices, which incorporate the inflationary effect, if any. And finally, due to all the reasons mentioned above, it is obvious that this method will derive to a figure that will lead to fairness and justice to all parties.

Rejection of the historical cost concept: Many scholars reject the cost concept due to its violation of the concept of fairness and justice in Islam. According to Dearden (1998), as quoted by Adnan and Gaffikin (1997), 'observing that the implementation of (cost) concept can be misleading, meaning that it cannot guarantee the quality of justice and honesty within the information it carries, it is obvious then, that such concept has no room in the accounting of Islamic Institutions'.

Similarly, Eltegani (1994) rejects the cost concept by relating his argument to the instability of the monetary unit in the inflationary environment and its effect on *zakah*. According to him, if valuation is based on it (cost) in an inflationary environment, it will lead to unrealistic information which in turn tends to reduce the *Zakah* base. This conflicts with justice and fairness.

Dual System in Valuation and Measurement: Nevertheless, some other scholars are of the opinion that the historical cost concept is not fully inconsistent with Syariah. They are inclined to combine both methods.

Mirza and Baydoun (2000) argue that the cost model highlights the fiduciary responsibility of the managers and their stewardship function. Apart from that, the model objectively reflects asset values at the time of acquisition. Above all, historical cost is an efficient technology, which has survived over centuries. If there were a more efficient valuation method than historical cost, it would have displaced it long ago.

However, for *zakah* purposes, they suggest that the use of historical cost be made with periodic revaluations based on current market prices. Thus, an Islamic accounting system is likely to use both cost and market selling prices. The dual system of asset valuation is likely to enable firms to accommodate contracts and to discharge their social obligations'.

Practical examples: In fact, the cost concept has been accepted by AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions), an international autonomous standard-setting body for Islamic financial institutions. Its alternative measurement is current cash equivalent. Although the acceptance of the cost concept was not endorsed by all members, the majority of them were of the opinion that it 'is not evident that adequate means are currently available to apply this (current cash equivalent) concept in a manner that is likely to produce reliable information' (para 135, SFA 2, AAOIFI).

Karim (1996) mentions that most Islamic banks tend to adhere to historical costing in the valuation of their assets. According to him, some banks (e.g. Kuwait Finance House) use the lower cost or market value inventories while the others (e.g. Bank Islam Malaysia) use only the historical cost.

Illustration 2

Historical Cost

Closing stock: Historical cost: RM55,000
Current value: RM35,000

Trading account

Sales	160,000
Less: Costs of Goods Sold	
Opening Stock	50,000
(+) Purchases	80,000
(-) Closing Stock	(55,000)
	(75,000)
Gross Profit	85,000

Ibrahim's proposal

Stock adjustment

(-) Overstate closing stock	(20,000)
Adjusted Gross Profit	65,000

Conclusion

It is obvious there is no clear-cut answer to the debate. For each method, there are its own benefits and problems, and each person or entity has its own reasons and interests for preferring any method over the other.

There is also some difference in the debate if we compare between the conventional and Islamic perspective. In conventional accounting, it can be seen that the central issue revolves around the usefulness of accounting information by adopting any preferred method. However, in an Islamic accounting framework, the debate revolves around the accountability framework.

More research needs to be conducted to resolve this issue. All relevant parties, including practitioners, as well as academicians, should try to reconcile their ideas in order to find the best method for valuation and measurement for all purposes at all times. This may enhance the credibility of financial statements, in particular and the accounting profession, in general. AT

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MANAGING PERFORMANCE THROUGH BUSINESS ETHICS AND CONTROLS: Make it Happen with Controls and Integrity Tools (CITs)

Ely Raziah Abdul Rashid

To promote a strong culture of business ethics and control at every level of management in an organisation, a management control system, which normally provides broad parameters for an effective control environment, is rarely adequate.

The general framework for components of internal control offers broad objectives and parameters for an effective internal control system, i.e:

1. Establish the right control environment;
2. Conduct risk assessment;
3. Conduct control activities;
4. Monitor effectively; and
5. Provide effective information and communication.

Yet, what organisations are looking for are specific tools to make it happen. In order to truly manage performance through good controls and ethics, broad parameters must be supported by a comprehensive set of management tools, structured to promote the ongoing integrity of controls in an organisation's day-to-day business conducts. This secondary system of control and integrity management is needed to provide a consistent process which efficiently introduces appropriate controls and sustains them over time. This set of tools must provide the management, and in fact everyone in the organisation, with the gears they need to fulfil their responsibility for establishing and maintaining a sound, cost effective control environment.

It is clear that such a management tool needs to be a combination of feed-forward and feedback control systems.

The feedback control tools, which are normally in the form of compliance checks and reactions to non-compliance through the infamous internal audit department, is imperative, but inadequate. Such an internal audit has been an effective tool for effective monitoring, but does not necessarily fulfil the rest of the objectives, in particular, establishing a control environment, which forms the foundation for all the other components of internal control.

A combination of feed-forward and feedback control tools, which tackles the problem before and after it happens, in the form of a comprehensive Controls and Integrity Tools (CITs) is needed, targeted to tackle what I refer to as the major Sources of Controls and Integrity Gaps (SOCIG). This is illustrated in Figure 1.

In Figure 1, it is clear that in establishing the five main internal control ingredients, pressures continue to come from within the organisation in the form of major sources of controls and integrity gaps (SOCIG). An example of SOCIG is employees of the organisation. These sources sneak into the internal control system on a daily basis, intentionally and unintentionally. Over time, this creates gaps. With a feedback control system in place such as the internal audit, some of these gaps will be detected after the event and some will escape, undetected.

Therefore, there is a need to create tools which, on a continuous basis, provide constant pressure on these sources of controls and integrity gaps (SOCIG), which in turn will ease the pressure SOCIG puts on the internal control system.

In this article, I would like to illustrate the potential use of CIT and SOCIG in managing an internal control system by giving an example of a SOCIG element. An example of a tool which will form part of CIT will be used to illustrate how a specific tool, when used, can tackle this particular source of control and integrity gaps.

SOCIG — Element 1: Personnel and Training

One of the main SOCIG elements has to be personnel working in the organisation. Controls integrity relies heavily on all personnel having the appropriate ethical values, knowledge and experience to fulfil the control requirements of their jobs. When these are compromised, there is a high likelihood of equivalent compromises in controls and ethics in their day-to-day business conduct.

Important considerations, though, are not limited to selection, assignment, rotation, and training of personnel. Another important consideration is the clear identification of control requirements by position.

One of the CIT that can immediately be applied by many organisations today to clearly identify control requirements by position is the identification of what I would term as "Control Sensitive Positions (CSPs)."

CIT — Tool 1: Control Sensitive Positions (CSPs)

Control Sensitive Positions are positions with job specifications directly dealing with external parties (suppliers, government, customers, competitors, etc). Such direct dealings, no matter how little, provide opportunities to collaborate with the external parties in violating internal controls and ethics, which eventually can result in ethical and financial threats to the organisation.

For example, all employees, from clerks to senior managers in the contract department of an organisation, dealing directly with suppliers can be classified as CSPs. A clerk in the contract department might collaborate with a supplier in return for certain favours. This could be in the form of "unhelpful assistance" vs. "special assistance" in return for some financial rewards or gifts. Equally a senior manager, who makes decisions on the award of contracts, might make a decision not solely to the benefit of the organisation but in return for certain favours from suppliers bidding for a contract.

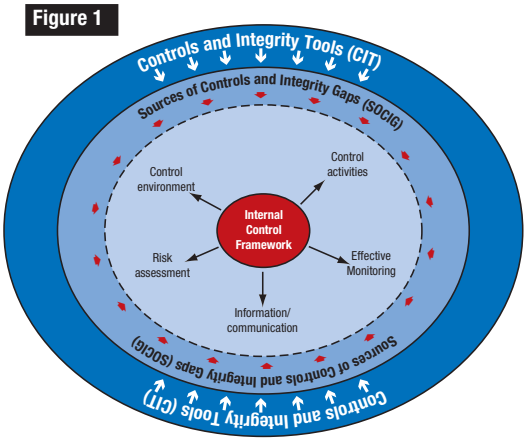
Members of the accounting staff, from the clerk who receives an invoice and stamps the receipt date, to revenue accountants who prepare outstanding reports on outstanding collection, should also be classified as CSPs. The clerk might collaborate with the supplier to stamp an earlier receipt date on the invoice, thus helping the supplier receive payment a lot earlier. A revenue accountant might collaborate with a customer not to include certain outstanding amounts in his or her management report in order to buy time for the customer.

Equally, in government offices, almost all counter positions are CSPs. A counter clerk for example, might give special treatment to certain customers in return for special favours. In fact, in Malaysian culture, any employee with the authority to act in less than the expected standard of conduct should be considered as CSP. Many positions in the police force would be control sensitive as well, as they deal directly with third parties. Naturally, the range of financial threats varies with positions. It will be up to the organisation to set the level of threat which would render a position a control sensitive position.

Control violations might not necessarily happen in many organisations, but the potential of violations by such personnel increases when they have direct regular contact with external parties who might use them to their benefit. Benefits are not necessarily in the form of money. They can also be in the form of 'conveniences.'

Not all control violations by CSPs are intentional. Some might be innocent, such as providing critical information without realising the impact. However, the fact remains that CSPs are a source of potential control and integrity gaps to organisations, and therefore must be identified and managed.

Figure 1



Hence, one of the tools for managing this particular element of SOCIG is a list of all CSPs with potential control risks associated with the positions. Personnel in CSP must be rotated, say, every two years. An accounts payable staff responsible for posting cheques to suppliers should not be allowed to be in the same position too long as it will increase the risk of building a long-term relationship with suppliers. Counter staff in government offices should also be rotated to avoid establishing relationships with external parties. CSPs should also be given an annual reminder of the control risks related to their positions. Additionally, they should also be given appropriate training to fulfil the control requirements of their jobs. Change management involving CSPs must also be more extensive than is the case with other positions.

Identification of CSPs will enhance the control environment and extend risk assessment from process based to position based. A clear benefit is that a position-based risk assessment in the form of a CSP has an owner. The owner would be the person who holds the CSP at a point of time. Another benefit is staff in CSP would most likely tend to observe control requirements more thoughtfully because the nature of the job is pre-defined as CSP. A rotation of CSPs will put extra pressure on current personnel in CSP to ensure that they leave a good legacy to the next personnel.

Coming back to Figure 1, CSP, acting as a Control and Integrity Tool (CIT), provides the necessary pressure on the potential sources of controls and integrity gaps (SOCIG), i.e., the personnel holding the position. This in turn will reduce the chance of such sources creeping into the internal control systems, creating gaps, which eventually translate into material financial impact.

Conclusion

The above example of SOCIG and related CIT is indicative rather than exhaustive. Other potential SOCIG must be identified. Another example of SOCIG would be change management, which has to be another big source of controls and integrity gaps. Equally, CSP is not an exclusive CIT for personnel. Other tools must be designed. A whistle-blower programme, for instance, is another CIT, targeting at SOCIG — Personnel.

The main idea is to come up with tools which will put pressure on all potential sources of controls and integrity gaps, integrated into in-line controls.

An organisation, profit or non-profit oriented, seriously trying to build a strong culture of business ethics and controls as part of its performance management system, must see to it that CIT is in action on a daily basis. AT

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PERFORMANCE MANAGEMENT — Why and How is it So Crucial

Sheikh Manzoor Ghani

Performance management goes beyond just about IT, reporting, forecasting and planning. It is all these things and more. To best understand what performance management is, think of it as a management tool that can be used to measure your business' activities and to help align the business' resources and processes to achieve the desired goals.

Performance management consists of strategic management processes that unite the executive team's strategic vision with the mid-level and frontline management's day-to-day actions. Performance management is a management tool that attempts to:

- Link long-term executive vision to short-term, day-to-day management accountability;
- Facilitate the dynamic supply and demand balance of scarce resources (i.e. financial, human resources and capital assets) across corporate functions; and
- Measure the efforts towards revenue enhancement, expense reduction and efficiency improvement year-round.

Nevertheless, performance management is often rendered ineffective as a result of poor technological support. According to balanced scorecard collaborative research, 60 per cent of organisations do not link their strategies to their budgets. Hence it is not surprising when most organisations cannot execute their strategies.

A landmark *Fortune* article, "Corporate Strategists Under Fire" (December 1982), noted that 90 per cent of organisations fail to execute their strategy properly. In the *Fortune* cover story of June 1999, Ram Charan and Geoffrey Colvin attributed the high rate of CEO failures to bad execution rather than poor strategy or lack of vision. Without an explicit link that identifies strategic investments, organisations fail to distinguish between strategic and operational management.

The corporate budgeting, forecasting and reporting process presents a formidable challenge to companies, regardless of their size or industry. Budgeting is often considered burdensome and time consuming; yet it is a crucial element of financial management.

Companies that are able to address budgeting obstacles and improve their process will not only be rewarded with more accurate budgets, timelier forecasts and improved decision-making, but will also foster a disciplined financial management culture that can deliver true competitive advantage.

Yet for many organisations, the annual planning process is broken. Firstly, the process takes months to complete. Line managers often reluctantly take on the task because they see little benefit from this effort. At the same time, as most of the planning is done by finance, it becomes tough to obtain the managers' buy-in, thus causing the budget plan to lose its credibility. And often when the agonising process is finally completed, the budget becomes outdated.

So rather than being a useful decision-making tool, the budget becomes a disconnected document that has little impact on the company's business. Compounding these broken processes are the 'primitive' technology used for budget planning, i.e., the basic spreadsheets and email. Almost everyone is familiar with the "spreadsheet hell" of broken formulas, bug-ridden macros, manual consolidations, out-of-sync versions — all of which contribute to a lengthy, frustrating, and error-prone process.

However, by adopting best practices for budgeting, forecasting and reporting by leveraging the right technology, an increasing number of organisations have gained competitive advantage from the time saved, reduced errors and effective company-wide collaboration in the planning process.

Performance management as an IT project is a straightforward and difficult task at the same time, namely because of the complex-

ity of the information that the task involves. Most performance management solutions require collecting a massive proportion of the information from the various systems within the organisation. But these data are in different formats, at different periodicities and of varying quality. Adding on to this is the fact that there is almost a 100 per cent probability that a significant proportion of the required data is not being collected by any system at all. This raises many IT challenges, especially for companies that try to organise their data in Excel, as Excel is hardly a database that is able to support business requirements past the first phase.

There are a number of recognised and well-respected management frameworks such as Balanced Scorecard (*www.bsconline.com*), Performance Prism (*www.som.cranfield.ac.uk/som/cbp/prism.htm*), Six Sigma (*http://mu.motorola.com*), and EFQM (*www.efqm.org*).

These frameworks have been adopted by organisations for various reasons as they seem best for the business.

Strategy Driven Approach

Strategy scorecards along with their graphical strategy map representations provide a logical and comprehensive way to describe strategy. They communicate clearly the organisation's desired outcomes and its hypotheses on how these outcomes can be achieved. For example, improvements in on-time delivery will increase customer satisfaction, leading to more purchases. The scorecards enable all organisational units and employees to understand the strategy and they can contribute by aligning their individual roles to the strategy.

High-level financial measures provide private sector companies with an accountability measure to their owners, the shareholders. For a non-profit or local government agency, however, the financial measures are not the relevant indicators of whether the organisation is delivering on its mission. The agency's mission should be featured and measured at the highest level of its scorecard.

Business Metrics Driven Approach

Key Performance Indicators (KPI) scorecards are most helpful for departments and teams when a strategic programme already exists at a higher level, as the indicators enable them to define where individuals and teams must do well in order to contribute to the organisation's strategic goals. However this is only if the KPI 'link to strategy' is clearly established.

There is a generic thought that "things that get measured get managed."

Imagine yourself a general managing an army on the battlefield. Rather than having a multitude of runners or messengers, you have a performance management system which tells you how far your troops have advanced, how close your shells are to the targets and where the heaviest casualties are. This information enables you to act accordingly by modifying your aims and counter firings with better focus and greater accuracy.

