

# ACCOUNTANTS

*Professionalism at the Forefront*

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## Internal Audit

*in the State and  
Local Governments  
of Malaysia*

# today



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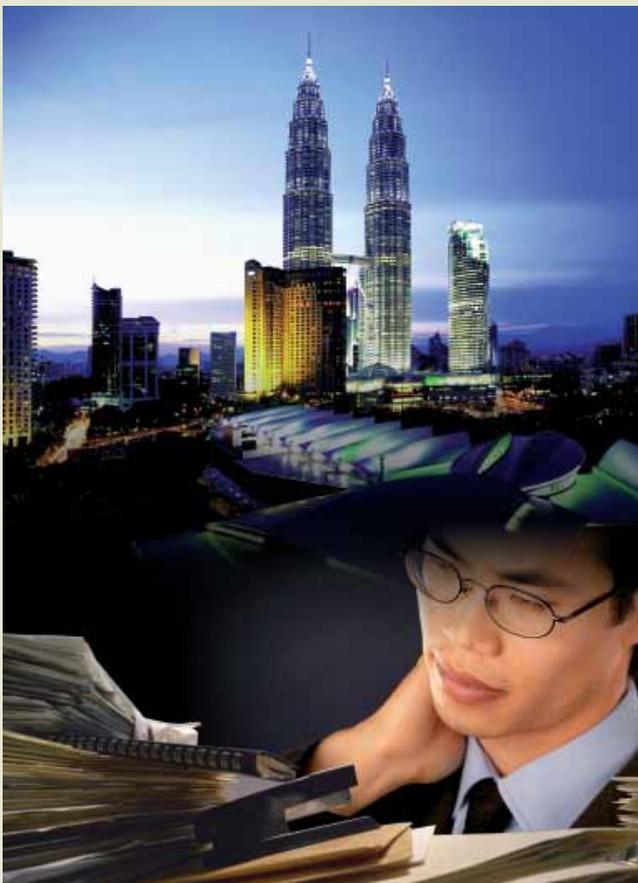
- M&As: Pros and Cons
- New Guidelines and Best Practices to Raise Standards of Islamic Venture Capital

## Cover

Pages 8-11

### Internal Audit in the State and Local Governments of Malaysia

*In Malaysia, the growing number of organisational failures and cases of mismanagement in both the public and private sectors highlights the need for effective internal audits. Interviews with internal auditors working in State and Local Government Bodies (SLoGBs) located in Peninsular Malaysia highlighted the numerous challenges faced by the audit profession. The challenges range from staffing, skills and training shortages to premeditated obstructions faced by the auditors in their attempts to perform their duties. While there appears to be no easy way to deal with the challenges faced by internal auditors in SLoGBs, it is not impossible to improve the function either. It is perhaps just a matter of time before the Malaysian polity wakes up to find that it has no choice but to demand what it rightly deserves from auditors in these organisations — if the nation aims to progress like other successful nations of the world.*



## 6 Editor's Note

### Special Report

#### 12 M&As: Pros and Cons

*The pressures of stiffer competition and higher stakeholder expectations are weighing on smaller public practice firms. They may have to resort to mergers and affiliations in order to build capacity and pool resources to cope with the risks arising from a changing business landscape. There are innumerable threats to small public practices.*

### Business & Accounting

#### 14 Lean Accounting

*Ross Maynard explains how lean accounting principles could help you to revolutionise standard costing by improving the "flow" in your organisation.*



### Banking & Finance

#### 18 New Guidelines and Best Practices to raise Standards of Islamic Venture Capital

*The explosive growth of Islamic finance has kept the regulators busy with framing laws and regulations to ensure everything is moving along in good stead. The Islamic venture capital industry is the latest sector to come under the regulator's microscope.*

### Management & Accounting

#### 20 Organisational Benchmarking – A Competitive Management Accounting Tool

*Management accounting in the early 1940s placed a heavy emphasis on accounting for production and controlling the costs thereof.*

### Finance & Accounting

#### 24 Playing the Market

*What's the quickest way to learn economics and finance? Just start playing the share market and soon subprime, red chips, structured warrants, Federal Open Market Committee and other financially impressive jargon will be second nature to you.*



## Tax & Accounting

### 26 Advanced Customs Rulings

*In the 2007 Budget, it was announced that both the Royal Malaysian Customs Department (RMCD) and the Inland Revenue Board (IRB) would be issuing advance tax rulings to ensure greater certainty of tax treatment and transparency in tax administration.*



## Notice to Members/Regulatory Updates

- 30 News from Bank Negara Malaysia (BNM)
- 30 News from the Securities Commission (SC) and Bursa Malaysia

## Leadership

### 32 Toxic Leaders: Inevitable or Avoidable?

*Corporate crises in Enron, Nortel, WorldCom, Northern Rock and the whole US subprime financial market have shaken global corporate history. Since then, these unprecedented and unforgettable debacles have left huge imprints that need to be radically re-examined.*



## Health

### 36 Staying on top of Oxidative Stress

*Do you know your body cells are attacked 10,000 times a day by free radicals and you may produce up to 17,000 kgs of free radicals in your body?*

## Travel & Leisure

### 38 A Homage to Splendour

*A family mansion turned hotel, once dilapidated, now finds a new lease of life revived to its former glory*



## MIA QE

- 40 Increased Time Limit for MIA QE Candidates  
MIA to Further Enhance QE

## Book Review

- 41 100 Ways to Save Tax in Malaysia for Individuals
- 41 100 Ways to Save Tax in Malaysia for Small Businesses
- 41 Thornton's Malaysian Tax Commentaries



## Institute News

- 42 Small and Medium Practitioners Focus
- 43 MIA Penang Begins a New Chapter
- 44 Penang Branch News
- 44 Johor Branch News
- 45 Sabah Branch News
- 45 Sarawak Branch News

## CPE Update

- 46 Mind Mapping for Quick Action
- 46 In-house training at Kuching
- 46 Upcoming CPE Events

## Columns

- 48 News from ACCA
- 48 News from CIMA
- 49 News from CPA Australia
- 49 News from MICPA

## 50 International News

## 54 IFAC News

## Members' Update

- 56 New Registration, Ceased Operation and Name Change of Firms

## Accountants' Corner

- 58 Counting on Humour
- 59 CPE Calendar

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*:

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

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Dear Valued Member,

The Management would like to take this opportunity to thank the members who have already remitted their Annual Subscription and Practising Certificate (PC) fee for 2008/2009 in advance.

The Notice of Annual Subscription 2008/09 and PC fee which is due on 1 July 2008 was sent out in May 2008. Please be reminded that annual subscription and PC fee must be paid no later than 31 December 2008.

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## *Effective Internal Audit* for the Public Sector

In light of more accounting irregularities being highlighted of late, the need for effective internal audits cannot be overemphasised. In an age where good corporate governance is essential for public confidence, there is no room for lapses be it in the private or the public sectors.

As we were determining the articles to be used in this month's *Accountants Today*, we came across the story we have featured on the cover which discusses internal audit in the State and Local Governments in Malaysia. Having gone through the article we felt that it made quite an interesting read because it was on a current topic and it was a snapshot of the scenario of Malaysian administration.

The study conducted by a group of lecturers seems to have taken into account the various challenges faced by those involved in the internal audit functions of State and Local Governments in Malaysia. The study also highlights some very pertinent points to be considered in moving forward including the competency of internal auditors. The article titled "Internal Audit in the State and Local Governments of Malaysia" by a group of academics can be found on page 8 of this issue.

Apart from that, this issue also features an article which captures the round table discussion organised by the Malaysian Institute of Accountants on Mergers and Affiliations (M&A). Moderated by the Chairman of the Institute's Task Force on Mergers and Affiliations Datuk Raymond Liew, the round table discussion saw the participation of figures from the audit profession who shared their ideas and opinions on how to further encourage M&As amongst Malaysian audit practitioners. The article is on page 12.

In addition we have lined up quite a few interesting articles for this month's *Accountants Today* so we hope you will enjoy reading this issue.

Happy reading! **AT**

Editor  
*Accountants Today*

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### letters to the editor

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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

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# Internal Audit

## in the State and Local Governments of Malaysia

Dr. Azham Md. Ali, Teck Heang Lee, Dr. Jue,  
Siti Zabedah Saidin, Mohamad Zulkurnai  
Ghazali and Mohd Syahrir Rahim

*In Malaysia, the growing number of organisational failures and cases of mismanagement in both the public and private sectors highlights the need for effective internal audits.*

*Interviews with internal auditors working in State and Local Government Bodies (SLoGBs) located in Peninsular Malaysia highlighted the numerous challenges faced by the audit profession. The challenges range from staffing, skills and training shortages to premeditated obstructions faced by the auditors in their attempts to perform their duties. While there appears to be no easy way to deal with the challenges faced by internal auditors in SLoGBs, it is not impossible to improve the function either. It is perhaps just a matter of time before the Malaysian polity wakes up to find that it has no choice but to demand what it rightly deserves from auditors in these organisations — if the nation aims to progress like other successful nations of the world.*

In recent years, entities in both the public and private sectors have experienced many new challenges and demands arising from the combination of a harsh economic climate and rapid developments in technology, market conditions and globalisation. Internal auditing has increasingly been viewed by regulators, directors of listed companies and governing members of many public sector entities worldwide as one of the solutions to ensure the survival of these organisations. However, the findings from in-depth interviews conducted with internal auditors from 35 State and Local Governmental Bodies (SLoGBs) located in Peninsular Malaysia have revealed various challenges faced by the internal audit function.<sup>1</sup>

### Challenges Faced by Internal Audit in SLoGBs

There were many problems challenging the effective functioning of internal audit within SLoGBs. Some were internal problems which included staffing, training programmes and the day-to-day audit performance. There were also problems external to the internal audit function, but still within the government body, which included the attitudes and actions of top management, departmental heads and non-audit personnel.

#### Age of Internal Audit

The findings showed 16 SLoGBs had internal audit capacity for no more than five

years. In fact, seven SLoGBs had internal audit capacity for no more than three years. In all, it may safely be concluded that the audit experience was still a relatively recent one for close to half of the SLoGBs. It was also found that 15 SLoGBs had an internal audit function for over ten years and this should at first glance be a positive factor. However, an in-depth look showed a more complicated picture. For at least one organisation the internal audit function was apparently established in 1980 but was only in operation for a short period. In this particular organisation, the internal audit function was reactivated in early 2003 with a staff complement of two. The internal audit activities were suspended earlier due to the transfer of the audit personnel to other parts of the organisation. But even with the recent reactivation, the audit head was still not able to focus fully on internal audit because he had been assigned by the organisation's head to another, unrelated job. What made it worse was that both the audit head and his assistant lacked audit competence. In addition, the audit programmes that were supposed to be in place to provide guidance were not available. It was not surprising therefore that what little audit they could conduct was just related to the monitoring of "project management" — an area most familiar to the audit head.

#### Audit Staffing

In the interview, the extreme lack of numbers of trained staff was repeatedly

stated as being a significant problem. It was revealed that 20 SLoGBs had a staff complement of five or fewer and five SLoGBs felt that their audit operations required between six and ten additional staff members. It was also found that one particular SLoGB with two staff members

1 The 35 were made up of nine state governments, 12 state statutory bodies and 14 local authorities. For 33 of them, the face-to-face interviews took place in the third quarter of 2003. For the rest, there were phone interviews which took place in the first quarter of 2004. The first batch of 33 SLoGBs represented all the state and local government entities in May 2003 which possessed the internal audit function. Prior to field work in 2003, it was found that there was then in total 202 SLoGBs: 11 state governments, 93 state statutory bodies and 98 local governments. It is notable that four years later the number of local authorities having internal audit had not been that encouraging: the Auditor-General himself mentioned that a survey conducted by the National Audit Department had found that only 31 out of 145 authorities in the country had their own internal audit departments or units (*The Star*, 31 May 2007) even though a decade earlier, it was reported (*New Straits Times*, 20 February 1997) that the Housing and Local Government Ministry wanted all local authorities to set up internal audit units to help monitor and supervise financial management in line with established procedures.

Perhaps there is no surprise over the lackadaisical nature of local authorities in forming the internal audit function: Treasury Circular No. 9 of 2004 (and earlier Treasury Circular No. 2 of 1979) has only made it compulsory for the federal ministries, departments, agencies and state governments to set up internal audit departments.

(serving a department of several hundreds with an organisational budget of tens of millions of ringgit) had resorted to the use of students from local institutions of higher learning, who were undergoing practical training (as part of their degree programme), to conduct internal audits. In another case, the internal audit operation had sought assistance from colleagues working in other departments within the organisation. Problems arose when the assistance was needed for long periods, or when their departmental heads were reluctant to let them assist.

#### Audit Training and Development

It was found that the lack of audit competency was one of the main problems faced by auditors in the SLoGBs. In many cases, the heads of the internal audit operations themselves acknowledged that they did not possess adequate skills for the job. Unfortunately, the SLoGBs were not prepared to upgrade their qualifications because the appropriate courses and workshops available were costly

#### Knowledge Elements

Addressing the issue of the specific skills and knowledge required of internal auditors, the majority of those interviewed provided answers which confirmed that they were working in either the “traditional” or “modern” mode of internal auditing, rather than the “advanced” mode (see Ridley & Chambers, 1998). The auditors’ current focus was on “traditional” issues such as interrogation techniques, types of controls and financial accounting, whereas “advanced” issues, featuring risk vocabulary, concepts and management techniques, globalisation and forensic auditing, were not part of the core focus.

#### Audit Charter

The presence of an audit charter is usually considered of utmost importance for internal auditors as it defines the relationship between internal auditors and their clients, and it clarifies the internal auditors’ duties and areas of responsibility. However, it was revealed that five of the SLoGBs surveyed had not developed their audit charters and 16 of the audit operations claiming to possess audit charters were still required to handle audit tasks not specified in their audit

charters.

In 24 SLoGBs that had audit charters, the two most popular tasks were appraising the adequacy and effectiveness of internal controls and assessing the compliance with policies, plans, procedures and law. Less popular tasks included risks assessment and the governance process, working closely with external auditors and providing information to outside parties. IT audit appeared to be quite unpopular too for all internal auditors regardless of the existence of an audit charter or not. Only six auditors stated that such activities were conducted.

#### Day-to-Day Audit Performance

There were many indications to show

“In 24 SLoGBs that had audit charters, the two most popular tasks were appraising the adequacy and effectiveness of internal controls and assessing the compliance with policies, plans, procedures and law. Less popular tasks included risks assessment and the governance process, working closely with external auditors and providing information to outside parties. IT audit appeared to be quite unpopular too for all internal auditors regardless of the existence of an audit charter or not. Only six auditors stated that such activities were conducted.”

that the performance of the audit activity had left a lot of room for improvement. Among them were:

- No regular meetings between internal auditors and top management in 12 SLoGBs;
  - No access to certain sections of the organisations for internal auditors in five SLoGBs;
  - Failure to apply the risk assessment technique during the audit planning stage by auditors in 18 SLoGBs;
  - Failure to make use of the computers during audit by auditors from 10 SLoGBs; and
  - Failure to implement some form of assessment programme that considers *all* aspects of the internal audit activity and which *continuously* monitors its activities by auditors from 22 SLoGBs.
- Further probing revealed that the core

problem with auditing in a number of SLoGBs is that those in authority did not generally place much significance on the audit report. Thus, there were almost no negative consequences for ignoring recommendations, with the result that there was no perceived need to change the status quo. Working in this environment, it is therefore not surprising to find that auditors from 14 SLoGBs believed that they were doing at best an “average” job.

#### Audit Independence

In spite of their reports being subsequently ignored, for auditors from 25 SLoGBs the internal audit function was placed relatively high up the organisational hierarchy. All audit func-

tions had also reported that there was frequent communication with relevant parties within their SLoGBs. In 30 SLoGBs, the auditors were in fact required by the organisations to monitor whether or not the recommendations made in the audit reports had been acted upon. Unfortunately, for four organisations, the auditors were not required to follow up. Neither had anyone else been given that task.

Also, auditors from between four to seven SLoGBs had failed to say that they were free to do the following: to allocate resources, set audit frequencies, select subjects, determine scope of work and apply appropriate techniques to accomplish the audit objectives; to obtain the necessary assistance of personnel in areas of the organisations being audited; and, to produce audit reports where the contents might not be to the liking of

those associated with the organisations they came from.

Audit personnel's independence may also be compromised by being required to perform other accounting and operational tasks alongside their internal audit duties, and when they have the authority to direct the activities of personnel outside their own audit departments. When it concerns the former, auditors from 29 SLoGBs had claimed their non-involvement in accounting and operational tasks. Unfortunately, auditors from 19 SLoGBs had claimed that they possessed no authority to direct the activities of non-audit personnel

Finally, the independence of internal auditors in SLoGBs seems to have been compromised because auditors from 14 of them had acknowledged that they had encountered threats in their jobs. Auditors from nine SLoGBs mentioned that these threats included scratching of their cars, puncturing the tires, verbal abuse and abusive SMSs.

#### Audit - Non-Audit Personnel Interaction

Interviewees highlighted that there was a need to improve understanding and cooperation between auditors and non-audit personnel. Many non-audit personnel saw the internal auditors' task as nothing more than to look for mistakes of other parties. In fact, in an interview, it was mentioned that the prevailing view among non-audit personnel was that the work of internal auditors made their work unnecessarily more complicated.

Some other comments given by interviewees concerned audited staff whose jobs and performances were commented on (negatively) by the internal auditors. Typical responses to the audit report from these staff were "necessary action shall be taken", but nothing further happened, or that "this matter shall be made certain to never recur", but in fact were allowed to recur year after year. With no power to ensure that the audited employees perform the required actions, and with little more than silence from the higher ups in the organisation, the internal auditors had very little option except to suffer in silence.

#### Audit — Top Management Interaction

Provided that the correct status is given to auditors within the SLoGBs, and that non-audit staff are educated as to the true nature of the internal audit function, it is believed that the internal audit staffing and skills challenges would largely disappear. What is needed is that the head of the SLoGBs value the audit function's input, and lead by example. However, many organisation heads in SLoGBs seem to actively sabotage the viability of the internal audit process by ensuring that the departments were under-staffed, and that the staff they did see fit to employ were usually juniors and/or had minimal audit experience. In a few

For these different moves towards a well functioning internal audit department in SLoGBs to materialise, the prerequisite is that Malaysia should possess the right kind of social and political environment — which until perhaps quite recently was still an elusive matter!

cases the audit personnel were further burdened with duties unrelated to auditing, with the objective of preventing the audit from occurring.

There was also a case where an audit report issued was left in "cold storage" for a year by the organisation head. In another case, one audit report after another had failed to be taken seriously by the organisation head who had the habit of being on the side of auditees who were more than happy to maintain the status quo. But perhaps the worse case of all would be the organisational head who had refused to advertise for additional audit staff. His excuse: no-one would apply because the cost of living in that area was "too high". In his organisation, even though the audit head was supposed to report directly to him, there had never been a single meeting between the two during the internal audit function's sev-

eral years of existence! Last but certainly not least, his apparent contempt of the function is reflected in the fact that the audit unit was housed in a decades-old wooden block located next to the beautiful main building of the organisation.

#### Conclusion

It is believed that one of the possible ways to improve the internal audit function is to begin by having the right kind of organisational heads in the organisations followed by the setting up of audit committees in the organisations and forming an internal audit monitoring body at either the state or the federal level. Improvement in the audit function may also come about with specific moves coming from the federal government, the institutions of higher learning and the internal auditors themselves. For these different moves towards a well functioning internal audit department in SLoGBs to materialise, the prerequisite is that Malaysia should possess the right kind of social and political environment — which until perhaps quite recently was still elusive! [AT](#)

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# M&As: Pros and Cons

*The pressures of stiffer competition and higher stakeholder expectations are weighing on smaller public practice firms. They may have to resort to mergers and affiliations in order to build capacity and pool resources to cope with the risks arising from a changing business landscape. There are innumerable threats to small public practices. For instance, there is a risk that small companies may no longer be subject to mandatory audits in future, which could spell disaster for small practices that rely primarily on this source of income. Small practices also find it difficult to recruit talent in a sellers' market, since long hours and minimal career development opportunities are deterrents.*

M&As could be the most apt solution since merged firms can optimally achieve economies of scale, combine complementary resources, reap tax advantages, and eliminate inefficiencies. Other reasons for choosing growth through acquisitions include: increasing market power by combining client bases, penetrating new markets, being able to offer new product and service lines,

Pressure will also be on public practitioners to raise their quality of service, which may strain existing tight resources and raises the question: "Will we be able to do business as usual?" A key restraint arrived in the form of the International Standards on Quality Control 1 (ISQC 1) which was adopted since July 2006, which prescribes certain structures for practicing firms offering audit assurance services. In addition, the soon-to-be launched Accounting Oversight Board

to explore merger and affiliation (M&A) activities. The benefits of M&As are explicit, albeit marrying two different organisations and cultures is not simple.

