* TIPS TO IMPROVE PERFORMANCE MANAGEMENT

GENTLE GIANTS

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GETTING READY FOR

G$T

Businesses still need to be prepared for GST implementation,or face the unpleasant consequences of non-compliance.

+ REINVENTING ACCOUNTANTS AS VALUE CREATORS

+ CORPORATE BOARDS AND BUSINESS JUDGEMENT

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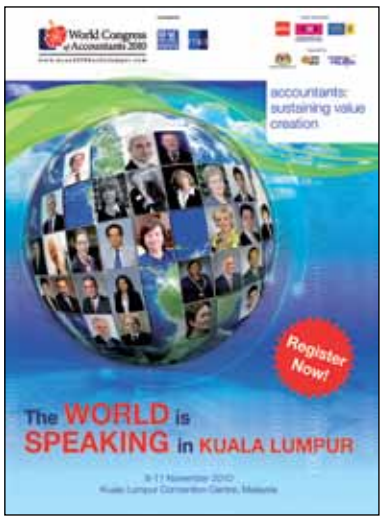

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Should the responsibility for the financial statements lie with the directors of the company, the management or both?

WCOA: Full Steam Ahead!

At the time of writing, we are now about seven months away from the 18th World Congress of Accountants (WCOA), which will be held from 8-11 November 2010 at the Kuala Lumpur Convention Centre. **Reinventing Accountants as Value Creators** details the progress made so far in preparing for the congress, which will include global heavyweights such as China's Vice-Minister of Finance, Wang Jun; Chairman of the International Public Interest Oversight Board, Stavros Thomadakis; Chairman of the International Accounting Standards Board, Sir David Tweedie; Chairman of the International Valuation Standards Council, Michel Prada; and our very own Bank Negara Malaysia Governor Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz. Don't miss the opportunity to participate as a delegate in this prestigious event organised jointly by the MIA and the International Federation of Accountants. As a sweetener, local delegates who sign up early get the privileged early bird rate and subsidies are available from the Human Resource Development Fund.

And now, back to business. Although the Goods and Services Tax (GST) has been deferred, businesses still need to be prepared for GST implementation, or face the unpleasant consequences of non-compliance, says Majella Gomes in our cover story on GST. Currently, only Brunei, Malaysia and Myanmar are not in the ASEAN GST club. Instead of thinking of GST as a burden, experts advise companies to use GST as a strategic opportunity to re-examine how they do business, and to prepare for GST well ahead.

Governance is a hot topic nowadays and a key question which is frequently debated is "Who is responsible for the financial statements of the company?" Should the responsibility for the financial statements lie with the directors of the company, the management or both? We discuss this in the context of the Malaysian corporate law framework, specifically looking at the duties and responsibilities of company directors in Malaysia which are clearly stated in the Malaysian Companies Act 1965.

Accountancy is considered a critical profession by the government, and MIA's newly-launched QE tuition programme aims to help increase both the quality and quantity of chartered accountants. Learn more about how QE tuition was a key success factor for three chartered accountants who recently qualified with flying colours in "Acing the QE."

After wrestling with work, why not take a break by wrestling with elephants? At the Kuala Gandah Elephant Sanctuary nestled in the quiet foothills of Pahang's nature reserve, you can ride and bathe with these gentle giants while learning more about efforts to preserve their numbers and their habitat.

Happy reading! ■

EDITOR

ACKNOWLEDGEMENT

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LETTERS TO THE EDITOR ///// A key element in the world of publishing is what readers have to say. We want to hear from you on just about anything that appears in each issue of ***Accountants Today***. Why not drop us a line now? e-mail: communications@mia.org.my

Getting ready for GST

Majella Gomes

THE GOODS AND SERVICES TAX (GST) HAS ONLY BEEN DEFERRED, NOT CANCELLED. BUSINESSES STILL NEED TO BE PREPARED FOR GST IMPLEMENTATION, OR FACE THE UNPLEASANT CONSEQUENCES OF NON-COMPLIANCE.

From the very outset of his presentation on GST at MIA's seminar on 'An Overview of the GST Bill' (Its Impact, Policy and Implementation), Deputy Director of Customs (Internal Taxes Division), Subromaniam Tholasy made it clear: the implementation of GST has only been deferred, not cancelled. So whether Malaysians are for or against this tax, they will have to deal with it in the future.

LONG IN THE PIPELINE

Originally slated for implementation on 1 January 2007, GST is intended to replace the current sales and service tax. It is a consumption tax levied only when a product is bought or consumed, or when services have been rendered. GST is by no means new; more than 140 countries have already instituted it. In the ASEAN region alone, seven countries – Indonesia (1984), Thailand (1992), Singapore (1993), Philippines (1998), Vietnam (1999), Cambodia (1999) and Laos (2009) – have implemented it. Only Brunei, Malaysia and Myanmar have no GST/VAT at present.

The case for GST in Malaysia was first mooted in 1988 but it was then considered unnecessary as the sales and service tax (introduced in 1972 and 1975 respectively) had been found to be effective. The GST idea was floated again in 2004; however, its implementation was deferred because the powers-that-be decided the proposed model needed refining. Also,

...manufacturers sell to wholesalers with a 10% sales tax. Wholesalers then sell to retailers with another 10% sales tax tagged on, in addition to what they already paid to the manufacturer. The retailer then sells to the consumer at an even higher price. With GST, the proposed four per cent rate is claimable, whereas the SST is not.

In theory, therefore, with GST, the prices of goods are likely to come down because there are no hidden taxes. Subromaniam was quick to add, however, that not all prices will come down. "Some prices will go up," he said, "but they cannot go up more than four per cent."

businesses needed adequate lead time to make changes in processes, develop appropriate software and train personnel to handle the new tax.

"GST is not a cost to business, but Sales & Service Tax (SST) is," Subromaniam explained. "The government is of the opinion that SST has reached its threshold. To increase it in any way would make our exports uncompetitive. Under SST, exporters were incurring as much as RM1.4 billion annually. The answer was therefore not to expand it but to institute GST."

YOU CAN CLAIM GST

He clarified that manufacturers sell to wholesalers with a 10% sales tax. Wholesalers then sell to retailers with another 10% sales tax tagged on, in addition to what they already paid to the manufacturer. The retailer then sells to the consumer at an even higher price. With GST, the proposed four per cent rate is claimable, whereas the SST is not. "Once the tax element is claimable, the tax cannot be a business cost," he pointed out.

When goods are passed down the supply chain, tax becomes embedded and compounded; there is a tax on tax. The pyramiding effect of SST often fails to distinguish between the cost of goods sold and the tax element, allowing the traders to benefit at the expense of government revenue. "With SST, the tax is a cost which affects pricing," he said. In theory, therefore, with GST, the prices of goods are likely to come down because there are no hidden taxes. Subromaniam was quick to add, however, that not all prices will come down. "Some prices will go up," he said, "but they cannot go up more than four per cent."

Knowing that it would run up against a storm of protest, the decision to implement GST was not taken lightly. But it is a means of mitigating the effects of a rapidly-globalising market place that is relentless in its demand for goods and services. Despite increased productivity and a healthy manufacturing sector, revenue from imports and taxes from the corporate sector may fluctuate. GST, a consumption tax, will not – thereby bringing in a steady revenue stream that is locally generated and therefore sustainable.

Besides setting up another income stream, GST has the potential to bring hidden or shadow sectors to light. In order to qualify for GST claims, businesses must register; the government sees this as one way of reducing instances of smuggling or distribution of contraband goods, which avoid taxation.

Summarising the Singapore story, he outlined the critical factors for successful GST implementation: a strong commitment from the government, well-designed implementation timetable and well-drafted laws, close cooperation between the different authorities involved, a comprehensive public education campaign, strict enforcement and an effective GST audit programme.

Besides setting up another income stream, GST has the potential to bring hidden or shadow sectors to light. In order to qualify for GST claims, businesses must register; the government sees this as one way of reducing instances of smuggling or distribution of contraband goods, which avoid taxation. In response to claims that the cost of living will rise with GST implementation, Subromaniam said only 30% of lower-income expenditure will be taxed because of zero-rated supplies, and the poor will not be hard hit.

"Exports and services are zero-rated at present," he said. "Public transport will also be zero-rated, and there will be no GST on land, health, financial services or education. There won't be any taxes on government services either, except for purchase of advertising space on RTM. In addition, non-reviewable contracts will be zero-rated because prices have already been fixed and cannot be changed."

If invoices show how much has been charged on stock at hand, GST can be refunded too, so that prices will not increase. But what if, despite these assurances, there is profiteering? Profiteers beware: GST brings with it severe penalties. There is specific legislation on profiteering, and the authorities will not hesitate to bring the full weight of the law to bear on those that contravene it.

SINGAPORE: GST SUCCESS STORY

In the case of Singapore, which instituted GST in 1993, more revenue has translated into better development, in the 17 years since its implementation, said Robin Chia, Director (GST and Training) of Tricor Malaysia. "There were mixed feelings in Singapore when GST was implemented," he recounted. "People didn't know how it worked, and there was a general lack of awareness of the rebates that citizens would enjoy in tandem with its implementation. But since GST was instituted, the Singapore government has seen an increase in its annual revenue by millions every year."

Authorities set in motion a massive awareness-raising effort, including media blasts and information sessions for 45,000 people, plus dialogues, meetings, GST seminars and education programmes. GST revenues exceeded expectations from the first year of implementation. "The government thought that it would collect about S$100 million," Chia said, "but the first year of GST brought in S$1.5 billion."

From the Singapore perspective, GST was a means of prudent management. The country was then enjoying a budget surplus, and was in a good posi-

tion to start setting aside funds for the future. It was also aware of its limitations and lack of natural resources and realised it needed to maintain international competitiveness and continue attracting talent. One way was to offer superior infrastructure; another was to have good tax benefits.

There was also an aging population to consider, and the growing need to distribute the national tax burden across a wider population base. It was hoped that GST would be able to address all these needs because of its desirable features, such as its ability to relieve investments from tax, and its tax revenue stability. The authorities also saw it as a check-and-balance system, and a good form of internal control, besides being relatively unaffected by economic cycles.

Chia pointed out, however, that GST could cause short-term inflation and that there were compliance costs for small businesses. Only 20% of all businesses in Singapore were required to register for GST. Surprisingly, though, "Small businesses like hawkers have absorbed GST to help customers," he said.

Summarising the Singapore story, he outlined the critical factors for successful GST implementation: a strong commitment from the government, well-designed implementation timetable and well-drafted laws, close cooperation between the different authorities involved, a comprehensive public education campaign, strict enforcement and an effective GST audit programme.

VIETNAM VAT

"GST/VAT has created a lot of work for accountants in Vietnam," quipped Lim Chor Ghee, a Partner with VietValues Audit & Consulting Group. "It requires monthly reporting, and everything hangs on the "Red Invoice" which must be purchased from the Vietnamese Ministry of Finance. For starters, it's complicated because in Vietnam, VAT depends on where the business is set up. Each province or district has its own regulations, and nobody will do business with you if you cannot raise a Red Invoice.

NOT JUST A TAX ISSUE

"GST is not just a tax issue; it involves total business realignment," said Tan Eng Yew, speaking on the impact of GST on business functions, and how to prepare for implementation. Tan, Executive Director of KPMG Tax Services Sdn Bhd, remarked that organisations sometimes expect the company accountant to "take care" of GST matters, not realising that this is one tax which has far-reaching implications.

If not attended to properly from the outset, it has a tendency to come back and bite you. "The idea is to have minimal disruption to the business," he said. "But the awareness of GST is still very low, and it is often perceived as the sole responsibility of finance. A "last minute" attitude is quite prevalent, and generally there is complacency about it. What people may not be aware of are the severe penalties for non-compliance."

Companies can expect GST to impact widely. All areas of operations, including IT, finance, marketing, HR and procurement will be affected.

GST penalties are heavy indeed but the rule of thumb is: don't under-charge and don't over-claim. To minimise disruptions, a plan is needed to manage the firm's transition from non-compliance to complete compliance with all policies and provisions in connection with GST. The GST Transition Plan should encompass business, the actual transition, IT and the company's supply chain. Understanding the legalities and implications is of paramount importance, and it must be constantly borne in mind that GST is a tax on everything.

Staff who are managing the transition to GST compliance need to be conversant with the terminology, and how accounting is applied when dealing with it. It should also be noted, Tan said, that GST rules differ from one country to another, although GST models may be similar. "Sometimes input tax is specifically blocked," he said. "For example, staff entertainment is blocked in Singapore, but you have to make sure that it is applicable here as well."

Companies can expect GST to impact widely. All areas of operations, including IT, finance, marketing, HR and procurement will be affected. To ensure all these elements function smoothly, they need to be project-managed. There may even be instances where businesses need to be restructured and operations restrategised through repackaging or new product offerings. From the legal standpoint, non-reviewable contracts may be affected too, and may require GST clauses to be inserted.

"Vietnamese VAT law is only 20 pages long," he clarified. "As a result, a lot of it is subject to interpretation. There is a great reliance on decrees, circulars and official letters which are issued by the different district authorities. Systems are complicated, and there is still corruption to deal with. Loopholes still exist; there are variations in the way things are done in every district and practically in every neighbourhood as well."

However, he was quick to add that although doing business was difficult in Vietnam, it was not impossible – as evidenced by the growing number of Malaysian companies which have set up shop in the country. It's not just the multinational developers or construction firms either; many small and medium-sized Malaysian businesses have ventured into the Vietnamese markets as sub-contractors. What needs to be kept in mind is that the Red Invoice has to be used to claim corporate tax deduction. VAT is imposed on top of import duty, and importers can claim on import duty, which is refunded without too much trouble, provided all documentation is in order. VAT on imports is under the purview of the Customs Department, and is generally quite similar to the systems in use in the UK, Singapore and Australia.

START NOW

Tan's sentiments were echoed by Paul Bahnisch, Executive Director (IT Advisory) of KPMG Business Advisory Services Sdn Bhd. "Accountants today are in a dilemma because they have a lot on their plate, with GST," he said. "They may not know what to do or where to start; it's a really challenging time. GST cuts across all areas of business and also impacts on customers and the supply chain. It takes at least three months to test GST systems and ensure everything runs. Training is necessary."

Accountants and all others involved in the process may feel overwhelmed at the magnitude of what is required, but there are ways of achieving it. Firstly, a "Tax Champion" – someone who understands the issues – needs to be identified. Relook contracts, and strategise how to manage them. "It may be necessary to write to contractors to ask if the contracts still exist," Bahnisch said. "Check if there is a possibility of renegotiating, if the price is too high."

It is imperative to have a comprehensive management plan for GST with adequate resources. Establish a steering committee with representation from all business units so that a clear picture of issues arising can be obtained. Open channels of communication with staff, customers and suppliers. A help desk or customer service line may be necessary. Gather as much information about issues as possible; identify focus groups that can handle each issue and determine the deliverables for each. Awareness sessions should be ongoing.

"Ultimately, you could use GST as a strategic opportunity to re-examine how you do business," he concluded. "Restrategising or repositioning the business may become imperative, in which case change management will be necessary. You'll need to work out the impact and repercussions of these, and resolve them before GST is enforced. ■

It is imperative to have a comprehensive management plan for GST with adequate resources. Establish a steering committee with representation from all business units so that a clear picture of issues arising can be obtained. Open channels of communication with staff, customers and suppliers.

ADVERT 1

tackling BOARDROOM BEHAVIOUR

CIMA has launched a new report: 'Enterprise governance – restoring boardroom leadership'. Enterprise governance specialist Gillian Lees looks at some of the issues it contains – issues that are crucial to building healthy, sustainable companies.

After the failures in corporate governance that led to the global downturn, it's no surprise that we are demanding more of our corporate leaders than ever before. Stakeholders are rightly calling on boards and executive management to uphold the highest ethical standards and commit to the long-term sustainability of their businesses.

There has been much debate about how boards can oversee strategy and risk more effectively as this is where many feel they have fallen short. For example, commentators across the world have suggested that boards need to challenge management proposals more rigorously and spend more time debating the strategic risks that face the business. Current thinking emphasises the behavioural aspects of governance rather than seeking to impose new structures and regulations.