Managing Structured and Unstructured Data

Conventional reporting has improved greatly over the years, as the piles of printed line-flows stacked along the corridors are largely gone. We now have 'exception reporting' and management dashboards or KPIs to help us. However, these tools are often not the solution they are hyped up to be.

The information that we use to make our decisions is usually a mixture of structured and unstructured information (catalogue listings and product reviews) but also a lot of soft information (personal recommendations and references from third-parties).

Making decisions is often a matter of confidence. Managers decide on something that they are confident about. Performance management has parallels here. When activities are outside of a recognisable or comfortable range, then the managers will need to investigate for more information to take the necessary action.

In order to become a business critical tool, performance management also needs to encompass some "soft" information on why the unexpected happened; these add contextual value to the base data, helping managers achieve the desired level of confidence more quickly.

Key Features to Look For:

Helping Business Users Help Themselves

- Easy navigation
- Intuitive Dashboards
- Self help screens
- 100% browser based, work anywhere

One Version of the Truth

- One set of data, one technical solution to learn
- Aggregated and calculated in the database not the Dashboard
- Everyone from CEO downwards sees the same data

The Importance of a Real Database

- Analytics to the smallest detail
- Ad-hoc reporting
- Integration of data from many sources
- Easy access from any location
- Aggregation rules
- Business rules
- Calculations

The Added Value that a Systematic Approach Brings

- Modelling
- Alerts
- Forecasting
- Commentary in charts
- Single point of maintenance, administration and security
- Open technology standards

Specific Requirements that are Critical

- What is being measured is right (not accurate).
- Evolution is everything because our world is increasingly changing.
- Data are accurate or the solution will be disregarded
- Ease of use will mean it is used — Dynamic Dashboards
- Restate the past to fix mistakes
- Keep a tight data audit and assign authority to changes
- Managing financial and operational information equally.

To summarise, performance management is an important management framework that helps organisations achieve desired goals and objectives. However, its success lies in the ability of executives to strategically align the organisation's resources with its goals by linking strategy and planning to budgets.

And in today's context, technology plays a vital role in supporting this initiative. AT

Sheikh Manzoor Ghani (*sheikh.manzoor@sas.com*) is the Director, Financial Intelligence Solutions for SAS Malaysia

SPECIAL NOTICE

Membership Subscription Reminder

As we are already in the new year, the Institute would like to seek your co-operation in ensuring that the outstanding payment of membership subscription for the year 2006-2007 is made as soon as possible. In ensuring a speedy and hassle-free process, we are pleased to announce that in addition to the conventional methods of payment modes via cheque or credit card, we have also introduced the online payment method. Transactions can be done either via Maybank Online www.maybank2u.com.my or RHB Online www.rhbbank.com.my or CIMB Clicks www.cimbclicks.com.my. In further enhancing the MIA service delivery vehicle to our valued members, you are encouraged to use this facility as this will further expedite and streamline the administrative aspects involved in processing your payment. Members cooperation in this matter is greatly appreciated. Thank you.

Security Commission, FIC Guidelines

Guidelines on the Acquisition of Interests, Mergers and Takeovers by Local and Foreign Interests and Guidelines on the Acquisition of Properties by Local and Foreign Interests (FIC Guidelines)

The Securities Commission has informed the Institute on the issuance of a Practice Note and Frequently-Asked-Questions on FIC Guidelines for applications submitted to SC for its consideration.

Please visit the Securities Commission's website at *www.sc.com.my* under *Knowledge Base/Laws & Regulations/Guidelines, Codes & Practice Notes/FIC Applications* to download the practice note and FAQs.

If you have enquiries on matters relating to the Practice Note and Guidelines, please contact the Securities Commission at:

Equity Compliance Unit
Tel: 03-6204 8000 Fax: 03-6201 5158

Please be guided accordingly. AT

SC enhances rights issue framework—*greater disclosures and quicker registration for abridged prospectuses*

The Securities Commission (SC) announced on 14 December 2006 measures to further enhance the rights issue framework in Malaysia. Greater disclosure of allotment of excess rights shares in the abridged prospectus is now required. The SC has also shortened the registration time frame for abridged prospectuses from seven to one market day.

Under the current industry practice, the basis of allotment of excess rights shares is only determined after the last acceptance date of the rights issue and is not made known to the shareholders. As a result of the SC's latest enhancement to the rights issue framework, the indicative basis of allotment for excess rights shares is to be disclosed upfront in the abridged prospectus.

The enhanced disclosure requirements for allotment of excess rights shares in the abridged prospectus are aimed at improving transparency and awareness to shareholders and investors before they apply for the excess shares.

The SC will closely monitor industry's compliance with the enhanced disclosure requirements in abridged prospectuses as well as the fair and equitable allotment of excess rights shares. This is expected to augur well for the interests of all shareholders and the market as a whole.

The SC has amended the *Prospectus Guidelines — Abridged Prospectus (AP Guidelines)* to implement these changes, which will take effect on 15 January 2007.

These latest amendments to the AP Guidelines are part of the SC's ongoing efforts to enhance the rights issue framework. Earlier, on 25 August 2006, the SC reduced the approval time frame for standalone rights issue proposals by listed companies from 21 to five working days.

This enhancement to the rights issue framework supports the SC's endeavours to continuously improve the efficiency, effectiveness and transparency of the fund raising process. AT

Amendments to the Listing Requirements in Relation to Announcements and Circulars

Members are hereby informed that pursuant to Section 9 of the Securities Industry Act 1983, amendments have been made to the Listing Requirements of Bursa Malaysia Securities Berhad ("LR") and the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market ("MMLR") in relation to announcements and circulars for new issues of securities and transactions. The said amendments to the LR and MMLR are collectively referred to as "the Amendments" in this circular.

Objectives

The Amendments have been made as part of Bursa Malaysia Securities Berhad's continuous efforts to enhance the timeliness and quality of disclosures by listed issuers so as to aid informed investment decision. The existing disclosure requirements in the announcements and circulars were reviewed with the main objective of enhancing disclosures whilst being mindful of the regulatory costs to listed issuers.

Key changes

The key changes effected by the said Amendments are as follows:

1. The removal of the requirement to issue an information circular for non-related party transactions, which trigger a percentage ratio of 15 per cent ("the Information Circular"). However, listed issuers/compa-

nies will be required to ensure that the announcement in respect of such transactions complies with the enhanced disclosure requirements in the amended Appendix 10A. Listed issuers/companies are also required to despatch a copy of the relevant announcement to shareholders within 10 market days from the date of announcement.

2 Enhancements of the contents of announcements and circulars in relation to new issues of securities and transactions.

In this regard, the key enhancements/modifications are requiring:

(a) disclosure of conditionality of the proposal in question with other corporate proposals/exercises which have yet to be completed;

(b) disclosure on the effects of the proposal, specifically the gearing of the listed company/group and in the case of a disposal, whether it would result in the listed company being deemed to be a cash company or to have inadequate financial condition and/or level of operations and particulars of liabilities which would be assumed by the purchaser;

(c) disclosure of the time frame for completion of the proposal;

(d) disclosure on the existence of conflicts of interests on the part of an adviser/expert, where appointed;

(e) in relation to new issues of securities, information on provisions for termination and/or withdrawal of the underwriter(s);

(f) in relation to a transaction which triggers a percentage ratio of 100 per cent, the use of financial information which is up-to-date for preparation of the proforma financial information i.e. either the audited accounts for the latest financial year end or the latest interim report which must be reviewed by auditors; and

(g) in relation to foreign acquisitions, the valuer appointed to prepare the valuation report must comply with the Securities Commission's Guidelines on Asset Valuation in relation to the appointment of valuers for valuation of foreign property assets ("SC's requirements"). Hence, listed issuers would now be permitted to appoint foreign valuers provided that they fulfill the SC's requirements.

3 Clarification that the additional specific information to be included in relation to a foreign acquisition in Part E of Appendix 10A and Appendix 10B of the LR is only necessary where a percentage ratio of 25 per cent is triggered.

4 Clarification that in relation to an acquisition which triggers 50 per cent, a directors' report is only required for an unlisted company since the information of a listed company is publicly available.

5 Removal of certain contents of announcements/circulars, particularly the statement on the expected dividend income to be received and the expected time frame for repatriation of profits in relation to foreign acquisitions.

Implementation

The Amendments shall take effect from 15 November 2006 ("Effective Date"). However, a listed issuer/company that has entered into the transaction prior to the Effective Date and can comply with the Amendments, ie., the enhanced disclosure in Appendix 10A, and despatch a copy of such announcement in accordance with the time frame prescribed can cease compliance with the issuance of the Information Circular immediately.

Additional Information

Please take note that the Amendments and the Questions and Answers are available for reference on the Bursa Malaysia's website at *www.bursamalaysia.com*.

For further information on the said Amendments, kindly contact:

Legal Advisory and
Corporate Legal Affairs
9th Floor, Bursa Malaysia Berhad
Exchange Square, Bukit Kewangan
50200 Kuala Lumpur
Tel: 03-2034 7000 Fax: 03-2732 0065

Please be guided accordingly. AT

Member Firms Mergers and Affiliations Listing

With many challenges facing the profession, smaller firms may wish to consider looking towards merging or the possibility of affiliating with their peers. To encourage such an initiative, the Institute has created and will be maintaining an on-line register known as the *Member Firms Mergers and Affiliations Listing*. This listing will comprise member firms who are interested to merge or affiliate with another firm. Likewise, interested firms would be given the opportunity to peruse through the listing and identify partners that meet their profile for alliances, mergers or affiliations. As a start, member firms who are interested to register in this listing are requested to provide relevant information using the form in the Institute's website at *www.mia.org.my* under *Membership/Member Firm/Member Firms Mergers and Affiliations Listing* (which is accessible for public viewing). Currently, there is no charge for this service.

The Institute reserves the right to edit the information provided by the firm before it is posted on the listing. However, the Institute will not review the information posted for accuracy, correctness or completeness. As such, any person who reviews and relies on such information will do so at his own risk. The Institute, the officers, the employees or agents of the Institute disclaim all and any responsibility or liability to any person or entity for any errors or omissions in respect of the information contained in the listing and/or for anything done or omitted to be done by any such person in reliance, whether wholly or partially, upon the whole or any part of the contents of the same.

Please note that incomplete information on the template will not be processed and a new submission will have to be submitted before it can be processed. All information will be tracked for a period of three months (or shorter if requested by the firm). Thereafter, such information will be archived and will then not be accessible by the public. A new submission will have to be done to enable continuous posting on the Institute's website. By submitting the template to the Institute, the firm is deemed to have agreed to the abovementioned terms and conditions.

For more information on the Member Firms Mergers and Affiliations Listing, please contact Johnny Yong at 03-2279 9200 Ext. 252 or e-mail *practice@mia.org.my*. AT

Briefing For Practitioners
— *February 2007*

The Practice Matters Department will be organising the practitioners briefing for our members for year 2007. The details of our first practitioners briefing for year 2007 are as follows:

Date: Friday, 9 February 2007
Venue: Training Room, MIA Resource Centre, 16-18, Jalan Tun Sambanthan 3, Brickfields, 50470 Kuala Lumpur.
Time: 5.00 pm to 8.00 pm
Admission: Free but upon registration only
No. of CPE hours: 2 only

For this briefing, the Institute is pleased to disseminate the following information for the benefit of our members.

(a) Intellectual Property (IP) Rights & Protections

As the country progresses towards being a knowledge based economy, the IP components in many business dealings will take on a very significant dimension. Hence, knowledge of what constitutes IP and how to protect this proprietary asset is crucial in the business arena today. Practitioners, as front line business consultants, will inevitably be faced with such issues of their clients' recognising the IP contents in a transaction as well as the adequacy of the means to protect such assets for the owners. There is also the fair value issue of such assets in the "accounting books". This talk is organised to familiarise our members with the area of IP, which will cover both patents and trademarks. A Legal Counsel and Patent Agent from Henry Goh & Co. will enlighten the members on the areas that the owners of such assets should be aware of in the registration as well as the protection of the said rights. After the presentation, senior management representatives will moderate a 15-minute question and answer session.

(b) Mergers of Firms — A Practitioner's Perspective

It has always been the Institute's intention to encourage small and medium practices (SMPs) to consider mergers and acquisitions as a way to build up their capacity and to strengthen their position in the market, locally and globally. However, mergers of firms have their own set of challenges apart from the rewards.

We are fortunate to have a senior practitioner to share with us his experience in this area. Ooi Chee Kun is an active member of the Institute's Public Practice Committee. He will be sharing his experience with us, based on the various mergers and acquisitions that his firm has gone through over the years. He will also include some acute observations of what is typical in such exercises that accounting firms may experience, looking at how the landscape has changed drastically over the years from the Big 8 in the late 80s to what is now known as the Big 4. He is currently a senior partner of the firm of Folks DFK & Co., which is the Malaysian member firm of DFK International. His firm has recently merged with another medium-sized firm, namely Azman Wong Salleh & Co.

Members who are interested in attending should register with Tarana or Shuhairah 03-2279 9200 at ext. 226 and 323 respectively. As seats are limited, attendance will be strictly on registration basis, first come first served only. AT

IFAC Small and Medium Practices (SMP) Committee Meeting
Rome, Italy from 9-10 October 2006.

MIA Council Member and IFAC SMP Committee Member Peter Lim with fellow IFAC SMP Committee Member Paul Chan from Hong Kong

Council Member Peter Lim, the representative on the IFAC's SMP Committee together with a MIA secretariat staff attended their third SMP Committee meeting in Rome from 9 – 10 October 2006. The meeting which aims to provide a platform for SMPs to share and discuss issues affecting them was a buzz of activity as those present discussed pertinent matters. Some of the issues discussed are as follows:-

1 Input to the IAASB Standard Setting Process

The IAASB has dedicated efforts to the "clarity" project to ensure that a clarified ISA is made available to member bodies by year 2008. In this regard, the Chairperson of the SMP Committee, Ms Sylvie Voghel from Canada, encouraged the SMP members to volunteer in the Rapid Response Team to ensure that SMP issues are not neglected in the process.

2 Input to the International Ethics Standards Board

The following are the three (3) specific areas of concern of the SMP Committee:-

(i) the definition of public interest entities
(ii) partners' rotation including the definition of partners; and
(iii) provision of other services especially taxation services

In this regard, IFAC's Ethics Committee will not be prescribing what entity would constitute public interest or otherwise. It will most likely remain under the jurisdiction of standard setters within member countries. However, there were concerns that some of these regulators may be too strict. Hence, IFAC may need to play a role in moderating the impact of such legislation. The Chairperson has requested each member body to monitor developments in this area and report to IFAC where necessary.

The issue of definition of partners has now been proposed to also cover partners in charge of quality review. This is, in addition to the requirement to rotate the concurring partners. The representatives from USA and Malta voiced concern that this would create a lot of hardship, especially for SMPs doing audit for entities with significant public interest. And in a small country like Malta, such legislation will have a significant impact on the profession since, technically, all the practices in Malta are of the SMP structure. However, the message from the representative of the Ethics Committee is that it is public expectations that these legislations are suppose to address. Hence, it is unlikely that the Ethics Committee will change its opinion over this legislation. Basically, the message is that one has to play by the rules of the market he or she intends to operate in.

Discussion on the third issue revolved mainly around the compartmentalisation of the taxation services into computation, com-

pilation, advisory and advocacy. There is a general feeling that the Ethics Committee is going down the road of artificial compartmentalisation since, in real life, such compartmentalisation, especially between computation and compilation, may not serve any real purpose. The argument was well received by the representative of the Ethics Committee, who has agreed to review this distinction and to ensure that a common sense approach will be adopted in the final draft.

3 Input to IASB's IFRS Project for the SME

The SMP Committee agreed to continue tracking the development of the IFRS project for SME reporting with a release date of the exposure draft scheduled at the beginning of 2007. This will be done through the SMP Committee's representative, Mr. Paul Chan, President of the Hong Kong Institute of Certified Practising Accountants, on the IASB Working Group and eventually, responding to the exposure draft on the IFRS for SMEs when it is released for public consultation.