Since M&As are such a complex and controversial issue, MIA organised a brainstorming session led by the Institute's Chairman, Task Force on Mergers and Affiliation, Datuk Raymond Liew, on 16 April 2008 with eight member firms within the Klang Valley to hear their views on M&As. Participating firms included senior partners from BDO Binder, Grant Thornton, Anuarul Azizan Chew & Co., and Cheng & Co.



Panellists at the brainstorming session (L-R): Lee Lai Huat, Sathia Seelan and Lim Kien Chai



Chairman of the session, Datuk Raymond Liew

## Fear Factors

On the whole, there are several push factors that could see more M&As emerging in the public practice sector. These include:

### 1 Possible Exemption of Small Companies from Auditing Requirements

The Company Law Reform Committee (CLRC) under the Ministry of Domestic Trade & Consumer Affairs is currently studying the pros and cons of the compliance audit of small companies and is expected to wrap up their findings soon. Although this move is welcomed by small business, especially in an economic downturn, a proposal

and pooling scarce resources.

Public practitioners today are pressured by a plethora of challenges, chief of which are stiffer competition and the need to navigate tighter regulations aimed at protecting stakeholders.

The imminent implementation of AFTA/WTO is set to liberalise markets, and will in turn heat up competition in an already crowded marketplace as new entrants try to get a piece of the public practice pie.

(AOB) may further impose restrictions on certain players within the industry.

To mitigate these challenges, the Malaysian Institute of Accountants (MIA) actively encourages its members in public practice

by the CLRC to abrogate the mandatory audit requirements could sound the death knell for many smaller practices since audit of small companies is their bread-and-butter. This looming threat may make it more vi-



Panellists at the brainstorming session (L-R): Beh Tok Koay, Datuk NK Jasani and Dr. Paul Cheng

able for firms to consider pooling their resources, enabling them to offer their services to larger corporations which would still need to comply with mandatory audit requirements going forward.

## 2 Talent Crunch

Smaller practices these days are finding it tough to recruit and retain good staff. Surf internet search firms such as Jobstreet.com and it is clear that it is virtually impossible to meet the demand for staff in audit assurance. If the Big 4 are suffering from acute staff shortages, what are the chances of smaller firms finding and recruiting staff for their practices? What can such firms offer their new employees? Partnership prospects are no longer a carrot, given the long hours that the small practitioners have to put in; the prospect of working from 9 a.m. to 12 midnight everyday, including Sunday, is hardly appealing to Gen Y employees seeking the optimal work-life balance. Therefore, merging smaller firms would be one means of expanding human resources and ensuring better use of resources.

## 3 High Compliance Cost

Standards are changing at an alarming rate, while new standards are being churned out speedily. The IASs that we are familiar with are undergoing reform with the enhanced version expected to impact industry as early as January 2009. There is the possibility that MASB might choose to do away with PERS and adopt the IFRS SME Standards that were disclosed recently in an exposure draft, in the interests of convergence. Can the smaller practices deal with all these compliance costs?

## 4 Uneven Playing Fields

As clients become more and more educated, they may demand more “cutting edge” products and services. Smaller firms lack the innovation and resources to compete on that level. The solution may lie in the pooling of resources so that each partner within a merged outfit can choose to “specialise” in his or her respective area and becomes an expert, which could potentially enhance clients’ loyalty to certain practices. Further down the road, M&A activities could be an avenue for firms to create certain specialties by inviting the “right” people to join the en-

larged practices.

## 5 Competition from Non-Traditional Sources & the Threat of Bogus Accountants

Competition is very real and varied, and arises from both traditional and non-traditional sources. For example, Microsoft is talking about re-launching its accounting software and it certainly has the marketing clout to push for huge product acceptance.

The situation is compounded by the menace of the bogus accountants, whose bad behaviour reflects badly on the genuine article.

To counter the impact of such competition, legal or otherwise, practitioners need certain economies of scale as well as the financial budget to implement a successful branding strategy. Pooling of such financial resources may be an attractive option by itself.

## M&A Merits

Nevertheless, we must not let fear rule us in this brave new world, since fear can cloud us to the many merits of successful M&As. These include:

### 1 Potential for Capacity Building by Pooling Resources

Pooling of staff may lead to better staff retention for several reasons. First, a better pool of resources allows firms to specialise in different areas of expertise. Second, a better pool of resources provides for a greater sharing of technical information, which is certainly a very powerful selling point for any professional setup. Third, with a bigger resource pool, higher budgets can be allocated for R&D programmes, which in turn, can lead to better innovative offerings.

Increasing size and building capacity will also enable firms to be registered as Tier One service providers once the AOB has been created by the Securities Commission.

### 2 Expanding the Range of Services and Geographical Coverage

Other than auditing and taxation services, M&As enable firms to expand their range of services and geographical coverage thanks to the mitigation of resource constraints. Firms will also be able to demonstrate better commitment to fulfilling clients’ needs by providing better personal attention, even at

the partners’ level. Last but not least, firms can achieve better cost efficiency due to the economies of scale.

Through a successful M&A, a bigger enlarged firm can consider setting up branch offices throughout Malaysia and even overseas. This allows for the provision of a seamless service to clients as they contemplate moving to other states within the country or overseas to expand their businesses.

Wider geographical coverage may also allow the practicing firm to tap into the various economic corridors that the government is currently launching between now and 2010, which are anticipated to boost economic activities outside of the Klang Valley. Currently, more than 50% of practicing firms are concentrated in the Klang Valley.

### 3 Practice Continuity

As more than 90% of the accounting firms in Malaysia are sole proprietor practices, M&A activities will reduce the concentration of sole practitioner firms, which are plagued with continuity and succession issues.

By enlarging the firm through an M&A, the admission of additional partners is made easier since an existing partnership structure is put in place for practicing firms already involved in any M&A initiative.

Clients will also be at ease and more reassured of continuity of service if practice continuity and succession concerns have been taken care of.

## The Way Forward

The Institute is committed to doing more to help member firms build capacity. In future, we will be organising various roundtable discussions around the country to create awareness and educate our members on the advantages of M&A initiatives.

We feel that holding many round tables with limited participants is an appropriate channel since a small discussion group will enable more honest and open interaction between participants and facilitators. Face-to-face interactions will of course be supported with website communications. The Institute strongly believes that genuine and honest communication will be a start in the right direction of bringing about positive change in the operating landscape of the profession in the coming years.

So please stay tuned for updates. 

# Lean Accounting

*Ross Maynard explains how lean accounting principles could help you to revolutionise standard costing by improving the “flow” in your organisation.*

In a high-variability, multi-product environment, there is no such thing as one standard product cost. The cost of the product is related to the flow through the process. A number of factors affect the speed and efficiency of this flow and, therefore, the cost. If you control the flow, you control the cost. And improving flow through the process improves profitability. An added benefit is that improving the flow can also create extra capacity for profitable production.

Flow through the process (whether in manufacturing or in service delivery) is impeded by a number of factors:

- Poor quality. This is measured by first-pass yield — the percentage of throughput that is processed correctly the first time (also called first time through or failed parts per million).
- Scrap. Time spent on production or services that are scrapped because of quality problems is time wasted.
- Rework. Time spent correcting errors and reworking is time wasted (and expensive).
- Product mix. Some product varieties may take more processing time than others.
- Downtime owing to breakdowns, stoppages for maintenance, etc.
- Lack of skills owing to poor training, absence, recruitment difficulties, etc.
- Poor-quality raw materials or components.
- Lack of raw materials or components.

Since these factors impede flow, they increase cost. Reducing these obstructions will, therefore, improve flow and reduce

cost. Improving first-pass yield and machine availability dramatically improves flow and so has a significant impact on cost.

Of course, it's no use merely being able to manufacture more stock; you also need customer demand. So what can management accountants do? I believe that we have four fundamental roles in the mod-

ern multi-product business: on flow through the process. Fortunately, operational managers use these measures and we need to work with them to provide information that highlights flow and its impact on profitability.

Measures of flow that are widely used in organisations include:

- Production by the hour — i.e., measur-



ern multi-product business:

## Role 1: Measure flow through the process

In high-variability, multi-product organisations, profitability is maximised when the rate of flow through the process is maximised, not when machine or labour utilisation is maximised. This means that we need to get to grips with flow. We need to provide information that measures it and promote behaviour that improves it. Traditional accountancy measures rarely focus

ing flow through the process in real time.

- Work in progress versus standard work in progress. If work is building up compared with the standard, then flow is interrupted.
- First-pass yield rates.
- Scrap and rework rates.
- Operational equipment effectiveness – a measure of equipment reliability, quality and efficiency.
- Dock-to-dock time — i.e., the total time a component takes to move through the

process. In effect, this is raw material stock days plus work-in-progress stock days plus finished goods stock days. It is also an indicator of cash tied up in stock.

- Accounts receivable days — i.e., the amount of cash tied up in debtors.
- On-time delivery — i.e., how often you meet customer delivery requests.

Management accountants should work with their operational colleagues to ensure that the measures are defined correctly and the data is collected accurately. Of course, there is no point delivering such data five days after the period ends. Much of this data can be collected daily for operations managers and reported to more senior managers weekly (*see role 3*).

### Role 2: Understand the capacity of the process

Improving the flow through the process (providing that this services to meet customer demand, not to build stock) improves profitability because:

- A faster flow through the production or service delivery process reduces the need for stock at all stages and so reduces stock-holding costs, as well as the costs of obsolescence and loss. It also gives a significant boost to cash flow.
- A faster flow also means greater responsiveness to customers. This is a significant competitive advantage that often commands a price premium. Would you choose the service provider that can meet your needs in two weeks or the one that takes eight weeks?
- A faster flow also creates flexibility to meet specific customer requirements with a short turnaround. There can be significant potential profits if you can customise to customer requirements quickly.
- Improving the flow reduces waste. Scrap, rework, machinery breakdowns, poor skills training and so on all cost the company money in terms of lost production and increased costs. Improving the flow and minimising costly interruptions create extra capacity that can be sold. This extra capacity is available at marginal cost because you are already paying people wages, covering depreciation and

maintenance on machinery and incurring overheads. This assumes that you can sell the extra capacity. But, if you are also flexible and can offer a fast response to customer requirements, you should have an advantage over competitors.

So, by measuring and understanding the available capacity in the process you can create chances to generate extra revenue. Once again, this role requires management accountants and their operational colleagues to work together. Tools exist for calculating capacity and this can be done weekly or monthly. You can then provide decision support to show the real impact of creating and utilising capacity on profitability.

### Role 3: Provide financial information that is timely and relevant

Lean management is an example of a time-based business strategy that continuously aims to improve speed through the production and service delivery processes. In any such strategy, getting management accounts five days after the period ends does little to support timely and effective decision-making. In such an environment we need to provide financial data in real time. In practise, this means weekly – on the Monday morning of the following week.

To achieve this, we need to simplify the accounting system radically. Standard costing provides no value to this process and should, therefore, be abandoned. We don't need (or want) overhead allocations or standard costs. Neither do we want (as far as possible) accruals, stock adjustments, works orders, purchase orders or inventory tracking.

- Contribution costing should replace absorption costing.
- If we manage the flow through the process rather than individual product costs, we don't need work orders.
- Gathering data at the process (or value stream) level, rather than at the individual steps within it, means we can reduce the number of cost centres and cost codes.
- If stock is low and under control, we don't need to track stock on the system.
- Supplier partnerships and long-term con-

tracts minimise the need for purchase orders.

- If you are interested in real costs in real time, you no longer need many accruals and other adjustments.

This is a snapshot of a fairly challenging transition, but it demonstrates the way in which management accountants need to start relating financial data to flow.

In a lean management environment, the production or service delivery process for a product or service category is called a value stream. There are other ways of organising value streams (including by customer), but the most common is to organise them by process. The value-stream (or process) manager has P&L responsibility (plus relevant assets), so we must present management accounts in a form that supports decision-making and management by that individual. This means presenting financial data on a contribution costing basis, without allocating overheads. But there are some differences between what is called value stream management accounting and contribution costing as it is often taught. In value stream management accounting:

- The revenue reported is the actual value of production delivered to customers in the period. The value of stock produced is ignored — we don't want to encourage the production of inventory.
- Material cost is the actual cost of materials delivered to the value stream or production process in the period, whether it is used in production or not. Again, we should discourage stock-holding and bulk buying and encourage just-in-time deliveries instead. There are times when bulk buying is necessary — e.g., steel stock). In this format such activity is visible and, therefore, easily explained.
- Labour costs are those actually incurred in the period, including overtime and temporary staff costs. Labour is seen as a fixed cost in the short term.
- Costs directly attributable to the value stream or process are assigned to the value stream or process.
- In general terms, we do not make accruals or other adjustments. We are interested in showing costs as they arise to

stimulate improvement. Value stream management accounting is not about being fair (spreading costs evenly across periods); it is about encouraging operational behaviour that smooths fluctuations and so stabilises and improves flow. Only in special circumstances will we vary from this rule.

- We assign only costs that can be managed in the value stream. We do not allocate or apportion costs, since they cannot be managed by the operational manager. We do not apportion indirect overheads to the process. There are three possible exceptions to this rule. First, depreciation on equipment in the value stream is allocated, since this can support decision-making. Depreciation on capital items not in the value stream or process is not apportioned. Second, a proportion of facility costs is apportioned to the value stream in a way that supports behaviour to improve flow. Third, if a value stream or process takes up half of the space in a facility, then only half of the facility costs will be apportioned to the process. This encourages operational managers to reduce the amount of space they occupy, freeing up space for other profitable uses – eg, new products. Energy and water use in the value stream should ideally be metered. Where this is not possible, an allocation based on consumption in the value stream is acceptable. Again, there is no apportionment of utility costs not in the value stream.

Taken together, this information yields a value stream (or process) contribution. Making this available every week supports operational managers because it will show the impact of improvements in real time and enable decisions to be analysed and taken in a timely and effective manner.

#### Role 4: Be active in strategic decision-making and continuous improvement.

The previous three roles combine to transform the management accountant from backward-looking bean-counter to forward-looking provider of strategic decision support. The data that management

accountants provide is used to drive operations every day. Management accountants should also engage with cross-functional teams in regular improvement activities. We provide information that forms the core management tool of the business. Is it forward-looking and focuses on the importance of improving flow.

There are many tools that support these roles for management accountants. Two issues in particular are worth mentioning:

- How do we value stock without standard costs? Improving the flow means that we greatly reduce the level of stock held by

costing. There are tools for analysing the relative costs of different products (or product variations) and we do not need to calculate standard costs on an ongoing basis.

Consider an illustration, using real data from a UK firm, of the sort of weekly reporting that management accountants in a high-variability, multi-product organisation might produce (see Table 1). As a key player in the decision-support role, how would you lead discussions about the data? What would you focus on to explain the average value stream cost per unit in week

Table 1 Value Stream A

	Week 32	Week 33	Week 34	Week 35
<b>Performance measures</b>				
Units produced	68,511	73,719	55,196	63,752
Scrap (£)	8,211	5,000	10,353	6,646
Operational equipment effectiveness	74%	80%	70%	73%
Schedule adherence	89.80%	89.20%	90%	89.60%
Lead time - dock-to-dock days	19.25	18.10	22.20	20.30
Parts per hour	350	377	282	366
<b>Capacity (at bottleneck)</b>				
Productive capacity	67.37%	65.72%	51.26%	56.91%
Non-productive capacity	28.51%	25.98%	30.43%	27.84%
Available capacity	4.12%	8.30%	18.32%	15.25%
<b>Financial data (weekly)</b>				
Revenue (£)	342,910	473,500	449,056	359,258
Material cost (£)	198,765	201,102	243,234	80,836
Labour cost (£)	37,987	37,987	37,987	37,987
Other direct costs (£)	5,835	5,835	5,835	5,835
Value stream profit per week (£)	100,324	228,577	162,001	234,601
Value stream return on sales (£)	29.30%	48.30%	36.10%	65.30%
Average value stream cost per unit (£)	3.54	3.32	5.20	1.96

the organisation. As a consequence, the value of stock becomes much less important on the balance sheet. There are a variety of simple methods we can use to value year-end stock.

- What about product costing? The price of a product in the marketplace bears no relation to its cost — the price is set by the market. Standard costing should, therefore, have no place in product costing. Standard costs are backward-looking and should not be used in decision-making, because they contain fixed costs and sunk costs. We should base pricing on value to the customer. There are several tools that we can use to do this, including target

34, compared with that in week 35? It's not about fixing blame; it's about using data and trends to stimulate behaviour that improves the flow.

In this process, the management accountant becomes a key player in the team, driving the business to improve. The era of the back-office bean-counter is gone; our new role has a real impact on decisions, performance and profitability. This is a marvellous opportunity.<sup>AT</sup>

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# New Guidelines and Best Practices to raise Standards of Islamic Venture Capital

*The explosive growth of Islamic finance has kept the regulators busy with framing laws and regulations to ensure everything is moving along in good stead. The Islamic venture capital industry is the latest sector to come under the regulator's microscope.*

In mid-May, the Securities Commission (SC) introduced a set of new guidelines and best practices to promote the adoption of appropriate standards for the development of the Islamic venture capital industry.

The release of the guidelines further enhances Malaysia's comprehensive and highly regarded regulatory framework for the ICM.

The *Guidelines and Best Practices on Islamic Venture Capital* (Guidelines) stipulate the minimal requirements for the establishment of an Islamic venture capital corporation (VCC) and Islamic venture capital management corporation (VCMC). The guidelines also include a set of Best Practices in an effort to promote appropriate Islamic standards in the industry.

Under the new Guidelines, a *Shariah* adviser must be appointed for the establishment of an Islamic VCC or VCMC. In addition, the activities of the Islamic venture capital entities must be *Shariah* compliant.

In her speech, the SC's Managing Director Datuk Dr. Nik Ramlah Nik Mahmood noted that venture capital brings profound impact to the economy. It bridges the financing gap where direct bank lending or financing through the debt or equity market is difficult to obtain.

"The unique nature of the venture capital model, which is based on active management leads to improved corporate governance and an overall alignment of stakeholder interests with that of the management. This then creates significant value above and beyond the use of financial engineering. New companies and industries spawned by venture capitalists for example Apple Computer Inc., Federal Express, Google and IBM have irreversibly changed the way we live and work today," she said.

As at the end of 2007, Malaysia has a total of 98 venture capital companies and ven-

ture capital management companies registered with the SC with total committed funds under management of RM3.3 billion.

On regulation, Datuk Nik Ramlah had highlighted that "no other hotbeds in the Asian region" can claim to have a robust and comprehensive Islamic financial system like Malaysia, adding that under the Malaysia International Islamic Financial Centre (MIFC) initiative, Malaysia aims to be the centre for Islamic finance and capital market as well as a centre for Islamic finance education, training, consultancy and research.

**"Both Islamic finance and venture capital are areas high on the agenda of the Malaysian government and Islamic venture capital is an area where Malaysia can easily distinguish itself from other venture capital markets in the emerging economies."**

Datuk Dr. Nik Ramlah Nik Mahmood,  
Managing Director, Securities Commission

On what is Islamic venture capital, she suggested that an Islamic venture capital is similar to a traditional venture capital except that it is structured and managed in accordance with *Shariah* principles.

"Venture capital exemplifies the Islamic finance model because at the core of it, investments are made in businesses that offer *Shariah*-compliant products and services and because the investment model is based on long-term active partnership and risk sharing consistent with the *Shariah* principles of *mudharabah*, *musyarakah* and *wakalah*.

"Both Islamic finance and venture capital are areas high on the agenda of the Malaysian government and Islamic venture capital is an area where Malaysia can easily distinguish itself from other venture capital markets in the emerging economies. Internationalisation of

the venture capital industry can be undertaken by leveraging on our strengths in Islamic finance and capital market," she said.

Datuk Nik Ramlah said the two fundamental requirements for the establishment of an Islamic venture capital are:

- First, the appointment of a *Shariah* adviser who provides continuous guidance in ensuring that amongst others, the proposed investment contract and instrument structures are *Shariah*-compliant;
- Second, the core activities of the investee company must be *Shariah*-compliant.

Consistent with the SC's efforts to promote high standards in the Islamic venture capital industry, the statement said the Best Practices for the Islamic VCC or VCMC are voluntary in nature and reflect the level of expectations from the SC.

The Best Practices cover the responsibilities of the *Shariah* adviser, appointment and roles of a compliance officer, and other administrative matters relating to portfolio management and maintenance of accounts. The adoption of these Best Practices will raise the standards of the Islamic venture capital industry, and enhance professionalism in the industry.

The release of the guidelines which took effect on 7 May 2008, says the SC, sets the benchmark for both the Islamic venture capital industry and is also intended to promote the growth of the industry. **AT**

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# Organisational Benchmarking

## A Competitive Management Accounting Tool

Zubir Azhar and Normah Omar

*Management accounting in the early 1940s placed a heavy emphasis on accounting for production and controlling the costs thereof. However, the emergence of new technologies, global competition and customer-oriented approaches are seen as parts of the continued development of management accounting that have heightened its role. The development of management accounting has even sparked, specifically with the introduction of strategic management accounting, where the emphasis is on the generation and analysis of information that supports managers in making decisions that develop, enhance and protect an organisation's competitive advantage. Those decisions can be made in the most effective and efficient manner when comparisons are made between the measures used in an organisation or business unit and some other organisations or business units.*



**B**usinesses in both public and private sectors seek to continuously improve the effectiveness and efficiency of their products and services. In this regard, a number of changes have passed through the practices of most organisations recently, especially concerning the management accounting aspects. Business units are reviewing their costs, structures and the efficiency of their functions. In response, the managers have undertaken a review and benchmarking of their organisations' costs and the efficiency of business units despite having developing strategies to control other operating costs. As such, benchmarking has reached widespread diffusion and is now considered as one of the most powerful tools for promoting process improvements and re-engineering in many prominent companies.