However, when we spoke to CIMA members who are directors in UK FTSE 350 companies, it became clear to us that, while behavioural issues are crucial, it was still important not to overlook the support that good frameworks, processes and structures could provide in driving behavioural change. There is some evidence, for example, that health and safety provisions are a powerful factor in this regard. The benefits of the new behaviours engendered by such requirements then spill over into other areas such as risk management, quality and customer satisfaction.

INTEGRATING BOARD AND MANAGEMENT

The governance debate also focuses exclusively on what the board does. But at some point, governance and management have to integrate. At CIMA, we feel that managers need to have a clear understanding of the governance agenda so that they can understand where the board is coming from and why directors need to ask awkward questions.

The problem here is that when we talk about effective collaboration between the board and management, it somehow implies a cosy relationship that is to the detriment of the shareholders or other owners. It's about a constructive but challenging relationship that has the long-term sustainability of the organisation as its goal. Boards and managers need to be keenly aware of the public interest dimension of what they do. That's why we emphasise ethics so strongly.

So what we try to do in this report is

bring together in a practical, integrated model what we consider to be the vital ingredients underpinning board effectiveness. The model looks at both people and behavioural issues such as ethical and professional behaviour as well as supporting frameworks, processes and structures such as information provision. The key is how all the components of the model work together.

CREATING A CHALLENGE CULTURE

So, for example, to create a culture of constructive and effective challenge, there also needs to be an environment based on a shared ethical approach and mutual respect. The management team is likely to try to ignore a board if it feels undermined in a negative way – so missing out on all the skills and experience that the board could contribute. Another crucial ingredient is high quality management information that provides a sound basis for the challenge process.

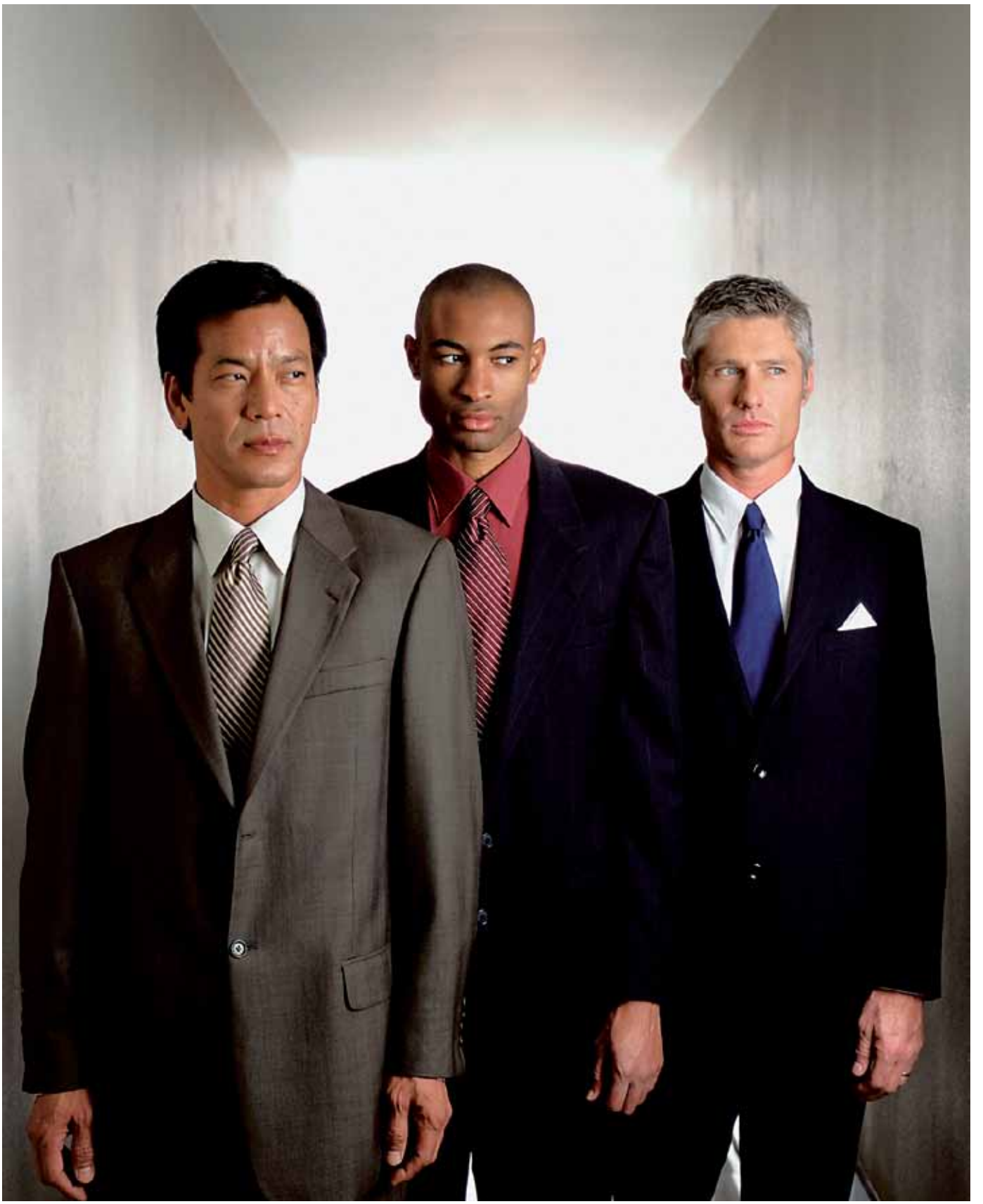
The creation of a supportive challenge culture has been widely seen as an essential step towards better governance. Some commentators have stated that a major cause of recent problems was the fact that many boards failed to ask tough questions. On the other hand, management teams have stood accused of controlling the flow of information and stage-managing meetings. But how do you actually achieve a good challenge process in practice?

We have all probably been in a situation where we felt reluctant to ask a question in case it made us look stupid. But we have probably also been in situations where decision-making was completely paralysed by participants determined to further their own agenda with a line of unhelpful and sometimes destructive questions.

So the report places particular emphasis on creating a challenge culture. Another problematic area that also receives special attention in the report is the need for the board to be fully risk aware. In other words, boards need to understand risk fully, integrate it into strategic thinking and demonstrate a rigorous and consistent approach to risk throughout the business cycle.

Ultimately, a board can only be as effective and as healthy as the underlying business that it governs – and this is heavily dependent on a smooth flow of information and constructive relationships between board and management. ■

Gillian Lees is an enterprise governance specialist in CIMA's new Knowledge Unit. This article first appeared in CIMA Insight, and it is published by CIMA (Chartered Institute of Management Accountants).



Corporate Boards
AND BUSINESS JUDGEMENT

BOARDS OF DIRECTORS ARE PLACED IN CONTINUOUS FOCUS WHENEVER FINANCIAL SCANDALS OR CORPORATE EXCESSES ARE HIGHLIGHTED. THE QUICKENING OF DUTIES OF CARE AND SKILL IN A HYPER COMPETITIVE ENVIRONMENT HAS CREATED A MILIEU OF ANXIETY FOR SERVING DIRECTORS.

Philip TN Koh

Board decisions are often questioned by the public in retrospect. The media scrutinises and queries transactions which were approved months before (in a conditional arrangement), but in a changed economic environment their completion is then contested. For example, Maybank was criticised for its Indonesian venture without due regard for the realism as to the circumstances in which management may have made the investment decisions. Some criticism invokes the mantras of governance without a nuanced application of principle to the real world of decision-making. A successful company requires the spirit of an entrepreneur whilst negotiating the shoals of control mechanisms.

THE "BUSINESS JUDGEMENT" DEFENCE

In an Australian decision which captured the pragmatism of common law, Rogers J observed:

> *"The courts have recognised that directors must be allowed to make business judgements and business decisions untrammeled by the concerns of a conservative investment trustee. Any entrepreneur will rely upon a variety of talents in deciding whether to invest in a business venture. These may include legitimate but ephemeral, political insights, a feel for economic trends, trust in the capacity of other human beings. Great risks may be taken in the hope of commensurate rewards. If such ventures fail, how is the undertaking of it to be judged against allegations of negligence by the entrepreneur?"*
>
> *[Daniels v Andersen (1995 NSW Supreme Court)].*

The Malaysian Companies (Amendment) Act, 2007 which came into force on 15 August 2007 provides a "safe harbour" defence of business judgement.

> *A director who makes a business judgement is deemed to meet the [duty of care, skill and diligence] and the equivalent duties under the common law and in equity if the director*
>
> *(a) makes the business judgement in good faith for a proper purpose;*
> *(b) does not have a material personal interest in the subject matter of the business judgement;*
> *(c) is informed about the subject matter of the business judgement to the extent the director reasonably believes to be appropriate under the circumstances; and*
> *(d) reasonably believes that the business judgement is in the best interest of the company.*
>
> *[Section 132(1B)]*

The introduction of this new provision in the Companies Act is to be welcomed. Common law has long affirmed that there should be judicial reticence in substituting a court decision *ex post facto* for that of a Board. Some have doubted the wisdom of a statutory enactment of such a rule, as it was felt the judicial balance on this matter already reflected adequately the principle that the Courts will permit wide deference to commercial judgements of men and women of business. The business judgement rule has however been reflected in wide reform proposals in both the US and the Commonwealth. Directors should pay careful attention to the scope of the rule, as there are several pre-conditions before the protection that is available can be made use of.

PRE-CONDITIONS TO THE BUSINESS JUDGEMENT RULE

The first is that the rule protects decisions that have been consciously made, and where a business judgement has been taken on the matter. Passive rubber stamping of a decision and negligent omission by way of serious failure of oversight and monitoring on the part of a director will negate the application of this safe harbour. The elements of good faith and disinterestedness must also be present, and any evidence of self dealing will also disqualify the application of this defense.

The significance of an informed decision is a cardinal element. The American Law Institute (ALI) acknowledges that there may not be a precise way in which to measure what information is appropriate for sound and informed decision-making. Much of governance lapses come from what economists characterise as asymmetrical information that leads to misjudgements by Boards.

The ALI lists the following as matters which are appropriate for sound decision-making:

i) the importance of the transaction;
ii) time availability;
iii) costs for obtaining information;
iv) director's confidence in exploring the matter;
v) the state of the company's business and the nature of competing demands for the Board's attention.

In one interesting Delaware decision, the Court held that the Board of Trans Union Corporation were not adequately informed when they approved the cash out merger for the corporation [Smith v Van Gorkom (Del 1985)]. The main defects which persuaded the Court to disentitle the directors of the protection under the rule and have their conduct castigated as grossly negligent were that the directors:

- *did not adequately inform themselves as to the role of Van Gorkom in forcing the merger and establishing the cash out price;*
- *were uniformed about the intrinsic value of the company; and*
- *approved the merger after only two hours of deliberations without prior notice.*

Further, it appeared that the Board did not seek any further valuation or justification for the sale price and made no inquiries for Van Gorkom's bare assertions of value. The availability of the business judgement rule therefore does not preclude the requirement that a director carries out his evaluative decision-making in a manner that evidences reasonableness and is wholly disinterested for the interests of the shareholders of the company as a whole.

It is incumbent for Boards collectively and directors individually that, in discharging their duties, the intersection of governance duties and strategic oversight be reconciled in a sound business judgement. The presence of the business judgement rule in the Companies Act is a good instance that Courts ought to refrain from second-guessing decisions which have been made in good faith, and which has disclosed independent informed decision-making. Whilst the substance and demands of governance for Boards cannot be compromised, it is important that any finding of negligence and breach of duties must be made within the backdrop of commercial realism that meshes sound principles with pragmatism. ■

Philip TN Koh is a senior partner of Mah-Kamariyah & Philip Koh, Advocates & Solicitors

ADVERT 2

Are directors responsible for the preparation and fair presentation of financial statements in accordance with International Financial Reporting Standards (IFRS)?

IN THE CONTEXT OF THE MALAYSIAN CORPORATE LAW FRAMEWORK, DIRECTORS ARE RESPONSIBLE FOR THE FINANCIAL STATEMENTS OF A COMPANY AND THIS SHALL BE CITED ACCORDINGLY IN THE AUDITOR'S REPORT.

A key question is frequently debated: "Who is responsible for the financial statements of the company?" Should the responsibility for the financial statements lie with the directors of the company, the management or both?

DIRECTORS' DUTIES AND RESPONSIBILITIES UNDER THE LAW

In the context of the Malaysian corporate law framework, the duties and responsibilities of the company directors in Malaysia are clearly stated in the Malaysian Companies Act 1965 (Act). Under the Act, company directors are responsible for the management of their companies and have a fiduciary duty to act in the best interest of their companies.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS UNDER THE COMPANIES ACT 1965

The Act expressly imposes the responsibility for the preparation and fair presentation of financial statements on directors. However, management is not defined in the Act and such impositions have not been made on them.

- Sections 166A(3), 166A(4), 166A(5), 167(1), 167(1A), 169(1), 169(3), 169(5), 169(15), 169(16) of the Companies Act are some of the key references that state that company directors are responsible for the maintenance of accounting and other records, as well as the tabling of the audited financial statements at a general meeting of members of a company.
- Sections 166A(3), 166A(4) and 166A(5) state clearly that the directors of a company shall ensure that the accounts of the company (including consolidated accounts, where applicable) laid before the annual general meeting are in accordance with the applicable approved accounting standards.
- Section 167(1) requires the company directors and managers to ensure proper maintenance of accounting and other records to enable them to be conveniently and properly audited. Section 167(1A) requires accounting entries and other records to be properly documented within sixty days of the completion of the transaction.
- Sections 169(1) and 169(3) require the directors of a company to table at the annual general meeting a profit and loss statement for the period and a balance sheet to which the profit and loss account relates. Section 169(5) requires directors of each company to prepare a resolution signed by no fewer than two of the directors attesting to the profit or loss of the company for the financial year and the state of affairs of the company's affairs as at the end of the financial year. Section 169(15) on the director's statement requires directors to state that the profit and loss account and the balance sheet (including consolidated accounts, where applicable) give a true and fair view of the results and state of affairs of the company and that the accounts of the company are in accordance with applicable approved accounting standards. A director or where the director is not primarily responsible for the financial management of the company, the person responsible is required by Section 169(16) to state his opinion in the statutory declaration on the correctness or otherwise of the balance sheet and the profit and loss account (including the consolidated accounts, where applicable).

Apart from the above-mentioned key sections, there are other references in the Act which indicate or imply that directors

are responsible for the financial statements. Other paragraphs in the Companies (Amendment) Act 2007 further elaborate on the powers, duties and liabilities of directors as officers of the company.

There is a general statement in Sections 131B(1) and 131B(2) as to the functions and powers of directors. For the purpose of Section 132, Section 132(6) interprets "director" to include the chief executive officer, the chief operating officer, the chief financial controller or any other person primarily responsible for the operations or financial management of a company, by whatever name called.

In Section 132(1C), directors, in exercising their duties, may rely on information given by employees or professional advisors or other directors or directors' committees provided their reliance is made in good faith and the directors have made an independent assessment of the information.

Section 132 (1F) provides for the delegation of powers of the board to officers and others but delegating such management function to others and relying on others does not absolve the directors from being accountable for the affairs of a company.

REQUIREMENTS OF INTERNATIONAL STANDARDS ON AUDITING

The International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) establish high quality auditing, assurance, quality control and related services standards for the use of all professional accountants. The International Standards on Auditing (ISA) issued by the IAASB are adopted as the basis for the Malaysian approved auditing standards which are issued by the Malaysian Institute of Accountants (MIA), the regulatory body overseeing the accounting profession in Malaysia.

The ISA 700 (Revised) "The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements" effective for auditor's reports dated on or after 1 July 2008 clarifies, among other things, the duty and responsibility of management and auditors relating to the financial statements in the auditor's report.

The following are pertinent extracts of the Malaysian Approved Standards on Auditing ISA 700 (Revised):

Management's Responsibility for the Financial Statements (paragraph 28, 29 and 31)

PARAGRAPH 28

The auditor's report should state that management is responsible for the preparation and the fair presentation of the financial statements in accordance with the applicable financial reporting framework and that this responsibility includes:

- Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- Selecting and applying appropriate accounting policies; and
- Making accounting estimates that are reasonable in the circumstances.