4 Micro-Entity Research Project

The SMP Committee agreed to commission another phase of the research project that will test the applicability of the IFRS for SMEs to micro-entities and to consider the case for a third tier of standards/guidance directed at micro-entities. This phase is contingent upon securing adequate funding and logistic support. The timing of this project is crucial. It is hoped that this project will coincide with the exposure period for the IFRS for SMEs so that the findings can be used in the IFAC response to the exposure draft.

Possible sources of funding mentioned are the World Bank and UNCTAD.

5 ISA Guide

The SMP Committee received an update on the project to develop a non-authoritative explanatory guide for the use of ISA's on the SME audit by the Canadian Institute of Chartered Accountants (CICA). This guide is expected to be launched by the end of the 2nd quarter of 2007.

6 Quality Control Guide

IFAC has requested a proposal from the member bodies and other qualified suppliers to produce a Quality Control Guide to assist the SMPs in having a better understanding in implementing the ISQC. In this regard, MIA and CCH may jointly consider bidding for the project.

7 Practice Management Guide

As to the Practice Management Guide, there was a question raised by Hong Kong whether such a guide will be of any relevance to the SMPs given the diverse practices around the world wherein each jurisdiction has a separate legal framework dealing with staff, suppliers, etc. However, the consensus is that a draft request for proposals will be tabled in India for consideration in January 2007. The Committee will make a final decision whether to proceed thereafter. The project will be commissioned sometime in 2009.

8 Assurance Services other than Audit

The SMP Committee has agreed to do an online survey on a global basis into specific national requirements for assurance on SME financial statements including audit, limited review and others. The survey may also seek to clarify the exact nature of assurance services provided other than audit.

9 IFAC Net

The SMP Committee discussed the expansion of the IFAC Net search engine to incorporate SMP information from member bodies' websites. This is expected to be launched on 1 March 2007. MIA members should consider utilising such resources when the next phase of the IFAC Net is launched.

10 SMP Forum

The possibility of having a SMP Forum to coincide with the CAPA Conference in Osaka this year will not be considered since IFAC had earlier organised such a forum in Hong Kong, which is also in the Asia region. This will limit the possibility of having the SMP Forum to Europe or South America. Nigeria has agreed to organise the forum in year 2008 instead.

The next IFAC SMP Committee meeting will be held in Chennai, India from 10 January-11 January 2007 followed by an Accountants Conference by the Institute of Chartered Accountants of India (ICAI) from 12 January-13 January 2007. AT

MIA Toastmasters Club

Charter No.: 3705

Improving Your Management Skills

Just like communication skills, management skills can also be learned. And yet, a huge number of organisations seem to neglect this area. A junior staff performing well in a technical area may be promoted to the position of a junior manager. But, is he or she equipped with the necessary management skills?

To instil management skills in a staff is essential and to help in this area, the MIA Toastmasters Club is proud to present to members a one-day programme known as *Improving Your Management Skills,* which is a programme under the Toastmasters International's Educational Series. This programme has been very successful in the US and the MIA Toastmasters Club feels that it is an opportune moment to bring this programme to MIA for the benefit of MIA members, especially those who have been recently promoted to a managerial position. Even if you have not been promoted as yet, this course will certainly equip you in your career progression to management level.

The details of the programme are as follows:

Date: Saturday, 10 March 2007
Time: 9.00 a.m. – 5.00 p.m.
Venue: MIA Resource Centre, 16-18, Jalan Tun Sambanthan 3, Brickfields (near YMCA)
Fees: RM200 (includes two tea breaks and one lunch as well as the relevant course materials)

A certificate of attendance will also be issued. MIA members can submit this certificate to the Membership Affairs Committee of MIA for their approval if you wish to include this course as part of your CPE compliance requirement.

Cheques can be made payable to "MIA Toastmasters Club (Kuala Lumpur)". As the session is going to be interactive, we have to limit the numbers to not more than 20. Hence, it will be on a first come first served basis.

About the Facilitator

The trainer for this programme is Lum Woon Foong. She holds a Masters Degree in Training and Human Resources Development from the University of Warwick, UK and is a Chartered Accountant, Malaysia. She also has two accreditations from South Australia — Competency-Based Training and Education (CBTE) Instructor, and CBTE Curriculum Designer and Developer.

For more information, please contact Shuhairah at 03-2279 9200 ext. 323 (during office hours). AT

The By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants

Issued January 2007

In June 2005, the International Federation of Accountants (IFAC), of which the Institute is a member body, issued its Code of Ethics for Professional Accountants ("the Code"). The Code serves as the international benchmark for professional ethical standards and adopts a principles based framework to ethics for all professional accountants, whether they are in public practice, commerce and industry, the public sector or academia.

As a member body of IFAC, the Institute is committed to adopting the Code in so far as the provisions found in the Code are not inconsistent with national laws and requirements.

In view of the above, the Institute's Ethics Committee undertook a review of the Institute's By-Laws (on Professional Conduct and Ethics) [Revised 2002] ("the Institute's By-Laws") to ensure convergence with the Code. An Exposure Draft on the revision to the Institute's By-Laws was issued for feedback and comments until 31 March 2006. The comments and feedback received were extensively considered by the Ethics Committee and other relevant Committees of the Institute. Further amendments were then made to the provisions found in the Exposure Draft.

At its recent meeting in November 2006, the Council approved the issuance of the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("the By-Laws"). Save for a few sections, the By-Laws come into effect on **1 January 2007**.

The By-Laws

The By-Laws are divided into two parts. Part I is known as the By-Laws on Professional Ethics and Part II is known as the By-Laws on Professional Conduct and Practice. There is also a Definitions section for terms that are used in the By-Laws.

1 The By-Laws on Professional Ethics establish the ethical requirements and standards applicable to all members of the Institute. These By-Laws set out a framework of principles that requires members to identify, evaluate and address threats to compliance with the fundamental principles.

The By-Laws on Professional Ethics is further segregated into Part A which covers General Application, Part B which is applicable to Professional Accountants in Public Practice and Part C which is applicable to Professional Accountants in Business.

Like the Definitions section, these By-Laws contain the provisions of the Code with minor additions or deletions to ensure consistency with the Malaysian regulatory or legislative framework and to suit the Malaysian professional environment. These By-Laws also incorporate additional provisions that were originally contained in the Institute's By-Laws.

2 The By-Laws on Professional Conduct and Practice contain obligations that are applicable to members or member firms of the Institute in respect of their professional conduct or the practice of their firms and is further segregated into Part A which is applicable to all Professional Accountants and Part B which is applicable to all Members in Public Practice.

These By-Laws on Professional Conduct and Practice have been framed with the objective that members of the Institute exhibit the highest standards of professionalism and professional conduct that are expected of the profession, when dealing with the Institute, employers or clients, regulators and other stakeholders, as well as with each other. These By-Laws also incorporate some of the Institute's By-Laws that have not been subsumed in Part I, to the extent the same are not inconsistent with Part I.

For the benefit of members, the more significant changes found in the By-Laws are highlighted below. Members are reminded to familiarise themselves with all the provisions of the By-Laws and not to rely on this article in any way as a complete statement on the By-Laws.

Definitions

By and large, the definitions of terms used in the By-Laws were maintained. Some new definitions have been included in respect of the terms "commission", "CPE cycle" and "unprofessional conduct". Minor changes have been made to the rest of the definitions to ensure consistency with the Institute's By-Laws.

The By-Laws on Professional Ethics

(a) The Recommended Basis for Determining Audit Fees

The provision relating to the Recommended Basis for Determining Audit Fees found in By-Law B-6 of the Institute's By-Laws has been reissued as Recommended Practice Guide (RPG) 7. Members can download a copy from the Institute's website.

(b) Sections reproduced from the Companies Act, 1965

Historically, the Institute's By-Laws contained certain provisions which were taken or adopted from the Companies Act, for example Sections 9, 10 and 182 of the Companies Act, 1965.

These Sections were previously included in the Institute's By-Laws as the Institute's By-Laws at that time were more prescriptive. However, in line with the current adoption of a principles-based approach to professional ethics, it is felt that members as professional accountants should be aware of and comply with all relevant laws and regulations and should avoid any actions that discredit the profession.

Accordingly, the Sections that have been reproduced from the Companies Act, 1965 have not been incorporated into the By-Laws.

(c) Provision of Internal Audit Services to Financial Statements Audit Clients

Section 290.181 dealing with Provision of Internal Audit Services to Financial Statements Audit Clients provides that a self-review threat may be created when a firm or network firm provides internal audit services to audit clients.

Previously, the Institute's By-Laws provide that where an audit client is a listed entity or a public interest entity, the firm or network firm should not accept an engagement to provide internal audit services where it is reasonably foreseeable that for the purposes of the audit engagement, the firm would need to place a significant degree of reliance on the internal audit work performed by the firm or network firm, or for the purposes of

the internal audit services, the firm or network firm would need to undertake part of the role of management.

This approach has been revised and the By-Laws now state that where a financial statement audit client is a listed entity or public interest entity, the firm or network firm should not also accept an engagement to provide internal audit services.

To avoid any hardship to members, the Council has concluded that it is appropriate to allow a transitional period of one year, during which existing contracts to provide internal audit services to financial statement audit clients may be completed if additional safeguards are put in place to reduce any threats to independence to an insignificant level. This transitional period of one year commences 1 January 2007 for assurance engagements for which the financial period commences on or after 1 January 2007.

(d) Temporary Staff Assignment to Financial Statements Audit Clients

Section 290.192 dealing with Temporary Staff Assignment to Financial Statements Audit Clients provides that the lending of staff by a firm or network firm to a financial statements audit client may create a self-review threat when the individual is in a position to influence the preparation of the client's accounts or financial statements.

Where a financial statement audit client is a listed entity or public interest entity, the lending of staff by a firm or network firm is prohibited.

(e) Independence for Non-Assurance Engagements

The provisions relating to non-assurance engagements, which were contained in the Institute's By-Laws [Revised 2002], have not been included in the By-Laws. These provisions were felt to be no longer relevant as the Fundamental Principles and Conceptual Framework found in Part I of the By-Laws already address the issue of integrity and objectivity. It was also felt that since Section 150.1A of the By-Laws imposes an obligation on members to comply with all relevant laws and regulations, it is redundant to reproduce specific statutory or non-statutory provisions concerning non-assurance engagements.

(f) Professional Accountants in Business

The By-Laws now contain a Section dealing with professional accountants in business, who are defined as accountants employed or engaged in an executive or non-executive capacity in commerce, industry, public sector, education, regulatory bodies or professional bodies or one contracted by such entities. Part C of the By-Laws illustrates how the conceptual framework in Part A is to be applied in certain circumstances by professional accountants in business, for example when faced with potential conflicts and when preparing and reporting information.

The By-Laws on Professional Conduct and Practice

(a) Public Practice Programme

Section 430 of the By-Laws provides that all professional accountants applying for a practicing certificate for the first time pursuant to Rule 9 of the Malaysian Institute of Accountants (Membership and Council) Rules 2001 are required to attend and complete the Institute's Public Practice Programme, prior to his/her application.

(b) The Reference to "Member Firm of the Malaysian Institute of Accountants" in Section 500.11

Previously, the By-Law on Method of Practice provides that members in public practice may insert the logo of the Institute with the words "Member Firm of Malaysian Institute of Accountants" included underneath, on the top of the letterhead of the firm.

The Council is of the view that the use of the term "Member firm of Malaysian Institute of Accountants" in Section 500.11 is not appropriate and has accordingly amended it to "A Firm Registered with the Malaysian Institute of Accountants".

A grace period of 1 year until 1 January 2008 is given to members in public practice to make the necessary arrangements.

Appendices

Appendices to the By-Laws have been inserted to provide additional guidance to members in respect of certain Sections in the By-Laws. For example, additional guidance is provided in Section 140 dealing with Confidentiality, Section 210 dealing with Professional Appointments and Section 270 dealing with Clients' Monies.

Conclusion

As mentioned, this article highlights only some of the changes contained in the By-Laws. The full By-Laws can be viewed at or downloaded from the Institute's website at *www.mia.org.my.* AT

Recruitment for Panel of Reviewers of Practice Review Programme

The Institute is now inviting applications from eligible audit practitioners who are interested to serve as a panel reviewer to carry out practice reviews on behalf of the Institute.

- Applicants must hold a valid audit license and practicing certificate with at least seven years of audit experience.
- Audit practice of the short listed applicants must undergo practice review within four months from the date of notification (unless it has already been reviewed prior to this application).
- Only the short listed applicants whose audit practices have undergone practice review with a satisfactory outcome will be called for an interview conducted by the Practice Review Committee.
- A service contract, which is renewable annually, will be entered into between a successful applicant and the Institute.

The reviewers will be paid an allowance for their time spent on the review engagements to be assigned by the Institute. Successful applicants will also be provided training/briefing on practice review prior to their assignments.

For those who are interested, please submit your curriculum vitae to:

The Executive Director — Malaysian Institute of Accountants
2 Jalan Tun Sambanthan 3, Brickfields, 50470 Kuala Lumpur

All applications should reach the Institute not later than **15 February 2007.**

Mystical Istanbul

Dato' Raymond Liew

Istanbul, a city that sits astride Asia and Europe, is the most multicultural city in the whole of Europe. Many languages, including English, Persian, Greek and Arabic, are spoken on its streets. Istanbul is an ideal city for congresses, city holidays, commerce, investment and entertainment. It takes approximately 12 hours by air from Kuala Lumpur International Airport to Istanbul, the "Queen of all cities". The local currency is the Turkish Lire.

A famous Turkish landmark that greets you from afar

The Blue Mosque calls Muslims to prayer five times a day

A street hawker peddles roasted nuts - a favourite among Turks

Istanbul has been the capital of three different empires, namely the Eastern Roman, Byzantine and Ottoman Empires. It was founded as the Greek town of Byzantium. The city is surrounded by water in a triangular moat and overlooks one of the world's most significant waterways, the Bosphorus. The channels connect the Mediterranean and Black Seas so that when one travels along them one is treated to a constant stream of beautiful landscapes and architecture such as the seven hills and the splendid mosques spread across them. Sailing and fishing on the Bosphorus is a must for all visitors to this magnificent city. A daily boat trip takes one to almost the entrance of the Black Sea.

Mention Istanbul and the most dominating structure springs to mind, the only Blue Mosque in the world, famous for its blue Iznik tiles and unique with six minarets, built in the name of Sultan Ahmet.

Facing the Blue Mosque is one of the greatest marvels of architecture – the Hagia Sophia, which was constructed as a basilica in the sixth century by Emperor Justinian. Adjoining the Hagia Sophia is the Hippodrome, where chariot races and other athletic events and political activities take place. At the Hippodrome, you will find the well-known monuments of Serpentine Column, Obelisk of Theodosius and the German Fountain of Wilhelm II. One must also pay a visit to the Topkapi Palace, which was a residence of the Ottoman Sultans. The Palace exhibits many imperial treasures, Islamic relics, Chinese porcelain, weapons, calligraphy and many other antique collections.

Diehard shoppers must visit the ancient Grand Covered Bazaar, which is the most attractive historical shopping centre and is the world's biggest "souk", with nearly 4,000 shops, each selling different types of antiques, jewellery, gold, handmade carpets, leatherwear and countless souvenirs.

Believe it or not, the city has over 2,500 mosques and yet Islam is not the official religion.

To complete the visit to this dazzling city, you must walk through the illuminated streets and stop at an exclusive nightclub for good delicious local cuisine. Savor a breathtaking oriental show, which can only be performed by well-known belly dancers and folk groups from various regions of Anatolia.

Istanbul welcomes you – "Hosgeldiniz!"

The Hagia Sophia stands as a symbol of God and a grand architectural masterpiece

ISTANBUL MUST DO's

1. Take a street walk around this dazzling city to witness the illuminated lights. Enjoy the delicious local cuisine of sweets and delicacies.
2. Visit as many of the historical sights as time would permit, as each sight is so different from the other.
3. Visit the Grand Covered Bazaar for great bargains.