### **The Concepts of Benchmarking**

Defining benchmarking can be a confusing task as there are so many definitions

according to different perceptions and applications of the technique and philosophy. Allan (1993) defines benchmarking as a technique that helps in measuring and comparing the performance of an existing process, product or service, against that of the recognised best in class, both outside and inside the company. He goes further by stating that benchmarking can be seen as one of the quality activities that can be applied to process improvement. Similarly, Shetty (1993) explained that benchmarking is a continuous process of measuring products, services and practices against the best competitors, or those recognised as industry leaders. Sarkis (2001) on the other hand outlines from a manager's perspective that benchmarking has been defined as a continuous, systematic process for evaluating the products, services and work processes of organisations that are recognised as representing best practices, for the purpose of organisational improvement.

In summary, benchmarking is the process of comparing practices, functions, activities, products or performance against a reference point. The reference point comprises an organisation and the internal units within an organisation or industry, or even outside an organisation's industry. It is normally undertaken to identify areas for improvement by those organisations seeking to achieve greater performance, or possibly those that are constantly searching for better methods of undertaking tasks.

### Types of Benchmarking

There are several different types of benchmarking in which a firm can engage. They may come in different forms and names depending on individual perspectives. This paper uses Camp's four-step typology because of its simplicity and evolutionary approach.

**Internal Benchmarking** — As the name indicates, this type of benchmarking is limited within the boundaries of a single organisation. In many large organisations there are departments and business units performing similar activities that need to be compared and analysed. This type of benchmarking is used when an organisation searches for best practices within its own boundaries. When best practices are identi-

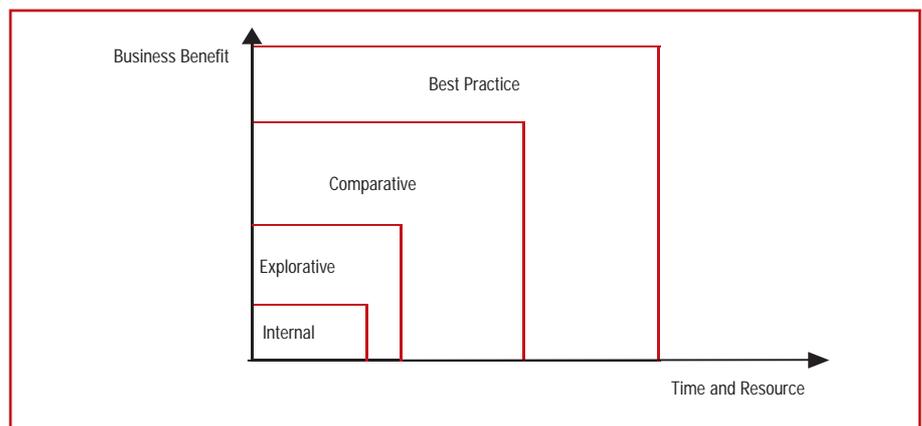
fied, each department or location is encouraged to adapt them to its own environment and bring its performance up to the level of the internal benchmark, thereby raising the performance of the organisation as a whole. Because confidentiality considerations do not exist, this type of benchmarking facilitates the flow of information in an organisation and is relatively easy to implement.

**Explorative Benchmarking** — When organisations conduct an explorative benchmarking, their focus shifts to compare the performance of an organisation with other competitive and non-competitive organisations. This can be done both at organisational and functional levels. On the basis of operational performance,

the level of benefit and learning obtained is somewhat restricted.

**Comparative Benchmarking** — Comparative benchmarking is used to compare the performance of an organisation with other competitive and non-competitive organisations. This can be done both at organisational and functional levels. In either case, a set of appropriate measures is agreed, and current performance is measured. This is then compared with other organisations either by searching and analysing information in the public domain, or by requesting information from the organisation itself. Comparative benchmarking enables an organisation to position itself within its industry of function, and assess the potential for improved per-

Figure Types of Benchmarking



organisations start to seek best practices in comparable industries (i.e. oil and gas companies seeking comparison with mining and chemical companies). Like internal benchmarking, information sharing is not hampered, due to the lack of direct competitors. Typically, the search for benchmarking partners is achieved via personal networking, and/or approaching 'familiar' organisations. Explorative benchmarking has the advantage that data is easier to collect because the benchmarking partner typically is part of a personal network recommended by someone within the organisation. It is also less time consuming. The main drawback is that there is the possibility that the performance levels of the 'familiar' organisations are low. The approach used, being simple, is not as systematic as the next types of benchmarking and therefore

formance.

**Best Practice Benchmarking** — Finally, the best practice type of benchmarking is the most pure form of benchmarking that exists today. Best Practice benchmarking is used in identifying and learning from best practices in other organisations using similar processes but achieving superior performance. This requires firstly a thorough understanding of an organisation's current process and its performance, and secondly an ability to identify the enablers to outstanding performance in the benchmark process. These are then adapted with the benefit of an organisation's process knowledge. Best Practice benchmarking requires more effort and resource than internal and comparative benchmarking, but enables potentially much greater improvement in performance.

## Benchmarking as a Competitive Management Accounting Tool

Benchmarking is often used as a management tool in highly competitive industries, where the only controllable way to improve margins is by cutting costs. Initially, improvement and cost saving projects focus on non-competitive processes, i.e., areas in which an organisation loses the battle in the marketplace. Competitive benchmarking reveals these areas of relative weakness. It provides management with an indication of potential savings by establishing performance gaps with the best practitioners, and is instrumental in prioritising improvement projects. The strength of benchmarking is that it allows decisions to be made based on facts, not intuition. It helps organisations that are internally focused and have a predominantly reactive approach towards competition to become more proactive and externally oriented.

In its broad spectrum, benchmarking is one of the management accounting techniques that seek to achieve business improvement by helping organisations and individuals learn and develop. To achieve successful business development, a good basis for benchmarking is important, in order to address questions such as: Whom to benchmark against? What processes, functions etc. to benchmark? How to perform the benchmarking? It is also vital to the benchmarking process to provide answers to the questions: Where are we now? Where do we want to be? How are we going to get there?

Benchmarking is conceptually simple and straightforward. However, its application can be difficult and complicated as the underlying benchmarking processes are somewhat difficult to cater to and may be daunting to many people. The processes for benchmarking basically involve several steps that need to be considered. They include the following:

- 1 Deciding on performance measures of interest;
- 2 Subject(s) to benchmark against;
- 3 Deriving the benchmarking measures;
- 4 Making comparison against a subject of interest; and
- 5 Using the outcome for making relevant decisions, business improvement, control of resource purposes, performance evaluation, etc.

Benchmarking produces information that is valuable and relevant to managers, accountants, and even researchers. Although most information did not contradict prevailing views, it is unlikely that the results of each report could have been achieved as efficiently by any other technique, given the paucity of the data and information required for a traditional quantitative approach.

A number of studies reported that UK companies' involvement in benchmarking ranges from 60 to 85 per cent (CBI, 1997; Coopers and Lybrand, 1995; Zairi and Ahmed, 1999). Evidence from a more recent survey suggests that most using benchmarking will be involved in comparisons of performance metrics rather than the more rigorous style of process benchmarking. This therefore indicates the popularity of performance measures and metrics and how they are critical elements within benchmarking organisations today.

In relation to the public sector, a study by Wynn-Williams (2005) looked at how benchmarking can help to provide meaningful and relevant information to funders, service providers, service recipients and other interested parties in which benchmarking has the potential to overcome some of the problems that arise from reliance on the more traditional reporting methods seen in the private sector. The study also proposed that a combination of internal benchmarking, process benchmarking and increased public documentation will enhance reporting systems in any public sector organisation.

In another interesting study, Reider (2002) posed the benchmarking issues specifically from the perspective of internal benchmarking. According to him, the effective use of internal benchmarking techniques not only ensures maintaining operations at their most economic, efficient, and effective levels, but also doing the right job, the right way, at the right time. He further argued that internal benchmarking, if applied consistently, can become an effective preventive measure of signs of erosion.

Benchmarking is rapid and inexpensive compared with procedures that rely entirely on the assembly of quantitative information. Likewise, the use of qualitative

judgements also has merit for a far lower cost. Besides, benchmarking can also be used as a highly effective tool for improving performance. It can be used either as a tool in itself, or as an element of a Business Process Re-engineering (BPR) project. In short, benchmarking:

- Develops realistic stretch goals
- Establishes realistic action plans
- Encourages a striving for excellence and innovation
- Creates a better understanding of current position
- Underpins the drive for performance improvement

## Conclusion

Benchmarking is not a quick remedy to achieve sustainable quality and performance. But benchmarking can significantly improve operating efficiency and profitability. It is an ideal way for managers to make a long-term, highly visible, quantifiable contribution to their organisations. Nevertheless, benchmarking should not be taken as a one-time project. This is because business improvement will continue to take place in the future to respond to various demands. In effect, it will cultivate the implementation of industry best practices that will reduce any other performance gaps an organisation may have and help it to progress. AT

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# Playing the Market

Yogaretnam Kanagandram

*What's the quickest way to learn economics and finance? Just start playing the share market and soon subprime, red chips, structured warrants, Federal Open Market Committee and other financially impressive jargon will be second nature to you. It doesn't even matter what your profession is; you may be driving a cab or selling 'laksa' at the 'pasar malam'. Playing the market is a Master's course that will transform you into an investment savvy individual— a Wall-Streeter of sorts. The knowledge will allow you to mingle and hold your own against the pretentious mob of bankers, investors and stockbrokers.*



**W**hat drives the learning process? When personal stakes are involved, learning comes naturally.

Teachers don't need to give you tedious homework to complete; instead like a dedicated student, you will seek it. And the fee for this rapid learning programme is the losses that you are almost certain to make on your trades. Even graduates and doctors with actual paper qualifications in economics and finance are not exempted from such a "fee" no matter how hard they try because it's something that is not taught at Harvard and the like.

## Funding

Firstly you need to build up a war chest of savings. Set aside a portion of it into dull money market instruments such as fixed deposits based upon your assessment of cash flow requirements for, say, the next six months. Do not play the market with cash needed to feed your family. In other words, stock market forays should come out of your second tier or higher savings and not the core savings meant for the bare necessities and rainy days. The extreme form of financial death wish would be to drawdown on credit card lines or "Ah Long" loans to play the mar-

ket. It is unlikely that you could earn a return on stocks exceeding such exorbitant rates.

### Remisier Selection

Your next step would be to select a remisier you are comfortable with. Who is a remisier? He's attached to one of the licensed stockbroking institutions, someone who's authorised to execute buy or sell orders on your behalf. Comfortable in this context means someone whom you can communicate with in a relaxed manner without feeling any pressure to place a trade. The analogy here is feeling at ease asking a sales assistant at a department store, how much is this and that, trying out some of the stuff in the process and then walking away with a "nothing here". Of course we should do our part and avoid small talk, especially when the market is hot. As the business is seasonal and commission-driven, we should give our remisier the space to make hay while the sun shines.

There are the rare remisiers who go beyond order taking. They are technically-trained and are able to give you the intellectual insight on the market. Even better, your human instincts will tell you that they are seriously concerned about your welfare. Faced with increased competition from electronic trading and finer margins, like the Sumatran Rhino under a captive breeding programme, quality remisiers are indeed making a comeback.

Let me relate a personal experience of how it used to be. In the nineties, during the halcyon years of generous commissions, a decent remisier could easily earn an average of RM50k a month. Considering that many were simply order takers, it was an easy route to make a pile of money compared to, say, being the group CEO of a large bank. I had a remisier who was always impatient with me. Each time before I gave him a call, I felt I had to rehearse my lines so that I would not say anything that would annoy him. One day I called him to enquire how much a particular stock was trading at and he replied 6.50 – 6.60, meaning that the market was willing to buy at RM6.50 and sell at RM6.60 per share. A deal is done when the buy price equals the sell price. So I instructed him to queue to

buy at 6.50. He responded in a typical Malaysian accent, "Aiya, 10 sen also want to kira ah!" Another time I called him after a two-week bull-run. He proceeded to reprimand me for not calling him two weeks earlier as he would have had the prophetic vision and foresight to advise me to buy stocks in anticipation of a bull-run. I am uncertain as to whether he is a fortune-teller or a hindsighter with perfect 20/20 vision. Needless to say, I changed remisier.

You are now ready for the next critical step, which is getting educated in picking the right stocks to buy or to sell. "Experience is a dear school", so the saying goes. For the newcomer, costly mistakes are bound to be made here; so my advice is to start small. You want to ensure that you have enough ammo for the long haul. Welcome to the school of hard knocks!

"... it is unlikely that you would ever find a mispriced stock waiting specially for your eyes only."

### Stock Selection — Science or Art?

Is there a highly structured methodical approach to stock selection or should the selection process be tempered with an element of gut-feel and intuition, a sort of maverick approach in this exercise?

I am inclined to believe that the pathway to success in the market is learning but not just confined to the textbook stuff. It includes absorbing the street-smarts of trading. For instance, textbook-style analysis may reveal some attractive ratios of a company, prodding you to take a financial plunge. You may however later realise that the numbers were unsustainable or a material piece of information was withheld or, even worse, the books were cooked!

Anecdotal evidence indicates no clear correlation between straight-A students and market success. Hooray for the underdogs of academia! Also consider this: besides what can be neatly quantified, there is a huge helping of qualitative factors to mull about before stock selection. To name a few, looming competitors, risk exposures, management capability, man-

agement honesty, succession issues, company brand, continued viability of the business model, prevailing market sentiment and so on. How do you arrive at a verdict after all these relevant factors have been melted into a decision-making pot? Now that's art!

### A Hypothesis to Consider

There is a well-founded school of thought which postulates that no analysis is required in stock selection. Just pick any stock. Perhaps you may fancy stocks beginning with the letter "A". Any stock is as good (or as bad) as any other. This is premised on the idea that scores of intelligent analysts with deep pockets to boot scour the market for stocks that are mispriced i.e. under or over priced *vis-à-vis* the relevant information. If they find stocks that are mispriced, they would not say "After you, please" or "Ladies first". Ruthless dog-eat-dog world is the order of the day. The me first attitude will have them rush in to buy or sell as appropriate until the market forces settle the price to the equilibrium level of correctness. From thereon how the price moves will depend on freshly available information which nobody can predict anyway. The conclusion is that it is unlikely that you would ever find a mispriced stock waiting specially for your eyes only. Perhaps there is some truth when ladies complain that the good men are either married or...

It makes you wonder about several things — why do you bother reading analysts' reports; why broking houses pay top dollar for stock analysts and whether picking the right stock is reduced to merely a game of chance, no different from choosing the right colour in a game of roulette.

Not to worry, there is still hope for you to better the market through diligence rather than relying on lady luck. The consistent successful track records of acclaimed investors like Warren Buffet and Peter Lynch provide ample evidence of market success proportionate to efforts. Could you become a scaled-down version of these greats? I don't see why not? **AT**

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# Advanced Customs Rulings

Leow Mui Lee

*In the 2007 Budget, it was announced that both the Royal Malaysian Customs Department (RMCD) and the Inland Revenue Board (IRB) would be issuing advance tax rulings to ensure greater certainty of tax treatment and transparency in tax administration.*

The advance tax rulings were implemented by the RMCD and IRB pursuant to amendments made to the following legislations:

- **Indirect Tax.**
  - Customs Act 1967.
  - Excise Act 1976.
  - Sales Tax Act 1972.
  - Service Tax Act 1975.
- **Direct Tax.**
  - Income Tax Act 1967.

The introduction of the advance tax rulings system is part of the Government's on-going efforts to improve the current tax administration system, which is considered vital in ensuring the smooth and effective implementation of the national development policies as well as strategies to create a conducive business environment for the private sector.

Accordingly, it was anticipated that the advance tax rulings system will achieve the following objectives:

- Promote clarity, certainty and consistency in the interpretation and application of the tax law;
- Minimise disputes between tax authorities and taxpayers; and
- Promote voluntary compliance and uniformity by providing certainty in terms of tax treatment.

This article focuses specifically on the advance rulings related to indirect taxes.

## Legislative Framework

The legal framework for obtaining rulings in relation to indirect tax matters (broadly known as "Customs Rulings") was introduced via amendments to the Customs Act 1967, Sales Tax Act 1972, Service Tax Act 1975 and Excise Act 1976. The procedures to obtain Customs Rulings have also been formalised via the following regulations:

- Customs (Customs Ruling) Regulations 2007;
- Excise (Customs Ruling) Regulations

2007;

- Sales Tax (Customs Ruling) Regulations 2007; and
- Service Tax (Customs Ruling) Regulations 2007.

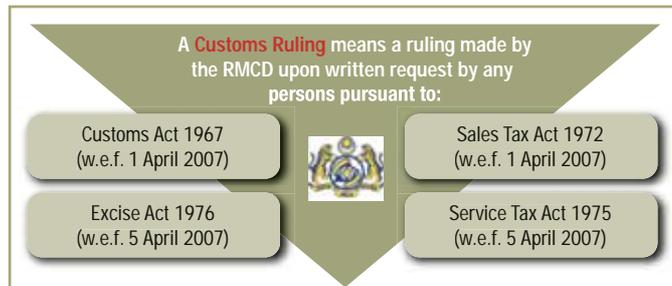
**Diagram 1** outlines the dates the amendments/regulations took effect.

Effective from April 2007, a Customs Ruling may be sought in relation to the following matters:

- Classification of goods;
- Principles to be adopted for the determination of value of goods/services;
- Determination of taxable persons/services; and
- Other matters as prescribed by the Director General of Customs (DG).

These are categorised in **Table 1**.

**Diagram 1** Definition of a Customs Rulings



**Table 1** Scope of Customs Rulings

Scope of Customs Rulings	Customs Act 1967	Excise Act 1976	Sales Tax Act 1972	Service Tax Act 1975
Classification of goods	✓	✓	✓	
Principles to be adopted for the determination of value of goods	✓	✓	✓	
Principles to be adopted for the determination of value of services				✓
Determination of Taxable Persons			✓	
Determination of Taxable Services				✓
Other Matters as Prescribed by the DG	✓	✓	✓	✓

Prior to this, there were no formal procedures for a person to seek clarification/direction from the DG on specific customs matters. Such a request for clarification/direction was typically made via a written representation of the facts and information involved including a presentation of the relevant documentation.

### Application for Customs Rulings

Under the Customs Rulings framework, a taxpayer may apply for a Customs Ruling by completing the prescribed form (i.e. Application Form for a Customs Ruling — Schedule A) and pay a processing fee of RM200. As the DG will issue a Customs Ruling based on the information supplied by the applicant, the onus is on the applicant to ensure that information furnished is accurate and complete. The applicant is also permitted to withdraw the application at any time before a Ruling is made.

### Issuance of Customs Rulings

As stipulated in the Regulations, a Ruling will be issued within a 90-day period, unless the information furnished by the applicant is insufficient or additional analysis or documents are required. In this respect, the RMCD's willingness to commit to a time frame within which to issue a Customs Ruling is indeed encouraging.

It is also noted that the Ruling made by

the DG is binding on the applicant, subject to conditions imposed. However, the relevant provisions do not mention that the DG is also bound by the decision. Although these provisions appear to be "one-sided", it is implied that the DG would similarly be bound by it given that a Ruling represents the DG's authoritative view.

Nevertheless, the DG may decline to make a Ruling if:

- Insufficient information is furnished;
- The application is made for a hypothetical situation; and
- There is an impending appeal under the same legislation, which involves the subject matter referred to in the application for a Ruling.

### Validity of Customs Rulings

Customs Rulings are valid for a period of three years from the date of issue or until they are cancelled in writing or otherwise cease to have effect in accordance with the provisions of the relevant legislation. However, a Customs Ruling can be further renewed for a period of two years from the date of its original expiry. To this effect, any decisions obtained from the DG before the implementation of the Customs Rulings system shall be valid for three years from either 1 or 5 April 2007.

Another interesting aspect of the issue is that, from time to time, the DG may re-

quest the holder of the Ruling to confirm within 30 days or any extended time frame:

- that the facts or information which formed the basis for which the Ruling was made remain unchanged; and
- all conditions imposed in the Ruling have been complied with, failing which the said Ruling shall be treated as having been withdrawn.

Nevertheless, and at any time, the Director-General may at his discretion:

- *declare Rulings to be null, void and of no effect if:*
  - the Rulings have been obtained by the applicant by way of fraud, misrepresentation or falsification of facts; or
  - when two or more Rulings have been obtained by the applicant on the same subject matter.
- *modify or revoke the Rulings if:*
  - they contain errors which need to be corrected;
  - the Rulings were based on an error of fact or law;
  - there is a change in law; or
  - there is a change in the material facts or circumstances on which the Rulings were based.