PARAGRAPH 29

Financial statements are the representations of management. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework. For example, in the case of financial statements prepared in accordance with IFRS, management is responsible for preparing financial statements that fairly present the financial position, financial performance and cash flow of the entity in accordance with IFRSs. To fulfil this responsibility, management designs and implements internal control to prevent or detect and correct misstatements, whether due to fraud or error, in order to ensure the reliability of the entity's financial reporting. The preparation of the financial statements requires management to exercise judgement in making accounting estimates that are reasonable in the circumstances, as well as to select and apply appropriate accounting policies. These judgements are made in the context of the applicable financial reporting framework.

PARAGRAPH 31

The term management has been used in this ISA to describe those responsible for the preparation and fair presentation of the financial statements. Other terms may be appropriate depending on the legal framework in the particular jurisdiction. For example, in some jurisdictions, the appropriate reference may be to those charged with governance (for example, the directors).

Although, the reference to "management" in ISA 700 is a generic reference within the ISA definition, appropriate and

due consideration should be given to those ultimately responsible for the preparation of financial statements in the respective jurisdiction, which in Malaysia's case, are the directors.

To conclude, in the context of the Malaysian corporate law framework, the directors are responsible for the preparation and fair presentation of the financial statements notwithstanding that reliance could be placed by them on information and professional or expert advice provided by any officer of the company. Therefore, the parties responsible for the financial statements are the directors and this shall be cited accordingly in the auditor's report. ■

This article was contributed by MIA's Audit and Assurance Standards Board (AASB).

Neuroeconomics:

THE NEXUS BETWEEN NEUROLOGY AND ECONOMICS

Saravanan Ramasamy

"OUR BRAIN DOES NOT SEEM TO GENERATE EMOTIONS AND RATIONALITY IN AN INDEPENDENT FASHION. RATHER, IT MIGHT BE DEALING WITH A COMPLEMENTARY PAIR, A KIND OF EMO-RATIONALITY"

- **OLIVIER OULLIER,** *THE IRRATIONAL ECONOMIST*

The concept of rationality is a very interesting topic in economics. Conventional economists believed that decision-makers always calculate the costs and benefits of the alternatives available to them and then choose the alternative that offers the greatest net benefit. This was well described by Adam Smith in his groundbreaking book, 'The Wealth of the Nations' where he claimed that 'it is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest'.

However, during the last 20 years, experimental economists have demonstrated that human economic reasoning is not always rational, challenging the fundamental concept which had been held close to the heart of conventional economists. By applying behavioural models in a more nuanced and sophisticated manner via controlled laboratory games, experimental economists, sometimes better known as behavioural economists, have proven that behavioural aspects such as emotion, manners and equality play an important role in the decision-making process rather than conventional aspects based solely on rationality and self-interest. Acknowledging the importance of this, the Nobel Prize for economics was awarded to Daniel Kahneman in October 2002, a pioneer in combining research about behavioural decision-making into economics.

The insights into behavioural economics have always been drawn from controlled labora-

...behavioural economists have presumed that alternative actions are fixed and people will only need to evaluate each option given its uncertainty to approximate the optimal choice under a controlled environment. The fact that people go beyond the options given shows that rationality should not demand that every possible goal be considered in advance, valued and incorporated into the utility function.

tory experiments performed in isolation from the real world. When each of the alternative actions produces a particular outcome without any uncertainty, optimal decision-making consists simply of choosing the action that produces the most desirable outcome. When there is uncertainty about the outcomes expected from various actions, the optimal choice will be influenced by the likelihood of desirable outcomes expected from each action. A large number of economic theories, such as the expected utility theory (von Neumann and Morgenstern, 1944) and prospect theory (Kahneman and Tversky, 1979), have been proposed to account for such decision-making under uncertainty or risk. In reality, however, the environment changes constantly, and this frequently alters the likelihood of various outcomes resulting from different actions. Consequently, the so-called optimality is rarely achieved and typically subjects can only approximate optimal decision strategies.

Thus far, behavioural economists have presumed that alternative actions are fixed and people will only need to evaluate each option given its uncertainty to approximate the optimal choice under a controlled environment. The fact that people go beyond the options given shows that rationality should not demand that every possible goal be considered in advance, valued and incorporated into the utility function. Cognisant of these limitations, some economists and scientists through collaboration, are now moving beyond the laboratory to perform exciting new experiments with an attempt to go one step further and explore how decision behaviour and correlated 'neural' activity can be explained, giving birth to 'neuroeconomics'. This is where a variety of techniques are used to investigate the biological processes responsible for decision-making. Unlike behavioural economics which views rationality within a given and known set of choices, neuroeconomics views rationality in the context of constructed choice(s). The proponents of neuroeconomics (if we can call them neuroeconomists) claim that preference among alternative plans is often constructed in the given setting, giving rise to additional goals. This is well explained by David Krantz in an article entitled 'Constructed Preference and the Quest for Rationality' where the preference between time and money was analysed. David compared a situation where a person is asked how much money would be paid to save an hour versus how much time would need to be saved to justify the amount of $20. The former question enhances the value of money and the latter enhances the value of time. Based on these questions, David illustrated that a decision-maker may not have a preference to start with and the trade-off between money and time is not fixed. David went a step further to explain that the decision-maker may adopt a goal that was not considered at the start of the time/money trade-off if, for example, a labour-saving device was available to the decision-maker. An important point derived from David's argument is that the activation of additional goals and the subsequent construction of choice cannot be viewed as irrational. This is because, as explained above, rationality does not demand every possible goal to be considered and incorporated into the utility function.

It is against this backdrop that the world is now witnessing the collaboration between neuroscientists and economists (neuroeconomists) where a variety of physiological measurements like skin-conductance, eye-tracking and functional magnetic resonance imaging (fMRI) are used for studying brain connectivity with behavioural decisions. As quoted by Colin Camerer in the article entitled 'Measuring Cognition and Brain Activity During Economic Decision-Making', if a word RED is printed in green ink, people often say 'red' by mistake because reading words is much more automatic than naming ink colours. Given this kind of 'constraints' in the brain, it is both useful and insightful to explain cases like this by adding some neural details. Though neuroeconomics is still in its infancy, we are increasingly witnessing cases of cognitive processes being 'neurally' measured and 'economically' explained. ■

Note: This is the first of a two-part series. Part Two of this article will discuss the development of neuroeconomics in the context of constructed choice(s).

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GOING FORWARD, ASEAN IS EXPECTED TO BE THE WORLD'S FOURTH FASTEST-GROWING AREA, BEHIND CHINA, JAPAN AND THE US. BUT THE BLOC'S ICEBERG-LIKE PACE AND THE LACK OF SEAMLESS COOPERATION AND INTEGRATION AMONG MEMBER COUNTRIES COULD CRIPPLE GROWTH PROSPECTS.

Majella Gomes

How can ASEAN accelerate?

The good news is, into its fifth decade, the Association of Southeast Asian Nations (ASEAN) has doubled its membership from the original five founding countries to ten, which covers just about all the countries in Southeast Asia. But where does ASEAN go from here? Times and circumstances have changed drastically since its founding in 1967.

The 4.5 million km^2 area is relatively peaceful, although it has had its fair share of misfortune, like the Boxing Day Tsunami which devastated great swathes of its largest member, Indonesia, in 2004. Thailand, too, suffered but these areas have to a large extent been rehabilitated.

Myanmar is still a bit of an enigma but Cambodia, Laos and Vietnam are racing to catch up, having weathered tough times in the last 30 years. Benchmarking themselves against Singapore, it looks as if they very soon will – which is a good thing, because ASEAN needs to move forward as one united bloc, if it is to stand a chance in today's voraciously competitive world.

For example, between 2001 and 2007, trade agreement negotiations with China pushed ASEAN countries to come together because they realised they had more bargaining power as a bloc. These negotiations resulted in the China-ASEAN FTA.

ASEAN REPORT CARD

How has ASEAN performed so far? And how can it move forward? "We can do much better," said prominent Malaysian economist Tan Sri Ramon Navaratnam at the 7th ASEAN Leadership Forum in Kuala Lumpur, "but how do we handle more challenges and greater global competition?"

Striking a positive note, Singapore's Ambassador at Large and Former ASEAN Secretary-General, H.E. Ong Keng Yong said that the region had weathered the

global economic crisis rather better than expected, with some countries showing growth while others experienced minimum contraction of their economies. The China-ASEAN FTA took effect in January 2010, signaling new opportunities and challenges for the region so "ASEAN has no choice but to keep focused on pulling everyone together," he stated.

Countries in the region, like Cambodia and Vietnam, were growing at a phenomenal pace and making great economic gains in the process. "Some are simultaneously undergoing domestic turmoil, which produces the notion of unhappiness but this is to be expected when countries are experiencing democratisation, growth and the development of civil society," he said. "Regardless of domestic conditions, ASEAN leaders will not break rank – although they may sometimes slow down because of internal factors."

External forces, on the other hand, have been instrumental in strengthening ASEAN cohesiveness in the past four decades. For example, between 2001 and 2007, trade agreement negotiations with China pushed ASEAN countries to come together because they realised they had more bargaining power as a bloc. These negotiations resulted in the China-ASEAN FTA.

LEVERAGING ON CHINA

Without doubt, China is the centre of the Asian economy, but there is profit to be made in being complementary. Analysing the economies of the respective countries over the years, the region has benefitted from manufacturing in various forms, remarked Dr. Nungsari Ahmad Radi of Khazanah. "Our footprint has expanded, and we now have development regions within the Region, such as BIMP-EAGA, the Greater Mekong Delta Development Area and the Iskandar Development Region," he said. "We need to focus on complementarities. China can benefit from us because we have resources that it doesn't."

Based on the Northeast Asian model, where China is the largest trading partner of Korea and Japan even without formal trading agreements, it is obvious that integration needs to be accelerated if regional trade is to be increased. "A number of ASEAN economies are at take-off stage, while others are already quite mature," said Dato' Dr. Mahani Zainal Abidin, Chief Executive of ISIS. "As it stands, regional trade with China is growing faster than inter-ASEAN trade. We should be looking at harmonisation of bilateral agreements, and preferential treatment for ASEAN partners, to encourage this."

HARNESSING TECHNOLOGY

ASEAN's Achilles heel will be rural-urban migration, rapid urbanisation and an insufficiently skilled workforce. Urban infrastructure is already under great strain, but the fundamentals will not be fixed by building more roads.

The region's potential is in its young workforce and resilient banking and finance sector, which was relatively unaffected by the economic ills that afflicted the rest of the world. ASEAN's Achilles heel will be rural-urban migration, rapid urbanisation and an insufficiently skilled workforce. Urban infrastructure is already under great strain, but the fundamentals will not be fixed by building more roads. "Use technology," suggested Annie Cheung, IBM ASEAN's Smarter Planet Initiative Vice-President. "Singapore is the smallest ASEAN country, but it is a world-class transportation hub. Brunei wants to start manufacturing *halal* pharmaceuticals; it could be a hub too. And what is to prevent Malaysia from becoming a *halal* certification hub?"

The problem of accessible education can also be solved to a certain extent by the application of technology. She noted that where education is concerned, Singapore leads mainly because it has invested a lot effectively. As a result, its graduates are in demand, whereas graduates from other ASEAN countries, hobbled primarily by the lack of linguistic skills, find it difficult to deal with trade and business beyond their own local markets.

REFORMING MODELS, LIBERALISING CAPITAL

Managing Director and Chief Economist of Daiwa Capital Markets (Singapore), P K Basu remarked that despite a savings surplus of about 18%-19% of GDP (which is among the highest in the world), Thailand and Malaysia were experiencing a drought of private investment. "There is an urgent need to address this," he said. "Although Malaysia's New Economic Model (NEM) does appear to be a step in the right direction, there is a lack of political will and a lack of commitment among policy makers to take it further."

Rajiv Biswas, The Economist's Southeast Asia Director for its Corporate Network and Intelligence Unit was of the opinion that there should be greater capital movement in local economies. "ASEAN is expected to be the world's fourth fastest-growing area, behind China, Japan and the US," he said. "But its domestic markets must grow, and to do that, domestic demand must be boosted by household savings. Attention has to be paid to healthcare and insurance, for example, and intellectual property standards require improvement."

The general consensus was that although ASEAN member states were sharing, it wasn't enough or fast enough. There is still room for improvement,

particularly in the transfer of technology, which should be expedited through the free flow of labour between countries that will encourage the exchange of information, expertise, skills and knowledge. What the region seems to need most is bold leadership that is willing to be accountable to the public.

BUSINESS STRATEGIES FOR ASEAN

As the world's fourth fastest-growing economic area, ASEAN has no choice but to compete internationally but is hindered by many factors despite a burgeoning population and extensive natural resources. What does it need to do in order to achieve international competitiveness?

"Companies expanding regionally tend to forget that their competitive abilities lie within their own organisations," said IBM Malaysia's Managing Director, Rama Nathan. "Employees' skills and talents are the main drivers of a company's success; people are the key link between strategy and execution. If a company is planning to go global, it must be prepared to identify, train and develop talent continuously."

Part of good talent management is effective compensation, and clear direction. "Pay people properly if you want them to perform," exhorted Axiata President and Group CEO, Dato' Sri Jamaluddin Ibrahim. "Have a clear strategy. Is it about product quality? Be clear about what you want to do, and keep it well defined. Some companies are high-growth and profit is not so important. Don't look at just your talent management process but the technology you use, how you benchmark, your costs, and how to balance between short and long-term aspirations."

Shell Malaysia's Chairman, Mohd Anuar Taib, stressed the need for unimpeachable corporate governance and transparency. "As companies globalise, they're going to find themselves dealing with different kinds of legislation," he explained. "They will be pushed to do more R&D, and will have to measure themselves against the best practices of others."

In parallel, they will also find themselves vulnerable to the vagaries of the global economy. President of the ASEAN Business Forum, Dato' Dr. Jannie Tay, recounted her own experience in the luxury timepiece business. "The Asian financial crisis hit us badly; we had to restructure and revamp our business model completely," she said. "Overnight, our suppliers took back their brands and became our competitors! Eventually we found we had to diversify into fields that we had never dreamed of." Her company, The Hour Glass (Singapore), expanded into phyto-pharmaceuticals.

Like The Hour Glass, multinational GE also had to restructure in response to the global economic crisis. But, said GE ASEAN President Stuart Dean, GE will never be self-sufficient in any country in the world. Hence, "We've had to rethink our operations in ASEAN. Partnerships have become critical; we are aware that we need local partners even in rural markets," he said.

STOP THE SELF-SABOTAGE

Despite obstacles, there are already success stories within the region that should be emulated. Malaysia's largest bank, Malayan Banking Berhad, is an example. "Maybank is present in seven ASEAN countries," said its CFO, Khairussaleh Ramli. "Business has grown. In 2000, 18% of the business came from ASEAN countries. Today, it is 30%. Only about nine per cent of our profits came from other ASEAN countries in 2000 but ten years later, the figure is 20%. Credit is the bank's life blood, and we make about US$500 million annually, supporting business within the ASEAN region."

"Employees' skills and talents are the main drivers of a company's success; people are the key link between strategy and execution. If a company is planning to go global, it must be prepared to identify, train and develop talent continuously."

But business entities and governments of ASEAN origin should do more to support their own kind to expand growth. ASEAN is sabotaging itself, asserted Dato' Mohamed Iqbal Rawther, Vice-President of the ASEAN Business Forum. "ASEAN is snail-pace slow in comparison to other platforms," he said. "Each company has to deal with the respective country's requirements. Companies of one ASEAN country are therefore restricted from entering the market of another. We are more welcoming of multinationals than we are of companies of ASEAN regional origin." ■

The AXIATA ASEAN Leadership Forum is an Annual Series organised by the Asian Strategy & Leadership Institute (ASLI) with the support of the ASEAN Secretariat, the Hanns Seidel Foundation, the ASEAN Business Forum and ASEANAFFAIRS.