CAUTION

If you need to take a taxi to go places, please watch your wallets and the exchange of money as the city is notorious for its magicians. A 100 Lire bill can be turned into a 10 Lire bill in a split second. AT

There are souvenirs galore for the diehard tourist

A visit to the historical Grand Covered Bazaar is an absolute must

Sea life is found in abundance in the Black Sea

Do you want more? More out of your life, more out of your career and more in your bank account? You may be technically proficient as an accountant, but the higher you climb your particular corporate ladder, the more you'll realise something significantly and subtly 'more' is required of those who succeed the most in life. That elusive something is tied to an 18th century observation by one of the most influential American founding fathers, Benjamin Franklin — "Time is Money."

If you learn to manage your time better than those around you, in all likelihood nothing will ever be able to stand in the way of your personal advancement. Either your superiors will recognise the rare catch that you are and pay more to keep you on their payroll or a competitor will soon hear through the professional grapevine that you are something rare — an effective, world-class professional — and make an attractive bid for your services. Either way, you win. That's why Accountants Today *brings you this regular feature on pragmatic time management.*

THE Single Skill...

Rajen Devadason

Sigh! Do you feel like the price of almost everything is spiralling upward? Whether it be our electricity bill, our daily toll charges or our ever-so-necessary tank of petrol ... the prices of so many necessities are snubbing gravity and heading skyward.

What's an accountant to do?

Short of tightening your belt further, the only alternative is to make more money. I'll leave the exact method to you, though I hope you'll keep it 'clean' and never take advantage of others to benefit yourself.

Assuming you agree with me, and are seeking ways to enhance your financial position while retaining your self-respect, I suggest you take a long, hard look at the life goals that matter most to you.

To earn more money in total, you have to start earning more ringgit per unit time.

Become a Napoleon of the workforce

There are only 24 hours in a day and you need your rest. This means the time you have in a week to generate money directly is limited to the usual 50 to 80 hours that the most successful hard working individuals pour into their careers.

By the way, if you're currently working fewer than 48 hours a week, you may take comfort in being part of the Malaysian majority, but you aren't likely to join the ranks of high achievers. To do so, you must work longer, harder and smarter.

Along the way, you must also evolve into a strict and jealous guard of time. Consider what Napoleon Bonaparte told one of his officers in March 1803, "You can ask me for anything you like, except time."

Is it any wonder then that Napoleon accomplished such awesome feats? A study of his life — and of the lives of other great men and women — makes it clear that the golden key, that single

skill — of success is deciding on what it is that's desired above else and then focusing on activities that represent concrete steps toward that overarching goal.

In my own bid for success, I've delved into the literature of setting goals and accomplishing them. Some of the best teaching on goal setting and time management I've come across is from Brian Tracy. If you haven't yet familiarised yourself with his material, check him out at *www.briantracy.com*. The most vital lesson I learnt from him is the tremendous payback from investing time to define my personal life goals and passions and then fashioning each day to bring me closer to them.

Here's an example: A large part of my day-to-day work as a Securities Commission-licensed financial planner involves educating my clients on the pros and cons of unit trust investing. But I'm also passionate about helping as many Malaysians as possible learn those same crucial lessons.

So, I decided to commit substantial time developing a free online resource in the form of a 4-day e-course entitled *Avoiding Major UT Pitfalls*, which you can check out for yourself at *www.freecoolarticles.com/MsianUTeCourseSignUpPage.htm*

Though I'm intensely busy with my regular work as a consultant, speaker and author, I chose to pile on more work — during hours that could have been spent with my family — to create something that will help me accomplish an important life goal: Leaving a legacy of teaching.

What goals fill you with so much excitement you can't wait to bounce out of bed to get started each morning? What projects fill you with such passion you don't watch the clock when you're working on them?

Most people go through life believing the only way they can make more money is by pestering their bosses with requests for raises. It is far more effective to work hard on yourself so your innate value to the marketplace skyrockets. Then, either you'll be offered better paying positions in your current place of employment or other employers or clients will come around for the much talked about 'talent' — YOU!

Taking the time to figure out what you want, writing down your goals on paper, thinking through the necessary steps to bring each dream into being ... all that isn't easy. But it is eminently worth it!

Besides, the alternative is scary. Shakespeare's King Richard (in *Richard II*) bemoans: "I wasted time and now doth time waste me."

To avoid that fate, focus on steps you can take in your life to attract more money into it. Once you get the hang of the process, then you can replicate it again and again to enhance each of the eight dimensions of your life:

1. Spiritual
2. Physical
3. Family
4. Social
5. Emotional
6. Career
7. Finance
8. Personal

Cut out this article or photocopy it. Read it again and again in the coming month; and each time you do so, add concrete steps to each of your core goals.

For instance, for me, a major concern in the physical realm is my genuine need to lose 20 pounds. I hope to do so throughout 2007. It's a mere wish now, but I'll turn it into a written goal the moment I finish writing this article. (Actually, I couldn't wait; I've just written it down!) What about you?

What do you care about enough to first turn into written goals and second bring into reality through the implementation of meticulously thought through steps?

Assuming you have an important financial goal, please read this carefully. The Certified Financial Planner Board of Standards (*www.cfp.net*) states:

"Financial planning is the process of **meeting your life goals** through the **proper management of your finances**."

I think the two most important phrases are:

1. 'meeting your life goals'; and
2. 'proper management of your finances'.

If you hope to succeed financially (or in any of the other vital dimensions of life), you must meet your life goals.

But what are they?

You begin the process of identifying them by setting a few moments aside for yourself each day. Find a quiet, cool place where you can close your eyes and daydream of an ideal world.

What does that future look like? Write down your thoughts, ideas and fantasies.

Then courageously ask yourself these questions:

What do I need to do, who do I need to become and what am I willing to give up to achieve my dreams?

Then decide which dreams are more important and which are less important to you. After prioritising them, use what I call the **WP-PT-PT** formula for turning dreams to goals: **W**rite down your goals in the **P**ersonal, **P**resent **T**ense and **P**ositive form. Then add a challenging but realistic **T**ime-based deadline to each goal.

A historic study carried out at Harvard University showed that of the 1979 graduating MBA class, 84 per cent had no goals, 13 per cent had goals but had not written them down and only three per cent had well-formulated written goals.

A decade later, in 1989, the three per cent with written goals were earning, on average, ten times more per person than the less focused 97 per cent. Other studies carried out at different universities, including Yale, have yielded similar results.

So, if you're 100 per cent serious about addressing the cash flow constraints you may be experiencing now, I urge you to identify your key lifetime goals, today!

Prioritise them. And then write and rewrite them regularly — preferably every day.

Your overarching time management goal should be to sculpt, adjust and hone your daily, weekly and monthly schedules so you only (ONLY!) work on tasks that move you closer to your goals.

This won't be easy. You'll need to delegate or even abandon other activities you habitually carry out, even some you enjoy doing, if they do not actively transport you closer to your goals.

Just one of the many eventual long-term paybacks will be substantially more money gushing into your life, probably over the next decade or two. The only remaining question is: Are you willing to pay the price? AT

Rajen Devadason, CFP, is a speaker, author and independent consultant. He's the author of the time management e-book *Unshackled — 7 Ways to Make TIME for MY Dreams*. Through his free time management eCourse, his corporate workshops and his *Personal Effectiveness Training* (PET) online consulting module, Rajen has helped professionals around the world enhance their personal value in the job market. His internationally read, free electronic magazine *GET BETTER* can be subscribed to at no cost at *www.RajenDevadason.com*. Rajen welcomes feedback at *rajen@RajenDevadason.com*.

MAXIMISING THE 6 Dimensions OF YOUR WEALTH

Yap Ming Hui

One afternoon while I was enjoying my regular coffee in one of my favourite cafés, I received a phone call from one of my best friends. She was crying over the phone and seemed to be emotionally out of control. Concerned about her condition, I rushed to her condo to find out more on what happened to her. When I reached there, she told me about the fight she had with her father.

What happened was that my friend's husband failed in his business. To start a new business, she asked her father for help. Her father is a multi-millionaire in his 70s. Her father lent her RM50,000 three years ago. On that day, her sister told her that her father was complaining to her sister that she had not been able to pay him back for a long time. She felt sad and hurt that her father had failed to understand her difficult situation. Her husband's new business had not been doing very well and she had a son going to college. She and her brothers and sisters just couldn't understand why her father was so calculative about the money. When they talked to the father, they discovered that the father actually kept a record of how much each of the six brothers and sisters owed him since they started working.

This is a classic example of maximising what you've got without the big picture of life. This is a typical example of seeing the trees without seeing the forest of wealth maximisation. I am truly sorry for my good friend, her family and her father.

When we talk about maximising our wealth, we are not just talking about maximising the financial dimension of our wealth. If you only focus on the financial dimension of your wealth, I am afraid that you are going to miss a lot of room and opportunities to maximise your wealth. To

really maximise your wealth, you need to look beyond the financial dimension. While the term "wealth" commonly refers to money, there are, in fact several other dimensions that we need to look at.

From what I gathered from the Family Office Exchange in Chicago, there are actually six dimensions of our wealth, namely financial, family, physical, mental, social and spiritual. They are all interconnected and in the end, they all develop in one package because they will tell what your life really means. When we talk about wealth maximisation, we look at how we can use our wealth to help us maximise the six dimensions of our wealth. By maximising your wealth in that context, you can truly maximise your wealth and maximise your life.

Let us look at the six dimensions of wealth one by one:

1. **Financial** — In this dimension, you utilise your wealth to support the financial needs of maintaining your life or lifestyle. You use your wealth to support your living standard and financial goals. We also talk about your ability to continue to invest and let your wealth grow.

2. **Family** — Here, we talk about using our wealth to help the members of our family stay connected and united. We also use our wealth to create caring, positive and productive relationships. I believe my best friend's father has excelled in the financial dimension of wealth but has totally failed in the family dimension of wealth. His children are doubtful of his love for them. He could have used his daughter's financial difficulties as an opportunity to enhance the family dimension of his wealth. He could have set a good example to his children that we should use our wealth to help and support family members. Instead of using wealth to help the family stay connected, he has shown that to him money is more important than family.

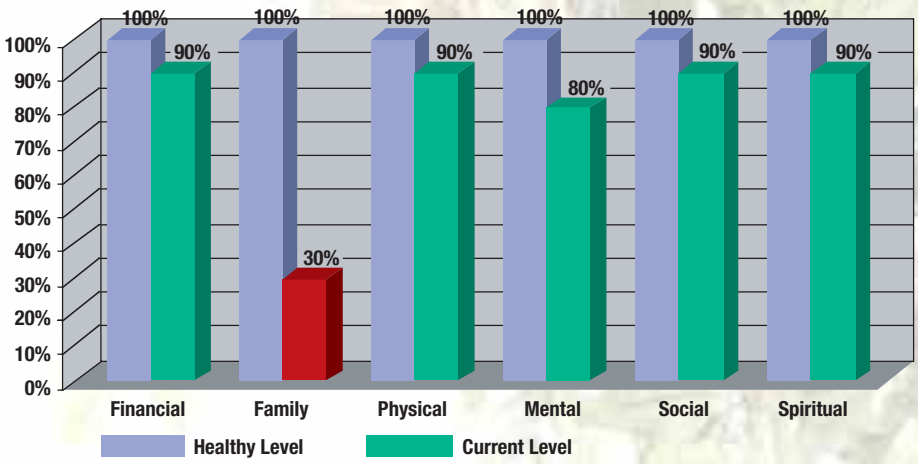
3. **Physical** — The physical dimension involves caring effectively for our physical fitness — eating the right kind of food, getting sufficient rest and recreation and exercising on a regular basis. Health is wealth. If we are able to manage our financial resources well, we are able to use the resources to buy us time to rest and do more exercise. However, some people pursue financial wealth at all costs, even at the expense of their health. What is the meaning of wealth if you have no health.

4. **Mental** — Continually honing and expanding our mind is vital to a meaningful life. When we increase our abilities to examine our programme of life against larger questions and purposes, we add depth to our life. Therefore, we should also measure our wealth maximisation success by how far we use our financial resources to increase our knowledge and wisdom. If we feel that the investment in new knowledge and insights are expensive, we are definitely missing out on a big dimension of wealth.

5. **Social** — The social dimension involves building and maintaining a healthy relationship with anyone with whom you need to interact. They could be your friends, colleagues, neighbours, relatives or any other living person. We can use our wealth to enhance our interdependent living. We can choose to interact authentically, creatively and cooperatively with other people. We can choose to help people in a meaningful way. This is another area where we can maximise our wealth.

6. **Spiritual** — The spiritual dimension examines your wisdom in using your wealth to achieve your higher purpose in life. In the spiritual dimension, you are challenged to use your wealth in the areas that will inspire and uplift you to the timeless truths. Here, you maximise your wealth by using it to reach out and help the community and humankind. If you have a lot of financial wealth and never tap into the spiritual wealth dimension, you are missing a big piece of life.

6 Dimensions of Wealth — My Friend's Father



"If you only focus on the financial dimension of your wealth, I am afraid that you are going to miss a lot of room and opportunities to maximise your wealth. To really maximise your wealth, you need to look beyond the financial dimension."

I would urge that we maximise our wealth in all the six dimensions of wealth instead of one, in the financial dimension only. When you are able to use your wealth to maximise all the six dimensions of wealth, you maximise your wealth in the truest sense. AT

Yap Ming Hui is the Chief Financial Coach and Managing Director of Whitman Independent Advisors Sdn Bhd. He can be contacted at *yapmh@whitmanindependent.com*

Banking on Innovation

Dr. Yew Kam Keong

A bank that fires five per cent of its customers, has no ATMS, no credit cards but has phenomenal growth and profits

An old classmate of mine who is now a successful financial services broker in Sydney, Australia, commented that the banking industry in Malaysia hasn't changed much for more than 20 years. He explained that it took him about 30 minutes to buy travellers' cheques then, because at least four people were involved in the process. The situation remains the same today.

This got me thinking. Was it because of the tight regulatory requirements imposed by Bank Negara or just plain inefficiency? Is there any room for innovation in the banking industry? I decided to do a search on Google. The results confirm that innovation is indeed possible and it is time that Malaysian banks explore it to enable them to compete in the global economy.

One bank, ING Direct USA, stands out by breaking most of the rules of traditional retail banking.

ING Direct, a subsidiary of Dutch financial services conglomerate ING Groep NV, was established in the US in September 2000. It has gone from nothing to three million customers, US$51 billion in assets and US$37 billion in deposits in just five years. It boasts of US$42 million in assets per employee, versus an industry average of about US$5 million.

Core Beliefs

The man responsible for this incredible performance is Arkadi Kuhlmann, Chairman, President and CEO. He defies conventional wisdom and breaks most of the prevailing rules of the banking industry. His core beliefs are:

- Create a culture in which employees will believe. It's not about the CEO and his leadership. It's about individuals and their leadership.

- It's important not to create a cult. Don't hire people from the same industry that we want to re-energise and transform.
- If people tell you that you can't do something, that's the usual motivation to get it done. For example, why have numbers on accounts when you can have names? Why have numbers if you can have colours?
- No fees, no minimum, no catches.

Some of the numerous innovations that he has introduced to ING Direct are:

Fire Your Customers

Some customers consider ING Direct as a customer-unfriendly bank for it will not hesitate to "fire" up to five per cent of its high-maintenance customers each month. These customers demand too much, like asking for statements via mail, contacting the call-centre too often or demanding a better deal because they have a large sum of money to deposit. If the person has a lot of demands, he is advised to take his banking to another bank, which will gladly charge him for the services demanded. It helps keep costs low and pass savings to the bank's no-frills banking customers, who earn the best interest rates for their savings. That's why 95 per cent of customers say they would recommend ING Direct to their friends and families. As a result, more than 40 per cent of new accounts come from referrals by current customers.

Forget About Relationships

Each product has to survive and thrive on its own merits, not because of relationships. Arkadi believes that "If you want a relationship, get a dog." You cannot count on a relationship to overprice in one area and get better pricing in another. Each product must be able to stand on its own.