### Customs Appeal Tribunal

In the past, any person aggrieved by the decision made by the DG could appeal to the Minister of Finance, whose decision



was final. Under the Customs Rulings system, if an applicant is dissatisfied with a Ruling, the applicant may lodge an appeal with the Customs Appeal Tribunal. The decision of the Tribunal shall be final.

Any appeal against a Ruling must be made within 30 working days from the date of the notice of the Ruling. It is also possible to apply for an extension of time to file the appeal, subject to the approval of the Tribunal.

### Benefits of a Customs Ruling

Some of the benefits worth mentioning of obtaining a Customs Ruling are summarised below:

- Provide businesses with certainty and predictability in planning business activities;
- Ensure consistency in the interpretation of the indirect tax legislation by the RMCD and taxpayer;

- Obtainable within 90 days from the date of application;
- The process is transparent and inexpensive; and
- An advance ruling is binding in nature.

### Other Jurisdictions

A comparison of the Customs Rulings system in Malaysia with those implemented in other jurisdictions is outlined in **Table 2**.

It can be concluded that the Malaysian Advance Customs Ruling framework is comparable to those implemented in other jurisdictions. It is also hoped that, in the near future, we may see a situation where such Customs Rulings would be published for the benefit of the public.

### Conclusion

After more than 30 years since the in-

ception of the various indirect tax legislations, the RMCD has finally formalised a legal framework for obtaining Customs Rulings. This represents a significant development in the indirect tax regime. Such a framework is also consistent with those already implemented in many developed countries.

In general, the implementation of the Advance Customs Ruling system in Malaysia should be viewed as a positive step undertaken by the Government to promote transparency in tax administration. Businesses are expected to benefit from the expeditious issuance of Customs Rulings for better planning and certainty. **At**

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**Table 2** Comparison with the Rulings Framework in Other Jurisdictions

Comparison with the Tax Rulings in Other Jurisdictions	Malaysia	New Zealand (Customs)	India (Customs)	Singapore (GST)
Who can apply for a Ruling?	• Any person	• Any person	<ul style="list-style-type: none"> <li>• A non-resident setting up a joint venture in India in collaboration with a non-resident or a resident</li> <li>• A resident setting up a joint venture in India in collaboration with a non-resident</li> <li>• A wholly owned Indian subsidiary of a foreign holding company.</li> </ul>	Any person (either in his own right, jointly with other persons or on behalf of a person who is yet to come into legal existence)
When will a Ruling be issued?	Generally within 90 days	Generally within 40 days (150 days if the request is made for a confirmation of the origin of goods)	Generally within 90 days	Generally within 30 days
Must reasons be given for the Ruling?	Not mentioned	Yes	Yes	Yes
Validity period of a Ruling	3 years	3 years	The Ruling remains in force unless there is a change in law or facts on the basis of which it was pronounced	3 years
Application fee	RM200	NZD40	INR2,500	SGD525
Statutory binding nature of the Ruling	Only the applicant	Both the applicant and the Customs authorities	Both the applicant and the Commissioner of Customs	Both the applicant and the Comptroller of GST
Would the Rulings be published for public viewing?	Not mentioned	The related report (but not the Ruling itself) will be posted on the website of NZ Customs on an anonymous basis and applicants are required to advise the Customs of any information supplied that should not reach the public domain.	May be released for publication based on terms and conditions as may be prescribed by Customs authorities	Not mentioned

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**News from Bank Negara Malaysia (BNM)**

**BNM Guidelines and Circulars**

The BNM has recently uploaded all guidelines issued by them for public viewing on their website at [www.bnm.gov.my](http://www.bnm.gov.my). The BNM will also be uploading all circulars issued by them on their website in the future.

The guidelines uploaded are in the following areas:

**Banking**

- *Capital Adequacy*
- *Financial Reporting*
- *Anti-Money Laundering*
- *Prudential Limits & Standards*

**Insurance & Takaful**

- *Capital Adequacy*
- *Anti-Money Laundering*
- *Prudential Limits & Standards*

**Development of Financial Institutions**

- *Financial Reporting*
- *Anti-Money Laundering*
- *Prudential Limits & Standards*

**Malaysia International Islamic Financial Centre (MIFC)**

Hardcopies of these guidelines are also available for members' reference at the MIA Resource Centre, Monday to Friday from 8.45a.m. - 5.30 p.m. and Saturday from 8.45 a.m. - 12.45 p.m.

*The above information was sent to members via Circular No.28 /2008 on 23 April 2008.* **AT**

**News from the Securities Commission (SC) and Bursa Malaysia**

**Amendments to the Listing Requirements and the MESDAQ Market Listing Requirements of Bursa Malaysia Securities Berhad on:**

- 1 The Offering of Equity and Equity-Linked Securities.**
- 2 Guidelines on Principal Advisers for Corporate Proposals.**
- 3 Other Amendments.**

Please be informed that pursuant to Section 9 of the Capital Markets and Services Act 2007, amendments have been made to the Listing Requirements ("LR") and the MESDAQ Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") for companies listed on the Main Board, Second Board and MESDAQ Market arising from the following:

**Issuance/Revision of guidelines by the Securities Commission on:**

- Offering of Equity and Equity-Linked Securities ("SC's Equity Offering Guidelines & SC's MESDAQ Equity Offering Guidelines"); and
- Guidelines on Principal Advisers for Corporate Proposals.

**Removal of the Fungibility Restriction in relation to Dual Listing.**

- 1 Some Amendments arising from both the SC's Equity Offering**

**Guidelines & SC's MESDAQ Equity Offering Guidelines are as follows.**

- (a) Removal of the par value requirements in respect of the minimum issued and paid-up capital and criteria for subdivision of shares;
- (b) Imposition of the new disclosure requirements in respect of the following:
  - i) two-call rights issue in the announcement and circular similar to that of a bonus issue;
  - ii) confirmation of compliance with the public shareholding spread requirements following an acquisition involving a new issue of securities in the listing application; and
  - iii) the quantum and issue price of the securities upon placement of the securities where the issuer is undertaking an issuance and placement of securities in stages.
- (c) Amendment to the bonus issue requirements on the confirmation by the reporting accountants or external auditors that the available reserves for capitalisation is adequate to cover the entire bonus issue is only required for available reserves which is based on the latest quarterly report;
- (d) Imposition of a new criterion for subdivision in paragraph 13.06 and Rule 13.06 of the LR and MMLR respectively for a minimum share price adjusted for the subdivision of shares of RM0.50 based on the daily closing price of the listed company's/issuer's shares dur-

ing the 3-month period before the application for subdivision.

## 2 Some Amendments arising from the SC's Guidelines on Principal Advisers for Corporate Proposals

### (a) For Main Board and Second Board

- i) Amendment to the definition or references of 'adviser' to include corporate finance adviser, where relevant; and
- ii) Amendment to require the main adviser or the adviser who submits certain announcement and corporate proposals to Bursa Malaysia to be a corporate finance adviser that may act as a principal adviser.

### (b) For MESDAQ Market

- i) Amendment to require a person wishing to act as an adviser under Rule 4.03 of the MMLR to be a corporate finance adviser that may act as a principal adviser.

## 3 Other Amendments arising from Removal of the Fungibility Restriction in relation to Dual Listing for LR

- (a) Deletion of paragraph 8.33A of the LR which requires a listed issuer or a foreign corporation with predominantly Malaysian-based operations to ensure that not more than 30 per cent of its issued and paid-up capital is listed on the other stock exchange(s); and
- (b) Deletion of paragraph 12.14A of the LR which requires a listed issuer or a foreign corporation with predominantly Malaysian-based operations not to purchase its own shares on Bursa Securities if that purchase(s) will result in the listed company or the foreign corporation being in breach of paragraph 8.33A of the LR.

Please take note that the above are just some amendments highlighted. Members are encouraged to refer to the Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com) for complete amendments under LR and the MMLR.

All the above Amendments (including those not highlighted above) have been effective since **2 May 2008**.

*The above information was sent to members via Circular No. 31/2008 on 30 April 2008.*

## Introduction of the "Guidelines and Best Practices on Islamic Venture Capital" by the Securities Commission

The SC has introduced a set of *guidelines* and *best practices* to promote the adoption of appropriate standards for the development of the Islamic Venture Capital industry.

Some of the key areas highlighted in the *Guidelines and Best Practices on Islamic Venture Capital* are:

### Part 1 — Guidelines

Sets out the core requirements for establishing an Islamic Venture Capital Corporation (VCC) and Islamic Venture Capital Management Corporation (VCMC)

- an independent *Shariah* adviser must be appointed to provide expertise and guidance on conformance to the *Shariah* principles
- the activities of the venture companies must be *Shariah*-compliant
- list of non-permitted *Shariah* activities are provided

A VCC or VCMC which has met the core

requirements under Part 1 is highly encouraged to adopt the best practices set out below:

### Part 2 — Best Practices

Sets out the best practices which are intended to assist such VCCs and VCMCs in carrying out Islamic venture capital business activities. The best practices cover the following areas:

- responsibilities of a *Shariah* adviser
- written disclosure and declaration by the *Shariah* adviser
- the need for a compliance officer
- portfolio management
- maintenance of accounts.

The adoption of these best practices is intended to raise the standards of the Islamic venture capital industry and enhance professionalism in the industry.

Please take note that the above guidelines and best practices have been effective since **7 May 2008** and are available on the SC's website at [www.sc.com.my](http://www.sc.com.my).

*The above information was sent to members via Circular No. 33/2008 on 14 May 2008.* AT



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# Toxic Leaders

## Inevitable or Avoidable?

Amy CM Yeo and Steve Carter

Corporate crises in Enron, Nortel, WorldCom, Northern Rock and the whole US subprime financial market have shaken global corporate history. Since then, these unprecedented and unforgettable debacles have left huge imprints that need to be radically re-examined. This, of course, has heightened the curiosity among corporate figures, entrepreneurs, researchers, consultants, practitioners and all other interested stakeholders as to 'why' such impossible collapses of empires can happen in just the blink of an eye.



It is not simple. Indeed, it appears like a complex web requiring one to look at the issue from numerous dimensions and hence warrants rigorous study into the reasons that led to the demise of these gigantic corporations. Specifically, an area that may be of interest is what can be called the 'toxicity of leadership'.

In leadership literature, much has been discussed with regard to employees' behaviour, the extent of leader-subordinate relationship and their effects on organisational performance. Appelbaum and R. Girard<sup>1</sup> in their research found that companies in North America alone lose more than \$200 billion each year due to employees. Employee deviance, including fraud, has also been found to be the cause of approximately 30 percent of all business failures. This figure is worrying and should not be taken lightly. In fact, the deviant behaviour exhibited by employees has a close link with the toxicity of leaders and the workplace. This paper, therefore, posits how the resurgence of 'toxicity of leadership' has a part to play in so far as corpo-

*(continued on page 34)*

<sup>1</sup> Appelbaum and Roy-Girard (2007), "Toxin in the workplace: Effects on organisations and employees", *Corporate Governance*, 7(1), pp. 17-28.

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(continued from page 32)

rate crises are concerned. It also serves as a reminder to leaders that they should learn from the aftermath of the worst corporate catastrophes and keep themselves constantly aware of the need to prevent history from repeating.

### Toxic leaders

A toxic leader can be described as someone who is motivated by self-interest, has an apparent lack of concern, and negatively affects organisational climate.<sup>2</sup> They glory in turf protection, fighting and controlling rather than uplifting followers. They often are destructive leaders who focus on visible short-term accomplishments and succeed by tearing others down. Toxic leaders often make hasty decisions and can change directions suddenly without any apparent rationale. This is a consequence of a number of factors. Included in these are two important ones. One factor is waiting until there is a crisis before making any decision, at which point there is not much time to consider the possible consequences of

the decisions. Therefore, a quick fix is put into action and will no doubt need to be continuously altered or even completely changed before it can be effective. Employees exposed to these conditions will feel pulled in many directions at the same time and will most likely be in a state of confusion. The other factor is that business leaders can suffer from 'mind hazard',<sup>3</sup> that is, not having full ownership of a corporation; managers are unable to capture the full benefits of their efforts, not bear the cost of failure. This 'marginalism', as it is called, is compounded by the complexity of the modern corporation's constraints and this leads to 'managerial discretion', a ubiquitous expression which in turn creates opportunities for top managers to indulge in self interested behaviour, often with disastrous consequences.

Lubit<sup>4</sup> has further shed some light on the destructive nature of toxic leaders and managers. He argued that a central personality trait of many toxic managers is destructive

narcissism. It is the core problem in grandiose managers, control freaks, paranoid managers, sociopaths, ruthless managers, bullies, and the most problematic, rigid managers. In other words, toxic leaders and managers do carry with them traits akin to grandiose, narcissistic, ruthless bullies.

Leaders who are toxic, corrupt, or simply misguided, damage the interests and welfare of the stakeholders. Generally, toxic leaders begin as idealistic visionaries, imbued with a strong view of how to lead their organisation into the future. They

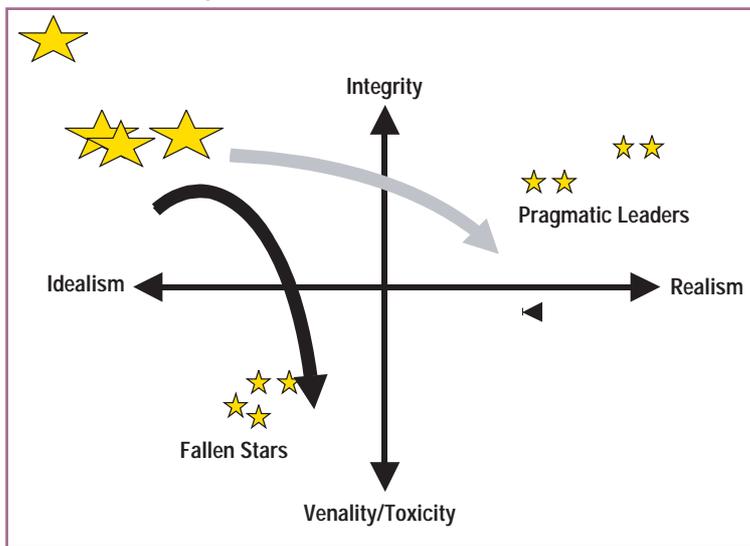
holders can be presented with a picture that hides the true facts and motives of the corporate leaders. 'Good Governance,' therefore, can be subverted. Every organisation develops a culture that is influenced by its leaders. Its culture is a combination of symbols, language, assumptions and behaviour that manifest themselves in the work setting.

Enron<sup>5</sup> is an excellent model and mini case for examining the linkage between toxic leaders, toxic cultures and toxic organisations. This organisation was an example of a toxic culture that was developed from toxic leadership and supported by toxic managers. Some of the major players involved in the scandal displayed extreme toxic behaviour and encouraged their subordinates to follow suite. Jeffrey Skilling, former CEO of Enron, is a perfect example of a toxin that encourages a negative work environment. Skilling was described as obsessed with creating controls and managing risk, while at the same time pressing for lofty earnings growth and deriding

employees who were not "creative" enough to give him what he wanted. He created a company of "greedy backstabbers" through his ruthless review process and huge monetary rewards. The company fell into a state of chaos due to his undisciplined spending and constant restructuring, a classic example of the 'mind hazard' phenomenon at work.

The formal chief financial officer of Enron, Andrew Fastow, was another example of a toxin that perpetuated and created another type of toxic culture. He was

Figure 1 The trajectories of a leader over time



also initially demonstrate a strong sense of integrity. But their career trajectory often follows one of two scenarios as shown in **Figure 1**. Initially, toxic leaders retain their aspirations, but adversity or resource limitations temper their idealism and they become tough pragmatists. However, more often than not, they may act out an alternative scenario, especially when plans fail to deliver wins. The leaders grow tyrannical, wield power wrongly, and devolve into fallen stars and self-serving 'deciders', often surrounded by fawning acolytes.

### Toxic culture

In toxic organisations, toxic leaders could not only go unnoticed, but also could most probably be developed/rewarded by the organisations. A classic example of this is the 'shareholder's meeting'. In many shareholders' meetings, because top managers have the ability to only present that information which serves their causes, and repress information that does not, stake-

2 Seeger, Ulmer, Novak and Sellnow (2005), "Post-crisis discourse and organisational change, failure and renewal", *Journal of Organisational Change Management*, 18(1), pp. 78-95.  
 3 "UN Economic Commission for Africa", *AGM Report*, 2005.  
 4 Lubit (2004), *Coping with toxic managers, subordinates ... and other difficult people*, 1st edition, Prentice Hall.  
 5 Zellner (2003), "An insider's tale of Enron's toxic culture", *Business Week*, 31 March, p.16.

known as a bully who aimed most of his explosive tantrums at the company's outside bankers. He berated employees for being disloyal when they would resist his attempt to perform illegal accounting procedures. Through fear he generated a culture with the mentality of "don't question, just do as I tell you" and employees followed in order to keep their jobs and avoid punishment. One might ask how this could happen without getting noticed.

Sheron Watkins, an employee at Enron, experienced and recorded this toxic behaviour and was concerned for the organisation. She repeatedly tried to bring her concerns to the attention of the then chairman Kenneth Lay. However, he kept avoiding meeting with her and ultimately ignored her concerns. Even though the culture of an organisation may not be completely controlled by the CEO, or leader, his/her behaviour can significantly affect the culture as well as actions of followers. If, for instance, the CEO is blind to what is occurring beneath him/her, as was the case in the Enron example, a negative culture will be able to thrive and permeate the company, while a positive culture may begin to deteriorate. These behaviours occurred within a system of toxicity and were contagious. All were guilty.

It is worth nothing that some organisational cultures and performance measurement or reward systems are tolerant of toxic behaviour and others are not. Many organisations focus overwhelmingly on short-term profits and pay little or no attention to the human costs of how managers achieve financial results. If toxic managers achieve financial results, the organisation's hierarchy may not notice or may not measure and consider their failure to develop subordinates, encourage teamwork, support morale, and treat others well. Many organisations either do not have 360-degree feedback or do not make significant use of it in promotion and compensation decisions. Rather, organisations may only reward those who make the numbers and have the political skill to claim credit for short-term profitability or sales. Thus, if such a culture were allowed to continue, it would be deeply ingrained for years to come and the consequence is likely to be disastrous.

### Linking toxins with organisational performance

A more toxic organisation will likely under perform than an organisation that has a minimum number of toxins. However, these poor performing organisations should not attribute all the blame to its leader, the CEO. Although the CEO is the most visible person in the organisation, this does not mean that he/she actually leads and directly influences these behaviours and negative outcomes as traditional literature often suggests with little empirical support. If the CEO is toxic then he/she will behave in a manner that will be detrimental to the performance of the organisation. However, if the CEO is not a toxin, but the managers of his/her departments are, it is possible that they actively lead the company and negatively affect the organisation's performance.

They cause feelings of despair, anger, low morale, poor communication, and depression among employees that usually impact on the dependent variables, such as, poor work performance, high absenteeism, and increased turnover.<sup>7</sup> The reduction in productivity combined with the increase in cost due to the rise in benefits plan expenditures will negatively impact upon the bottom line. Research supports the fact that companies with "high people management practice (PMP) performance" usually outperform those who have "low PMP" as demonstrated in **Table 1**.<sup>8</sup>

These data demonstrate that a company with low PMP, such as those with toxic characteristics, will not perform as well as those companies with high PMP. This appears obvious but the underpinnings are critical to diagnose and often complex to resolve.

**Table 1** Comparison of companies with high and low PMPs

Financial factors	High PMP (%)	Low PMP (%)
Sale growth	16.1	7.4
Profit growth	18.2	4.4
Profit margin	6.2	3.3
Growth (earnings/shares)	10.7	4.7
Total return (stock appreciation + dividends)	19	8.8

An interesting example is Bill Gates, who was known for demonstrating supposedly negative behaviour. He is an achievement-driven leader in an organisation that has hand picked highly talented and motivated people. Gates's apparent harsh leadership style can be quite effective when dealing with competent and motivated, employees that need little direction. In this example, even though Gates may be demanding and harsh with his employees, his style matches well with the type of employees that are attracted to and working at Microsoft.<sup>6</sup> Being obsessed with success is not directly correlated with toxicity. The required characteristics and negative/counterproductive emotions need to be present.

Another reason why the toxic organisation performs poorly is the negative work environment created by toxic

### Costs and consequences of deviant behaviour

It has been demonstrated that a negative work environment created by toxins within an organisation not only has a profound impact on organisational performance, but also has very severe effects on the employees that work there. Employees might suffer from some physiological effects like changes in blood pressures or cholesterol levels, increase in muscle tension, and heightened awareness of environment.

It would be safe to assume that while it

6 Goleman, Boyatzis and McKee (2001), "Primal Leadership", *Harvard Business Review*, 79(11), p.12.

7 Brett and Stroh (2003), "Working 61 plus hours a week: why do managers do it?", *Journal of Applied Psychology*, 88(1), pp. 68-78.