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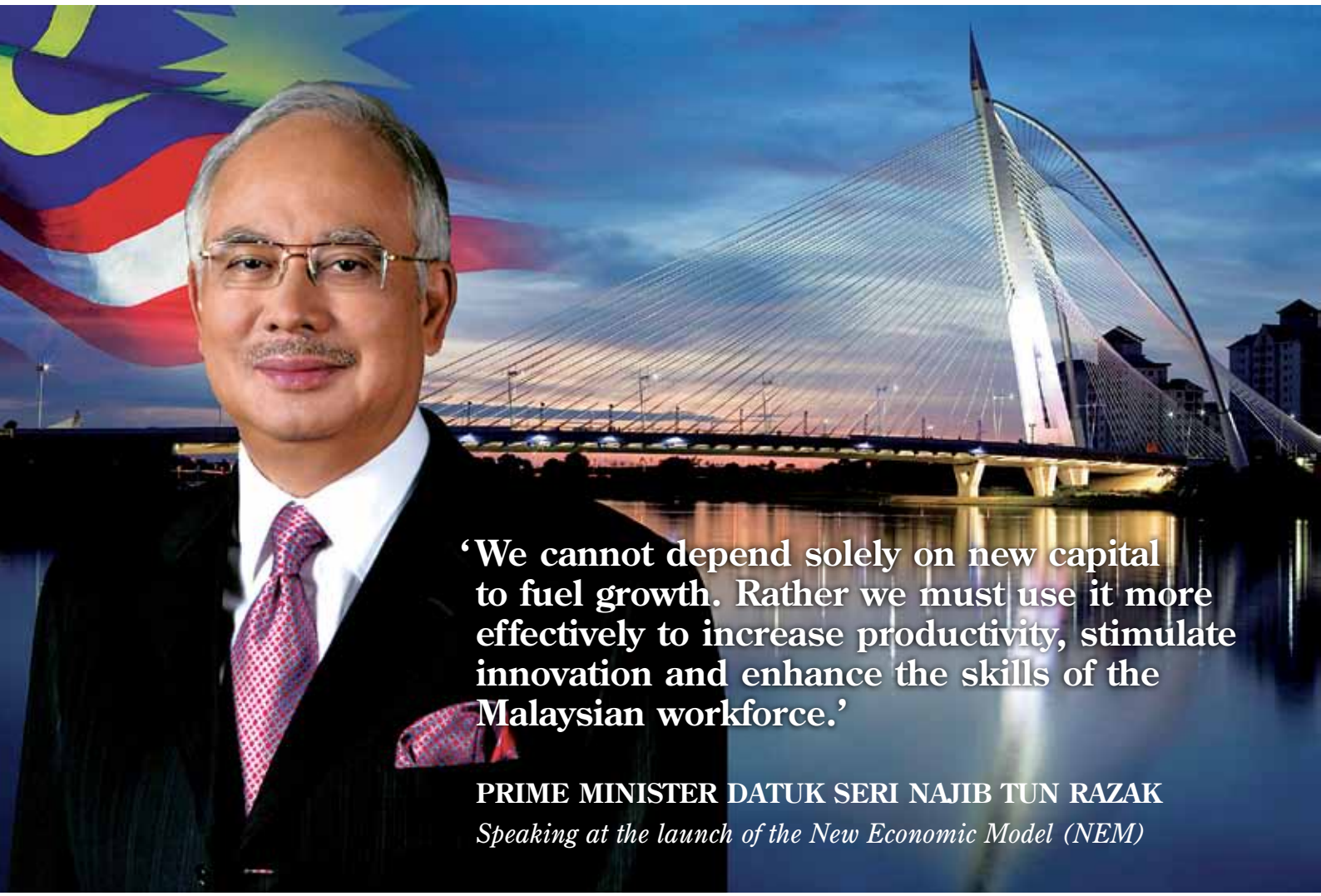


Chasing Productivity

Saravanan Ramasamy

The Malaysian media was all abuzz with reports about the New Economic Model (NEM), which was unveiled by the Prime Minister recently. The NEM was developed by the nine-man National Economic Advisory Council (NEAC) and is said to form the backbone of economic reform, aimed at transforming Malaysia into a high-income nation. At the launch of the NEM, Datuk Seri Najib Tun Razak said: 'Don't be fooled by calls to protect the status quo. Old ways cannot be continued. We have to break out of the middle income trap.'

Our Prime Minister's words clearly reflect the intention of increasing productivity through 'inspiration and not merely from perspiration'. While the intention is straightforward, the path towards achieving this is definitely challenging and this is where NEM's proposals are expected to play their role. Usually, when people talk about productivity, they really mean labour productivity – the amount that a worker can produce within a specified period of time, such as an hour or a year. Over the long run, labour productivity and economic growth are virtually synonymous. In general, how do nations raise their labour productivity and in particular, how does Malaysia aim to achieve this?

One way is to reduce the nation's overdependence on a labour-intensive foreign workforce. This will ensure greater importance is placed on productivity by

encouraging investment, especially in the area of technology. This, in return, creates the capital equipment required for workers to be well geared and, *vis-à-vis*, to increase productivity, offsetting the reduction in the number of unskilled labourers.

Nevertheless, raising productivity cannot be simply achieved by giving labour more capital to work with. The fact that is often overlooked is that productivity gain is generated through a myriad of efficiency-enhancing tasks, which among others include advancements in worker education, skills and expertise, the acquisition of efficient management techniques and know-how, improvements in the organisation, gains from specialisation, introduction of new technology and the enhancement and greater use of information technology. Malaysia, at a quick glance, may be good at using technology to mobilise resources but is deficient in using resources effectively and efficiently to expand indigenous growth. This is where the NEM should be put into action by ensuring a favourable business environment which encourages risk-taking and innovation through appropriate incentives. This is essential in ensuring that Malaysia's economy moves to a higher-income model, driven not only by perspiration but also inspiration.

Malaysia, at a quick glance, may be good at using technology to mobilise resources but is deficient in using resources effectively and efficiently to expand indigenous growth. This is where the NEM should be put into action by ensuring a favourable business environment which encourages risk-taking and innovation through appropriate incentives.

The Global Competitiveness Index 2009–2010 rankings and 2008–2009 comparisons

Country/Economy	GCI 2009–2010 Rank	Score	GCI 2008–2009 Rank*
Switzerland	1	5.60	2
United States	2	5.59	1
Singapore	3	5.55	5
Sweden	4	5.51	4
Denmark	5	5.46	3
Finland	6	5.43	6
Germany	7	5.37	7
Japan	8	5.37	9
Canada	9	5.33	10
Netherlands	10	5.32	8
Hong Kong SAR	11	5.22	11
Taiwan, China	12	5.20	17
United Kingdom	13	5.19	12
Norway	14	5.17	15
Australia	15	5.15	18
France	16	5.13	16
Austria	17	5.13	14
Belgium	18	5.09	19
Korea, Rep.	19	5.00	13
New Zealand	20	4.98	24
Luxembourg	21	4.96	25
Qatar	22	4.95	26
United Arab Emirates	23	4.92	31
Malaysia	24	4.87	21
Ireland	25	4.84	22
Iceland	26	4.80	20
Israel	27	4.80	23
Saudi Arabia	28	4.75	27
China	29	4.74	30
Chile	30	4.70	28
Czech Republic	31	4.67	33
Brunei Darussalam	32	4.64	39

Source: World Economic Forum

Note: The competitiveness score of each country is calculated on the basis of various factors such as infrastructure, institutions, macroeconomic stability, health and primary education, higher education and training , goods and labour market efficiency, financial market sophistication, technological readiness and business sophistication.

Indeed, the question of whether growth is achieved through inspiration or perspiration has been long debated by economists, who among others include Paul Krugman and Alvin Young. Krugman argued that the Asian Tigers' growth rates could be accounted for almost entirely by growth in inputs of physical and human capital and there were no signs of additional output generated through enhancement in productivity. Krugman's argument was based on the productivity measure which, in economics, is known as Total Factor Productivity Growth (TFPG). TFPG, in the most fundamental definition, is the residual that measures 'everything and anything' that is not accounted for by input growth. Based on this fundamental definition, TFPG is set up as follows:

TFPG = OUTPUT GROWTH - INPUT GROWTH

Krugman argued that growth achieved by the Asian countries are merely residuals achieved through intense labour input and not through technological progress resulting in productivity gain. The topic got a more intense discussion from Boston University's Young's study entitled 'A Tale of Two Cities', which compared the economic growth of Hong Kong and Singapore. What he found was that Singapore had mobilised far more resources than Hong Kong mainly in the form of extremely high rates of investment, yet had grown no faster, suggesting that those resources had not been used very efficiently. Young econometrically investigated the effects of disaggregated R&D investment expenditures on productivity growth for Hong Kong and Singapore at the national level and attributed Hong Kong's rapid growth to superior R&D investment expenditures, resulting in productivity gain. Thus, for this very reason, Krugman's claim that Asian countries' growth was merely residuals achieved through intense labour input and not through technological progress was challenged by Young.

Region/economy	FDI inflows 2008	Growth rate 2009[a]	(%)
Asian Countries (selected)			
China	92.4 [b]	90.0 [b]	-2.6
Hong Kong, China	63.0	36.0	-42.8
India	41.6	33.6	-19
Indonesia	7.9	5.1	-36
Malaysia	8.1	2.7	-66.6
Singapore	22.7	18.3	-19.5
Thailand	10.1	4.6	-54.3
Source: UNCTAD			

Note: a - Preliminary estimates b - Not including finance

Malaysia must mobilise and utilise resources effectively and efficiently to boost the level of productivity. Rent-seeking and patronage behaviours will need to be demolished to provide a clear path to boost economic growth so that Malaysia achieves the envisaged income levels of a 'rich' nation by 2020, more than double its USD7,000 per capita income of today.

To prove the fact that investment in R&D does contribute to productivity increase, many researchers have undertaken rigorous studies to examine the relationship between technology and productivity. What is clear from these studies is that there is a direct link between changes in technology and productivity growth. However, these studies also reveal the existence of uncertainty regarding the strength of the link at the macroeconomic level and the transmission lags between technological change and factor productivity. Applying the findings from these studies within the context of the NEM, the proposals drafted by NEAC must be implemented not only immediately but radically. Though the proposed changes may nudge people from their comfort zone, the government must have the political will to implement the changes in order to propel the nation to a technology-driven and knowledge-based economic structure. An advantageous environment must be established to attract investments in higher technology and value-added industries. This, NEM envisages to achieve by stressing inclusiveness in both the formulation and execution of policies. Malaysia must mobilise and utilise resources effectively and efficiently to boost the level of productivity. Rent-seeking and patronage behaviours will need to be demolished to provide a clear path to boost economic

growth so that Malaysia achieves the envisaged income levels of a 'rich' nation by 2020, more than double its USD7,000 per capita income of today. No doubt, this represents a steep hill for Malaysia to climb, but the aspiration is achievable provided the government remains committed in pushing through the reforms under the umbrella of NEM.

The productivity level of Malaysia's workforce must also be boosted to enhance competitiveness and, *vis-à-vis*, attract the much needed Foreign Direct Investment (FDI) to fuel growth. In the 2009 – 2010 Global Competitiveness Index ranking, Malaysia's score of 4.87 ranked the country at 24th out of 133 countries and at a mere 6th place among Asian countries after Singapore, Japan, Hong Kong, Taiwan and Korea. The current 2009-2010 ranking also saw Malaysia slipping three ranks compared to the 2008-2009 rankings.

Malaysia is one of those countries whereby Foreign Direct Investment (FDI) is the engine of economic growth, but FDI has been plummeting lately. With the emergence of China and India posing a keener competition for the investor's dollar, can Malaysia still remain a preferred choice? To make things worse, the lack of transparency in business dealings and public sector efficiency have always been obstacles in attracting foreign investments. It has to be noted that Malaysia has recorded a downward FDI trend for the previous three consecutive years and will now have no choice but to reverse this trend in order to remain relevant and attractive in the eyes of foreign investors. While the decline of FDI in 2009 was widespread, affecting all Asian economies, a sharper decline was recorded by Malaysia and this is definitely of great concern. This is where the much talked about NEM report must be pushed into action with decisive, clear and 'laser sharp' implementation.

While it may be true that 'a journey of a thousand miles starts with a single step', it is essential for Malaysians to realise that it is not sufficient to only take baby steps when the country should, at this stage, be making a quantum leap from the so-called 'middle income trap' to a high income and value-added based economy model. The path toward achieving this is no doubt challenging, but the rewards will justify the effort. ■

Reinventing Accountants as value creators

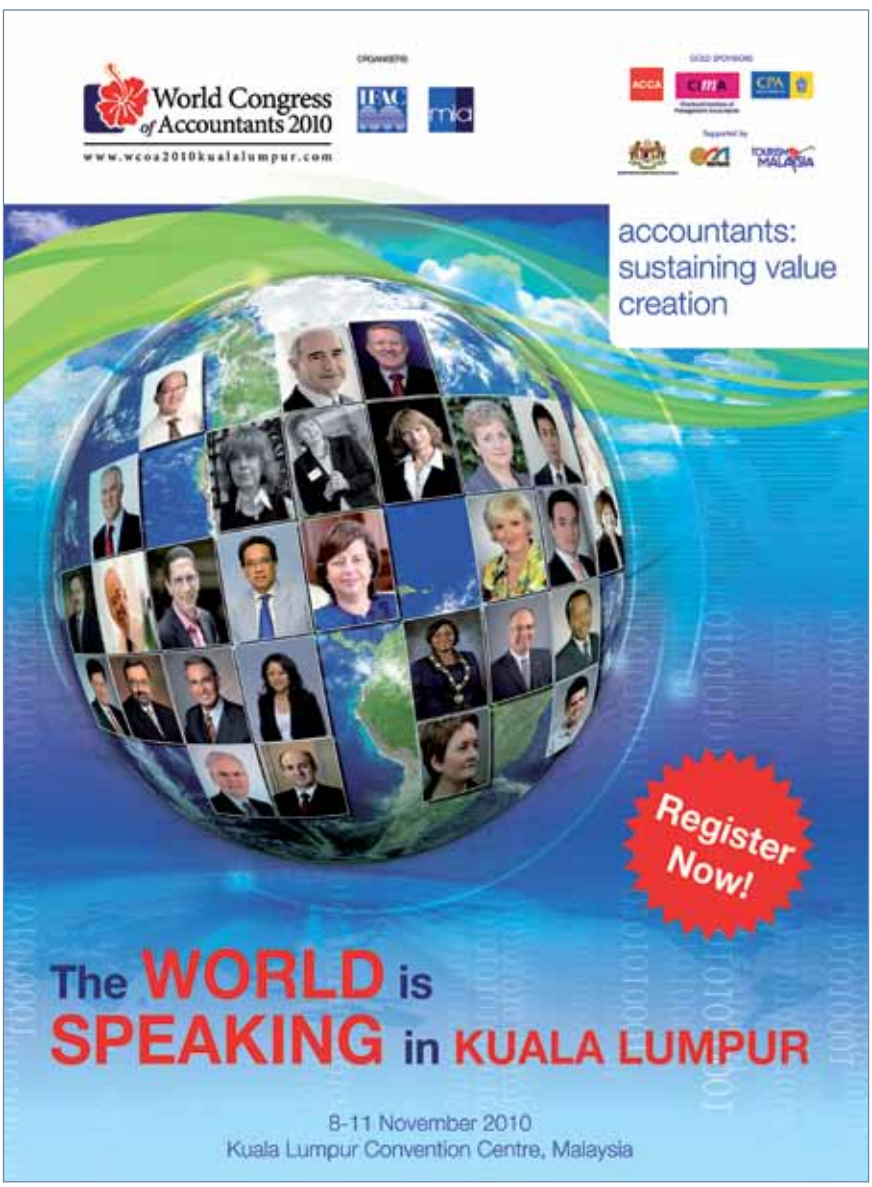
IT IS IMPERATIVE THAT ACCOUNTANTS REINVENT THEMSELVES AS VALUE CREATORS IN ORDER TO HELP SHAPE AND LEAD SUSTAINABLE ORGANISATIONS IN A VASTLY-CHANGED WORLD.