Simplify Services

There are no branches and no ATMs. ING Direct does not offer what most banks consider to be standard services, such as account aggregation, cheque books, credit cards and online bill-payments. It refuses to conduct outbound sales campaigns, even to its own customers. Arkadi says that it is difficult to create a good value proposition and make money with a current account. It's the one area where the bank destroys goodwill from customers because even if you provide the service for free, consumers don't believe it. There will always be hidden charges like late charges and other fees. As for credit cards , Arkadi calls them "the opium of consumerism."

Financial Literacy Education

There are very few rules or restrictions and Arkadi admits that customers rip the bank off once in a while. But why have rules that make everybody else frustrated? The bank provides free financial literacy education. In fact, the bank launched in 2002 an educational website, Planet Orange (*orangekids.com*), to teach kids about money management basics. Recognised as a *USA TODAY* Education "Best Bet" and Forbes.com "Best of the Web," Planet Orange includes a Teachers Resource Centre, which features free, downloadable lesson plans and quizzes that teachers can easily incorporate into the classroom. Its award programme recognises teachers for their innovative and effective financial education teaching.

ING Direct Cafes

ING Direct uses the experiential approach in marketing its services through its ING Direct Cafes. Its tagline is: "Quench your thirst for saving. We believe that saving should be as simple as having a cup of coffee." The first cup is free.

It serves coffee in a pleasing environment, with a comfortable lounge where patrons can read the financial newspapers, watch the markets' movements on plasma screens, use the complimentary Internet access to check their portfolios — or simply chat with friends or people-watch. You can also buy orange clothing here.

Cafe Sales Associate will be accountable for generating new business and creating enthusiasm about ING Direct at the Cafe. It is so effective that within a year of opening, a single branch yielded businesses of more than US$200 million in new accounts and mortgages .

Everything about the cafe defies expectations — which is a big part of ING Direct's strategy, says Arkadi. "You have to shock people a little bit to get them to think differently about how they manage their money," he says. "The design of the cafés tells people that what they've come to expect from their bank isn't what we deliver. We're going to be simple and easy and human."

"You have to shock people a little bit to get them to think differently about how they manage their money. The design of the cafés tells people that what they've come to expect from their bank isn't what we deliver. We're going to be simple and easy and human."

Arkadi Kuhlmann, Chairman, President and CEO, ING Direct

Lessons for Malaysian Banks

The above story proves that even in a conservative and highly regulated industry where the banks need to actually please the regulators, banks can still be innovative and break conventional banking rules. Isn't it high time for Malaysian banks to consider doing their business differently? There are of course some minor innovations going on, but none of them really stands out. There are risks in trying anything new but the risks could be minimised by testing out new ideas in a single branch first. There is a saying that the biggest risk in business is not taking risk at all!

The critical factor for success is not just the ideas but how well you implement those ideas. This is where the strength of the banking industry lies. Once an idea is accepted for implementation, banks here generally have the discipline and thoroughness to pull it through. AT

The author, Yew Kam Keong (YKK), Ph.D, is an international speaker, trainer and best-selling author on creativity. He can be contacted at *DrYKK@mindbloom.net, www.mind bloom.net.*

Telekom Malaysia Wins Best Annual Report Award

Telekom Malaysia Chief Executive Officer, YBhg Dato' Abdul Wahid Omar, receiving the Overall Excellence Award (Platinum) from YB Datuk Shafie Apdal at the ceremony

Having demonstrated its commitment to distinctive corporate reporting, Telekom Malaysia Berhad for the first time in the history of the National Annual Corporate Report Awards (NACRA) walked away with the highest recognition by winning the Platinum award for Overall Excellence. It also won the Gold Award for the Best Designed Annual Report and Silver Award for Best Annual Report in Bahasa Malaysia.

Public Bank Berhad and Kumpulan Guthrie Berhad took home the Gold and Silver awards respectively for the Overall Excellence awards. Both organisations also clinched awards in other categories (see list on page 43).

YB Datuk Shafie Apdal delivering his speech during the dinner

Several other organisations also won accolades at the NACRA 2006 awards presentation dinner, which was held at the Sime Darby Convention Centre in Kuala Lumpur on 30 November 2006.

The five categories of NACRA awards are the overall excellence awards, industry excellence awards for companies listed on the main board, industry excellence awards for companies listed on the second board, presentation awards, environmental reporting awards and a special award for non-listed organisations. Participation is open to all companies incorporated or registered in Malaysia, both listed and unlisted, as well as the public sector and organisations established in Malaysia.

According to the NACRA 2006 Organising Chairman, Mohammad Faiz Azmi, NACRA gives honour and recognition to organisations which have achieved excellence in annual corporate reporting. He described the awards as a form of recognition of the efforts of the unsung heroes who comprise teams of faceless accountants, preparers, auditors and the public relations people, whose efforts are shown in the quality of reporting. "In some ways, the Annual Reports are also a report card of their efforts which should be recognised and rewarded," Mohammad Faiz said in his welcoming address at the event.

He added that NACRA participation gave companies a chance to benchmark against the best and see where they stood in the area of corporate reporting.

The Minister of Domestic Trade and Consumer Affairs, YB Datuk Haji Mohd Shafie Haji Apdal, in his speech conveyed the Government's aspiration to see that that all Malaysian companies, fund managers, analysts, investors and entrepreneurs keep the issue of corporate governance high on their respective agendas. He also urged the private sector to adhere to the highest standards of corporate reporting in order to help the government foster investors' confidence in the Malaysian business climate. "Confidence is also derived from having relevant, reliable, complete and timely information. This is vital for the efficient and effective functioning of markets and for sustaining levels of investment," he said. The knock-on effect of corporate malpractice and the lack of transparency are highly damaging, he added.

"Confidence is also derived from having relevant, reliable, complete and timely information. This is vital for the efficient and effective functioning of markets and for sustaining levels of investment …"

YB Datuk Haji Mohd Shafie Haji Apdal, Minister of Domestic Trade and Consumer Affairs

To enhance participation of organisations and ensure that NACRA stays relevant to the dynamic business environment, the range of awards at NACRA 2006 was expanded, said the Adjudication Committee Chairman, Ken Pushpanathan. The Overall Excellence Award, the Presentation Awards and the Environmental Reporting Award respectively were expanded to offer three awards; Platinum Award, a Gold Award, and a Silver Award for each category. He added that Certificates of Merit were presented to all finalists in recognition of the high quality of their annual reports and as an encouragement to each of them to achieve higher levels of excellence in corporate reporting in the coming year.

NACRA was established in 1990 to inculcate a culture of excellence in the presentation of financial and business reporting in Malaysia. Year 2006 marks NACRA's 17th year in existence. The awards ceremony was jointly organised by Bursa Malaysia Berhad, the Malaysian Institute of Accountants (MIA), Malaysian Institute of Management (MIM) and the Malaysian Institute of Certified Public Accountants (MICPA). AT

NACRA 2006 LIST OF AWARDS WINNERS

Overall Excellence Award

Most Outstanding Annual Report of The Year

Platinum : Telekom Malaysia Berhad
Gold : Public Bank Berhad
Silver : Kumpulan Guthrie Berhad

Industry Excellence Award — *Main Board*

Consumer Products
British American Tobacco (Malaysia) Berhad
Industrial Products & Technology
Shell Refining Company (Federation of Malaya) Bhd
Trading & Services
Telekom Malaysia Berhad
Finance
Public Bank Berhad
Construction & Infrastructure Project Companies
IJM Corporation Berhad
Properties, Hotels & Trusts
Island & Peninsular Berhad
Plantations & Mining
Kumpulan Guthrie Berhad

Industry Excellence Award — *Second Board*

Industrial Products & Technology
Tien Wah Press Holdings Berhad

Presentation Awards

Best Annual Report in Bahasa Malaysia

Platinum : Public Bank Berhad
Gold : Kumpulan Guthrie Berhad
Silver : Telekom Malaysia Berhad

Best Designed Annual Report

Platinum : Malaysia Airports Holdings Berhad
Gold : Telekom Malaysia Berhad
Silver : Tenaga Nasional Berhad

Environmental Reporting Award

Best Environmental Reporting Award

Platinum : Shell Refining Company (Federation of Malaya) Berhad
Gold : Golden Hope Plantations Berhad
Silver : Kumpulan Guthrie Berhad

Special Award for Non-Listed Organisations

Best Annual Report of Non-Listed Organisations
Cagamas Berhad

LIST OF CERTIFICATE OF MERIT RECIPIENTS

Affin Merchant Bank Berhad
AMMB Holdings Berhad
Astro All Asia Networks plc
Fraser & Neave Holdings Berhad
Heitech Padu Berhad
IOI Properties Berhad
LPI Capital Berhad
Malayan Banking Berhad
Maxis Communications Berhad
Petronas Gas Berhad
Puncak Niaga Holdings Berhad
Sime UEP Properties Berhad
Sunrise Berhad AT

"NACRA gives honour and recognition to deserving organisations which have achieved excellence in annual corporate reporting. The awards are a form of recognition of the efforts of the unsung heroes who comprise teams of faceless accountants, preparers, auditors and the public relations people, whose efforts are shown in the quality of reporting."

Mohammad Faiz Azmi, NACRA 2006 Organising Chairman

Proud winners of the various awards at NACRA 2006

Philips Lumileds Lighting wins Excellence Award in Management Accounting

Philips Lumileds Lighting Company Sdn Bhd emerged as the Excellence Award winner of the National Award for Management Accounting (NAfMA) 2006, beating nine other finalists. YB Dato' Dr. Ng Yen Yen, Deputy Minister of Finance 1, presented the NAfMA awards at a grand dinner in Kuala Lumpur on 7 December 2006.

Also during the ceremony, five other companies received Best Practice and Practice Solution Awards — in the three categories of public-listed companies, non-listed companies and non-listed SMEs with an annual turnover of not more than RM25 million. Shell Refining Company (Federation of Malaya) Berhad won the Best Practice Award in the public-listed category while PHN Industry Sdn Bhd won in the non-listed category. Keu Control Engineering Sdn Bhd won the Best Practice Award in the SME category. The Practice Solution Award was won by Pharmaniaga Berhad in the public-listed category while Dell Asia Pacific Sdn won in the non-listed category.

The NAfMA awards recognise best practices in management accounting by companies in Malaysia that lead to value creation and excellent business performance. The NAfMA awards also aim to promote the application of management accounting techniques and systems within organisations in Malaysia.

The NAfMA winners were assessed on eight criteria — leadership, management accounting information, resource management, customer/market focus, partnership management, value creation, business results and corporate social responsibility. These eight criteria are based on the management accounting concepts of the International Federation of Accountants (IFAC).

The awarding bodies for NAfMA are the Malaysian Institute of Accountants (MIA) and CIMA (the Chartered Institute of Management Accountants) Malaysia Division. The working partners are CIMA-UiTM Asian Management Accounting Research Centre (AMARC) and National Productivity Corporation (NPC).

NAfMA 2006 is supported by the Accountant-General's Department of Malaysia, Bursa Malaysia, Federation of Malaysian Manufacturers, British Malaysian Chamber of Commerce, the Malaysian International Chamber of Commerce and Industry and SMI Association of Malaysia. Public Bank Berhad is the main sponsor for NAfMA while *Malaysian Business* is the Official Business Magazine. AT

YB Dato' Dr. Ng Yen Yen, Deputy Minister of Finance 1, launching the NAfMA 2006 awards

Ravee Vasu (third from right), the Finance Director and Site Financial Controller of Philips Lumileds Lighting Company Sdn Bhd, receiving the Excellence Award from YB Dato' Dr Ng Yen Yen (second from left), Deputy Minister of Finance 1

Yeo Tek Ling, MIA President Abdul Rahim Abdul Hamid, Chandra Mohan, YB Dato' Dr. Ng Yen Yen and Michael Eow with the winners of the various NAfMA 2006 awards

Yeo Tek Ling, MIA President Abdul Rahim Abdul Hamid, Chandra Mohan, YB Dato' Dr. Ng Yen Yen and Michael Eow with the finalists at the NAfMA 2006 awards

National Award for Management Accounting (NAfMA) 2006

Excellence Award

Philips Lumileds Lighting Company Sdn Bhd

Best Practice Award

Category: Public-listed companies

Shell Refining Company (Federation of Malaya) Berhad

Category: Non-listed companies

PHN Industry Sdn Bhd

Category: Non-listed SMEs

Keu Control Engineering Sdn Bhd

Practice Solution Award

Category: Public-listed companies

Pharmaniaga Berhad

Category: Non-listed companies

Dell Asia Pacific Sdn

MAREF – IIM Commissioned Research Project Closure

The project closure of the joint Research and Development Project under the Malaysian Accountancy Research and Education Foundation (MAREF) and the Integrity Institute of Malaysia (IIM) Commissioned Research took place at the IIM premises in Menara Integriti on 28 November 2006. The half day event marked the end of the six (6) month research on Corporate Integrity Framework.

The seven (7) research teams presented briefly the significant findings of their research. The research findings will be presented to the public at the MAREF Convention – 2007. The seven (7) research topics are:

1. Governance, Ethics and Corporate Social Responsibility of PLCs in Malaysia
2. Adaptation of CSR Private Sector Guidelines: A Pilot Study in Local Government Practices
3. The Integrity and Processes Adopted by PLCs in Reporting their Quarterly Results
4. Accountability in Local Authority's Financial Reporting
5. Impact of Non Audit Services of Auditor Independence : An Empirical Analysis
6. An Investigation of Auditor and Client Tenure in Malaysian PLCs
7. Fraud Profiling in Malaysia.

The research reports are available on request after the convention.

At the project closure ceremony, MAREFs' Chairman YBhg Datuk Abdul Samad Bin Haji Alias (Dr.) presented certificates to all research teams for their contribution and efforts toward promoting accounting related research in Malaysia. The project director of the MAREF – IIM Commissioned Research, Associate Prof. Dr. Nafsiah Mohamed, believes the findings from the research are of great value and significance and should be shared with others. It is important to continue to spearhead research activities relating to accounting and the accounting profession, she said. AT

YBhg Datuk Abdul Samad delivering his speech

Prof. Dr. Nafsiah Mohamed, believes the findings from the research are of great value and significance and should be shared with others. It is important to continue to spearhead research activities relating to accounting and the accounting profession

Announcing the MAREF – MIA Outstanding Research Paper Award (MORPA) Competition

The Malaysian Accountancy Research and Education Foundation (MAREF)–Malaysian Institute of Accountants (MIA) Outstanding Research Paper Award (MORPA) was introduced in 2005 to explore cutting-edge ideas and recognise outstanding research papers in various accounting related areas. The objective of the Award is to inculcate research culture amongst Malaysians and highlight exemplary research findings for the betterment of the accountancy profession. The competition is once again open for participation.

The top three (3) winning research papers will be published in The Malaysian Accounting Review Journal. We particularly encourage work on topics of emerging interest relating to the Malaysian environment. The research findings must have either been published and/or presented at any conferences and must be in English. Research papers will be reviewed by a Committee which comprises academicians and practitioners. Application form and terms & conditions can be downloaded at *http://www.maref.org.my/morpa2006* . The competition runs from 15 December 2006 until 31 January 2007. AT

Electronic submissions and hard copies are accepted. Entries should be submitted via email to: *maref@streamyx.com* or sent to:

MORPA Secretariat
c/o Malaysian Accountancy Research
and Education Foundation
No.16 – 18, Jalan Tun Sambanthan 3
Brickfields, 50470 Kuala Lumpur.
Tel: 03-2274 9911

PRIZES FOR THE WINNERS:

1st Prize	**: RM 3,000**
2nd Prize	**: RM 2,000**
3rd Prize	**: RM 1,000**
4th-5th Prizes	**: RM 500**
6th-10th Prizes	**: RM 300**

Dr. Kong addresses the participants

In this insightful and entertaining talk, participants had the opportunity to discover what is missing and what is truly important in their lives. They learnt how to build and manage wealth, let go of the fear and guilt that may be standing in their way and bring to life their personal relationships.