8 Dyck and Roithmayr (2001), "The toxic workplace: is your organisation making workers sick?", *Benefits Canada*, 25(3), p.52.

is true that employees suffer from a negative work environment, it is also true that organisations themselves, toxic or not, suffer from the behaviour of their employees. This behaviour is known as deviant behaviour.

There are many types of deviant behaviour, some more costly than others. A majority of employees engage in some form of deviant behaviour or another. The most costly deviant behaviours to organisations are theft, sabotage, absenteeism, and withholding effort. However, deviant behaviour such as verbal abuse, taking long breaks, gossiping and substance abuse may not be as costly to an organisation's bottom line, but they can severely affect the workplace.

A recent study by Bolin and Heatherly<sup>9</sup> demonstrated that theft approval, company contempt, intent to quit, and dissatisfaction were all able to predict at least one type of deviant behaviour. The deviant behaviours that were being predicted were substance abuse, absenteeism, privilege abuse, and theft. Theft approval was the best predictor of all four deviant behaviours. Intent to quit and dissatisfaction significantly contributed to the prediction of absenteeism, privilege abuse and theft. However, company contempt only slightly contributed to the prediction of theft.

### Conclusion

The focus of the contemporary business world is no longer on creating a stable organisation, but instead on continuously increasing profit at any cost, and this despite the current 'bandwagon' and plethora of corporate documentation on 'Corporate Social Responsibility' and 'Corporate Ethics'. Slowly, scandal after scandal exposes organisations that tried to be too "creative". Without knowing it, the greed of the stakeholders has created a toxic culture within organisations. Today, many organisations can be perceived as large dysfunctional families that are characterised unfortunately with lying, backstabbing and cheating. While it is clear that a toxic organisation cannot exist without toxic leaders, it is clear that a toxic organisation needs certain conditions in order to remain toxic. Therefore, the only way to begin prohibiting toxins from "climbing the ladder" in the organisation would be to recognise and identify who and what the toxins are and where they are placed. Once the toxins are recognised, nip them in the bud, take necessary action to either eliminate them or attempt to modify their behaviour and impact. Alternatively, a possible deterrence would be to sieve potential toxins from joining your organisation by using more stringent recruitment and selection criteria. Rather than paying them mere lip service to 'Good Governance', 'Corporate Social Responsibility' and 'Corporate Ethics', there is a need to rigorously enforce. This presupposes that countries and organisations have both the will and the legislative procedures to vigorously pursue and prosecute the suspects. By so doing, this may save the companies from losing billions of dollars and, even, going out of business completely! **AT**

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9 Bolin and Heatherly (2001). Predictors of employee deviance: the relationship between bad attitudes and bad behaviour, *Journal of Business and Psychology*, 15(3), pp405-423.

# Staying on top of Oxidative Stress

Do you know your body cells are attacked 10,000 times a day by free radicals and you may produce up to 17,000 kgs of free radicals in your body?

Just as we undergo stress in our daily life, so do the individual cells in our body. Oxidative stress in our body is caused by the build-up of free radicals, which over time inflict damage linked to many diseases ranging from diabetes to brain aging (neurodegenerative disorders of the brain).

Free radicals are molecules containing one or more unpaired electrons. The presence of unpaired electrons makes the free radicals reactive. These highly unstable free radicals run wildly through our body in search for a mate to become "whole". In the process, new free radicals or other more damaging radical species are created. When free radicals are not destroyed by antioxidants, they cause oxidative stress. These harmful free radicals react with biomolecules including DNA, proteins and fats, inflicting cellular damage.

A review by Professor D. Allan Butterfield from the Center of Membrane Sciences and Sanders-Brown Center on Aging at the University of Kentucky in Lexington, surmised that free radicals are responsible for the functional impairment in aged brains and are indeed a key to brain aging.

A study published in the *Arteriosclerosis, Thrombosis and Vascular Biology*, a journal of the American Heart Association, concluded that overproduction of free radicals may be considered the key in the development of insulin resistance, diabetes and cardiovascular disease.

High blood sugar increases oxidative stress, which leads to cell dysfunction and induces programmed cell death. Researchers at Harvard Medical School have defined a pathway by which oxidative stress triggers cell death.

### Come the Rescue: Antioxidants

Antioxidants are substances that may protect your cells from damage caused by free radicals. Antioxidants interact with and stabilise free radicals, and may prevent some of the damage free radicals otherwise might cause. Examples of antioxidants include beta-carotene, proanthocyanidins, selenium, zinc, and vitamins A, C, and E.

### Grape Seed Proanthocyanidins

Among fruits, grape seeds have attracted attention because they contain many phytochemicals, most notably proanthocyanidins, a subgroup of bioflavonoids that has been called "super antioxi-

dants”.

Scientific studies have shown that the antioxidant power of proanthocyanidins is 20 times greater than vitamin C and 50 times greater than vitamin E. Many studies on grape seeds have shown that they have preventive effects against oxidative stress and cancer.

“Grape seed proanthocyanidins are useful to protect diabetes mellitus patients from high blood sugar-induced organ damage,” according to Takako Yokozawa, associate professor at the Institute of Natural Medicine at the University of Toyama in Japan.

Supplementation with grape seed extract following a meal has been shown in a study by the Free Radical Group at the National Research Institute for Food and Nutrition in Italy to minimise oxidative stress by decreasing the oxidants and increasing the antioxidant levels in the blood.

A study by the School of Pharmaceutical Sciences at Shandong University in Jinan indicated that grape seed proanthocyanidins can protect heart cells from programmed cell death by increasing the body’s antioxidant enzymes within the heart cells.

### Solutions to Oxidative Stress

Staying on top of oxidative stress is crucial and necessary in our increasingly polluted and fast-food world. Taking care to avoid those pollutants and toxins as much as possible and to enrich healthy diets with life-protecting antioxidants coupled with regular exercise are wise steps to take in our endless quest for wellness and a better quality of life.

Taking time to relax is equally important. A stressful daily routine will wear you down no matter how healthy your lifestyle may otherwise be. **AT**

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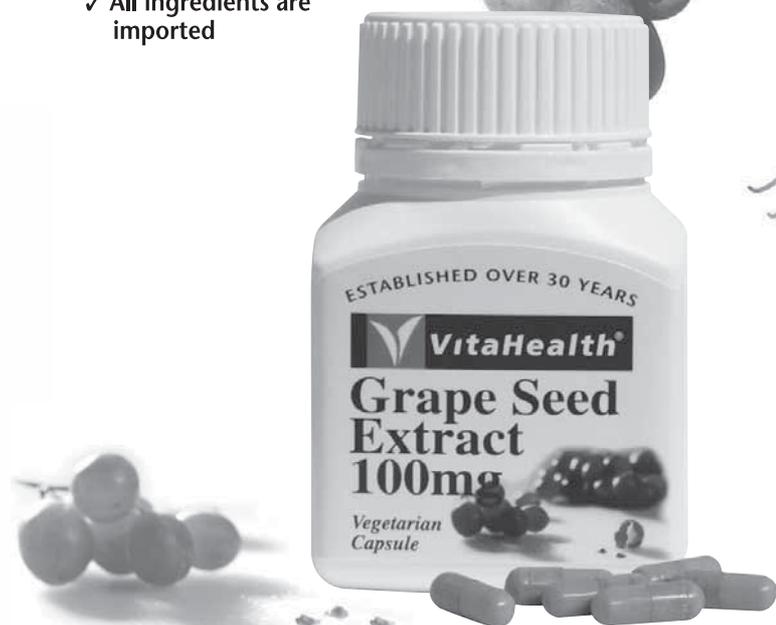
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# The Natural Goodness in a bottle

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- ✓ Contains 98% OPCs
- ✓ In vegetarian capsules
- ✓ All ingredients are imported



# A Homage to Splendour

Anis Ramli

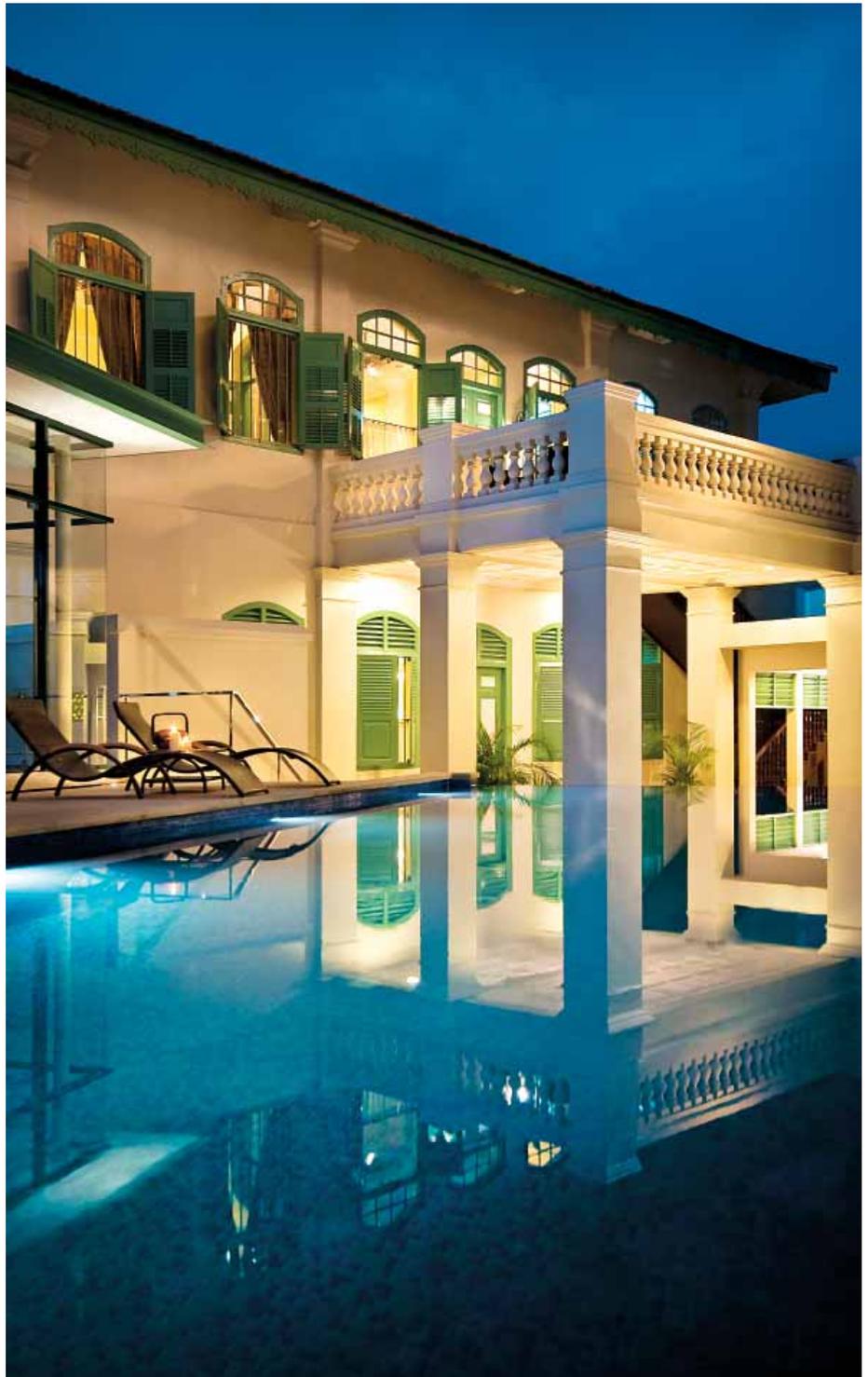
*A family mansion turned hotel, once dilapidated, now finds a new lease of life revived to its former glory*

**W**alking across the Azulejo tiled lobby of The Majestic Malacca, Melaka's past and present mingle in a dream-like landscape, personifying the city's timeless and exotic beauty. The intentional manner in which the hotel's staff are clad in traditional *Peranakan kebaya* — to underline the hotel's link with the city's colonial past — is not easily lost upon even the most nonchalant guest. History, after all, is the soul of Melaka.

Many Melakans are raised amid a cacophony of cultures, namely Dutch, Portuguese, British and *Peranakan*; the latter the descendants of Chinese immigrants. Everyone learned to embrace the traditions since in their mom's belly. The locals' passion for anything and everything that evokes the multi-faceted colonial past, whether in food, lifestyle or living, is what led to Melaka having its unique identity.

At The Majestic Malacca, historical consciousness is not just inherently present; it has also been meticulously created and sustained. Look past the local beauties that greet you in traditional costumes and the plush amenities that signify this as a boutique hotel, and you'll find yourself plunging heartily into the many experiences unique to Melaka.

This voyage into the past is deliberate, allowing for many beautiful traditions and practices of Melaka's colourful cultures to be experienced in the modern day. The building itself is a personification of this journey. Originally a private mansion of a prominent Guangzhao-born businessman, the building was constructed in 1927 and completed two years later. It only turned into a 24-bedroom hotel in 1955 with the change of building ownership. Considered as one of the more prominent hotels then,





the 1950s Majestic Malacca was a popular venue with both local and international travellers for casual drinks and weddings till the day it closed its doors to the public on 31 July 2000.

Years of being abandoned left the building dilapidated until YTL Hotels acquired the property and began a 15-month long rejuvenation project in 2006 to restore the heritage mansion back to its former glory. With the restoration too, The Majestic Malacca pursues its aim to bring the type of nostalgia akin to the feeling one gets when looking at old, black-and-white photos of the past.

The place exudes a quiet, elegant charm with its front facade of a continuous row of panelled shutters, an elegant courtyard and a rustic but homely interior with its original Azulejo tiles. It also hints at English colonialism with its white wainscoting, and pays tribute to the city's Dutch heritage with the soft wall colours reflective of the architecture then.

At the hotel's Spa Village, YTL Resorts' signature brand, *Peranakan* beauty culture has been painstakingly researched and revived. The result is a range of treatments inspired by the elaborate and colourful 12-day *Peranakan* Wedding Ceremony (*Kahwen 12 Hari*). One of which, the soothing hair care treatment, revives the



hair combing ceremony during a *Peranakan* Wedding, allowing guests a glimpse of the gaiety and splendour that accompanied a typical *Peranakan* event.

The grandeur of old Melaka is also recaptured in the rooms that are housed in an extended building overseeing the rejuvenated mansion. Four-poster beds decorated in a mixture of rich silks and cool cotton provide just the right touch of comfort to this boutique establishment. Vintage four-legged pedestal bathtubs dress the bathroom, and you can even watch

television as you soak if you're so inclined as the quarter is just separated from the sleeping area with wooden partitions.

The Melaka River across the hotel would seem a befitting end to this passage back in time. A walk along its banks through the beautiful boardwalk reflects the lifestyle of the old and new. Some untouched by the march of time, others struggling to keep up. And it is against this backdrop The Majestic Malacca towers over as it forms an unwitting homage to the pomp of Melaka's ancient splendour. AT

# Increased Time Limit for MIA QE Candidates

The Institute in its recent Council Meeting has agreed to extend the time limit for the candidates to complete the MIA QE with immediate effect. The new practices are as follows:

- 1 Candidates are expected to complete all four papers within four years from the date of the first Certificate of Candidacy.
- 2 Candidates who are unable to complete all four papers within the first four year period may apply for extension of time to complete the examination provided that the candidates have passed one paper within the first four years of the candidacy. The candidates shall be allowed to renew their Certificate of Candidacy with the prescribed fee for a further extension of two years and are required to complete the remaining paper(s) within the next four consecutive examination sittings.
- 3 If the candidates fail to complete all four papers within six years they would be required to re-take all four papers without considering the number of paper(s) that the candidates have passed.

The new practice will supersede the previous guidelines under *Clause 9: Completion of the Examination* and the newly effective guidelines are as per the table.

For further clarification, please contact Puan Siti (ext 313), Puan Nurul (ext 314) or Cik Ros (ext 310) of the Education Department at 03-2279 9200. **AT**

PART ONE – EXAMINATION GUIDELINES	
Clause 9 – Completion of the Examination	
Previous	Newly Effective
9.1 A candidate is allowed to sit for a minimum of 1 paper per sitting. All four papers required must be passed within 4 years from the date of the first Certificate of Candidacy.	9.1 A candidate is allowed to sit for a minimum of 1 paper per sitting. All 4 papers should normally be completed within 4 years from the date of the first Certificate of Candidacy.
	9.2 In the event the candidate is unable to complete all 4 papers within the first 4 year period of the candidacy, the candidate may apply for extension of time to complete the examination provided the candidate has passed 1 paper within the first 4 years of the candidacy.
	9.3 A candidate who has fulfilled the requirement in paragraph 9.2 shall be allowed to renew their Certificate of Candidacy with the renewal fee for a further extension of 2 years.
	9.4 A candidate is required to complete the remaining paper(s) within the next 4 consecutive examination sittings.
9.2 If a candidate fails to complete all the papers within the 4 years from the date of the first issuance of the Certificate of Candidacy such candidate shall be deemed to have failed to complete the Qualifying Examination.	9.5 If a candidate fails to complete all the papers within 6 years from the date of the first issuance of the Certificate of Candidacy such candidate shall be deemed to have failed to complete the Qualifying Examination.
9.3 In the event of paragraph 9.2 above, any subsequent application by such candidate for a renewal Certificate of Candidacy under paragraph 3.4 of this Guideline shall be considered anew by the Examination Committee without any consideration of the papers that the candidate may have sat for and successfully passed in any previous attempt to undertake the Qualifying Examination.	9.6 In the event of paragraph 9.5 above, any subsequent application by such candidate for re-registration under paragraph 5.1 of this Guideline shall be considered as a fresh application by the Examination Committee without any further consideration of the papers that the candidate may have sat for and successfully passed in any previous attempt to undertake the Qualifying Examination.
	9.7 A candidate who has never sat for any examination paper within the first 4 years would be able to apply for another 4 years of candidacy only.

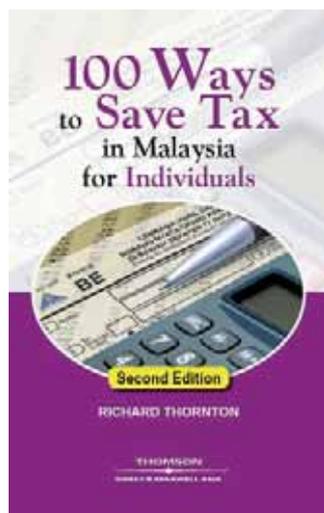
## MIA to Further Enhance QE

The Institute is embarking on a research on the performance in the MIA QE as part of its commitment to the development of the accounting profession in Malaysia. The findings of this research would enable the Institute to evaluate and further improve the MIA QE for the benefit of its members specifically and the profession generally.

In this regard, the Institute has selected and appointed a team of researchers from Universiti Putra Malaysia to conduct the research with the following objectives:

- a) to analyse the performance of candidates in the MIA Qualifying Examination,
- b) to identify the factors that may have contributed to the poor performance of the candidates,
- c) to make suggestions and recommendations for the improvement of the performance of the candidates and
- d) to make suggestions regarding the MIA Qualifying Examination structure, format etc as necessary

The research is expected to be completed in October 2008. **AT**



## 100 Ways to Save Tax in Malaysia for Individuals

2nd Edition

Richard Thornton

ISBN: 978-967-5040-06-1

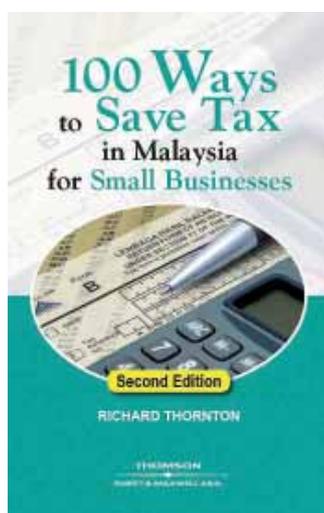
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This book builds on the pedigree of successful editions of the highly popular tax series *100 Ways to Save Tax in Malaysia*. Specially tailored for you — the individual taxpayer. **AT**



## 100 Ways to Save Tax in Malaysia for Small Businesses

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Richard Thornton

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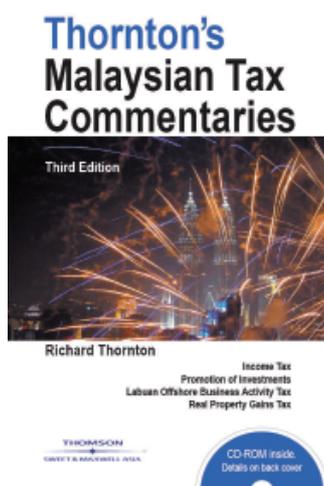
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ing after their affairs. The self-assessment tax regime puts considerable emphasis on the responsibility of individual taxpayers and those responsible for business tax returns to do the job right and do it on time if they are to stay away from unnecessary penalties and additional tax liabilities as well as the stress of challenges by way of tax audit. *100 Ways to Save Tax in Malaysia for Small Businesses* is a book written not only to inform but also to help readers avoid some of these problems.