Sustainability is becoming paramount as organisations seek a competitive edge in a volatile global environment that remains vulnerable to economic and market shocks post-crisis. Organisations that lack sustainability eventually go extinct – think Enron, Arthur Andersen, and lately, Lehman Brothers.

As key members of the organisational structure, accountants need to urgently rethink their roles to see how they can add value to the triple bottom line of the economic, social and environmental aspects of a company's performance – and ensure their organisation's long-term continuity. "As value creation becomes vital to the business agenda, more and more accountants are taking on strategic and leadership roles and are increasingly being held accountable for business performance," noted Abdul Rahim Abdul Hamid, President, Malaysian Institute of Accountants (MIA).

Given the expanding scope and diversity of the accountant's role, it makes sense that achieving long-term sustainable organisations through value creation will be the overarching theme of the 2010 World Congress of Accountants (WCOA), dubbed the Olympics of accountancy. "Sustainable practices need to extend beyond traditional ways of building strategies, monitoring performance and reporting of value, making this world congress essential for all professional accountants and their employers and customers," said Alta Prinsloo, Director of Governance and Operations, International Federation of Accountants (IFAC), who was in town to attend the recent WCOA Steering Committee meeting.

She added that the congress will provide



an opportunity to find solutions to the challenges brought about by the recent financial crisis. "These challenges include the increased need for high-quality international standards, corporate governance, and risk management and control; and the potential overregulation of small and medium-sized entities (SMEs)."

The 18th World Congress will be held from 8-11 November 2010 in Kuala Lumpur, jointly organised by MIA and IFAC. The first Congress of this nature was held in 1904, and it has been held under the auspices of IFAC every five years since 1977, and every four years since 2002.

Competition to host the congress is stiff, meaning that this is a great honour for Malaysia, which beat out contenders such as the Netherlands, Mexico, Spain and India in the WCOA 2010 bids held in 2005. From 1977 to 2006, only seven countries have played host to the WCOA, and Malaysia will be the next to join this elite hall of fame.

The WCOA 2010 will gather together members of the global accountancy profession, financial reporting and sustainability experts, and regional business leaders under the imposing roof of the Kuala Lumpur Convention Centre. It has been confirmed that Prime Minister Datuk Seri Najib Tun Razak will officiate the opening of the WCOA 2010 and deliver the keynote address, attesting to the international significance and relevance of this event. The Congress has also drawn a glittering line-up of speakers including China's Vice-Minister of Finance, Wang Jun; Chairman of the International Public Interest Oversight Board, Stavros Thomadakis; Chairman of the International Accounting Standards Board, Sir David Tweedie; Chairman of the International Valuation Standards Council, Michel Prada; and Bank Negara Malaysia Governor Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz. The main sponsors of this Congress too are heavyweights in their own right in the development of the accountancy profession: the Association of Chartered Certified Accountants (ACCA), the Chartered Institute of Management Accountants (CIMA), and CPA Australia.

Abdul Rahim noted that the WCOA 2010 Organising Committee has chalked up good progress in planning and execution in the run-up to the Congress. Apart from aggressively pitching WCOA 2010 to the global and regional accounting fraternities, recent key developments include the establishment of the online registration system, which can be accessed at *www.wcoa2010kualalumpur.com*. This dedicated site offers delegates the latest information on WCOA 2010, including details on hotel accommodation, airport transfers and pre-and post-World Congress tours. International delegates who register online can enjoy the early bird fee of US$800 (for developing countries) and US$900 (for developed countries) until 30 June.

The Congress will also be an excellent investment in training and development for local delegates. Under the present early bird fee structure, local delegates are only required to invest RM2,800 to attend the Congress. In addition, the WCOA 2010 project is recognised by Pembangunan Sumber Manusia Berhad (PSMB). Therefore, eligible employers keen on sending their employees to participate in WCOA 2010 can apply for the training grant under *Skim Bantuan Latihan* (SBL) which is administered by PSMB.

Content is critical to a successful congress, and the technical committee of the WCOA has lined up a current and relevant programme to stimulate discussions and challenge thought processes. The plenary and workshop sessions for WCOA 2010 will feature more than 140 experts and business leaders from over 40 countries discussing topics relevant to the professional accountant as value creator and contributor to sustainable organisations, financial markets and economies. Plenary topics are Sustaining Value Creation, Islamic Finance, Accounting for Sustainability, and Creating the Accountants' Future, whereas topics for interactive workshops include Climate Change Reporting, Forensic Accounting in a Digital Environment, and Human Governance. Since nearly 99% of global business consists of small and medium enterprise, WCOA 2010 has sessions devoted to small and medium enterprises (SMEs) and small and medium practitioners (SMPs). Topics include IFRS (International Financial Reporting Standards) for SMEs, SME Financing and Practical Support for SMPs.

Although the Congress is a hothouse for ideas and interaction, WCOA 2010 aims to be more than just an intensive talkshop. Beyond mere words, the WCOA 2010 is a gold medal event that urges participants to discover solutions to challenges, and to take away the key messages of sustainability and value creation and embed them in business for the long-term benefit of people, planet and profit. ■

World Congress of Accountants 2010

www.wcoa2010kualalumpur.com

Given the expanding scope and diversity of the accountant's role, it makes sense that achieving long-term sustainable organisations through value creation will be the overarching theme of the 2010 World Congress of Accountants (WCOA), dubbed the Olympics of accountancy.

Understanding Financial Instruments FRS 132

ACCOUNTING FOR FINANCIAL INSTRUMENTS HAS NEVER CEASED TO BE A FOCUS OF ATTENTION OVER THE LAST FEW DECADES BECAUSE OF THE EMERGENCE OF MODERN VARIETIES OF FINANCIAL INSTRUMENTS THAT ARE NOT EASILY CLASSIFIABLE OR MEASURABLE.

Dr. Hassan Ali

In response to these rapid changes, there are now three FRS standards pertaining to financial instruments issued, each with its own specific objectives - FRS 132 Financial Instruments: Presentation aims to clarify the definition and classification of financial instruments; FRS 139, Financial Instruments: Recognition and Measurement (which is set to be replaced with FRS 9) prescribes the measurement and recognition of financial assets and liabilities; and FRS 7, Financial Instruments: Disclosures prescribes the disclosure requirements.

The term financial instrument encompasses financial assets, financial liabilities and equity instruments with each of these terms having specific definitions to help entities determine the classification of the instruments. Over the last five years, the scope of these standards has been expanded to include special accounting rules for hedging relationships, derivatives and disclosures relating to risk factors. The diagram below illustrates the key definitions of financial instruments and its components:

Financial Instrument
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

Financial Asset
Any asset that is cash or an equity instrument of another entity; or to exchange financial assets/liabilities with another entity that are potentially favourable to the entity; or a contract that will be settled in the entity's own equity instruments

Financial Liability
Any liability that is a contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets/liabilities with another entity that are potentially unfavourable to the entity; or a contract that will be settled in the entity's own equity instruments

Equity Instrument
Any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities

To understand the rationale behind the International Accounting Standards Board (IASB)'s move to expand the scope governing financial instruments, one has to appreciate the attempts made by the London-based standard setter to go beyond the essence of mere definition - all in response to the ingenuity of the financial players in presenting financial instruments that appear to grow in complexity. From an accounting perspective, the onus of classifying a financial instrument lies on the issuer and should be based "in accordance to the substance of the contractual arrangement" (FRS 132 para 15). However, such attempts may sometimes be difficult when the instruments involve derivatives issued from the entity's own shares.

FRS 132 went beyond the formal terms of a financial instrument and seeks to focus on the substance of the instrument as the final factor when classifying a financial liability or financial asset.

It is a fact that past standards only focus on common financial instruments such as ordinary shares, preferred shares and bonds. Presently, FRS standards use both the historical and fair value. For example, the recognition of financial assets that are held-to-maturity is dependent on whether the management has the 'positive intention and ability' to hold the investment (FRS 139, para 9 & AG16-25); while financial liability remains firmly on historical cost (FRS 139, para 43). The advent of derivative instruments including option contracts, interest rate floors, fixed-rate loan commitment forward contracts, mortgage-backed securities and other financial securities appear to complicate the definition of financial instruments and inadvertently their classification. Indeed, compound non-derivative instruments (i.e. convertible bonds, commonly referred to as call terms or embedded derivates) that possess characteristics of both equity and liability and financial derivatives (e.g. options, warrants and futures) are difficult to classify as these instruments require little or no cash investment.

FRS 132 went beyond the formal terms of a financial instrument and seeks to focus on the substance of the instrument as the final factor when classifying a financial liability or financial asset. Under FRS 132, the best approach when faced with any ambiguity on classifying a financial liability or financial asset is to first determine whether the financial instrument will give rise to an obligation on the part of the issuer to deliver cash or other financial assets or to exchange financial instruments that are unfavourable to the entity. If yes, the instrument is classified as a financial liability regardless of the name that is tagged to the instrument. Thus, shares that are mandatorily redeemable or preferred shares that are issued with put options (put refers to shares that require the issuer to redeem the shares) must be presented as liabilities.

Table 1

Fair value of compound component	LESS	Fair value of liability component	=	Initial carrying amount of equity component

Table 2

Morgan Bhd issues 1,000, RM50, 10% convertible bonds at par on 1 January 2005. These bonds are either convertible into 500 ordinary shares per RM50 bond or redeemed at par value date from 1 January 2010. Interest rates on other similar bonds are 6%. Interest is paid on an annual basis on 31 December each year. To segregate the value of the debt, the following must be applied to discount the future cash flows on the debt instruments:

Present value of payment (redeemed) based on market rate of 6% of 50,000	37,363
Present value of interest for 5 years measured by discounting using the market rate of 6%	10,531
Total value of debt	47,894
The value of the equity proceeds (50,000 – 47,894)	**RM 2,106**

Thus, Morgan Bhd received RM47,984 in consideration for the actual debt issued plus a further RM2,106 for the conversion feature.
The journal entry is recorded as follows:

Cash	Dr	50,000
Discount	Dr	2,106
Bonds Payable	Cr	50,000
Paid in capital for bond conversion	Cr	2,106

COMPOUND INSTRUMENTS

A compound instrument is a non-derivative financial instrument that contains both liability and equity elements. For example, if a bond is sold with the option of allowing the holder to redeem the bond with the issuer's shares together with an unconditional promise to pay upon maturity, the instrument is deemed to possess both the element of an equity and liability, and is

Table 3

Entity A has the legally enforceable right under a contract agreement with Entity B to offset its financial assets and financial liabilities. Entity A has the following payable and receivables from Entity B:

Date	Entity A Receivables from Entity B
15 February 2009	RM 1,500,000
30 June 2009	RM 8,000,000
15 December 2009	RM 2,000,000

Date	Entity A Payables to Entity B
31 March 2009	RM 3,000,000
30 June 2009	RM 6,000,000
31 October 2009	RM 3,500,000

Since Entity A has the legal rights to set-off the cash flow, the company is permitted to set-off RM6,000,000 against the receivable of RM8,000,000 on 30 June 2009. The remaining receivables and payables must be presented accordingly. Ignoring the time value of money, the financial asset should be shown as RM5,500,000 while the financial liability is RM6,500,000.

therefore classified as a compound instrument. Once classified, the fair value is first ascertained and then allocated to the liability components with the residual amount being assigned to the equity component (FRS 132, para 31). This is consistent with the definition of equity instruments as 'evidences a residual interest in the assets of an entity after deducting its liabilities'. In the past, total proceeds are allocated proportionately to both liability and equity components or the residual component is assigned to the liability component. This is no longer permitted. Whatever derivatives are embedded in the compound financial instrument are recognised as a liability component (see **Table 1**).

Table 2 shows an illustration on how the liability and equity portion of a compound instrument is computed and recognised:

The same method is used to compute the residual amount attributable to the financial liability and equity component by an acquirer of a compound instrument. The income earned while an entity is holding the financial instrument (and gains or losses from its disposal) should be recognised in the income statement; while dividends paid on the equity instruments issued are recognised directly to the equity component and subsequently reported in the statement of changes in equity.

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Generally, offsetting the net financial asset and financial liabilities is not permitted unless the entity has both the legally enforceable right to set-off the recognised amounts AND intends either to settle on a net basis or to realise the asset and settle the liability simultaneously (FRS 132, para 42). If both these conditions are not met, the entity's financial assets and liabilities must be presented separately. Consider the illustration in **Table 3** on the offsetting of financial assets and financial liabilities:

PUTTABLE INSTRUMENTS

Under the most recent changes to FRS 132, a financial instrument that gives the holder the right to 'put' the instrument back to the issuer in return for cash or another financial asset, referred to as a puttable instrument, is now recognised as a financial liability and measured at an amount not less than the fair value of the puttable instruments (FRS 132 para 18[b] & BC7). Examples of such instruments are mutual funds, unit trusts and co-operative instruments that permit the holder of the instruments the right to redeem at any time for cash equal to their proportionate share of the asset value of the issuer.

In the past, total proceeds are allocated proportionately to both liability and equity components or the residual component is assigned to the liability component. This is no longer permitted. Whatever derivatives are embedded in the compound financial instrument are recognised as a liability component.

INSTRUMENTS THAT WILL OR MAY BE SETTLED IN OWN EQUITY

One of the key stipulations of a financial liability is 'a contract that will or may be settled in the entity's own equity instruments'. Such contracts, whether derivatives or non-derivatives, can be classified either as an equity instrument or financial liability or financial asset depending on whether the cash inflow or outflow is fixed or variable. For example, when an entity enters into a contract to use its own equity instruments to receive or deliver a number of shares whose values are based on some underlying variables such as commodity price, the contract is classified as a financial asset or financial liability, not an equity instrument (FRS 132, para 21 & AG27 [a][b]). However, if the contract is to be settled through receiving or delivering a fixed number of its own shares for a fixed amount of cash or a fixed number of the entity's own equity

Table 4

On 1 January 2009, Entity XYZ issues 1,000 shares at RM100 per share. The total proceeds received are RM100,000. The journal entry is as follows:

	Dr	Cr
Cash	100,000	
Equity		100,000
(Being proceeds received for 1,000 shares issued at RM100 per share)		

On 30 June, 2009, Entity XYZ re-acquires 500 shares at RM150 per share. The entity paid a total of RM75,000. The journal entry is as follows:

	Dr	Cr
Equity	75,000	
Cash		75,000
(Being amounts paid for re-acquisition of shares at RM150 per share for 500 shares)		

On 15 October 2009, Entity XYZ re-issues 400 of the shares that were initially re-acquired at RM250 per share. The total proceeds received are RM100,000. The journal entry is as follows:

	Dr	Cr
Cash	100,000	
Equity		100,000
(Being proceeds received for 400 shares re-issued at RM250 per share)		

instruments, the contract is classified as an equity instrument.

Examples of instruments that are settled using the entity's own equity and classified as financial liabilities are:

- A contract where the entity is required to deliver its own equity instruments based on the value of 10 ounces of gold on a future date.
- A contract where an entity is required to deliver a fixed number of its own equity instruments in exchange for cash that is based on the value of 10 ounces of gold on a future date.

Examples of instruments that are settled using the entity's own equity and classified as equity instruments:

- A warrant or option that allows the holder to purchase a fixed number of the entity's equity instruments for a fixed price.
- A call option that allows the entity to repurchase a fixed number of its equity instruments for a fixed price.

TREASURY SHARES

Treasury shares are shares that have been bought back by the issuer and are available for resale or disposal. Sale and buy back of shares are allowed in Malaysia under Section 67A, Companies Act (Amendment) 1997. Treasury shares are non-outstanding and, as such, the purchase consideration is deducted directly from the equity component (FRS 132, para 33). The entity shall not recognise any gain or loss even if the amount of re-acquisition of the shares differs from the original amount issued. The amounts of treasury shares are then disclosed separately either in the notes or in the statement of financial position (balance sheet). The journal entries for the issuing and re-acquisition of treasury shares are as illustrated in **Table 4**.