Zest for Life

"Zest For Life" is about you living life in fun, creativity and joy while balancing all your value systems with your daily challenges. Many of us work hard to provide a greater quality of life for ourselves and our families, yet the price we pay physically, mentally, emotionally and spiritually often makes us feel at a loss.

A complimentary and interesting half-day talk on *Zest For Life* was organised recently for MIA members. The speaker, Dr. Kong Voon Sin, created this programme and also wrote a book of the same name to help people to live better lives.

In this insightful and entertaining talk, participants had the opportunity to discover what is missing and what is truly important in their lives. They learnt how to build and manage wealth, let go of the fear and guilt that may be standing in their way and bring to life their personal relationships.

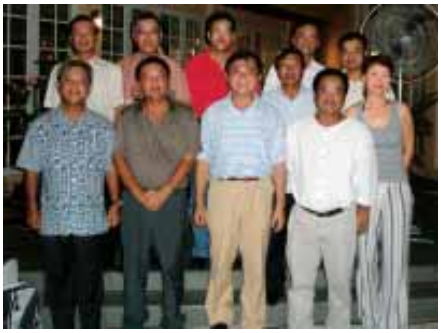
Many members have benefited from this talk. Some of their comments included the following:

"Very motivated. Though the talk was only two hours, it was very comprehensive and definitely provided good tips and guides for developing a more successful life."

"Enriching. I felt that there are opportunities to turn my life around and make it fulfilling and purposeful. I am touched that there are people who care about general well-being and teach us how to be happy again, which is our birthright." AT

SARAWAK BRANCH

Sarawak Branch Members Take Part in 2nd Golf Gathering



The winners with Datuk Philip Ting (front row centre)

As promised by the Sarawak Branch Golf Gathering organisers, the Special Datuk Philip Ting Round 2 teed off in November 2006. The winner was Kedong Luhat (handicap 12), net 71 and runner-up was Jack Karin (handicap 22), net 73 (OCB).

MIA member golfers and their supporters were later invited to the scenic residence of Datuk Ting, which overlooks the very green that they played on earlier and were treated to a wide spread of barbequed meat including lamb, chicken, fish, squid and prawns. Each golfer went home with a prize, courtesy of Datuk Ting.

David Tiang, Branch Chairman, thanked YB Datuk and Datin Ting for their hospitality after the prize presentation. The current winner will organise the next round of golf. Interested MIA golfers are reminded to contact either Kedong Luhat or the Branch Secretariat for further details on Round 3. AT

Miri Accountants' Donation Benefit 162 Children

Accountants and students present at the PIBAKIS

Accountants in Miri contribute to community services yearly by donating to the less fortunate. This year, working with the Curtin University of Technology, the accountants donated RM5000 while the university's CPA Student Charter donated RM500 raised from their carnival activities to Persatuan Ibu Bapa Kanak-kanak Istimewa (PIBAKIS) Miri, which runs a centre for 162 children with special needs.

The presentation was made in conjunction with the centre's open day, which was officiated by YB Lee Kim Shin, Assistant Minister of Infrastructure, Development and Communications.

The accountants were represented by YB Andy Chia, Matthew Wong, Alex Wong, Yong Nyet Yun, Tan Siew Bee and Pauline Ho while the university was represented by seven final year accountancy students. AT

Extraordinary leader of Malaysian accountancy profession wins global award

Gillian Ball, ACCA Deputy President, presenting the ACCA Achievement Award for Asia for 2006 to Datuk Abdul Samad bin Haji Alias (Dr.)

A leading Malaysian accountant who has "demonstrated extraordinary leadership" through a lifetime of achievement has received global recognition for making an outstanding contribution to the accountancy and finance profession in the region.

Datuk Abdul Samad Haji Alias (Dr.), Immediate Past President of the Malaysian Institute of Accountants (MIA), has won the ACCA Achievement Award for Asia for 2006. He was presented with the award by ACCA Deputy President Gillian Ball before a VIP audience at a dinner at the World Congress of Accountants in Istanbul recently.

Datuk Abdul Samad was nominated by colleagues in Malaysia for his role in developing the accountancy profession locally and globally and for demonstrating extraordinary leadership through a lifetime of achievement.

They said he was a 'vanguard' for the profession, and the 'lynchpin' behind some of the MIA's most progressive moves, effectively reshaping the landscape of accountancy in Malaysia. He served as president for five years (2000-2005) and was instrumental in helping Malaysian accountants gain greater recognition at home and overseas. During his tenure, the MIA worked intensely on World Trade Organisation liberalisation schemes, supported the reduction of barriers to markets and strove to reduce discrimination between foreign and domestic service providers.

Datuk Abdul Samad supported regional and global cooperation among accountants and a highlight of his presidency was a memorandum of understanding (MoU), signed with the Indonesian Institute of Accountants, to create a standard accounting practice in the two countries through training, education, seminars and joint research programmes — a move aimed at improving the competitiveness of both countries' accountants.

He put immense weight on the importance of professional qualifications. During his presidency, he called for the government to make it compulsory for professional accounting qualifications to be obtained before admission to a professional body. He helped to initiate the MIA's own qualifying examination to enable graduates to gain the necessary qualifications to be recognised as chartered accountants.

In the wake of Enron, he urged the MIA to move aggressively to install checks and balances, risk management and corporate governance best practices and to internalise integrity and codes of ethics in the profession. From 1 January 2003, all auditing firms registered with MIA became subject to independent reviews of their standards and auditing practices. He also addressed productivity and efficiency issues, instigating the MIA's enterprise resource planning system, rolled out in 2004. This total information management system provided an effective communications network for registration, supervision, membership and continuing professional education (CPE) courses, resulting in savings for the organisation.

Datuk Abdul Samad still contributes his knowledge and expertise to the profession, sitting on a number of committees and participating in various dialogues and meetings with relevant government ministries and regulatory agencies.

Today, he is Non-Executive Chairman of Ernst & Young Malaysia, Chairman of Malaysia Venture Capital Management Berhad and the Malaysia Debt Venture Berhad, a member of the Malaysian Institute of Certified Public Accountants (MICPA) and a fellow of the Institute of Chartered Accountants in Australia (ICAA).

He was conferred an Honorary Doctor of Philosophy (Accounting) degree by Universiti Utara Malaysia in 2001. He became the first Malaysian elected as a board member of the International Federation of Accountants (IFAC) in November 2004.

Datuk Abdul Samad is much respected in business and government and his own staff have commented on his belief in 'giving back to the community that has given him so much.'

ACCA Deputy President Gillian Ball said: "Datuk Abdul Samad Haji Alias is hugely deserving of this award. His contribution to the profession in Malaysia and the wider region has been immense and his influence can be seen in the reputation and standing of the accounting profession in the country today."

Datuk Abdul Samad will have the opportunity to see his achievement further impact on the lives of others by selecting an education development programme to benefit from the ACCA Achievement Awards 2006 prize fund, which has been donated by BPP Professional Education. AT

"Datuk Abdul Samad Haji Alias is hugely deserving of this award. His contribution to the profession in Malaysia and the wider region has been immense and his influence can be seen in the reputation and standing of the accounting profession in the country today."

Gillian Ball, ACCA Deputy President

Chartered Institute of Management Accountants ▼

New CIMA members celebrate their achievement

A total of 47 new CIMA members received their scrolls from Michael Eow, President of CIMA Malaysia, at the Prince Hotel and Residence on 11 November 2006. These associate and fellow members gained their memberships during the October 2005 to October 2006 period.

In his welcome speech, Eow said, "We are proud to acknowledge the value placed on the qualification by global employers. Our members and students are expanding into new sectors and are pioneers in delivering strategic value and innovation. This pattern is repeated all over the world, where our membership is now heavily represented in banking, commerce, finance and financial services, IT and telecoms, as well as the public sector."

He added, "Our continued growth can best be ascribed to the unique relevance of the CIMA qualification to businesses. Ours is not a qualification that focuses on what happens in the past in an organisation. Rather, the CIMA Professional Qualification focuses on what will happen in the future. Our members drive businesses and are crucial in shaping the success of capital markets worldwide. Our practical training undoubtedly ensures that members can put theory into practice."

CIMA graduates

The Membership Graduation and Certificate Presentation Ceremony is an annual event held to celebrate the success of CIMA associates and fellows. AT

CIMA International Speaker Series presents ROBIN SHARMA for the first time in Malaysia

Seminar on *"The Success Practices of the Best Performers: Leadership Lessons to Get You to World-Class"*

In conjunction with CIMA's 88th anniversary and 30 years in Malaysia, CIMA Malaysia invites you to join us at Robin Sharma's seminar on 30 January 2007 at Hotel Nikko, Kuala Lumpur.

Your day with Robin Sharma will be a day to remember in years to come. Far more than a motivational programme, this seminar is filled with real-world best practices and breakthrough ideas that Robin has shared with organisations across the world, including BP, Microsoft, IBM, FedEx, KPMG, Nike, Panasonic and NASA. You will learn exactly how the best in business create the extraordinary results that they create and what world-class organisations do to lead the field. You will find this programme practical, insightful, inspirational and in a word, unforgettable.

Robin Sharma is a world-renowned authority on organisational and personal leadership. He is the widely acclaimed author of seven #1 international bestsellers, including the million-copy blockbuster *The Monk who Sold his Ferrari: The Saint, the Surfer and the CEO* and *The Greatness Guide*.

Robin Sharma is in constant demand as a keynote speaker, seminar leader and executive coach for organisations committed to true leadership in these times of high-velocity change. His bestseller *Who Will Cry When You Die* was listed as one of the "10 Best Leadership Books" by *The Globe and Mail* and Leadership Wisdom from *The Monk Who Sold His Ferrari* has been used as a handbook for professional excellence and success by numerous Fortune 500 CEOs, major league sports superstars, leadership entrepreneurs and Hollywood celebrities

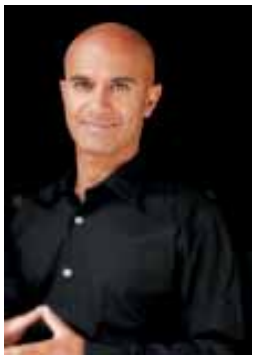
Robin has shared the stage with such distinguished personalities as former US President Bill Clinton, Jack Welch, Ken Blanchard and Stephen Covey. A well known media personality who has appeared in *TIME Magazine, The New York Times, USA Today, SUCCESS* and other international publications, Robin has also appeared on over 1000 radio and television programmes ranging from NBC, CNN to CNBC.

Register now, as seats are limited. The fee is RM1,995 for non-CIMA members. A special anniversary rate applies for CIMA members. Call us now for more details:

Ms S.Saraswathy
Tel: 03-7723 0337/230
e-mail: *s.saraswathy@cimaglobal.com*

Ms Eileen Low
Tel: 03-7723 0338/232
e-mail: *low.siuping@cimaglobal.com*

Visit *www.cimaglobal.com* to download a registration form. AT



Robin Sharma

This seminar is filled with real-world best practices and breakthrough ideas that Robin has shared with organisations across the world, including BP, Microsoft, IBM, FedEx, KPMG, Nike, Panasonic and NASA.

CPA Australia ▼

Young Professionals Speed Network in Malaysia

Members in Malaysia met and socialised with friends at a speed networking evening organised by the Young Professionals Network (YPN) on 23 November 2006.

Sixty people participated. Many of them worked in the same organisation but were yet to meet each other.

The concept for the evening was simple and effective; each participant spent two minutes introducing himself or herself to the person on a neighbouring seat, then moved on to the next seat, and so on until everyone in the room had met each other. A card containing conversation starters was a helpful aid for many first timers. Some chose to read questions directly from the card.

The event allowed like-minded professionals to meet each other in an efficient and relaxed manner. To add to the excitement of the evening, there were also a number of spot prizes.

Participants feedback from the evening was very positive. Carmen Hooi said she had such a good time that she would continue her membership despite no longer working in the industry. Francis Foo enjoyed the evening so much that he plans to attend every speed networking session in the future.

According to CPA Australia's senior membership executive Anne Francis, the benefit to the organisation was priceless. "We get to meet our members in a less formal atmosphere and get their valuable feedback as people tend to be more open in a relaxed setting."Similar sessions are planned for the coming months. AT

Making new friends

CPA Australia Show They Care

The caring side of Malaysian members shone bright at the recent Nationwide Community Service Day on 25 November 2006, where members from various states spent a day bringing cheer to the less fortunate and created awareness on environmental conservation.

In Kuching, Sarawak, members from in and around the state capital spent the day bringing cheer to residents of Cheshire Home, many of whom were severely handicapped. It was a humbling experience for members and some helped to feed the residents who were unable to properly coordinate their hands. After a fun-filled afternoon of games, members enjoyed a potluck of fried chicken, noodles, sandwiches and sweet cakes. The day ended with a presentation of gifts to all residents and cash donations from members.

Down south in Johor, members spent the day with 100 children from the Handicapped and Mentally Disabled Children's Association Home. Members took time to chat, play and eat with the children, who were taken care of by volunteers and staff of the home. The day ended with a presentation of donations from CPA Australia members.

Kota Kinabalu members visited the Wallace Sheltered Workshop for the Blind, where members saw first hand how the blind community lived and did their rattan weaving. Games were organised for the residents' children and the home superintendent was presented with a donation from members.

In Kuala Lumpur, members and staff of CPA Australia joined 60 children from a sheltered home for a special screening of Happy Feet. Peals of laughter reverberated through the cinema as the children munched on popcorn. Later, they were treated to a McDonald's lunch and were each presented with goodie bags brimming with toys, sweets, chocolates and stationery.

Meanwhile, Perak members decided to focus on environmental conservation with a recycling project. Books, usable clothing, aluminium, old batteries and electrical appliances were collected from members for donation to the Buddhist Tzu-Chi Merits Society. Each member was rewarded with a CPA Australia non-woven bag to encourage less dependence on plastic bags.

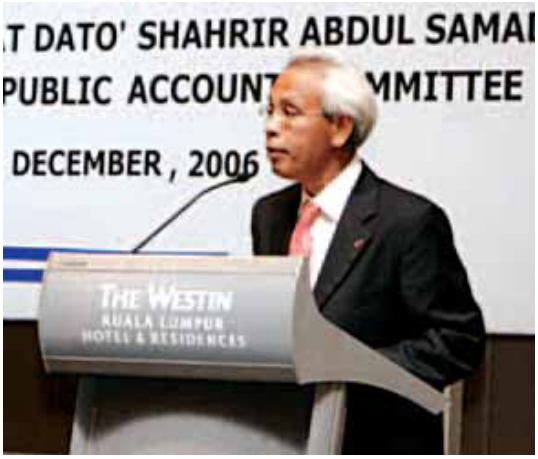
Close to 100 members and staff of CPA Australia took part in the project, which was launched in 2004 and has since become an annual event. AT

Members doing their bit for environmental conservation

Books, usable clothing, aluminium, old batteries and electrical appliances were collected from members for donation to the Buddhist Tzu-Chi Merits Society.

MICPA's 48th Anniversary Commemorative Lecture cum Luncheon

In keeping with tradition, the Institute held its 48th Anniversary Commemorative Lecture cum Luncheon on 5 December 2006 at the Westin, Kuala Lumpur. This was an auspicious event for MICPA and marked another milestone in its history.



YB Dato' Shahrir Abdul Samad delivering the lecture

Among the distinguished guests at the function were YBhg Dato' Zainal Abidin Putih, Chairman of the Malaysian Accounting Standards Board, YBhg Datuk Ali Kadir, former Chairman of the Securities Commission and now Chief Executive Officer and Head of Asia, Dubai Investment Group, YBhg Datuk Abu Hassan Kendut, Chairman of UEM and several past presidents of the Institute. Also present were the presidents of other professional bodies and deans of universities.

This year's Commemorative Lecture was delivered by a very well known personality, YB Dato' Shahrir Abdul Samad, Chairman of the Public Accounts Committee. He spoke on *Public Accountability — the Hallmark of Effective Governance Leading to Economic Success and Prosperity*, providing insights into approaches to public accountability and the importance of transparency and accountability in building economic success and prosperity.