This book is a companion book to the highly-acclaimed *100 Ways to Save Tax in Malaysia for Individuals* which provides the same kind of help and guidance for individuals, including employees and company directors who are not personally in business. **AT**



## Thornton's Malaysian Tax Commentaries

3rd Edition

Richard Thornton

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List Price: RM99.00

*Thornton's Malaysian Tax Commentaries* is a useful work of reference on the law of direct taxation in Malaysia. The third edition of this work makes available the full text of the updated law on income tax, promotion of investments, Labuan offshore business activity tax and real property gains tax, including all the schedules and subsidiary legislation of current and general relevance. Important principles laid down in judicial pronouncements by

the courts and the special commissioners of income tax have been highlighted and explained to facilitate a clear understanding of important statutory provisions. Where relevant, the commentaries on the Acts refer to and give cross-references to the Public Rulings issued by the Inland Revenue Board. All changes to the law up to and including those made by the Finance Act 2007 have been incorporated into this work. For the convenience of readers who will still be settling their pre-2008 tax matters, the statutory provisions applicable as at year of assessment 2007 have also been inserted for the sake of completeness. This work is an invaluable repository of source materials on direct taxation in Malaysia together with accompanying insightful commentaries that should not be missed by tax professionals and practitioners as well as those currently studying tax. **AT**

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Thompson: Use review and compilation engagements

## Small and Medium Practitioners Focus

The Malaysian Institute of Accountants (MIA) is privileged to have membership of the Small and Medium Practices (SMP) Committee of the International Federation of Accountants (IFAC). The Committee represents the interests of professional accountants operating in small and medium-sized practices (SMPs). Here in Malaysia, as with most countries around the globe, SMPs make up the vast majority of the practitioner community.

The objectives of this Committee include:

- 1 To directly work with IFAC boards and other standard-setting bodies to ensure that they are aware of and give due consideration to issues relevant to SMEs and SMPs.
- 2 Facilitate the communication and sharing of information between member bodies, IFAC boards and committees and other external groups.
- 3 Support SMPs that provide accounting and assurance services to SMEs by leveraging the work of member bodies and others; and
- 4 To identify other issues relevant to those providing accounting and assurance services to SMEs and develop guidance on these issues.

On 2 May 2008, MIA had the opportunity of hosting an evening talk which was delivered by IFAC's Small and Medium Practices (SMP) Committee Senior Technical Manager Paul Thompson.

Apart from sharing the initiatives presently being carried out by IFAC's SMP Committee, Thompson also shared information on global audit trends where he noted that the current practice in Malaysia was audit is required for only certain companies and not across the board as is becoming prevalent across the globe. This is because the cost of conducting audit on SMEs is becoming increasingly prohibitive as SMEs themselves continue to face management limitations.

He also said that in exploring alternatives to audit, practitioners could use review and compilation engagements. This would be particularly useful where SME clients are concerned.

Thompson updated the audience on IFAC's SMP efforts to create resources that will be beneficial to this segment of the profession. This includes the publication of guidance for audit of small entities as well as the development of implementation guides and web-based resources to help SMPs efficiently apply IFAC standards, deliver high quality services, so as to remain viable and prosper in a challenging environment.

Finally, he encouraged practitioners to actively participate in providing feedback to Exposure Drafts released by IFAC. This is to ensure that all voices are heard and concerns are taken into consideration in making decisions that will affect them. "No one is too insignificant to comment!" he said during the session which was moderated by MIA President Nik Mohd. Hasyudeen Yusoff. **AT**



Nik moderating the session



Thompson addressing the practitioners



*The Governor visits the new Penang Branch office*



*The Governor officiates the new Penang Branch office witnessed by (from left) Adelena Chong, Mohammad Fairus and Nik Mohd. Hasyudeen*



*Guests having a chat at the members lounge*

## MIA Penang Begins a New Chapter

The new office for MIA Penang Branch at Wisma Great Eastern in Light Street was officially opened by the Yang di-Pertua Negeri TYT Tun Dato' Seri Utama (Dr.) Haji Abdul Rahman Haji Abbas on 28 April 2008. Also present to grace the ceremony was Deputy Chief Minister 1 of Penang, Mohammad Fairus Khairuddin.

MIA Penang Branch Chairperson, Adelena Lestari Chong in her welcoming address said, "The move was in line with the expansionary growth of MIA which has more than 1,600 members in Penang compared to the 287 it had in 1988." She added that the aesthetically pleasing office has a members' lounge complete with free wi-fi for the convenience of members.

MIA President Nik Mohd. Hasyudeen Yusoff in his speech spoke of the important role that MIA's branch offices play in reaching out to members. The Penang Branch office serves a very important and strategic location within the Northern Corridor Economic Region. Therefore MIA's branch office located there must be able to sustain the needs of these members, he said.

Mohammad Fairus meanwhile called on MIA to continue spearheading the profession to respond to changes, to shape public opinion on key issues, to contribute to international development, and to chart new frontiers." He also commended MIA Penang Branch for having actively organised activities and events in order to facilitate knowledge sharing and professionalism among members as well as to foster closer working relationships with its various stakeholders including the State Government.

Some 140 guests comprising members, corporate leaders, representatives from local government authorities, professional bodies, chambers of commerce, banks, private and public institutions of higher learning and media were also present.

Later in the day, a members' dialogue was held. Nik spoke on the Securities Commission's proposal to set up the Auditing Oversight Board to oversee the auditors of listed entities while MIA would continue to regulate other firms with audit clients that are non-listed entities. Council Member Chen Voon Hann shared his firm's experience in implementing ISQC. There were suggestions for retired senior members to be given preferred subscription fee and for practice review to be more value adding.

In conjunction with the official opening, a series of four free talks on retirement planning, financial management, property investment and fitness were held for the public on the next day. A total of 250 people benefited from the talks. **AI**



*A member raises a question at the dialogue*



*Members of the public at one of the free talks in conjunction with the official opening*



*Guests at the reception after the opening ceremony*



LHDNM officers briefing taxpayers on the e-Filing system

## PENANG BRANCH LHDNM-MIA Taxpayers Awareness Day

In an effort to encourage better tax compliance among taxpayers of the current tax legislation, Lembaga Hasil Dalam Negeri Malaysia (LHDNM) in collaboration with the Malaysian Institute of Accountants (MIA) Penang Branch organised a free Tax-Payers Awareness Day on 11 April 2008 at the Penang Branch new office.

LHDNM officers and representatives from Ernst & Young, Deloitte KassimChan, KPMG and PricewaterhouseCoopers, were present throughout the day to answer and clarify taxpayers' enquiries. Many had questions about filling out forms, declaring income and calculating their taxes.

Organised as part of MIA's contribution to the community, this event attracted 80 people from all walks of life, comprising of MIA members and members of the public from various income groups and ages. Both LHDNM and MIA's partnership was aimed at assisting taxpayers to maximise their tax relief and rebates.

This event also served as a platform to promote the e-Filing system. LHDNM officers took this opportunity to educate taxpayers on the new and improved e-Filing system which presents a fast and efficient way to submit income tax details online, which is an alternative to the old system, where tax returns were filled manually. Taxpayers present were assisted by officers to obtain their pin number to access the website and found this method to be simple yet effective. **AT**



Representatives from MIA assisting taxpayers on filling in forms



Yeo Tek Ling, Chairman of NafMA Organising Committee

## JOHOR BRANCH

### NAfMA Workshop in Johor

On 11 April 2008, the National Award for Management Accounting (NAfMA) workshop was held at the MIA Johor Branch Office. The half-day workshop was led by Yeo Tek Ling, Chairman of the NAfMA organising committee and attended by 16 participants. **AT**



Sam Soh briefing members

### Dialogue with Johor Practitioners

On 17 April 2008, MIA conducted a dialogue with Johor practitioners at the MIA Johor Branch Office. Sam Soh, Council and EXCO Member facilitated the session with about 45 practitioners present.

Some of the areas covered during this dialogue included MIA's plans on the Type 3 cases arising out of the Practice Review as well as matters arising from the recent CCM dialogue with professional bodies in KL and other matters. **AT**



Dr. S. Susela Devi facilitating the workshop

## JOHOR BRANCH Understanding the Differences Between PERS and FRS

On 15 April 2008, Associate Professor Dr. S. Susela Devi from the Faculty of Business and Accountancy, University of Malaya facilitated two workshops titled *Differences Between PERS and FRS* at MIA's Johor Branch office.

There were about 40 participants at each session. The workshop focused on the key differences between PERS and FRSs and the conceptual framework that is driving the formulation of the new FRSs. **AT**

**SABAH BRANCH**

**Courtesy Call to Ministry of Finance, Sabah**

The Malaysian Institute of Accountants Sabah Branch Committee led by Branch Chairperson Alexandra Thien visited the Permanent Secretary to The Ministry of Finance, Sabah Datuk Hj. Yusoff Datuk Mohd Kassim on 9 April 2008.

Thien briefed Datuk Hj. Yusoff on the activities of the Institute and the upcoming Regional Conference 2008 to be held in Sabah. The Committee also sought the Government's support to ensure the success of the event. The visit ended with an invitation by Datuk Yusoff to the Sabah Branch Committee to organise a dialogue between The Ministry of Finance, Sabah and MIA Members to share issues regarding the economic development of Sabah. **AT**



*Left to Right (Front Row): Goh Chee San, Datuk Felix Madan (Deputy Permanent Secretary), Datuk Hj. Yusoff (Permanent Secretary), Alexandra Thien (Branch Chairperson), Mary Sipaun, Peggy Lee. (Back Row): Viviana Lim, Alex Chang and Tuan Hj. Rizal Othman.*

**SABAH BRANCH**

**Annual Members Dialogue in Sabah Chapters**

On 10 and 11 April 2008, Sabah Branch Chairperson Alexandra Thien was present at the Member's Dialogue sessions at the Sandakan and Tawau Chapters to brief members on practice issues. Meanwhile MIA management employees Lucy Read and Catherine Linggian gave presentations on MIA's strategic plan. The Sandakan Chapter saw 57 participants while the Tawau Chapter had 32 participants. The members dialogue was fruitful and many issues were raised by the members on Tax and Practice and CPE. **AT**



*Participants at the Sandakan Chapter*



*Participants at the Tawau Chapter*

**SARAWAK BRANCH The Accountants Survival Race 2008**

With the support of ACCA, CIMA and CPA Australia, the MIA Sarawak Branch organised The Accountants Survival Race on 1 May 2008.

The race was meant to test mental and physical skills of participants in tackling back to basic tasks outside the boardroom in a fun-filled manner. More than 100 participants took part in the

race which was flagged off from the MIA's office at 8.30 a.m. Participants were given clues to five checkpoints each manned by marshals and at each checkpoint, a specific task was performed before they could proceed to the next checkpoint. **AT**

*Group photo in front of the MIA's office before flag off*



**SARAWAK BRANCH**

**E-Lodgement Briefing by Suruhanjaya Syarikat Malaysia in Kuching**

Suruhanjaya Syarikat Malaysia (SSM) held a briefing on e-lodgement at MIA's Sarawak Office in Kuching recently. Approximately 80 members and staff of member firms attended the briefing, which was presented by the Head of Section from the Registration Services Department, Madam Toh Kay Hong, and her team from the Kuala Lumpur and Kuching offices. **AT**



*Members having a hands-on session after the briefing*

## “Mind Mapping for Quick Action”



Participants busily involved in creating their own mind maps



A participant explaining the mind map designed by her group as others look on



K C Liew speaks after participants viewed a video featuring Tony Buzan

From 23 to 24 March 2008, MIA-CPE organised a two-day workshop on *Mind Mapping For Quick Action* at the Parkroyal Hotel, Kuala Lumpur. The workshop was facilitated by K C Liew, a licensed Buzan Instructor.

Liew elaborated on the significance of mind mapping in every aspect of our daily lives where improved learning and clearer thinking enhances human performance.

The workshop was a full house with a total number of 35 participants who received complimentary copies of the mind mapping book entitled *Get Ahead* by Vanda North with Tony Buzan.

Participants were actively involved in group discussions and hands on mind mapping exercises based on actual working scenarios. Last but not least, they joined in a question and answer session before the workshop came to a close. The event was truly a success as participants could connect to its uses and encouraged more self-improving and interactive workshops such as this. [AT](#)

## “In-house training in Kuching”

From 25 to 26 April 2008, MIA-CPE organised a two-day in-house training titled *Acquiring Basic Financial Skills* for the Sarawak Land Consolidation and Rehabilitation Authority, a statutory body also known as SALCRA.

The event attracted a total number of 37 participants, comprising those mainly from the administrative background. The course highlighted the fundamentals of financial accounting and how its application helps in the preparation and interpretation of financial and other relevant information needed to meet both internal and external reporting obligations. The trainer Ms. Lim also presented case studies on the basic accounting terms and differences between capital and revenue expenditures and then moved on to a question and answer session. The event was a success as it proved to be very beneficial for all participants. [AT](#)



Participants and staff at the in-house training on 'Acquiring Basic Financial Skills'

## UPCOMING CPE EVENTS

### Managing Strategic Corporate Planning

The ability to successfully manage an organisation's growth calls for effective process planning and sound coordination of strategic corporate intent. In most times, this includes the Board's decision of the future business direction and key operating goals in order for the management to efficiently implement and execute the overall corporate plan.

MIA-CPE's two-day course on *Managing Strategic Corporate Planning* from 19 to 20 June 2008 at the Hilton Petaling Jaya, will bare the basic principles in developing an effective corporate plan, the importance of transparent communication of financial objectives in building effective teamwork and understanding and adapting best practices to motivate and maximise talents in the organisation to outperform competition. [AT](#)

For registration, contact Azila at 03-2279 9200 ext-335 (Limited to 35 seats)

### Learn the basics of finance — conveniently and efficiently

Every business professional needs a basic working knowledge of finance in order to be effective in his or her professional and personal life. The non-financial professionals are individuals who do not regularly work with accounting and finance concepts. Such individuals may be experts in their own discipline yet can be easily baffled by financial jargon and basic financial reports.

MIA-CPE's two-day workshop on *Financial Essentials for Non-Financial Professionals* from 19 to 20 June 2008 at the Concorde Hotel Kuala Lumpur will provide you with a solid working knowledge of accounting and financial reporting. By learning the language of finance, you will learn how to read and analyse financial statements and communicate effectively within your organisation on financial matters, adding your career value and enhancing profit to the organisation. [AT](#)

For registration, contact Ms. Wati at 03-2279 9200 ext-134 (Limited to 35 seats)

### Effective Budgeting Techniques for organisational development

Organisations are beginning to take into consideration the importance of accurate and efficient budgeting techniques for continuous success. Although traditional techniques are still practised, yet, many perceive it as off track with today's business operation requirements.

MIA-CPE's two-day workshop on *The Essentials of Budgeting* from 24 to 25 June 2008 at the Parkroyal Hotel, Kuala Lumpur will assist in producing positive budgets which motivate staff, besides providing alternatives to the major weaknesses in traditional budgeting. The course will also let you in on ways of accurately forecasting for the future, rather than just 'keeping up-to-date' and lastly how to streamline the process of budgeting, cutting back on cost, resources and time. [AT](#)

For registration, contact Yatie at 03-2279 9200 ext-146 (Limited to 35 seats)

### Dividends & the Single-Tier Tax System — uncovered

Beginning Year of Assessment 2008, the Single-Tier Tax System will come into effect, bringing substantial implications to both companies and dividend recipients.

MIA-CPE's one day course on *Dividends & The Single-Tier Tax System* on 24 June 2008 at the Traders Hotel Penang and 26 June 2008 at the Concorde Hotel Kuala Lumpur, will examine the intricacies of changes that arise, its procedures and options available during and after the Transitional Period. [AT](#)

For registration, contact: Ms. Sylvia at 04-261 3320 (Penang); Ms. Watie at 03-2279 9200 ext-146 (Kuala Lumpur)

**ADVERT**

**ACCA**

Association of Chartered Certified Accountants ▼



Guests from PwC and Oracle at the Executive Luncheon organised in Kuala Lumpur on 5 March 2008

## ACCA, Oracle and PwC Executive Luncheons — The Performance Management Revolution

ACCA in collaboration with Oracle and PricewaterhouseCoopers (PwC) organised a series of *Executive Luncheons* to discuss issues relevant to the Performance Management Revolution. The event was conducted to discover the changing role of future leaders in finance and how Enterprise Performance Management (EPM) infrastructure enables a more active alignment of day-to-day business operations, resulting in long-term strategies for profitable growth.

The series of luncheons were held in Bangkok (23 January), Kuala Lumpur (5 March), Jakarta (25 March) and Singapore (24 April). The executive luncheons featured expert insights from ACCA, Oracle and PwC, as well as interesting case studies on various issues affecting finance professionals. **AT**

Cheerful participants after completing the ExploraQuest activity

## ACCA Professional Development Camp 2008



ACCA organised the ACCA Professional Development Camp from 10 to 11 May 2008 in Melaka. 31 members participated in this camp throughout the two-day event. Targeted at younger members, the camp encouraged participants to thoroughly reassess their career progression by exploring other potential opportunities that are available to them. Through a host of activities, members learned to realise their full potential while at the same time discover savvy personal and professional tactics to remain competitive in the employment market. **AT**

**CIMA**

Chartered Institute of Management Accountants ▼

## CIMA Presents a New Qualification in Islamic Finance

The launch ceremony in progress



Following the launch of the CIMA Certificate in Islamic Finance in London and Bahrain last November,

CIMA Malaysia launched the qualification in Kuala Lumpur on 8 April at the One World Hotel. The launch was officiated by Datuk Ahmad Husni Hanadzlah, Deputy Minister of Finance I. Staff from CIMA UK also came all the way from

London for the launch. They were Robert Jelly (Director of Education), John Willsdon (Learning and Development Specialist) and Fiona Harvey (Retention Marketing Manager). The team from the International Institute of Islamic Finance (IIIF) with whom it was co-developed were also present, including its CEO/President, Dr. Mohd Daud Bakar.

Apart from the speeches, the launch featured a multimedia presentation and the signing of a set of books on the Certificate in Islamic Finance by Datuk Ahmad Husni. About 100 people from leading banks and financial institutions, academia and professional bodies witnessed the event. John Willsdon presented a public talk to those who wanted to know more about the qualification after the official launch. For more details, please visit [www.cimaglobal.com/islamicfinance](http://www.cimaglobal.com/islamicfinance). **AT**



A fan getting an autograph from Michael Losier (right) at the Borders bookstore, The Curve

## Michael Losier Attracts the Crowd

The CIMA International Speaker Series by Michael Losier on 18 March was a great success, attracting more than 300 participants who wanted to know more about 'Applying the Law of Attraction to your life and business'. The seminar was held at the Hotel Nikko, Kuala Lumpur.

"Law of Attraction is all about vibes and vibes can be positive or negative. Depending on the type of vibe you give out, Law of Attraction responds by giving more of the same," said Losier.

Before the seminar, Losier met his fans at book signing sessions at the Borders bookstore at The Curve and at MPH Midvalley. His many fans were excited to meet him in person and got to know first hand the 3-step process on Law of Attraction. **AT**



CPA Australia ▼

## Official Opening of CPA Australia's KL Office

CPA Australia, one of the world's largest accounting bodies new office in Kuala Lumpur was officially opened by Deputy Finance Minister, Datuk Kong Cho Ha recently. With its growing membership, CPA Australia moved to the new premises to accommodate the needs and wants of their members and their prospects for their future career growth. Currently, CPA Australia is representing 117, 000 finance, accounting and business professionals in Australia, Asia and Europe. CPA Australia specialises in education, training, technical support and advocacy. CPA Australia has over 8,000 members in Malaysia.

Over 120 people were present at the opening ceremony including the Australian High Commissioner, Penny Williams, President of CPA Australia, Alex Malley, President of CPA Australia Malaysia Division, Christina Foo, Chief Executive of CPA Australia, Geoff Rankin together with representatives from professional bodies, accounting firms, regulatory bodies, corporations, academics and senior members of CPA Australia.

In his speech, Alex Malley, shared his views on the challenges affecting the global accounting business, the growing demand for Malaysian accountants internationally and the current job placements available in the dynamic accounting industry. **AT**



The official opening by Datuk Kong Cho Ha (centre) witnessed by (from left) Christina Foo, Penny Williams and Alex Malley



From left Christina Foo, Penny Williams, Datuk Kong Cho Ha, Alex Malley and MIA President Nik Mohd. Hasyudeen Yusoff

The Malaysian Institute of Certified Public Accountants ▼



## Talk on Examination Techniques

The Institute's CPA examinations are held twice a year in May and November respectively. To perform well in examinations, it is important to know what is expected by the examiners as each person has his or her own strengths and weakness. In this regard, a talk on examination techniques was organised for our CPA students who sat for the Advanced Stage Examination (ASE) on 10 May 2008 at Prescott Inn, Kuala Lumpur.