DISCLOSURES

Since FRS 7 came into effect on 1 January 2010, the disclosure requirements that were originally stipulated under FRS 132 have been placed under the new standard. Hence, there are no disclosure requirements. ■

This is the first of a four-part series that aims to explain the salient features of financial instruments. Each series will discuss the relevant standards beginning with FRS 132, FRS 139, FRS 7 and the newly proposed FRS 9. The writer is an Associate Professor in Accounting at the Graduate School of Business, Universiti Sains Malaysia. He can be contacted at hasanali@usm.my

QE graduates posing for a photograph with MIA President Abdul Rahim Abdul Hamid, Vice-President Christina Foo and CEO Tuan Haji Rosli Abdullah at the MIA QE Graduation Ceremony on 15 December 2009 at the Royale Chulan Kuala Lumpur.

Acing the QE

QUALIFYING AS A CHARTERED ACCOUNTANT IS ALWAYS CHALLENGING, BUT MIA'S NEWLY-LAUNCHED QE TUITION PROGRAMME IS SMOOTHING THE PATH FOR ASPIRING CHARTERED ACCOUNTANTS.

Nazatul Izma

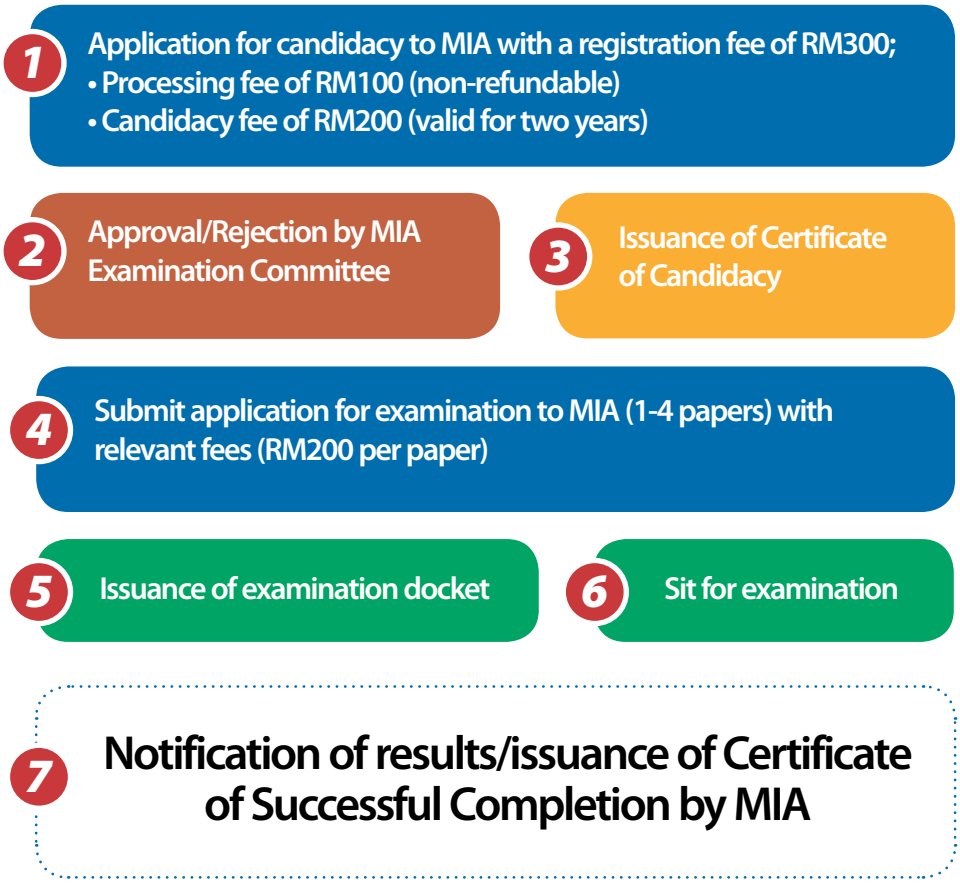
Candidates for chartered accounting qualifications universally face a tough ride, and the story is no different for candidates taking the Qualifying Examination (QE) offered by the Malaysian Institute of Accountants (MIA).

Like other chartered accountancy examinations, the passing rate for the QE is low, attesting to the high standard. To date, 1,698 candidates have registered for 14 sittings since the first examination was held in September 2003, and out of these a total of only 107 had successfully completed the examination as of the September 2009 sitting.

What is the QE? Launched in March 2003, the MIA QE was introduced as an alternative qualifying pathway for students whose qualifications are not recognised under the Accountants Act 1967 but recognised by the Public Services Department or MIA, i.e. graduates from overseas, twinning programmes or 3+0 programmes. Potential candidates must possess at least a degree in accounting, business or finance with a minimum of 60 per cent accounting content.

Awareness of the QE as a route to a chartered accounting qualification is growing steadily; 213 candidates registered for the examination and took a total

> "One, the registration and examination fees are very reasonable compared to the fees imposed by other professional accounting courses. Two, the MIA QE comprises four papers only, meaning that the MIA QE could be the shortest way for the candidates to qualify as chartered accountants."
>
> **Tuan Haji Rosli Abdullah,**
> *Chief Executive Officer, MIA*



of 287 papers in the March 2010 sitting. Tuan Haji Rosli Abdullah, Chief Executive Officer, MIA, believes that there are two key reasons why candidates choose to sit for the QE instead of other chartered accountancy examinations. "One, the registration and examination fees are very reasonable compared to the fees imposed by other professional accounting courses. Two, the MIA QE comprises four papers only, meaning that the MIA QE could be the shortest way for the candidates to qualify as chartered accountants. Our records show that there are candidates who managed to complete the QE within two sittings." The four QE papers are Advanced Financial Accounting and Reporting, Taxation, Business and Company Law, and Auditing and Assurance Services.

CANDIDATES' CHALLENGES

Where the most recent batch of QE graduates was concerned, their challenges ran the gamut from effective time management to mastering the complex QE subjects to pregnancy!

"Working full-time and preparing for the examination at the same time has been challenging in terms of time allocation," said recent top scorer Tan Few Lan via e-mail. Fellow top scorer Ruth Yap Shao Chen of Scomi Engineering Berhad also cited the difficulty of dividing her time between studying, work, family and personal life. "However, this experience has taught me to compartmentalise each aspect of my life and be more organised," she wrote via e-mail. Yap found the Business and Company Law paper to be the most challenging mainly due to the wide range of topics to study, understand and memorise.

On top of the usual pressures, Lim Bee Tin of Genting Berhad was six months pregnant with her second son when she sat for her last paper, Advanced Financial Accounting and Reporting. "It was not easy to cope with work, the pregnancy, being a mother and preparing for the examination. I really appreciated the support from my parents-in-law in helping to take care of my eldest son during my study week, as well as my husband's full support as both my chauffeur and cheerleader," said Lim via e-mail. Where Lim was concerned, she found the Advanced Financial Accounting and Reporting paper to be the most challenging among

The shortest route to become a Chartered Accountant in Malaysia

1. Sijil Pelajaran Malaysia
2. Foundation (1-1.5 years)
3. Oversea's Degree/ Twinning Programme in Private IHL's (3 years)
4. MIA Qualifying Examination
5. MIA Chartered Accountant (3 years working experience)

the four QE subjects. "Apart from studying the textbook and notes, we also have to ensure clear understanding of the FRSs (Financial Reporting Standards) in order to avoid confusion in their applications in the examination," she noted.

The ladies employed different strategies to cope. Tan relied on time management, which is "critical and needs a lot of discipline, commitment and perseverance." She advised future candidates to do "a lot of reading, practice on past year questions, revision and memorising as well as (acquire) a thorough understanding of subjects. Indeed, all the papers are challenging simply because you need to cover all the areas in detail."

Lim used an original tactic she called the "2-week-imprisonment" for each of the four papers. "I would apply for two weeks of study leave to prepare intensively for the examination. Throughout the period, I would be strictly staying at home to study based on the timetable I had prepared." She also prepared her own notes to strengthen her recall of the subject matter.

Their strategies paid off handsomely. Tan, Lim and Yap were among 17 candidates who successfully passed the MIA Qualifying Examination (MIA QE) in the September 2009 sitting. They were also among nine candidates who were awarded Certificates of Achievement, having passed various papers with Distinction.

QE TUITION: FACILITATING SUCCESS

Apart from their individual strategies, the three top scorers were unanimous in recommending the QE tuition to master the content of the four QE subjects. "QE tuition helps me to prepare and plan my revision systematically. Most importantly, it serves as a resource point where I can seek help on any doubts in my revision. Definitely, I will not hesitate to recommend it to others," said Tan.

Ruth Yap concurred, saying via e-mail that she was unable to be "disciplined and self-motivated to study on my own. I needed help and the QE tuition was the best opportunity for me to stay focused on completing the remaining papers. One of the advantages of the QE tuition is that the lecturers not only teach the complete syllabus but also prepare the students by going through the past year questions and answers. They also teach examination techniques on how to answer the QE questions systematically. This helped me tremendously in preparing for the QE."

Likewise, Lim Bee Tin said, "The QE tuition is definitely a must as it provides a channel for us to share knowledge and have a discussion forum. Besides that, the instructor provided valuable guidance and advice which helped a lot in preparation for the examination."

MIA is pleased with the results of the QE tuition programme so far. "We are always finding ways to provide better academic support to our candidates to ensure excellent performance in their QE, and one means is via the QE tuition programme. Attending tuition class is the most effective way of mastering the MIA QE syllabus. This QE tuition programme will guide can-

Building career path as an Accountant

1. **MIA Qualifying Examination** /*Recognised University Degree/Professional Accountancy Qualification*
2. **Chartered Accountant's Relevant Experience**
3. **Membership of Malaysian Institute of Accountants**

4. **Licences for Specialised Services: Audit , Taxation, Liquidation**

5. **Working in Industry as Accountants, CFO or CEO (Professional Accountants in Business)**

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>
> **Ruth Yap Shao Chen,**
> *Fellow top scorer*
> *of Scomi Engineering Berhad*

didates to have a better understanding of the QE papers and examination techniques through a systematic and thorough approach," explained Haji Rosli.

The QE tuition is structured for 60 hours for each paper and is conducted during weekends at the MIA Headquarters in Kuala Lumpur for the convenience of candidates. The methodology of the QE tuition comprises face-to-face teaching, discussion of past years' question papers, tests and mock examinations. To ensure stringent standards and quality, MIA appoints academicians from well-known institutions of higher learning as well as practitioners who have vast teaching experience in accountancy and business to facilitate individual tuition classes covering the four QE papers.

As a bonus, the costs of the QE tuition are reasonable. "The investment is RM1,200 per paper and candidates enjoy a 10% discount upon signing up for the second tuition class. This fee is inclusive of course materials and past years' examination papers which include questions with answers," said Haji Rosli.

REAPING THE REWARDS OF HARD WORK

The top scorers had no regrets about sitting for the MIA QE, which they said would help them in their future career development as chartered accountants practising in Malaysia. Specifically, Tan Few Lan noted that the QE has given her a "better understanding of local context in accounting, statutory regulations, tax and audit." Where Ruth Yap is concerned, "the QE has helped me understand the requirements set out in the Companies Act, Bursa Listing Requirements, FRSs, etc. This is especially important to me since I work in a public-listed company where we actively participate in mergers and acquisitions and the setting up of new companies. Although I may not remember all the requirements and guidelines taught in the QE, but at least now I know where to look and refer when the need arises." ■

For more information on MIA QE, visit http://www.mia.org.my/new/education_qualifying_examination.asp

Applying IAS 41 in Malaysia

Mohamed Iskandar Thurrun Bhakir

FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS WILL ENTAIL EVENTUAL COMPLIANCE WITH IAS 41 AGRICULTURE. THE MAIN CONCERN IN APPLYING IAS 41 IS THE FAIR VALUATION OF BIOLOGICAL ASSETS.

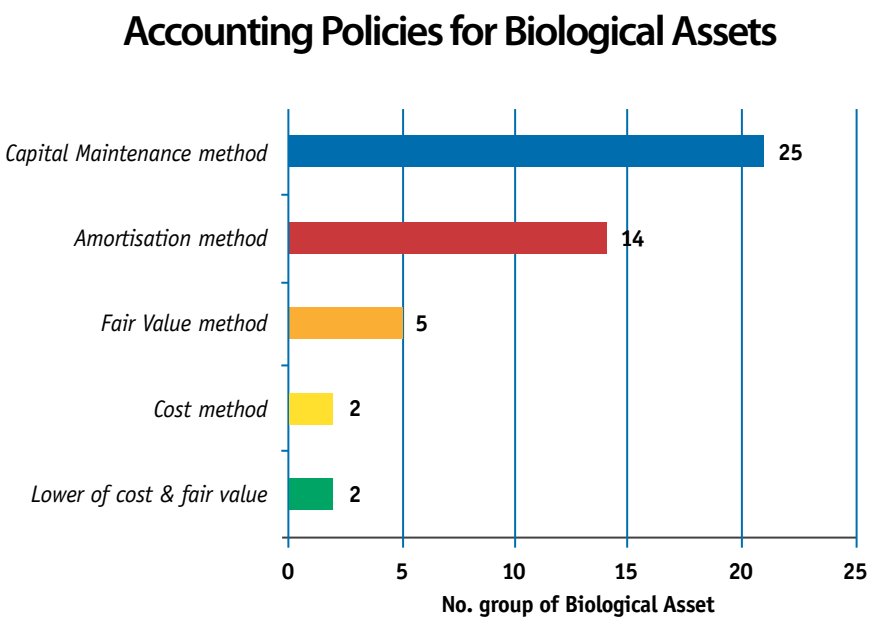
A study of 43 plantation entities on Bursa Malaysia showed that most companies disclose biological assets separately on the face of balance sheet as required by FRS 101 – Presentation of Financial Statements. However, very few companies fair value their biological assets, instead following the capital maintenance and amortisation methods under the repealed Malaysian Accounting Standard 8 – Accounting for Pre-Cropping Costs in determining their value. One reason could be that MASB ED 50 – Agriculture which follows IAS 41 is yet to take effect in Malaysia.

Difficulty in identifying the attributes of biological assets, the cost of fair valuation, volatility and/or the lack of relevant information are some of the concerns in implementing IAS 41, and companies are recommended to benchmark international practices in applying fair value to biological assets in Malaysia. In Part 2 of this two-part article, the writer looks at current accounting practice by Malaysian agricultural companies and discusses means of compliance.

CURRENT REPORTING PRACTICE

Forty-three companies listed under the plantation sector on the Main and Second Boards of Bursa Malaysia and their annual reports issued either for financial year-ends 2006 and 2007, or 2007 and 2008 were analysed in order to assess accounting practice among Malaysian agricultural companies. Some conglomerates operating in agriculture and other industries were excluded from the analysis. The 43 companies were taken as the primary sample of the whole population of agricultural companies.

The information gathered from the analysis of the annual reports about the classification and recognition of biological assets is summarised in the above diagram. Note that FRS 101 Presentations of Financial Statements, which takes effect for annual periods beginning on or after 1 January 2006, requires presenting the line item of biological assets on the face of the balance sheet.



Twenty five companies classified biological assets as "Biological Asset" on the face of the balance sheet, therefore complying with the requirements of FRS 101. Six other companies presented this item as "Plantation Development" or "Plantation Expenditure", which still complies with the requirement of FRS 101 – para 71(b) and changed the description of the biological asset according to the nature of the entity. Yet another 12 companies have included biological assets in "Property, Plant & Expenditure", failing to comply with the requirement.

Those companies that recognised biological assets on the face of their balance

sheet as "Biological Asset", "Plantation Development" or "Plantation Expenditure" after year-end 2006 have disclosed in their notes to the accounts that the classification of biological assets is a separate item from Property, Plant and Equipment. In addition, these companies also disclosed the effect of the reclassification on the Property, Plant and Equipment figure.

Difficulty in identifying the attributes of biological assets, the cost of fair valuation, volatility and/or the lack of relevant information are some of the concerns in implementing IAS 41.