In his welcome address, the President of the Institute, YBhg Dato' Abdul Halim Mohyiddin, stressed that accountability and transparency are two vital ingredients of good governance. He said they offered the best protection against corruption and abuse of authority. He also emphasised the importance of high quality financial reporting in both the public and the private sectors, saying it was crucial to building investor confidence and therefore business success. He added that if the government genuinely believed that transparency in financial reporting is vital to serving the public interest as demonstrated by the fact that much of the reforms to improve the quality of financial reporting in the private sector was driven by the government, then the government must lead by example.

In his speech, YB Dato' Shahrir emphasised that good governance practices in the public sector that encompass accountability, integrity and transparency would not only assist in business growth, but should also be encouraged to a competitive private sector in a global world. He agreed that governance should start at the very top since governance is leadership. The government's National Integrity Plan (NIP) launched in 2004 provides the roadmap for inculcating good governance in all public institutions. Implementing the NIP will enhance our country's institutions, as strong institutions are crucial for our country's competitiveness in a global market.

Dato' Shahrir commented that Parliament was about to implement the last outstanding item in the NIP agenda — a Code of Ethics for elected representatives. It is hoped that it will inculcate the expected morally right conduct and behaviour from elected representatives. He said that such requisites of good governance like accountability, integrity and transparency are components of ethical behaviour. AT

AGONG'S ADVERT

IAASB Issues Exposure Drafts to Enhance the Clarity of Standards on Materiality, Misstatements and Communications with Those Charged with Governance

As part of its comprehensive programme to enhance the clarity of international standards, the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board under the auspices of the International Federation of Accountants (IFAC), has issued three exposure drafts of proposed International Standards on Auditing (ISAs) that follow its new clarity drafting conventions. These exposure drafts form part of the IAASB's ambitious 18-month programme to redraft existing standards and to develop new and revised standards following the new drafting conventions.

The IAASB developed the new drafting conventions after extensive consultation with interested parties, including its Consultative Advisory Group and national auditing standards setters, on how to enhance the clarity of its pronouncements. Key elements of the new drafting conventions include: basing the standards on objectives, as opposed to procedural considerations; using the word "shall" to identify requirements that the professional accountant is expected to follow in the vast majority of engagements; eliminating the present tense to describe actions by the professional accountant; and structural improvements to enhance the overall readability and understandability of the standards.

The following three proposed standards have been redrafted following the new drafting conventions:

- ISA 320 (Revised and Redrafted), *Materiality in Planning and Performing an Audit*;
- ISA 450 (Redrafted), *Evaluation of Misstatements Identified during the Audit*; and
- ISA 260 (Revised and Redrafted), *Communication with Those Charged with Governance*.

"The concept of materiality, the evaluation of misstatements identified during the audit, and high quality and relevant discussions between those charged with governance and the auditor are fundamental to an audit," explains IAASB Chairman John Kellas. "We believe that the proposed redrafted standards contain clear requirements and easy to understand application guidance in these very important areas." AT

Respondents are asked to comment on the application of the new drafting conventions only. Comments on all three exposure drafts are requested by 15 February 2007. The exposure drafts may be viewed by going to *www.ifac.org/EDs*. Comments may be submitted by email to *EDComments@ifac.org*. They can also be faxed to the attention of the Executive Director, Professional Standards at +1 (212) 286-9570 or mailed to IFAC, 545 Fifth Avenue, 14th Floor, New York, NY 10017, USA. All comments will be considered a matter of public record and will ultimately be posted on IFAC's website.

IFAC Requests Proposals for Research on Approaches to Measurement of Continuing Education for Accountants

The International Accounting Education Standards Board (IAESB), an independent standard-setting board within the International Federation of Accountants (IFAC), is seeking proposals for research into approaches adopted by a range of professions to the measurement of Continuing Professional Development (CPD). It is anticipated that this will lead to the publication of an International Education Paper (IEP) on this subject in 2008.

The full *Request for Proposal: Approaches to CPD Measurement* is available on the IAESB's home page at *www.ifac.org/Education/downloads/Approaches_to_CPD_Measurement_Request_for_Proposal.pdf*. The deadline for submission is 12:00 pm (EST), 12 January 2007.

International Education Standard (IES) 7, *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence*, came into effect on 1 January 2006. It prescribes the obligations that IFAC member bodies have with respect to CPD for all professional accountants. Research on how CPD learning activities can be measured effectively will enable the IAESB to develop additional guidance that will be of use to IFAC member bodies. It is anticipated that a new IEP on this topic will also be of interest to a wide range of external stakeholders involved in CPD, including the academic community, accounting educators, policy makers, researchers, regulators and professional accountants themselves.

"All professional accountants have a responsibility to maintain and develop their competence through participating in CPD throughout their working lives," states Henry Saville, IAESB Chair. "IFAC's member bodies help their members to do this and the IAESB, in turn, wishes to help member bodies establish effective CPD systems for their members. This research project will identify global best practices in CPD which can be shared with the profession." AT

IFAC's International Public Sector Accounting Standards Board Issues Exposure Draft on Disclosure of External Assistance

The International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC) has issued an exposure draft (ED) designed to strengthen the disclosure of financial information about external assistance, such as emergency assistance and development aid received by governments and government agencies in developing and other countries.

ED 32, *Financial Reporting under the Cash Basis of Accounting — Disclosure Requirements for Recipients of External Assistance*, proposes that the financial statements of recipients of external assistance disclose the total amount of external assistance received, used and available dur-

ing the reporting period. These disclosures will increase the transparency of the financial statements of recipients and contribute to greater accountability by the recipients of such assistance. ED 32 also encourages a range of additional disclosures which will further enhance the usefulness of the financial statements in the assessment of the financial position of recipients and of their use of external assistance.

"ED 32 reflects an approach that enhances the accountability of financial statements, does not impose an inappropriate burden on reporting entities and can be justified on a cost-benefit basis across a wide range of jurisdictions. While establishing basic accountability requirements, it is also responsive to the ability of individual recipients to comply with the proposed requirements," emphasises IPSASB Chair Philippe Adhemar.

ED 32 was developed following consideration of responses that the IPSASB received to a previous exposure draft, ED 24, a document with the same title which was issued in February 2005. ED 32 proposes amendments to address constituents' concerns regarding the previous exposure draft.

"Respondents to the previous exposure draft, ED 24, expressed concern that many recipients of external assistance would find compliance with the proposed requirements onerous. ED 32 responds to those concerns by establishing an appropriate balance between required components and those which are encouraged. It has been developed after extensive consultation with our Consultative Group and other constituents," explains Mr. Adhémar.

Before a final International Public Sector Accounting Standard is approved, ED 32 will be field tested. The IPSASB has secured the support of key regional and international organisations for this testing. AT

Comments on the ED are requested by 31 March 2007. The ED may be viewed by going to *www.ifac.org/EDs*. Comments may be submitted by e-mail to *publicsectorpubs@ifac.org*. They can also be faxed to the attention of the IPSASB Technical Director at +1 (212) 286-9570 or mailed to IFAC, 545 Fifth Avenue, 14th Floor, New York, NY 10017, USA. All comments will be considered a matter of public record and will ultimately be posted on IFAC's website.

IAESB Requests Comments on Proposed Strategic Plan

The International Accounting Education Standards Board (IAESB), an independent standard-setting board of the International Federation of Accountants (IFAC), is seeking comments from IFAC member bodies, regulators, accounting firms, employers, the academic community and others on an exposure draft of its *Strategic and Operational Plan* for the period 2007-2009. Organisations and individuals with an interest in accounting education are invited to comment on the IAESB's proposals for its strategic direction, proposed projects and activities for the next three years.

"Accounting education provides the foundation of professional knowledge, professional skills and the professional values, ethics and attitudes needed for accountants to serve the public interest," states Henry Saville, IAESB Chair. "The IAESB Strategic and Operational Plan outlines its role in helping all those involved in accountancy education with developing high quality accounting education programmes."

The IAESB's proposed strategy focuses on projects and activities aimed at promoting the measurable implementation of International Education Standards (IESs), with the objective of advancing accounting education worldwide. This will assist IFAC's member bodies in enhancing the level of competence and in promoting a strong ethical culture within the accountancy profession.

The IAESB proposes to undertake three high priority activities, beginning in 2007. These are:

- Conducting a fundamental review of the

Framework for International Education Statements, considering developments in accounting education and the accountancy profession as a whole since this was first written;

- Developing a benchmarking methodology to help IFAC members and others achieve the measurable implementation of IESs; and
- Reviewing existing IESs to determine areas where the clarity of standards could be improved and/or additional guidance most usefully developed.

The direction of further activities during the period of 2007-2009 will be conditional on the outputs from these three high priority projects, although the IAESB's proposed work programme for 2007-2009 contains a number of potential projects for consideration. AT

Comments on the exposure draft are requested by 28 February 2007. The exposure draft may be viewed by going to *www.ifac.org/EDs*. Comments may be submitted by e-mail to *edcomments@ifac.org*. They can also be faxed to the attention of the IAESB Technical Manager at +1 (212) 286-9570 or mailed to IFAC, 545 Fifth Avenue, 14th Floor, New York, NY 10017, USA. All comments will be considered a matter of public record and will ultimately be posted on IFAC's website.

New IFAC Paper Explores the Suitability of SME Accounting Standard to Micro-Entities

The International Federation of Accountants (IFAC) has released a new information paper that explores the needs of users and preparers of the financial reports of micro-entities. Entitled *Micro-Entity Financial Reporting: Perspectives of Preparers and Users*, the paper comprises a review of the existing research on the topic, a survey of the legal status of micro-entities in different countries and the various definitions that exist in different jurisdictions.

The research was prompted by a concern that the International Accounting Standards Board's (IASB) proposed accounting standard for SMEs, International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs), may not be suited to micro-entities, which for the purpose of this study are defined as those with less than ten employees. The IASB's proposed IFRS for SMEs is expected to be released as an exposure draft in late December 2006 or January 2007.

Key challenges and findings with respect to micro-entities include the following:

- The cost/burden implications of new regulation on the smallest entities;
- The issue of enforcing such regulations;
- The increasing demands of users of micro-entity reports; and
- Issues of literacy and training in some developing countries.

The research contained in the paper was undertaken by Dr. Suki Sian of the Cardiff Business School, Wales and Professor Clare Roberts of the University of Aberdeen, Scotland. In their findings, the researchers state, "Very little research has been previously conducted looking specifically at micro-entities as these tend to be subsumed in the term SME. Furthermore much of the published literature is restricted to studies conducted in developed countries and does not reflect the very different environment in which micro-entities operate in developing, emerging or transition economies." They conclude that "This gap in the literature indicates that this is an area that is ripe for further in-depth examination and research."

IFAC is considering undertaking further research in this area, in particular, to investigate whether the proposed IFRS for SMEs is likely to meet the needs of users of financial reports of micro-entities. IFAC is also encouraging its member bodies and regional accountancy organisations to respond to the IASB's exposure draft on IFRS for SMEs. AT

Micro-Entity Financial Reporting: Perspectives of Preparers and Users may be downloaded free-of-charge from the IFAC online bookstore (*www.ifac.org/store*).

International Accounting Education Standards Board Seeks Technical Manager

The International Accounting Education Standards Board (IAESB), an independent standard-setting board within the International Federation of Accountants (IFAC), is seeking to fill a key **technical manager position**. The IAESB develops and issues, in the public interest, standards and guidance on the pre-qualification education, training and continuing professional development of all members of the accountancy profession. IFAC is the global organisation for the accountancy profession, representing 155 members and associates in 118 countries worldwide.

Key responsibilities of this technical manager's role include the following:

- Conducting project research with standard setters and IFAC member bodies from around the world;
- Drafting, editing and revising IAESB exposure drafts, standards, guidance and other publications;
- Arranging and participating in IAESB, IAESB Consultative Advisory Group (CAG) and IAESB project task force meetings; and
- Assisting the IAESB Chair and the Executive Director, Professional Standards, in responding to inquiries from the CAG, the Public Interest Oversight Board and others.

The ideal candidate for this position will have a professionally recognised accounting degree or other relevant qualification. An excellent knowledge of accounting education issues is required and experience in the standard-setting process is highly desirable. Excellent oral and written communication skills with fluency in written and spoken English and strong computer literacy are further qualifications. Knowledge of a language other than English is also desirable.

The successful applicant will be located in IFAC's head office in New York. A complete job description, including additional information concerning preferred background and experience, is available on the IFAC website at *www.ifac.org/JobsAtIFAC*. Interested candidates should submit their résumé (cv) by 31 January 2007 to Dawn Tishkoff, IFAC Human Resources Manager (*dawntishkoff@ifac.org*). AT

Non-Audit Firms

FROM 1-30 NOVEMBER 2006

New Registration

NON-AUDIT FIRM	NF NO.
JOHOR DARUL TAKZIM	
FP Loo & Co. 37A, Jln NB2 2/2, Tmn Nusa Bestari 2 Skudai, 81300 Johor Bahru Tel: 07-558 1971 Fax: 07-558 1971	**0837**
HL Khoo & Co. 59A, Jalan Jati 2, Tmn Nusa Bestari Jaya Skudai, 81300 Johor Bahru Tel: 07-512 3558 Fax: 07-512 7942 e-mail: multiplepsb@yahoo.com	**0834**
NEGERI SEMBILAN DARUL KHUSUS	
Khaty & Co 385A, Jalan Titiwangsa 3 Taman Bukti, Ampangan, 70400 Seremban Tel: 019-654 3344 Fax: 06-678 1386 e-mail: janijah_64@yahoo.com	**0833**
SELANGOR DARUL EHSAN	
Chong Consultancy Service 45, Jln BS 5/19 Tmn Bukit Serdang 43300 Seri Kembangan Tel: 012-601 9008 Fax: 03-8948 6623 e-mail: lnfo123@yahoo.com	**0836**
Steven Chin & Co. 29-3, (Suite 3), Block F2 Jln PJU 1/42A Dataran Prima 47301 Petaling Jaya Tel: 03-7880 1528 Fax: 03-7880 7928 e-mail: chin_acca@yahoo.com	**0835**

Ceased Operation

WILAYAH PERSEKUTUAN	
CK Lai & Partners 7-1-1, Jln 4/62D Medan Putra Bus. Ctr (Off Jln Damansara), Sri Menjalara 52200 Kuala Lumpur	**0507**

Audit Firms

FROM 1-30 NOVEMBER 2006

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PERLIS INDRA KAYANGAN	
EM & Company 40A Tingkat 2, Jalan Bukit Lagi 01000 Kangar Tel: 012-493 7499 Fax: 04-976 9960 e-mail: chuah_ivy@yahoo.com	**001880**
WILAYAH PERSEKUTUAN	
ANM Associates 1st Flr, Wisma Eng Choon 55-59, Jln Ampang, 50450 Kuala Lumpur Tel: 012-365 9785	**001878**

Ceased Operation

PULAU PINANG	
Tan Eng Hwa & Co. 1st Floor, Wisma Lister Garden 123-G Macalister Road, 10400 Penang	**0437**
WILAYAH PERSEKUTUAN	
K.H. Teoh & Co 15-1B Jalan Pandan 2/2, Pandan Jaya Cheras, 55100 Kuala Lumpur	**0496**

Name Change

JOHOR DARUL TAKZIM	
SKW Associates *(Formerly known as Liang & Co)* 4l Jln Tun Abdul Razak (Susur 3) 80200 Johor Bahru Tel: 07-223 3220 Fax: 07-223 3226 e-mail: skwaud@streamyx.com	**0312**

List of New Books

Available in the MIA Resource Centre

ACCOUNTING

The Dividend Survey 2005: A Joint Study, by MSWG & UiTM, Kuala Lumpur: MSWG & UiTM, July 2006.

Call No.: 657.76 DIV

Dividend Scanner 2005: A Joint Study, by MSWG & UiTM, Kuala Lumpur: MSWG & UiTM, July 2006.