Among other things, the panellists strongly advised students to have a thorough understanding of

current legislation relating to financial accounting, reporting and auditing as this would enable students to have a better

understanding of the subject matter being examined. Overall, the talk was well received. **AT**



Talk on examination techniques — students listening intently

## Career Talks at Secondary Schools

A series of scheduled career talks at secondary schools to Forms 4, 5 and 6 students undertaking accounting subjects have been planned from February-July 2008 in the Klang Valley. The Institute presented a talk on *Career in Accountancy* to:

- 120 students of SMK Bandar Sunway on 26 February 2008;
- 60 students of SMK Bandar Sri Damansara I on 18 March 2008;
- 100 students of SMK Seksyen I Bandar Kinrara on 1 April 2008;
- 60 students of SMK Alam Megah I, Shah Alam on

2 May 2008.

The Institute also participated in an exhibition at SMK (P) Sri Aman on 15 April 2008 which was held in conjunction with the school's *Pameran Pendidikan dan Kerjaya 2008*.

We continue to highlight the significant value a CPA can add to business by showcasing that CPAs are powerful business partners in line with our overall brand theme — *Success, Achievement, Accomplishment*. **AT**



Career Talk at SMK Bandar Sri Damansara I

# WORLD news

## SINGAPORE: ACRA and US PCAOB confirm cooperative regulatory arrangements

Singapore's Accounting and Corporate Regulatory Authority (ACRA) and the US Public Company Accounting Oversight Board (PCAOB) have, through an exchange of letters, mutually confirmed their intention to cooperate in the oversight of audit firms that fall within their jurisdictions.

In a statement, ACRA Chairman Teo Ming Kian stated, "The challenges that accompany the increasingly complex and global nature of capital markets require ever closer cooperation between international regulators.

"An effective and efficient system of audit regulation, in Singapore and internationally, is a progressive step towards the orderly functioning of capital markets and the overall stability of the financial markets. This cooperative arrangement establishes the foundation for ACRA and the PCAOB to work closely together in the oversight of audit firms subject to the jurisdiction of both regulators."

Juthika Ramanathan, Chief Executive of ACRA added, "We are pleased to reach this milestone with the PCAOB, an important partner in the international arena of audit regulation. One of ACRA's strategic objectives is to promote high quality of audit in Singapore. Cooperative relationships like this with the PCAOB are critical to ACRA's success in its oversight mission. The proposed joint audit inspection process will reduce red tape and minimise duplication of audit supervision for audit firms which are dually registered with ACRA and the PCAOB. This strategic partnership would potentially translate into overall compliance resource savings for these audit firms."

There are currently 20 Singapore audit firms registered with the PCAOB. ACRA and the PCAOB are expected to conduct their first joint audit inspection this year.

ACRA is the national regulator of businesses and public accountants in Singapore.<sup>AT</sup>

## CLASSIFIEDS

### COMMERCIAL MANAGER

*Ho Chi Minh City*

**ZUBLIN**

Züblin International Malaysia, a wholly owned subsidiary of Züblin International GmbH, has been working successfully in Malaysia for the past forty years. In line with its expansion programme in South-East Asia, we are seeking for a candidate to fill the above position in Ho Chi Minh City, Vietnam.

#### **The Job**

*Oversee the commercial and administration section of the site office:*

- Preparation and supervision of accounts of the construction sites.
- Liaising with auditors, government bodies and local authorities.
- Preparation of commercial reports and returns to the head office in Malaysia and Germany.
- Financial controlling, taxation and treasury functions.
- Supervision of office administration, purchasing, personnel and payroll.
- Working and liaising with the project team in seeing the projects to their successful completion.

#### **The Person**

- Recognised degree/Professional qualification in Accounting or equivalent.
- Must be a member of the MIA.
- Minimum 10 years working experience.
- Exposure to international tax treaties would be preferable.
- Experience in a MNC environment will be an advantage.
- Excellent interpersonal and communication skills.
- Overseas exposure is a pre-requisite.

*Interested and suitable candidates, please apply to :*

Financial Controller  
Zublin International (M) Sdn Bhd  
Level 10B Menara Dato' Onn, PWTC, 45 Jalan Tun Ismail, 50480 Kuala Lumpur  
Email: [apply@zublin.com.my](mailto:apply@zublin.com.my)

## India: ICAI cracks down on accounting disclosures

Things are not getting easier for Indian corporates and auditors. After making it mandatory for full disclosure of forex derivative losses, the Institute of Chartered Accountants of India, or ICAI, is cracking down even further on accounting disclosures, reports financial portal *MoneyControl.com*.

Ranbaxy, L&T and more recently Himatsingka Siede; these are three different sized companies in different fields, that have all had to deal with losses on account of forex derivatives. Accounting for such losses is already a touchy issue for Indian corporates. It's not going to get any easier.

ICAI is looking to make these disclosures more transparent. At its Council meeting recently, the Institute approved a new accounting standard-AS 32 to ensure just that, the portal reported.

What exactly is AS 32? "There are a lot of qualitative and quantitative disclosures to be made. It also includes a sensitivity analysis. In case there is a 1% change in interest rate or currency rate, what would be the impact of that on their holding at the end of that particular period?" said Pankaj Jain, Council Member, ICAI.

Under AS 32, companies must make disclosures in a manner that will help people reading financial statements assess risks. To this effect, companies will have to disclose not just the quantity of risk involved in money terms, but also qualitative information on the risks arising from these instruments.

# VACANCIES

We are an established and leading company in construction and project management with operations in Sarawak. We are seeking highly dedicated candidates to fill the following positions:

## Accountant — 2 vacancies

- Based in Vietnam or China or Kuching, Sarawak
- Degree in Accounting or a professional accreditation with CPA Australia, ACCA or CIMA, and a member of the Malaysian Institute of Accountants (MIA).
- At least 4-6 years of working experience. Those with audit experience are encouraged to apply.
- Knowledge of computerised accounting software, well versed in Acc Track 21 accounting system and ERP system is an advantage.
- Good communication and interpersonal skills and to be able to communicate across all levels of staff.
- Possess strong analytical skills and able to work independently.
- Good command of spoken/written English and Mandarin.
- Willing to travel.

Interested candidates are invited to submit their application in writing enclosing personal resume, stating current and expected salary together with a passport-size photograph to:

### The Advertiser

**No.9, 1<sup>st</sup> Floor, Lot 8709, Green Heights Commercial Centre**

**Jalan Airport, 93250 Kuching, Sarawak.**

**email: tpmsb2008@yahoo.com**

**Tan Siew Fang (27801)**

## aftaas

AFRIZAN TARMILI KHAIRUL AZHAR  
Chartered Accountants AF1300

DEVELOP YOUR FUTURE WITH US

Aftaas, an expanding firm of accountants serving public listed and reputable corporations, invites experienced and dynamic professionals to join our team for the following positions:-

### ASSURANCE AND BUSINESS ADVISORY SENIORS/SEMI SENIORS/ASSISTANTS

- Professional qualification or a degree in accounting with minimum 2 years experience in audit for seniors/semi seniors positions
- Fresh graduates may apply for assistant position
- Interested to pursue professional qualification (Loans/Grants will be provided)
- Strong interpersonal, self-motivated, computer literate, excellent communication skills & able to work independently

### IT AUDIT

- Degree in accountancy/computer science and preferably professional certification in Certified Information System Auditors (CISA)
- Minimum 2 years experience in audit (with 1 year in audit in IT environment)
- Good understanding of accounting principles

### TECHNICAL MANAGER / EXECUTIVE

- Professional qualification or a degree in accounting
- Minimum 4 years experience in audit/accounting
- Strong technical competency in audit and accounting field with excellent reporting and presentation skills

Interested applicants are invited to submit resume together with a recent passport-sized photograph (n.r.), current and expected salary to the following address:

Human Capital Centre  
AFRIZAN TARMILI KHAIRUL AZHAR (AF1300)  
10th Floor, Bangunan Yayasan Selangor  
74, Jalan Raja Muda Abdul Aziz, 50300 Kuala Lumpur  
Tel : 603-26818300 Fax : 603-26819300  
E-mail : human.capital@aftaas.com

ICAI recommends AS 32 be implemented starting 2009. However, the standard is scheduled to become mandatory only in April 2011. AS 32 is part of the ICAI's ongoing effort to bring Indian accounting standards closer to the international financial reporting standards, or IFRS. That is a standard that the Department of Company Affairs has proposed that will also be implemented in 2011. **AT**

## UK: Leading banks propose alternative to 'fair value' accounting

The world's leading banks have stepped up pressure to relax controversial accounting rules with a new plan aimed at breaking the "downward spiral" of huge writedowns, emergency fundraisings and fire-sales of assets, reports *Financial Times*.

The proposals on "fair value" accounting by the Institute of International Finance (IIF), an alliance of 300-plus companies chaired by Josef Ackermann, Deutsche Bank's Chairman, would enable financial companies to cushion the blow of financial crises by valuing illiquid assets using historical, rather than market, prices.

Under the plan, the banks that decide to keep assets on their balance sheet will also be freed from the requirement to hold them to maturity and will be able to sell them after two years, the financial daily reported.

The IIF's paper says: "The writedowns required under current interpretations may be substantially in excess of any actual or reasonably probable loss on many instruments". **AT**

## SINGAPORE: ACRA annual public accountants conference

The Accounting and Corporate Regulatory Authority's (ACRA) annual Public Accountants Conference will be held on 10 July 2008 at the Raffles City Convention Centre, according to the organisation.

The theme for this year's conference is 'Singapore Accountancy: Riding on the Possibilities' and ACRA has assembled a suite of distinguished speakers and panellists.

The speakers and panellists will be sharing their experiences and perspectives on growing the accountancy sector and profession, and what high quality financial reporting and high quality auditing mean to stakeholders in the financial reporting landscape. **AT**

## UK: Nationwide says accounting rules to blame for £726m crunch hit

The credit crunch has wiped £726 million from the market value of United Kingdom's Nationwide Building Society's treasury assets, it revealed recently — enough to have wiped out an entire year's profits had the losses

been crystallised.

Accounting rules forced Nationwide to post the mark-to-market losses on its £25.5 billion portfolio of treasury assets, which it emphasised were paper losses only, reports *The Times*.

By holding the investments to maturity, the society is confident that the losses, which did not have to be booked through the profit and loss account, would be made good.

Graham Beale, the Chief Executive, said that the assets, typically mortgage-backed securities, had dropped in value because of the liquidity shortage, not because of any material deterioration in their underlying quality. However, Nationwide booked actual losses of £102 million after the failure of six structured investment vehicles (SIVs) in which it had invested.

Esoteric and highly geared SIVs were thrown into turmoil last year after they were unable to borrow to cover their funding costs and were forced into asset firesales or restructurings. Nationwide chose to take £1.16 billion of SIV assets in settlement as the funds it invested in, including one run by HSBC, were broken up.

Those losses, together with £59 million of one-off costs associated with the merger with Portman Building Society last year, left pretax profits up only 5 per cent at £686 million. Britain's biggest building society halved its mortgage lending last year as it halted an aggressive expansion drive and turned to retail savers to fund growth in the face of the credit crunch.

The society said that net residential mortgage lending totalled £6.7 billion over the 12 months to the beginning of April. In the previous year, it lent its customers a total of £11.2 billion.

Nationwide said that it had

chosen to take a "conservative and sustainable approach to lending". The move meant that its market share fell from 11 per cent to 7.1 per cent. It said it would continue to moderate its lending until it was confident normality had returned to the funding market. **AT**

## Australia: Sustainability not a big read

Only 35 per cent of Australia's leading 100 listed companies issue sustainability reports.

*The Australian Financial Review* reported that while this is an improvement of 12 per cent year-on-year, it still lags behind other industrialised nations.

The document prepared by resources group BHP Billiton has been judged to be the best among those looked at by the Association of Chartered Certified Accountants, but just like cigarette manufacturer British American Tobacco Australia, BHP will still not make the grade for ethical investment fund managers due to the overall nature of its business.

Also commended in the awards were ANZ Banking, Boral, Transurban, Investa Property Group and VicSuper; (Original article by Ashley Midalia.) **AT**

## US: Fed's debt game

You buy that car for \$20,000, or you buy that house for \$200,000, and you owe that money, plus interest, until you pay it off. It's on your books. The United States federal government, however, insists on playing the debt game according to its own rules. And once you get a look at the real debt load on our federal shoulders, it becomes easy to understand why.

The feds — which is to say,

American taxpayers — owe \$57.3 trillion in long-term debt, largely through Social Security and Medicare obligations, but also through federal-employee and military-retiree pension payments and other obligations.

According to *USA Today*, which has tracked long-term federal debt since 2004, the real federal debt grew last fiscal year by \$2.5 trillion, double the rate of increase from the previous year.

All of a sudden, the officially announced federal deficit of \$162 billion, down from the previous year's deficit of \$248 billion, seems like a twisted form of fiscal responsibility. Which, no doubt, would be how Congress and the White House would prefer it be viewed.

Indeed, some economists contend that mind-boggling debt figures like \$57.3 trillion are misleading because they do not take into account increases in income that future generations may enjoy. But, given the enormity of debt that the near-to-retirement baby-boomer generation is about to pass along to its progeny, how can anyone assume the next generation will be wealthier?

The first cohort of that generation, 78 million strong, began reaching the threshold for Social Security benefits this year. In three years, boomers will begin qualifying for the nation's most expensive unfunded liability, Medicare. (*The Arizona Republic*) **AT**

## UK: FSA to open hedge funds to the public

The Financial Services Authority, the UK's market regulator, is set to allow the promotion of funds of hedge funds to the general public following a consultation it began last March,

reports *Financial Times*.

The move will also permit the marketing of funds that invest in private equity funds and other alternative assets.

The London-based newspaper quoted a spokesman for the FSA as saying: "We are going ahead with the proposal we set out to allow funds of alternative investment funds to be authorized onshore by us and to be marketed to retail investors. We expect to publish the conclusion of the consultation shortly."

It said the FSA published its consultation paper in March. It postponed publication of its final report in November while it sought clarification of taxation issues. The UK Treasury was considering these issues in conjunction with the offshore funds regime, on which it issued a discussion paper in October.

A spokesman for the FSA last October said allowing managers to set up authorized funds of alternative investment funds might promote UK retail investment in the sort of products that until now have been marketed only to institutional and high net worth investors, and that this raised a challenge to fund managers to explain the risk of their investments.

Few funds of hedge fund managers, or hedge fund managers, have expressed much enthusiasm for marketing their products to retail investors.

However, GLG Partners, the UK-based, US-listed hedge fund manager, last month made its first foray into the retail market as the manager of the Virgin Climate Change fund, an environmental fund marketed by UK entrepreneur Sir Richard Branson's Virgin Group.

Traditional asset managers have questioned whether hedge funds' high fees will make them attractive to retail investors. **AT**

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## Ethics Board Issues Strategic and Operational Plan

The International Ethics Standards Board for Accountants (IESBA) has issued its *2008-2009 Strategic and Operational Plan*, which outlines its planned activities following the completion of its current projects on independence and improving the clarity of the *IFAC Code of Ethics for Professional Accountants*. These include developing additional guidance regarding the professional accountants' ethical responsibilities when encountering fraud and illegal acts or when confronting conflicts of interest, as well as advancing its convergence initiatives to establish the Code of Ethics as the global benchmark. The IESBA's Strategic Plan can be downloaded from the IFAC online bookstore ([www.ifac.org/store](http://www.ifac.org/store)). <sup>AT</sup>

## New Standard Issued to Enhance Written Representations

To enhance the quality and appropriateness of written representations sought by auditors, the International Auditing and Assurance Standards Board (IAASB) has issued *International Standard on Auditing (ISA) 580 (Revised and Redrafted), Written Representations*, which establishes new requirements to improve the auditor's practice in relation to written representations. In addition, the IAASB has released *ISA 560 (Redrafted), Subsequent Events*. The redrafted ISA clarifies the auditor's responsibility regarding subsequent events in an audit of financial statements. To download the ISAs, visit the IFAC bookstore at [www.ifac.org/store](http://www.ifac.org/store). <sup>AT</sup>

## IFAC Releases its 2007 Annual Report

IFAC has released its 2007 annual report which highlights the progress IFAC has made in promoting international convergence, supporting developing nations, and enhancing the quality of work provided by professional accountants in all sectors. For the first time, the "Service Delivery" sec-

tion of the report was reviewed by IFAC's independent auditor and received an unqualified assurance engagement opinion. The 2007 annual report can be downloaded from the IFAC website at [www.ifac.org/About/2007AnnualReport.php](http://www.ifac.org/About/2007AnnualReport.php). Print copies will be sent to all member bodies, associates, regional organisations, boards and committees, and other stakeholders. <sup>AT</sup>

## IFAC to Co-host Second Latin American Conference

IFAC, the Inter-American Development Bank, and the World Bank will host the second conference on Accounting and Accountability for Regional Economic Growth in the Latin American and Caribbean region in San Salvador, El Salvador from 11-13 June 2008. Organised around an interactive panel format, the 2008 conference will focus on financial reporting, auditing and governance issues specific to the Latin America and the Caribbean region. Representatives of IFAC member bodies and professional accountants in the region are encouraged to attend this event. For more information, visit: [www.creceramericas.org/index\\_eng.html](http://www.creceramericas.org/index_eng.html). <sup>AT</sup>

## 2008 Public Sector Handbook is Now Available

The 2008 edition of the Handbook of International Public Sector Accounting Pronouncements, which includes all pronouncements of the International Public Sector Accounting Standards Board issued as of 15 February 2008, is now available for download from the IFAC online bookstore ([www.ifac.org/store](http://www.ifac.org/store)). Print copies of the handbook will be sent to all member bodies and associates. Additional printed copies can be ordered from the bookstore for a US\$25 shipping fee. <sup>AT</sup>

## IFAC's Public Sector Board Advances Global Convergence

The International Public Sector Accounting Standards Board has released a technical update to the International Public Sec-

tor Accounting Standard (*IPSAS*) 4, *The Effects of Changes in Foreign Exchange Rates*. The updates to IPSAS 4 clarify the requirements for public sector entities to convert foreign currency transactions and balances into their reporting currency. These updates reflect the latest amendments to the corresponding International Financial Reporting Standard issued by the International Accounting Standards Board. The revised IPSAS 4 can be downloaded at [www.ifac.org/stor](http://www.ifac.org/stor). <sup>AT</sup>

## Technical Manager Sought to Support Auditing Board

IFAC is seeking a technical manager to support the work of the IAASB. The technical manager will be responsible for conducting project research; interacting with standard setters and IFAC members and associates from around the world; and developing, editing and overseeing publication of IAASB documents. More information is available on the IFAC website at [www.ifac.org/JobsAtIFAC/](http://www.ifac.org/JobsAtIFAC/). <sup>AT</sup>

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## Non-Audit Firms

### New Registration

#### NON-AUDIT FIRM NF NO.

**KEDAH DARUL AMAN**

**V. Devi & Co** **0935**  
2222-A Lorong Kampung Pisang  
Lebuhraya Darulaman  
05100 Alor Star  
Tel: 012-421 6179  
e-mail: vathsladevi@yahoo.com

**SELANGOR DARUL EHSAN**

**GL Chong & Co** **0930**  
No. 6A-2, Jalan Dinar C U3/C  
Seksyen U3, Subang Perdana  
40150 Shah Alam  
Tel: 03-7845 4839 Fax: 03-7845 9739  
e-mail: glchong@pickmgt.com

**Thoo & Co** **0933**  
98, Jalan Wawasan 1/1  
Pusat Bandar Puchong  
47100 Puchong  
Tel: 03-5885 1166  
e-mail: thoo.co@hotmail.com

**Thye & Co** **0931**  
No. 7-1, Jalan Permai 1C  
Taman Pendarman Permai, Klang  
42000 Port Klang  
Tel: 012-219 1980 Fax: 03-3167 9581  
e-mail: thyefl@tm.net.my

**WILAYAH PERSEKUTUAN**

**Salehuddin Shamsuddin Management Services** **0932**  
Pejabat Seridesa  
11A Jalan AU 2C/1  
Taman Sri Keramat  
54200 Kuala Lumpur  
Tel: 03-4024 2150 Fax: 03-4022 1515  
e-mail: salehud@hotmail.com

**Sean Management Services** **0934**  
10 Jalan Udang Gantung 7  
Taman Megah Kepong  
52100 Kuala Lumpur  
Tel: 012-250 7195 Fax: 03-6258 0226  
e-mail: seancsy@gmail.com

### Ceased Operation

**JOHOR DARUL TAKZIM**

**Yeo Ser Kia** **0378**  
No. 2, Jalan Jaffar, 82200 Benut

**KELANTAN DARUL NAIM**

**MJ & Partners** **0794**  
Lot 1745-E, Taman Bakti Chabang 3  
Pengkalan Chepa  
16100 Kota Bharu

**PULAU PINANG**

**K.W. Tan & Associates** **0223**  
1st Floor, Wisma Lister Garden  
123-G, Jalan Macalister  
10400 Penang

**SELANGOR DARUL EHSAN**

**Aaron Yap & Co** **0275**  
11, Lorong SS 26/10A  
Taman Mayang Jaya  
47301 Petaling Jaya

**KK Ling & Co.** **0678**  
B-3-1, Block B, Seri Jati Apartment  
Jalan PH4, Tmn Puchong Hartamas  
47100 Puchong

**KK Tay Management Services** **0593**  
Unit A-12-15, Block A  
Impian Heights, Jalan Pipit  
47100 Puchong Jaya

**WILAYAH PERSEKUTUAN**

**Isabella & Co** **0743**  
C-16-18, Bukit Pandan 2  
Off Jalan Perdana 3/1, Pandan Perdana  
55300 Kuala Lumpur

**Janelle Tan & Company** **0420**  
No. 2-1A (Room 2)  
Jalan Pandan 2/1, Pandan Jaya  
55100 Kuala Lumpur

**Nasser Ali & Associates** **0784**  
2744-C Jln Changkat Permata  
Taman Permata  
53300 Kuala Lumpur

### Name Change

**WILAYAH PERSEKUTUAN**

**Affandi & Co** **0863**  
*(Formerly known as Affandi Kamal Consulting)*  
Suite 33-01, 33rd Floor  
Menara Keck Seng  
203 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel: 03-2116 5915 Fax: 03-2116 5999  
e-mail: mohdaffd@tm.net.my