Twenty one groups of biological assets are measured using the capital maintenance method and 14 groups of biological assets are measured using the amortisation method. These two methods do not comply with the requirement of IAS 41 to fair value the assets. On the contrary, these two methods are proposed by Malaysian Accounting Standard 8 – Accounting for Pre-Cropping Costs that has been repealed. Only five groups of biological assets are measured using the fair value method, while another four groups of biological assets are measured by using the cost method, which indicates non-compliance with the fair valuation requirement. The lower of cost and fair value approach is a cost method. Our analysis also revealed that few companies disclosed the information about revaluation of biological assets. However, they do not revalue their biological assets for a significant time period.

CRITICAL SUCCESS FACTORS FOR IMPLEMENTING IAS 41

Based on this simple analysis, compliance with IAS 41 is far away, although 2012 is the deadline for Malaysia's full convergence with IFRS. What are the critical success factors that need to be kept in mind for successful implementation?

FAIR VALUE CONCERNS

IAS 41 states that significant attributes of the biological assets may facilitate the determination of fair value. Thus, it is very important for the enterprise to adopt a system or method that enables them to develop and gather information about the significant attributes of the biological assets.

Agriculture has multifunctionality, which means the biological asset produces food, material and positive externalities. The biological assets that carry this characteristic should be presented at fair value *(Takashi Hayashi)*.

In plantation activities, the trees and the land are accounted for separately whereby the trees are accounted for under IAS 41, and land accounted for under FRS 116 – Property, Plant and Equipment or FRS 140 – Investment Property in Malaysia. But for measurement purposes, the enterprise may use the information regarding the tree plus the land value (biological assets that are attached to agricultural land) to determine the fair value of the biological assets.

Nevertheless, Graça Maria do Carmo Azevedo noted that the requirement to conduct fair valuation at each balance sheet date is burdensome for the enterprise, especially if interim reports are required, because the fair valuation process is a cost for the enterprise. Azevedo also pointed out that under fair valuation, the lack of an active market may lead to a subjective and manipulated assessment and this affects the relevance of fair value itself. There are certain groups of biologi-

TYPE	FAIR VALUATION APPROACH
Commercial breeding herd	Prices received for large representative sales like breeding cattle to the consolidated entity's herd
Trading cattle	Relevant market indicators like the Queensland Cattle Market Index, and actual spot cattle prices quoted.
Bull breeding herd	Independent valuation.
Crop	Estimated yield per hectare basis less estimated harvesting and cartage costs.
Mature standing crops	Crop size, content and expected market price less harvesting and distribution costs.
Immature standing crops	NPV of expected cash flows using a market-determined pre-tax discount rate.
Mature timber	NPV - unadjusted current market prices and estimated timber volumes in metric ton less cost of delivery. The discount rate used is the applicable pre-tax weighted average cost of capital of the business unit.
Immature timber	NPV - unadjusted current market prices, estimated projected growth over the rotation period for the existing immature timber volumes in metric ton, cost of delivery and estimated maintenance costs up to the timber becoming mature. The discount rate used is the applicable pre-tax weighted average cost of capital of the business unit.
Forestry	Expected selling price, less cost to harvest and deliver, of the estimated volume of timber. The estimated volume of timber on hand is calculated by applying the mean annual increment for each age class, by species, to the area under afforestation. Apply a current market-determined post-tax discount rate.
Oil palm	NPV - Production volume is estimated based on historical data regarding the yield/ha of the areas. Selling price is estimated based on the past 20-year average world market price. Cost price is adjusted by way of current year cost price less planting costs and replacement investments.

Table 1

ITEM	ALTERNATIVES USED
Yield	· Estimated yield per hectare · Crop size · Estimated timber volume · Estimated projected growth over the rotation period
Price	· Estimated market price · Unadjusted current market price · Estimated selling price · Estimate based on past 20-years average market price
Cost	· Harvesting cost · Cartage cost · Distribution cost · Delivery cost · Planting cost · Replacement cost
Interest Rate	· Market determined pre-tax discount rate · Pre-tax weighted average cost of capital · Current market determined post-tax discount rate

* *IAS 41 requires discounting at current market-determined pre-tax rate*

Table 2

cal assets like plantation trees that lack an active market, and the relevance of their fair value is questionable.

SALES COMPARISON METHOD

Directly comparable sales may be limited in quantity and difficult to locate (Healy and Bergquist, 1994). When using the sales comparison method to determine the fair value of the biological assets, there are other factors that might influence the sales value. Sales in significantly larger or smaller amounts of biological assets, and the market where the transaction takes place will influence the sales value.

Adjustment in the comparable sales value is needed to determine the value of plantation assets because permanent plantings of the same crop are different in many respects (Healy and Bergquist, 1994). The issues that might arise in this case are external factors like the type of land, watering and weather that affect fair value determination.

When attempting to fair value animal biological assets like breeding livestock, the appropriate base value is always being used (Damona, 2006). However, in most cases, the base value is not changed periodically and sometime fails to reflect the fair value of the biological asset.

In addition, market prices are often volatile and cyclical and inappropriate as a basis of measurement (Azevedo). Plantation commodities like oil palm and rubber are traded in active markets and their market price changes frequently.

INCOME CAPITALISATION METHOD

The selection of the discount rate within the time period at which the costs and returns are determined is an important consideration in using the income capitalisation approach (Albright, 1997). However, IAS 41 recommends that in the circumstance where the enterprise is required to use the present value of expected net cash flows from the asset, that the cash flows are to be discounted at a current market-determined pre-tax rate in determining fair value.

In forestry activity, it is debatable whether land opportunity should be included as a production cost, because the omission of land opportunity cost as a production cost caused many stands of pre-commercial timber to be undervalued (Straka, Thomas J.).

INTERNATIONAL PRACTICE

In order to prepare for the eventual implementation of IAS 41, it helps to study international practices. The following on **Table 1** are the fair valuation approaches for certain types of biological assets based on international practices as extracted from foreign annual reports.

Based on **Table 1**, the adoption of the discounted cash flow method to fair value biological assets can also be presented in **Table 2**.

In addition, the use of Geographic Information System (GIS) and Global Positioning System (GPS) technologies are recommended for the fair valuation of plants, including palm oil. These technologies provide accurate, reliable and repeatable information.

Elsewhere, the Oil Palm Management Program (OMP) is a site-specific information system for agronomy developed by Agrisoft System. The system is used in oil palm estates for agronomy and field data. There are several key components for efficient field management in oil palm estates: management information system (MIS), Geographic Information System (GIS), Global Positioning System (GPS), satellite images and remote sensing, human resources development (HRD), and best management practices (BMP). ■

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ADVERT 4

UK: 2012 to bring changes to SMEs accounting

Unlisted companies without public accountability will move from Generally Accepted Accounting Practice to the International Financial Reporting Standard for SMEs, according to proposals. The IFRS for SMEs is a simplified version of the framework currently used by listed companies, and is written specifically for privately-held businesses, reports the *Financial Adviser* magazine. The report quoted Quentin Pain, founder of Accountz accounting software, as saying: "This is the biggest change in UK accounting in 30 years and small to mid-sized businesses need to be prepared."

The change will mean different measurement methods which could change the balance sheet and profit figures, in comparison to current GAAP and full IFRS. He said: "Elements such as share options, bonus schemes, loan covenants and corporation tax bills could also be affected by this change. In that sense I have no doubt it could potentially impact the way a business is managed. "On the plus side, it is expected the new standard should be able to produce more comparable financial reports, which could assist with regards to financing." Mark Lee, Chairman of The Tax Advice Network, also told the magazine: "There are two issues - the transition in changes to presentation of published results for SMEs and whether IFRS is going to lead to additional reporting obligations." The transition will include software changes and staff training, and Accountz has developed software programmes for all types of business which will aid this transition. Quentin said: "The transition need not cost in terms of time and money. Software changes will be needed but with the right solution SMEs can manage the process of change with little or no impact on the day-to-day running of the business. "The good news is that IFRS for SMEs will only be amended every three years, unlike current GAAP, which has frequent updates." The report added that if the methods are to be adopted in more than 30 countries, as reports suggest, then the new framework will improve international comparability. It added that this will be ideal for SMEs operating in overseas markets, added Quentin. ■

INDIA: 'Big four audit firms bending laws in India

A committee of accounting and auditing regulator ICAI has said that the global Big Four auditing firms are circumventing laws while providing auditing services in the country, reports *TNN*. The Big Four — PricewaterhouseCoopers, KPMG, Ernst & Young and Deloitte — are using the permission granted for doing consultancy work but carrying out other services that they are not permitted to do, a high-powered body of the ICAI, that is probing the Satyam scam, said. The report attributed the following comment to the committee, headed by former ICAI President Uttam Prakash Agarwal: "It has been noticed that MAFs (multinational accounting firms), entered through automatic/FIPB route for rendering consultancy services, are transgressing the permission so granted and are rendering taxation services, auditing, accounting and bookkeeping services and legal services."The Big Four operate in India through domestic affiliates, the report said. Price Waterhouse Bangalore, an affiliate of PricewaterhouseCoopers, had been the auditor of scam-tainted Satyam Computer, a company that was involved in India's biggest accounting fraud, the news report added. On this score, the committee added: "... Indian firms and MAFs are de facto the same entities providing the assurance, management and related services and as such their operations are designed to circumvent the provisions of the Chartered Accountants Act, 1949, and regulations framed thereunder." India does not allow foreign direct investment in accounting, auditing and bookkeeping, taxation and legal services, the committee noted, adding that "no commitment so far has been made by India for opening of such services under the WTO/GATS (General Agreement on Trade in Services)".

The report said the Indian affiliate of PricewaterhouseCoopers include Price Waterhouse firms and Lovelock and Lewes, while Deloitte has tie-ups with C C Chokshi, A F Ferguson, Fraser and Ross and S B Billimoria. KPMG has association with BSR firms and Ernst & Young has a tie-up with S R Batliboi entities. Last year, it said ICAI sought details from 94 CA firms about their arrangement with the international accounting firms. However, a number of firms are believed to have not furnished complete information. ■

US: Watchdog reminds auditors to watch unusual deals

The US auditor watchdog issued an alert to corporate accounting firms in April, reminding them to watch for fraud or misstatements if they detect "significant unusual transactions" when doing their work. The "audit practice alert" from the Public Company Accounting Oversight Board comes in the wake of scandals at firms like Lehman Brothers Holdings Inc and Satyam Computer Services, where auditors have been accused of missing transactions that hid what was truly going on at the firms, reports *Reuters*. The newswire quoted PCAOB as saying in the alert: "Significant unusual transactions, especially those close to period end that pose difficult 'substance over form' questions can provide opportunities for companies to engage in fraudulent financial reporting." The PCAOB, which was created in 2002 after accounting scandals at Enron and Worldcom, has the power to oversee, inspect and cite auditors of public companies in the United States. The PCAOB has recently launched an investigation into Lehman's audit after the firm's bankruptcy examiner claimed the investment bank hid some $50 billion in assets by using an accounting technique called "Repo 105," according to a person familiar with the matter, the report said. ■

AUSTRALIA: Auditor to be sued by OZ Minerals

OZ Minerals will sue its auditor, KPMG, as part of its defence to a shareholder class action over how it disclosed its borrowings in 2008, reports *Sydney Morning Herald*.The company told the Federal Court in end-March that it intended to file a cross-claim against the accounting firm so it could claim a contribution from KPMG if ordered to pay compensation to the investors. The firm said: "It is not appropriate for KPMG to provide commentary on matters … before the courts involving our client, OZ Minerals." The company requested a trading halt on November 28, 2008, saying it had "undertaken to re-finance both facilities by November 30, 2008" and was trying to renegotiate with its lenders. The shareholders allege the market was misinformed about whether OZ Minerals' debts were current or non-current from the date its half-year report was released - August 21, 2008 - until the trading halt announcement. They claim the half-year report understated current liabilities - those due for repayment within a year - by $320 million. The report was reviewed but not audited by KPMG, which said it gave a true and fair view of the group's financial position as at June 30, 2008, the newspaper reported.OZ Minerals has repeatedly stated it "absolutely refutes any assertion or allegation it has engaged in misleading or deceptive conduct or has in any other way acted other than in compliance with the Corporations Act, the ASX Listing Rules or other than in the best interests of its shareholders". KPMG is the second large accounting firm to be drawn into a shareholder class action over the classification of debt during the global financial crisis. ■

IFAC NEWS

THE IFAC UPDATE PROVIDES SUMMARIES OF IFAC DEVELOPMENTS OVER THE PAST MONTH.

IFAC RELEASES 2010 HANDBOOKS CONTAINING ALL IAASB PRONOUNCEMENTS AND THE CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS

(New York / 1 April 2010) - The International Federation of Accountants (IFAC) has released the 2010 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements, and the 2010 Handbook of the Code of Ethics for Professional Accountants.

The Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements includes the International Auditing and Assurance Standards Board's (IAASB) complete set of clarified International Standards on Auditing (ISAs) and International Standard on Quality Control (ISQC) 1 now in effect. It also includes the IAASB's standards on review, other assurance, and related services, a glossary, and a preface to the international standards.

The Handbook of the Code of Ethics for Professional Accountants contains the Code of Ethics for Professional Accountants (the Code), which has been revised by the International Ethics Standards Board for Accountants (IESBA) for improved clarity and strengthened independence requirements. The revised Code becomes effective on 1 January 2011, with early adoption permitted.

How to Order

The handbooks can be downloaded free of charge in PDF format or purchased in print from IFAC's Publications and Resources site: *web.ifac.org/publications*. Print copies of the handbooks are available as a three-piece boxed set for US$185.00 plus shipping. Discounts are available for students, academics, and individuals living in developing countries, as well as for orders of 10 or more copies. Orders can also be placed by calling IFAC at +1 (212) 471-8722. ■

IFAC ANALYSIS HIGHLIGHTS THE EXPANDING ROLE OF SMPs IN ADVISING SME CLIENTS

(New York / 13 April 2010) - The Small and Medium Practices (SMP) Committee of the International Federation of Accountants (IFAC) published an analysis of research on business advisory services provided by SMPs. The extensive analysis includes a review of global research spanning academic studies, practitioner surveys, and interviews of SMP partners.

The analysis suggests that the needs of small- and medium-sized enterprises (SMEs)--the sector commonly served by SMPs--are changing due to an increasingly complex regulatory environment. The needs of SMEs are also changing as their demands shift from the use of SMPs for statutory audit requirements to business advisory services, including forming business plans and financial forecasts, identifying and managing risk, information technology, and business valuation.

Although the number and variety of SMEs continue to expand, evidence suggests that SMEs have difficulty obtaining access to credit and other resources. The analysis shows that SMPs are well-equipped to expand their services to meet the increasing needs of SMEs. The findings highlight that an important way for SMPs to improve their ability to meet these needs is by building referral networks, allowing them to expand the expertise available to their clients. The research suggests that referral networks are currently being underutilised by SMPs.

IFAC SMP Committee Chair Sylvie Voghel, an SME owner-manager herself, commented, "This research, which noted competency, trust and proximity to their clients as key factors underpinning a strong SMP-SME relationship, is an important step in the committee's initiative to learn how SMPs can position and equip themselves to better support SMEs."

The results of the research analysis are presented in the information paper, The Role of Small and Medium Practices in Providing Business Support to Small and Medium-sized Enterprises, available in the SMP section of IFAC's Publications and Resources site: *web.ifac.org/publications.* For more information, the IFAC SMP Committee welcomes readers to visit its International Center for Small and Medium Practices at *www.ifac.org/smp*, which hosts a collection of relevant links to free resources, including a category devoted to business advisory services. Readers are also encouraged to participate in the SMP/SME Discussion Board, where they may submit their views on the information paper and other issues. ■

IFAC'S EDUCATION STANDARDS BOARD ADOPTS NEW STRATEGY

(New York / 7 April 2010) - The International Accounting Education Standards Board (IAESB) has issued its Strategy and Work Plan for 2010-2012, which focuses on enhancing the International Education Standards (IESs) and providing guidance for IES adoption and implementation. This work will assist IFAC member bodies, regulators, employers, academics, and students by prescribing principles for the learning and development of a professional accountant.