Call No.: 657.76 DIV

Accounting Control: Best Practice, by Steven M. Bragg, Hoboken: John Wiley & Sons, 2006.

Call No.: 657 BRA

Fraud Auditing and Forensic Accounting, 3rd ed., by Tommie W. Singleton …*[et al.]*, Hoboken: John Wiley & Sons, 2006.

Call No.: 364.163 FRA

The Ultimate Accountants' Reference, 2nd ed., by Steven M. Bragg, Hoboken: John Wiley & Sons, 2006.

Call No.: 657.0973 BRA

AUDITING

Laporan Ketua Audit Negara: Badan Berkanun Persekutuan Tahun 2005, Kuala Lumpur: Jabatan Audit Negara, 2006.

Call No.: 354.9595067232 LAP

COMPANY LAW

Guide to Company Law & Secretarial Practice, Malaysia, by Cheah Foo Seong, Singapore: CCH Asia Pte. Ltd., 2006.

Call No.: 346.0668 CHE

COST ACCOUNTING

Case Studies in Performance Management: A Guide from the Experts, edited by Tony Adkins, New Jersey: John Wiley & Sons, 2006.

Call No.: 658.4013 CAS

CORPORATE GOVERNANCE

Corporate Governance Screencard Analysis 2005: A Joint Study, by MSWG & UiTM, Kuala Lumpur: MSWG & UiTM, May 2006.

Call No.: 658.4 COR

Corporate Governance Screencard 2005: A Joint Study by MSWG & UiTM, Kuala Lumpur: MSWG & UiTM, May 2006.

Call No.: 658.4 COR

Corporate Governance Survey Report 2006: A Joint Study by MSWG & The University of Nottingham, Malaysia Campus, Kuala Lumpur: MSWG & The University of Nottingham, M'sia Campus, August 2006.

Call No.: 658.4 COR

Corporate Governance Survey Report 2006 — Small Cap PLCs: A Joint Study by MSWG & the University of Nottingham, Malaysia Campus, Kuala Lumpur: MSWG & The University of Nottingham, M'sia Campus, August 2006.

Call No.: 658.4 COR

The National Seminar for Private Sector on the National Integrity Plan: Good Governance for Development: Private Sector Perspectives, Kuala Lumpur: Malaysian Institute of Integrity, 2006.

Call No.: 658.4009595 NAT

ECONOMY

SME Annual Report 2005: Optimising Strategic Values, by the National SME Development Council, Kuala Lumpur: BNM, 2006.

Call No. : 658.022 NAT

Third Industrial Master Plan 2006-2020: Malaysia — Towards Global Competitiveness, by the Ministry of International Trade and Industry Malaysia, Kuala Lumpur: MITI, 2006.

Call No. : 339.5 MAL

Economic Report 2006/2007, by the Ministry of Finance, Putrajaya: Ministry of Finance, 2006.

Call No. : 658.4 COR

Malaysia International Trade and Industry Report 2005, Kuala Lumpur : MITI, 2006.

Call No. : 339.5 MAL

INVESTMENT

Supermoney, by Adam Smith, Hoboken: John Wiley & Sons, 2006.

Call No.: 332 SMI

MANAGEMENT

Balanced Scorecard — Step-by-step: Maximising Performance and Maintaining Results, 2nd ed., by Paul R. Niven, Hoboken: John Wiley & Sons, 2006.

Call No.: 658.4013 NIV

MARKETING

The Insider Secrets to Marketing your Business on the Internet — Part 1 & Part 2, by Corey Rudl, Vancouver : The Internet Marketing Center, 2000.

Call No.: 658.8 RUD

MOTIVATION

Create Your Own Future, by Brian Tracy, Hoboken: John Wiley & Sons, 2002.

Call No.: 158.1 TRA

SALES

The Sale of Goods, 11th ed., by P.S. Atiyah, John N. Adams, Hector Macqueeen, Essex: Pearson Education Limited, 2005.

Call No.: 346.40072 ATI

TAXATION

Malaysian Taxation, 4th ed., by Alan Yeo Miow Cheng, Kuala Lumpur: PAAC, 2006.

Call No.: 336.2009595 YEO

Examination Kit: Malaysian Taxation, 13th ed., by Alan Yeo Miow Cheng, Kuala Lumpur: YSB Management Sdn Bhd, 2006.

Call No.: 336.2009595 YEO

Examination Kit: Malaysian Taxation & Tax Planning, 13th ed., by Alan Yeo Miow Cheng, Kuala Lumpur: YSB Management Sdn Bhd, 2006.

Call No. : 336.2009595 YEO

A Comprehensive Guide to Malaysian Taxation: Under Self- Assessment, 2nd ed., by Jeyapalan Kasipillai, Kuala Lumpur: McGraw Hill, 2006.

Call No.: 336.2009595 JEY

Malaysian Tax Workbook, 2nd ed., by Faridah Ahmad, Singapore: CCH Asia Pte Ltd., 2006.

Call No.: 336.2009595 FAR

Malaysian Taxation: Principles and Practice, 12th ed., by Choong Kwai Fatt, Kuala Lumpur: InfoWorld, 2006.

Call No.: 336.2009595 CHO

ADVERT

… Counting on Humour

Get a Raise

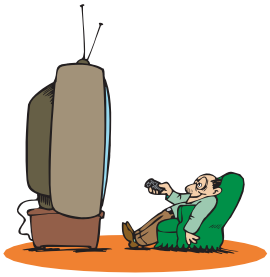
A boss tells his new employee, *"I'll give you 8 bucks an hour starting today and in three months, I'll raise it to 10 bucks an hour. So when would you like to start?"*

"In 3 months."

WordPerfect Help Desk

Actual dialogue of a former WordPerfect Customer Support employee with a caller:

"Ridge Hall computer assistant; may I help you?"
"Yes, well, I'm having trouble with WordPerfect."
"What sort of trouble?"
"Well, I was just typing along and all of a sudden the words went away."
"Went away?"
"They disappeared."
"Hmm. So what does your screen look like now?"
"Nothing."
"Nothing?"
"It's blank; it won't accept anything when I type."
"Are you still in WordPerfect or did you get out?"
"How do I tell?"
"Can you see the C: prompt on the screen?"
"What's a sea-prompt?"
"Never mind. Can you move the cursor around on the screen?"



"There isn't any cursor, I told you, it won't accept anything I type."
"Does your monitor have a power indicator?"
"What's a monitor?"
"It's the thing with the screen on it that looks like a TV.Does it have a little light that tells you when it's on?"
"I don't know."
"Well, then look on the back of the monitor and find where the power cord goes into it. Can you see that?"
"Yes, I think so."
"Great. Follow the cord to the plug and tell me if it's plugged into the wall."
"… Yes, it is."
"When you were behind the monitor, did you notice that there were two cables plugged into the back of it, not just one?"
"No."
"Well, there are. I need you to look back there again and find the other cable."
"… Okay, here it is."
"Follow it for me and tell me if it's plugged securely into the back of your computer."
"I can't reach."
"Uh huh. Well, can you see if it is?"
"No."
"Even if you maybe put your knee on something and lean way over?"
"Oh, it's not because I don't have the right angle — it's because it's dark."
"Dark?"
"Yes - the office light is off and the only light I have is coming in from the window."
"Well, turn on the office light then."
"I can't."
"No? Why not?"
"Because there's a power outage."
"A power … A power outage? Ah, Okay, we've got it licked now. Do you still have the boxes and manuals and packing stuff your computer came in?"
"Well, yes, I keep them in the closet."
"Good. Go get them and unplug your system and pack it up just like it was when you got it. Then take it back to the store you bought it from."
"Really? Is it that bad?"
"Yes, I'm afraid it is."
"Well, all right then, I suppose. What do I tell them?"
"Tell them you're too stupid to own a computer." AT

Top 10 reasons Why TV is better than WWW

1. It doesn't take minutes to build the picture when you change TV channels.
2. When was the last time you tuned in to "Melrose Place" and got a "Error 404" message?
3. There are fewer grating colour schemes on TV — even on MTV.
4. The family never argues over which Web site to visit this evening.
5. A remote control has fewer buttons than a keyboard.
6. Even the worst TV shows never excuse themselves with an "Under Construction" sign.
7. Seinfeld never slows down when a lot of people tune in.
8. You just can't find those cool Health Rider infomercials on the Web.
9. Set-top boxes don't beep and whine when you hook up to HBO.
10. You can't surf the Web from a couch with a beer in one hand and Doritos in the other.

Calendar of Professional Education Programmes

TOWN	DATE	PLEASE TICK ✔	TITLE	VENUE	CPE HOURS
Kuala Lumpur and Selangor	4 Jan	☐	Collateral For Bank Borrowings — Know what the bank wants, the risks and the documentation and enforcement	Concorde Hotel, KL	8
	4-5 Jan	☐	Deferred Taxation	Hilton Petaling Jaya	16
	9-10 Jan	☐	Seminar on Financial Reporting Standards & Salient Features	Concorde Hotel, KL	16
	10 Jan	☐	The Accountant as Business Advisor	Concorde Hotel, KL	8
	11 Jan	☐	Seminar on Consolidated Financial Statements & Business Combination	Concorde Hotel, KL	8
	12 Jan	☐	Seminar on Accounting For Liabilities	Concorde Hotel, KL	8
	15 Jan	☐	Tax Practitioners Update & Tax Planning for 2007	Hilton Petaling Jaya	8
	15 Jan	☐	Impairment of Assets	Concorde Hotel, KL	8
	15-16 Jan	☐	Seminar on Consolidated Financial Statements	Concorde Hotel, KL	16
	15-16 Jan	☐	Achieving Your Collection Target	Hilton Petaling Jaya	16
	16 Jan	☐	Preparation & Presentation of Cash Flow Statements	Concorde Hotel, KL	8
	16-17 Jan	☐	Better Grammar for Business Writing	Concorde Hotel, KL	16
	17 Jan	☐	Evening Talk on Practice Continuation - Myth or Reality?	Melia Hotel	2
	22 - 23 Jan	☐	Managing Strategic Corporate Planning	Concorde Hotel, KL	16
	23 Jan	☐	Seminar on Company Law & Practice	Crystal Crown Hotel, PJ	8
	23- 24 Jan	☐	Understand How Bank Considers Haircut on Difficult Loan	Concorde Hotel, KL	8
	23- 24 Jan	☐	Speed Reading for Professionals	Hilton Petaling Jaya	16
	25- 26 Jan	☐	Cross Border Transaction	Concorde Hotel, KL	16
	5-6 Feb	☐	Effective Corporate Structure for Dealing with Foreign Investment Rules, Taxation & Exchange Control Issues	Hilton Petaling Jaya	16 16
	7 Feb	☐	Tax Versus Accounting Treatment on Financial Reporting Standards	Concorde Hotel, KL	8
	12-13 Feb	☐	Speed Reading for Professionals	Concorde Hotel, KL	16
	14 Feb	☐	Basic Tax Principles	Hilton Petaling Jaya	8
	6 Mar	☐	Taxable Income	Hilton Petaling Jaya	8
	12-13 Mar	☐	Financial Evaluation of Investment Projects	Hilton Petaling Jaya	16
	14-15 Mar	☐	Tax Appeal Procedures	Hilton Petaling Jaya	16
	19-20 Mar	☐	Speed Reading for Professionals	Hilton Petaling Jaya	16
Alor Setar	8 Feb	☐	Zest for Life	StarCity Hotel	4
	3 Mar	☐	Tax Practitioners Update & Tax Planning for 2007	TBA	8
Penang	9-10 Jan	☐	Understand How Bank Considers Haircut on Difficult Loan	Traders Hotel	16
	16-17 Jan	☐	Speed Reading for Professionals	Traders Hotel	16
	30-31 Jan	☐	Cross Border Transaction	Traders Hotel	16
	9 Feb	☐	Zest for Life	Bayview Georgetown	4
	2 Mar	☐	Tax Practitioners Update & Tax Planning for 2007	Evergreen Laurel Hotel	8
	15-16 Mar	☐	Achieving Your Collection Target	Traders Hotel	16
Ipoh	5 Mar	☐	Tax Practitioners Update & Tax Planning for 2007	TBA	8

Yes! I would like to know more about the programmes ticked above.
Please send the information to:

Contact Person: _____

Organisation: _____

Address: _____

_____

Tel: _____ Fax: _____

Malaysian Institute of Accountants
Institut Akauntan Malaysia
(Established under the Accountants Act, 1967)

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e-mail: cpe@mia.org.my
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Calendar of Professional Education Programmes

TOWN	DATE	PLEASE TICK ✔	TITLE	VENUE	CPE HOURS
Ipoh	10 Feb	☐	Zest for Life	Casuarina Hotel	4
Melaka	17 Jan	☐	Tax Practitioners Update & Tax Planning for 2007	TBA	8
Seremban	16 Jan	☐	Tax Practitioners Update & Tax Planning for 2007	TBA	8
Johor Bahru	10-11 Jan	☐	Cross Border Transaction	Hyatt Regency	16
	16-17 Jan	☐	Understand How Bank Considers Haircut on Difficult Loan	Mutiara Johor Bahru	16
	18 Jan	☐	Tax Practitioners Update & Tax Planning for 2007	Mutiara Johor Bahru	8
	8-9 Feb	☐	Speed Reading for Professionals	Mutiara Johor Bahru	16
	12-13 Feb	☐	Achieving Your Collection Target	Hyatt Regency	16
Kuantan	12 Jan	☐	Zest for Life	Hyatt Regency	4
	26 Feb	☐	Tax Practitioners Update & Tax Planning for 2007	TBA	8
Kota Bahru	14 Jan	☐	Zest for Life	Renaissance Hotel	4
	28 Feb	☐	Tax Practitioners Update & Tax Planning for 2007	TBA	8
Kuala Terengganu	13 Jan	☐	Zest for Life	Hotel Grand Continental	4
	27 Feb	☐	Tax Practitioners Update & Tax Planning for 2007	TBA	8
Kuching	22 Jan	☐	Tax Practitioners Update & Tax Planning for 2007	TBA	8
	5-6 Feb	☐	Cross Border Transaction	Crowne Plaza Riverside	16
Sibu	23 Jan	☐	Tax Practitioners Update & Tax Planning for 2007	TBA	8
Miri	24 Jan	☐	Tax Practitioners Update & Tax Planning for 2007	TBA	8
Bintulu	26 Jan	☐	Tax Practitioners Update & Tax Planning for 2007	TBA	8
Kota Kinabalu	28 Jan	☐	Tax Practitioners Update & Tax Planning for 2007	TBA	8
	7-8 Feb	☐	Cross Border Transaction	Hyatt Regency Kinabalu	16
Sandakan	29 Jan	☐	Tax Practitioners Update & Tax Planning for 2007	TBA	8
	27-28 Feb	☐	Tax Appeal Procedures	Sabah Hotel	16
Tawau	30 Jan	☐	Tax Practitioners Update & Tax Planning for 2007	TBA	8
	2-3 Mar	☐	Tax Appeal Procedures	Belmont Marco Polo	16
Labuan	1 Feb	☐	Tax Practitioners Update & Tax Planning for 2007	TBA	8
			MAICSA COURSES		
Kuala Lumpur	8 Jan	☐	i) Mastering Meetings & Minutes	MAICSA	6
			ii) Developing Skills For Effective Company Secretarial Practice		6
	15 Jan	☐	Related Party Transactions	Traders Hotel Penang	6
	29 Jan	☐	A Practical Guide On How To Deal With Bursa Malaysia Securities Bhd	Boulevard Hotel	6
			on Inquiries and Investigations		6
	6 Feb	☐	Advanced Company Secretarial Practice	Traders Hotel Penang	12
	8 Feb	☐	Recent Developments In Financial Reporting Standards (FRS) — What Directors and Company Secretaries Need To Know!	MAICSA	6
	12 & 13 Feb	☐	Employment Contracts, Discipline and Termination Procedures	MAICSA	12

Yes! I would like to know more about the programmes ticked above.
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