## Audit Firms

### New Registration

#### AUDIT FIRM AF NO.

**KEDAH DARUL AMAN**

**C Co.** **001945**  
46, 1st Floor, Lebuhr Rairuz 1  
Taman Perusahaan  
Ringan Bakar Arang  
08000 Sungai Petani  
Tel: 04-423 7231 Fax: 04-423 7231  
e-mail: cco.1945@yahoo.com

**WILAYAH PERSEKUTUAN**

**CCH, Wong & Partners** **001943**  
9-3, Third Floor, Persiaran Jubilee  
Off Jalan Loke Yew  
55200 Kuala Lumpur  
Tel: 03-6277 5218 Fax: 03-6277 4578  
e-mail: cchwnp@gmail.com

### Ceased Operation

**JOHOR DARUL TAKZIM**

**K.L. Lim & Co** **0035**  
133, Jalan Rahmat  
83000 Batu Pahat

**Ng Puey Chiang & Co** **1066**  
Unit 23-05A, 23rd Floor  
Mailbox 247, Menara Landmark  
12 Jalan Ngee Heng  
80000 Johor Bahru

**SELANGOR DARUL EHSAN**

**H K Tan & Co** **0268**  
75 Jalan 21/33, Sea Park  
46300 Petaling Jaya

**WILAYAH PERSEKUTUAN**

**CM Ho & Associates** **001885**  
19C, Jalan Desa Jaya  
Taman Desa  
58100 Kuala Lumpur

**TF Associates** **001816**  
No. 28-1 Persiaran Jubilee  
Off Jalan Loke Yew  
55200 Kuala Lumpur

### Name Change

**WILAYAH PERSEKUTUAN**

**Monteiro & Heng** **001876**  
*(Formerly known as M & H)*  
No. 22-1, Jalan Tun Sambanthan 3  
50470 Kuala Lumpur  
Tel: 03-2274 8988 Fax: 03-2260 1708  
e-mail: partners@monteiroheng.com.my

**Noordin Jaafar** **0004**  
*(Formerly known as Ali Jaafar & Co)*  
Suite 1607, 16th Floor  
Plaza Pengkalan, Jalan Tiong  
3rd Mile Jalan Ipoh  
51100 Kuala Lumpur  
Tel: 03-4042 0611 Fax: 03-4041 0704  
e-mail: noordinjaafar@myjaring.net

**SSY Partners** **0040**  
*(Formerly known as Singam & Yong)*  
Suite 1607, 16th Floor  
Plaza Pengkalan, Jalan Tiong  
3rd Mile Jalan Ipoh  
51100 Kuala Lumpur  
Tel: 03-4042 0611 Fax: 03-4041 0704  
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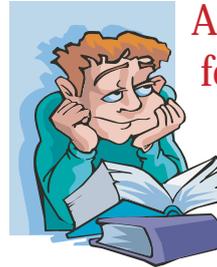
## FBI-CIA-LAPD

The LAPD, the FBI, and the CIA are all trying to prove that they are the best at apprehending criminals. The President decides to give them a test. He releases a rabbit into a forest and each of them has to catch it.

The CIA goes in. They place animal informants throughout the forest. They question all plant and mineral witnesses. After three months of extensive investigations they conclude that rabbits do not exist.

The FBI goes in. After two weeks with no leads they burn the forest, killing everything in it, including the rabbit, and they make no apologies. The rabbit had it coming.

The LAPD goes in. They come out two hours later with a badly beaten bear. The bear is yelling: "Okay! Okay! I'm a rabbit! I'm a rabbit!"



## A Student's Request for Extra Money

A student called up his mom one evening from his college and asked her for some money, because he was broke.

His mother said, "Sure, sweetie. I will send you some money. You also left your economics book here when you visited two weeks ago. Do you want me to send that up too?"

"Uhh, oh yeah, O.K." responded the kid.

So his mom wrapped the book along with the cheques

up in a package, kissed dad goodbye, and went to the post office to mail the money and the book. When she gets back, dad asked, "Well how much did you give the boy this time?"

"Oh, I wrote two cheques, one for \$20, and the other for \$1,000."

"That's \$1020!!!" yelled Dad, "Are you going crazy???"

"Don't worry honey," mom said, "I taped the \$20 cheque to the cover of his book, but I put the \$1,000 one somewhere between the pages in chapter 15!"

*"When I asked my accountant if anything could get me out of this mess I am in now he thought for a long time and said, "Yes, death would help"."*  
Robert Morley

## Murphy's Laws for Frequent Flyers

- No flight ever leaves on time unless you are running late and need the delay to make the flight.
- If you are running late for a flight, it will depart from the farthest gate within the terminal.
- If you arrive very early for a flight, it inevitably will be delayed.
- Flights never leave from Gate #1 at any terminal in the world.
- If you must work on your flight, you will experience turbulence as soon as you touch pen to paper.
- If you are assigned a middle seat, you can determine who has the seats on the aisle and the window while you are still in the boarding area. Just look for the two largest passengers.
- Only passengers seated in window seats ever have to get up to go to the lavatory.
- The crying baby on board your flight is always seated next to you.
- The best-looking woman on your flight is never seated next to you.
- The less carry-on luggage space available on an aircraft, the more carry-on luggage passengers will bring aboard.



## Worries While Flying

Two statisticians were travelling in an airplane from LA to New York. About an hour into the flight, the pilot announced that they had lost an engine, but don't worry, there are three left.

However, instead of 5 hours it would take 7 hours to get to New York. A little later, he announced that a second engine failed, and they still had two left, but it would take 10 hours to get to New York.

Somewhat later, the pilot again came on the intercom and announced that a third engine had died. Never fear, he announced, because the plane could fly on a single engine.

However, it would now take 18 hours to get to New York. At this point, one statistician turned to the other and said, "Gee, I hope we don't lose that last engine, or we'll be up here forever!" **AT**

# 2008 Calendar of Continuing Professional Education Programmes

Location	Date	Duration (Day)	Event Title	Speaker	Fee (RM)	CPE Hours	Venue (Hotel/Resort)
<b>Accounting &amp; Finance</b>							
Klang Valley	2 & 3 June	2	Deferred Taxation	Danny Tan	600	16	Hilton PJ
	19 & 20 June	2	Financial Essentials for Non-Financial Professionals	Yoga Thevan	800	16	Concorde KL
	30 & 31 July	2	Understanding the Accounting Standards In Preparing Consolidated Financial Statements	Lim Geok Heng	600	16	Concorde KL
	12 August	1	Basic Principles of Deferred Taxation	Lim Geok Heng	350	8	Hilton PJ
Southern Region	11 & 12 June	2	FRS 111 Construction Contract, FRS 201 <sub>2004</sub> Property Development Activities and FRS 123 <sub>2004</sub> Borrowing Costs	Lim Geok Heng	600	16	Mutiara Hotel JB
	16 & 17 June	2	Practical Application of Malaysian Private Entity Reporting Standards	Lim Geok Heng	600	16	Royale Bintang Seremban
	16 July	1	Basic Principles of Deferred Taxation	Lim Geok Heng	350	8	Mutiara Hotel JB
East Malaysia	9 June	1	Technical Update of Financial Reporting Standards (FRS) and International Financial Reporting Standards (IFRS)	Danny Tan	350	8	Grand Dorsett Labuan
	23 & 24 June	2	Practical Application of Malaysian Private Entities Reporting Standards	Lim Geok Heng	600	16	Hyatt Regency Kinabalu
	25 & 26 June	2	Practical Application of Malaysian Private Entities Reporting Standards	Lim Geok Heng	600	16	Hilton Kuching
<b>Management Accounting &amp; Strategic Management</b>							
Klang Valley	19 & 20 June	2	Managing Strategic Corporate Planning	Boey Tak Kong	700	16	Hilton PJ
	24 & 25 June	2	The Essentials of Budgeting	Dr. Steven Liew	650	16	Parkroyal KL
	25 & 26 Sept	2	The Essentials of Budgeting	Dr. Steven Liew	650	16	Hilton PJ
Northern Region	9 & 10 June	2	An Entrepreneurial Approach to Credit Management & Debt Recovery	Dr Steven Liew	700	16	Evergreen Laurel Penang
	24 & 25 July	2	The Essentials of Budgeting	Dr. Steven Liew	650	16	Traders Hotel Penang
Southern	21 & 22 July	2	The Essentials of Budgeting	Dr. Steven Liew	650	16	Hyatt Regency JB
East Malaysia	14 & 15 July	2	The Essentials of Budgeting	Dr. Steven Liew	650	16	Shangri-La Tg. Aru Resort
	17 & 18 July	2	The Essentials of Budgeting	Dr. Steven Liew	650	16	Holiday Inn Kuching
<b>Auditing, Assurance &amp; Risk Management</b>							
Klang Valley	18 June	1	Audit of Construction Projects	Gursharan Singh	350	8	Hilton PJ
	21 July	1	Audit Documentation	Tong Seuk Ying	350	8	Hilton PJ
Northern Region	7 & 8 July	2	Practical Auditing	Tong Seuk Ying	600	16	Evergreen Laurel Penang
	8 Sept	1	Audit Documentation	Tong Seuk Ying	350	8	Traders Hotel Penang
Southern	16 June	1	Audit of Construction Projects	Gursharan Singh	350	8	Hyatt Regency JB
East Malaysia	7 July	1	Audit of Construction Projects	Gursharan Singh	350	8	Shangri-La Tg. Aru Resort
	8 July	1	Audit of Construction Projects	Gursharan Singh	350	8	Crowne Plaza Kuching
<b>Taxation</b>							
Klang Valley	11 June	1	Indirect Tax Facilities and Exemptions for Manufacturing Companies	Thomas Selva Doss & Tan Kok Meng	400	8	Concorde KL
	16 & 17 June	2	Managing Tax Planning Issues in a Human Resource Environment	Krishnan KSM	750	8	Hotel Istana KL
	26 June	1	Dividends and the Single-Tier Tax System	Vincent Josef	400	8	Concorde KL
Northern	24 June	1	Dividends and the Single-Tier Tax System	Vincent Josef	400	8	Traders Hotel Penang
East Coast	5 & 6 June	2	Introduction to Corporate Taxation and Self Assessment System	Chow Chee Yen	600	16	MS Garden Kuantan
East Malaysia	9 June	1	Dividends and the Single-Tier Tax System	Vincent Josef	400	8	Shangri-La Tg. Aru Resort
	10 June	1	Dividends and the Single-Tier Tax System	Vincent Josef	400	8	Hilton Kuching
<b>Legal &amp; Corporate Governance</b>							
Klang Valley	16 July	1	Litigation, Arbitration and Mediation	Teng Kam Wah	380	8	Parkroyal Hotel KL
	22 Oct	1	Litigation, Arbitration and Mediation	Teng Kam Wah	380	8	Hilton PJ
<b>Banking</b>							
Klang Valley	12 & 13 June	2	Applied Project Financing	Agee Lee	700	16	Parkroyal Hotel KL
	13 & 14 Oct	2	Understand How Banks Approve and Structure Loans	Agee Lee	700	16	Concorde KL
<b>Public Practice &amp; Consultancy</b>							
Klang Valley	4 & 5 June	2	Public Practice Programme	various	600	16	Hilton PJ
	10 June	1	Risks of Non-Compliance — SMP Forum	various	350	8	Concorde KL
	25 June	1	International Standards on Quality Control 1 and Practice Review Findings	Janise Lee & Lim Seong On	350	8	Concorde KL
<b>Personal Development &amp; Leadership</b>							
Klang Valley	9 & 10 June	2	Business Writing: Write For Results	Lum Woon Foong	600	16	Concorde KL
	13 June	1	Building the Leadership Team for Outstanding Results	Dr. John C. Maxwell	2200	8	Sheraton Subang
	16 & 17 June	2	Speed Reading for Professionals	Ivy Fernandez	800	16	Concorde KL
	17 June	1	Implementing Blue Ocean Strategy for Malaysia (One Day Seminar)	Kee-Hian Tan	1180	8	One World, Bandar Utama
	17-19 June	3	Implementing Blue Ocean Strategy for Malaysia (Complete Programme)	Kee-Hian Tan	3180	24	One World, Bandar Utama
	8 July	8	Situational Leadership	Dr. Kong Voon Sin	400	8	Concorde KL
Northern	17 June	8	Situational Leadership	Dr. Kong Voon Sin	400	8	Evergreen Laurel Hotel
	19 June	8	Situational Leadership	Dr. Kong Voon Sin	400	8	Hyatt Regency JB
Southern Region	24 & 25 June	16	Mind Mapping for Quick Action	K.C. Liew	900	16	Hyatt Regency JB
	23 June	8	Situational Leadership	Dr. Kong Voon Sin	400	8	Crowne Plaza Kuching
East Malaysia	25 June	8	Situational Leadership	Dr. Kong Voon Sin	400	8	Shangri-La Tg. Aru Resort

# 2008 Calendar of Continuing Professional Education Programmes

Location	Date	Duration (Days)	Event Title	Speaker	Fee (RM)	CPE Hours	Venue (Hotel/Resort)
<b>Information Technology</b>							
Klang Valley	2 & 3 June	2	Microsoft Word 2000 (Basic & Intermediate)	tba	220	16	MCSB, Kuala Lumpur
	16 & 17 June	2	Microsoft Word 2000 (Advanced)	tba	280	16	MCSB, Kuala Lumpur
	4 & 5 June	2	Microsoft Excel 2000 (Basic & Intermediate)	tba	280	16	MCSB, Kuala Lumpur
	18 & 19 June	2	Microsoft Excel 2000 (Advanced)	tba	300	16	MCSB, Kuala Lumpur
	6 June	1	Microsoft PowerPoint 2000 (Basic & Intermediate)	tba	130	8	MCSB, Kuala Lumpur
	20 June	1	Microsoft PowerPoint 2000 (Advanced)	tba	160	8	MCSB, Kuala Lumpur
	9 & 10 June	2	Microsoft Access 2000 (Basic & Intermediate)	tba	300	16	MCSB, Kuala Lumpur
	23 - 25 June	3	Microsoft Access 2000 (Advanced)	tba	620	24	MCSB, Kuala Lumpur
	30 June	1	Introduction to Internet	tba	250	8	MCSB, Kuala Lumpur
	12 & 13 June	2	Microsoft Project 2003 (Basic & Intermediate)	tba	480	16	MCSB, Kuala Lumpur
	1 & 2 July	2	Microsoft Word 2003 (Fundamental & Intermediate)	tba	250	16	PentaWise Sdn Bhd
	7 July	1	Microsoft PowerPoint 2003 (Fundamental & Intermediate)	tba	150	8	PentaWise Sdn Bhd
	21 July	1	Microsoft PowerPoint 2003 (Advanced)	tba	170	8	PentaWise Sdn Bhd
	3 & 4 July	2	Microsoft Access 2003 (Fundamental & Intermediate)	tba	250	16	PentaWise Sdn Bhd
	24 & 25 July	2	Microsoft Project 2003 (Fundamental & Intermediate)	tba	520	16	PentaWise Sdn Bhd
	10 & 11 July	2	Microsoft Excel 2003 (Fundamental & Intermediate)	tba	250	16	PentaWise Sdn Bhd
	22 & 23 July	2	Microsoft Excel 2003 (Advanced)	tba	300	16	PentaWise Sdn Bhd
	7 & 8 Aug	2	Microsoft Word 2003 (Advanced)	tba	270	16	PentaWise Sdn Bhd
	4 Aug	1	Microsoft PowerPoint 2003 (Fundamental & Intermediate)	tba	150	8	PentaWise Sdn Bhd
	18 Aug	1	Microsoft PowerPoint 2003 (Advanced)	tba	170	8	PentaWise Sdn Bhd
	28 & 29 Aug	2	Microsoft Access 2003 (Advanced)	tba	410	16	PentaWise Sdn Bhd
	21 & 22 Aug	2	Microsoft Outlook 2003 (Fundamental & Intermediate)	tba	320	16	PentaWise Sdn Bhd
	28 & 29 Aug	2	Microsoft Frontpage 2003 (Fundamental & Intermediate)	tba	450	16	PentaWise Sdn Bhd
	14 & 15 Aug	2	Microsoft Excel 2003 (Fundamental & Intermediate)	tba	250	16	PentaWise Sdn Bhd
	19 & 20 Aug	2	Microsoft Excel 2003 (Advanced)	tba	300	16	PentaWise Sdn Bhd
	1 Aug	1	Networking Fundamental	tba	150	8	PentaWise Sdn Bhd
	21 Aug	1	Get Started with Internet	tba	150	8	PentaWise Sdn Bhd
	2 & 3 Sept	2	Microsoft Word 2003 (Fundamental & Intermediate)	tba	250	16	PentaWise Sdn Bhd
	8 Sept	1	Microsoft PowerPoint 2003 (Fundamental & Intermediate)	tba	150	8	PentaWise Sdn Bhd
	29 Sept	1	Microsoft PowerPoint 2003 (Advanced)	tba	170	8	PentaWise Sdn Bhd
	4 & 5 Sept	2	Microsoft Access 2003 (Fundamental & Intermediate)	tba	250	16	PentaWise Sdn Bhd
	11 & 12 Sept	2	Microsoft Excel 2003 (Fundamental & Intermediate)	tba	250	16	PentaWise Sdn Bhd
	25 & 26 Sept	2	Microsoft Excel 2003 (Advanced)	tba	300	16	PentaWise Sdn Bhd
Klang Valley	9 June	1	Analysing Financial Data with Microsoft Excel	Chan Phooi Lai	500	8	PentaWise Sdn Bhd
	10 & 11 June	2	Tasks Automation with Microsoft Excel Macro/VBA	Chan Phooi Lai	800	16	PentaWise Sdn Bhd
	12 June	1	Financial Data Management with PivotTables	Chan Phooi Lai	400	8	PentaWise Sdn Bhd
	16 June	1	Expanding Microsoft Excel Charts	Chan Phooi Lai	350	8	PentaWise Sdn Bhd
	17 & 18 June	2	Microsoft Excel Functions and Formulas	Chan Phooi Lai	800	16	PentaWise Sdn Bhd
	7 July	1	Expanding Microsoft Excel Charts	Chan Phooi Lai	350	8	PentaWise Sdn Bhd
	8 & 9 July	2	Tasks Automation with Microsoft Excel Macro/VBA	Chan Phooi Lai	800	16	PentaWise Sdn Bhd
	14 July	1	Financial Data Management with PivotTables	Chan Phooi Lai	400	8	PentaWise Sdn Bhd
	15 & 16 July	2	Microsoft Excel Functions and Formulas	Chan Phooi Lai	800	16	PentaWise Sdn Bhd
	17 July	1	Analysing Financial Data with Microsoft Excel	Chan Phooi Lai	500	8	PentaWise Sdn Bhd
	5 Aug	1	Financial Data Management with PivotTables	Chan Phooi Lai	400	8	PentaWise Sdn Bhd
	6 Aug	1	Expanding Microsoft Excel Charts	Chan Phooi Lai	350	8	PentaWise Sdn Bhd
	11 Aug	1	Analysing Financial Data with Microsoft Excel	Chan Phooi Lai	500	8	PentaWise Sdn Bhd
	12 & 13 Aug	2	Microsoft Excel Functions and Formulas	Chan Phooi Lai	800	16	PentaWise Sdn Bhd
	26 & 27 Aug	2	Tasks Automation with Microsoft Excel Macro/VBA	Chan Phooi Lai	800	16	PentaWise Sdn Bhd
	9 Sept	1	Financial Data Management with PivotTables	Chan Phooi Lai	400	8	PentaWise Sdn Bhd
	18 Sept	1	Analysing Financial Data with Microsoft Excel	Chan Phooi Lai	500	8	PentaWise Sdn Bhd
	15 & 16 Sept	2	Microsoft Excel Functions and Formulas	Chan Phooi Lai	800	16	PentaWise Sdn Bhd
	22 Sept	1	Expanding Microsoft Excel Charts	Chan Phooi Lai	350	8	PentaWise Sdn Bhd
23 & 24 Sept	2	Tasks Automation with Microsoft Excel Macro/VBA	Chan Phooi Lai	800	16	PentaWise Sdn Bhd	

FOR FURTHER INFORMATION PLEASE MAIL, FAX OR E-MAIL TO:

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