"By continuing to enhance standards in international accounting education, we are contributing to the reliability of financial reporting," said Mark Allison, IAESB Chair. "The principal aim of the IAESB 2010-2012 Strategy and Work Plan is to clarify the obligations of those who are involved in the education, assessment, and development of professional accountants."

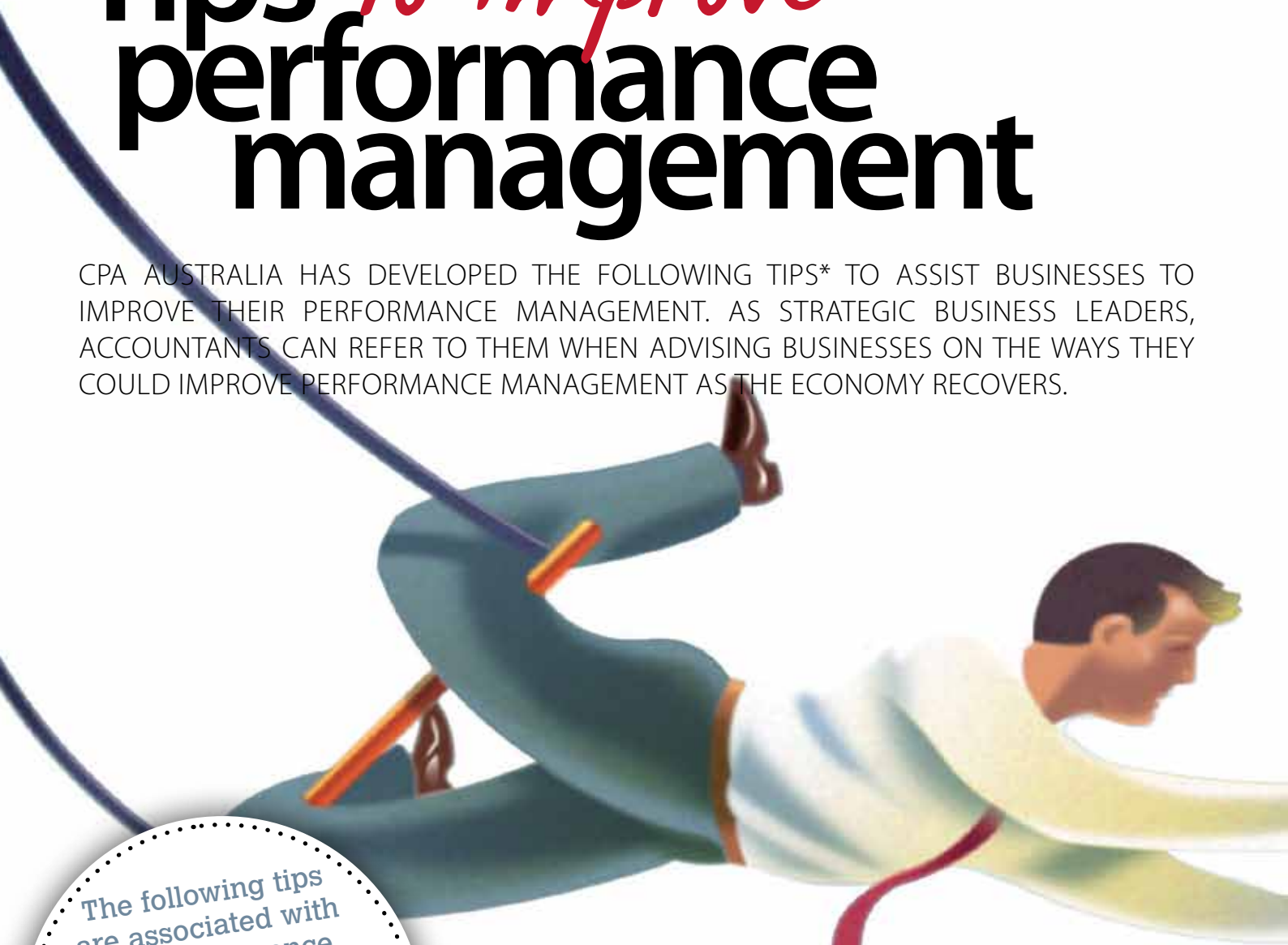
The focus of IAESB activities will be on the following:

- Revising the IESs in consideration of the IAESB's drafting conventions project, which compiled stakeholder feedback on improving the clarity of the standards;
- Developing implementation guidance for the measurable implementation of the IESs, competency frameworks, and quality control measures for education providers; and
- Promoting greater awareness among academics, regulators, and others of the IAESB's pronouncements and its role in advancing international debate on emerging issues relating to the development and assessment of professional accountants.
- The direction of further 2010-2012 activities will be based on the results of these three high-priority projects.

The IAESB 2010-2012 Strategy and Work Plan can be downloaded free of charge from the Resources section of the IAESB site: *www.ifac.org/education.* ■

Tips *to improve* performance management

CPA AUSTRALIA HAS DEVELOPED THE FOLLOWING TIPS* TO ASSIST BUSINESSES TO IMPROVE THEIR PERFORMANCE MANAGEMENT. AS STRATEGIC BUSINESS LEADERS, ACCOUNTANTS CAN REFER TO THEM WHEN ADVISING BUSINESSES ON THE WAYS THEY COULD IMPROVE PERFORMANCE MANAGEMENT AS THE ECONOMY RECOVERS.



The following tips are associated with high performance businesses. The tips will also help businesses to maximise efficiency in the current economic environment.

1 STRATEGIC PLANNING

A formal process for strategic planning will help the business to perform better. If staff continually participate in the generation of ideas, the business will have a better chance of success. However, if your business is focused on maximising efficiency, you are more likely to be successful if your planning process is less formal and there is less staff participation.'

2 STRATEGY IMPLEMENTATION

Strategy should be implemented and controlled through a combination of budgets and performance management systems (such as the Balanced Scorecard). Businesses focused on maximising efficiency should use their performance management systems to monitor and manage deviations from targets and hold management and staff accountable for pre-determined targets.

3 INFORMATION SHARING

Businesses should seek to encourage greater information sharing between management and staff by using performance management systems more intensely, rather than budgets. Using performance management systems may also encourage staff to direct their attention towards emerging opportunities.

4 ORGANISATIONAL STRUCTURE

Mechanisms to improve coordination across an organisation should include task forces, project committees and cross-functional teams. Staff autonomy is also considered important in an effective organisational structure. For businesses focused on maximising efficiency, the structure should facilitate top-down management. This can be delivered through operating procedures and targets. Flatter management structures generally yield better results.

5 HUMAN RESOURCES

If the values of individual staff members are similar to those that underpin the objectives of the business, then the staff member will be more likely to act in accordance with those objectives. The business should therefore endeavour to select staff with values similar to those of the organisation and ensure their ongoing commitment to those values. To help achieve this, the business should consider formally codifying and documenting their values, purpose and direction.

6 MEASURING STAFF PERFORMANCE

Measures of performance, such as the quality of products and services and social responsibility, should be used in conjunction with measures such as financial performance and customer satisfaction to measure staff performance.

7 STAFF COMPENSATION

Research suggests that performance improves when a part of the staff compensation is contingent on the achievement of targets. Businesses with high performance management systems tend to favour objectively determined compensation based on short-term performance outcomes.

8 MANAGEMENT POLICIES AND PROCEDURES

Staff activities and risks taken by staff should be limited by the use of codes of conduct supported by sanctions for any breaches. Businesses should also consider reviewing, guiding and restricting staff action on projects through frequent reviews conducted before the projects begin. ■

** These tips are taken from a collaborative research project between CPA Australia and the University of Technology, Sydney, titled Best Practice in Performance Management, which is authored by David Bedford and Professor Teemu Malmi. At the time of writing this document, the research had yet to be published. For more information, visit www.cpaaustralia.com.au*

The great disappearing act

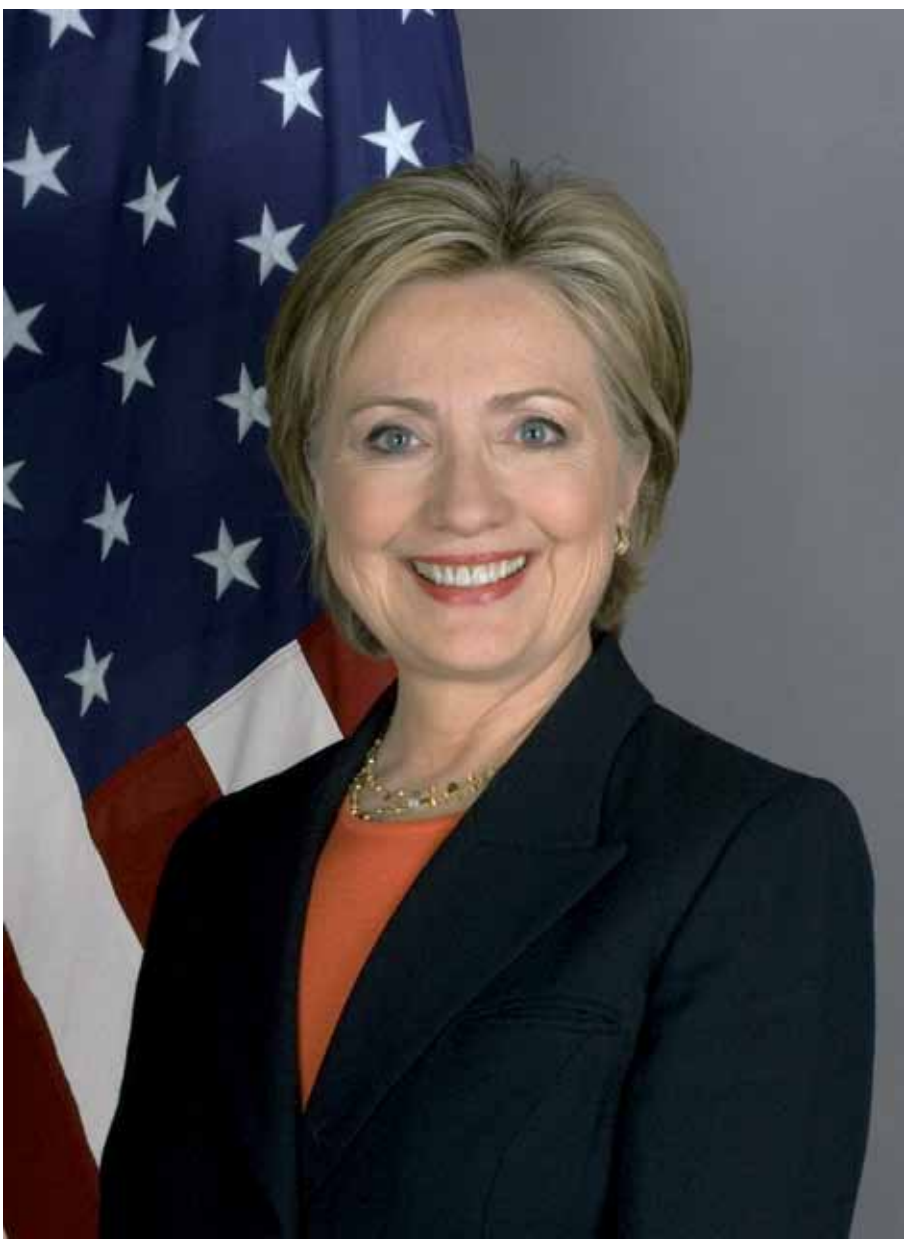
Anne Hashim

To many, Hillary Clinton will always be remembered as the most successful female US presidential candidate to run for office. But even she conceded at the end of her presidential race on 7 June 2008, when she bowed out to endorse Barrack Obama, "I am a woman, and like millions of women, I know there are still barriers and biases out there, often unconscious."

She has reiterated what many women all over the world feel – and know. Whether in politics or corporate offices, women have experienced a tough time breaking through the proverbial glass ceiling, that invisible barrier that prevents women from advancing to the top rungs of leadership.

In the United States, women make up 50 per cent of the workforce but out of the country's 500 largest companies in 2009, only 15 are headed by female chief executives – that's a measly 3 per cent gender stake. What's more, the higher up the corporate ladder, the fewer women you encounter. Things are not much different in Malaysia. The percentage of women holding directorships on boards has seen a decline since 2004 from 9.9 per cent to 6.1 per cent in 2008. Moreover, only 12 per cent of women are at the top rungs of government-linked companies.

It's a situation that should see some change by now, especially since so many studies point to the benefits of a mixed-gender management – higher profits are posted by companies that have more



It's a situation that should see some change by now, especially since so many studies point to the benefits of a mixed-gender management – higher profits are posted by companies that have more women leaders; companies with women in top decision-making posts are better able to understand the consumer mindset which is increasingly made up of women.

women leaders; companies with women in top decision-making posts are better able to understand the consumer mindset which is increasingly made up of women.

So why aren't women at the top? Where have they disappeared to?

Several analysts are saying that the glass ceiling is not entirely at fault for this under-representation. Instead of gender bias, perhaps it is women themselves who are sabotaging their chances of moving up.

A study conducted by the University of New Mexico's Anderson School of Management revealed that women lacked confidence in their own leadership abilities, often underrating their value in nine evaluated areas (including communication ability and conflict management) by about 11 per cent on average.

The situation isn't unique to the United States. In Australia, head of women's markets at Australian bank Westpac, Larke Riemer, commented, "As women, we really need to understand that sometimes it's not about the fact that it is men putting this glass ceiling over us, but that we create the glass ceiling. Our experience is that we advertise the role (post) but we don't get women applying because they read the skills set and they might have eight out of 10 of the skills and they don't apply. Men will apply with six out of the 10 and get the job."

Rita Sim, Executive Director of Sin Chew Media Corporation Berhad, also echoed a similar sentiment at last year's Women's Summit in Malaysia, that women need to let others know what they can do and market themselves to get to the top. In most cases, women, she said, were only concerned about doing the work and shy about trumpeting their accomplishments.

Other sources say that the dwindling number of women in decision-making posts is a sign that women are re-evaluating their priorities. Member of the Australian Parliament and Shadow Minister for Early Childhood Education, Childcare, Women and Youth, Sophie Mirabella, sees this trend among Australian women. "We must also allow for the possibility that a growing proportion of women – including university-educated professional women – have made a choice not to pursue their careers to the highest levels. That they've worked out where their priorities and the joys in life actually lie. We must allow for the fact – not often debated and discussed in polite circles - that many women, while immensely enjoying their careers, view parenting as their most satisfying and important role

A study conducted by the University of New Mexico's Anderson School of Management revealed that women lacked confidence in their own leadership abilities, often underrating their value in nine evaluated areas (including communication ability and conflict management) by about 11 per cent on average.

in life." Despite the joys and rewards of parenting, some women do want to have it all – a successful career and a happy family life. By right, they should be able to pursue both, especially since increasing numbers of companies are offering some form of family-friendly work solutions to staff such as telecommuting, job-sharing and part-time employment.

But how successful are these initiatives in allowing women to satisfy both their career ambitions and family responsibilities?

Some quarters view these as simply token gestures; although companies are introducing various work arrangement options, employees have to sacrifice job satisfaction and their sense of contribution to the company.

A survey by Bain & Company of 1,800 business people worldwide revealed that a majority of the respondents said that their companies offered "one-off initiatives" to family-friendly work arrangements rather than ensuring they are implemented correctly to bring real benefits and work satisfaction to staff. While 75 per cent of those surveyed admitted that the companies they worked for offered some form of flexible work programme and mentorship, only less than 25 per cent said the initiatives were successful.

According to people like Marty Nemko, career coach in the United States, flexible work arrangements are hurting, rather than helping, women's chances of moving up in their careers. In his article, "The Real Reason So Few Women are in the Boardroom," he says that getting to the top is not a gender issue, it's about how much time you devote to work. He cites a study conducted by The Business Roundtable, an association of CEOs, that reports the average CEO puts in 58 hours a week, and adds that Fortune 500 CEOs are likely to put in more than that. "Far fewer women than men are willing to work 58+ hours a week and to take work home or do extensive after-work professional development activities during evenings and weekends," he says. His advice? "If women want a moderate workweek, then they cannot fair-mindedly aspire to the boardroom."

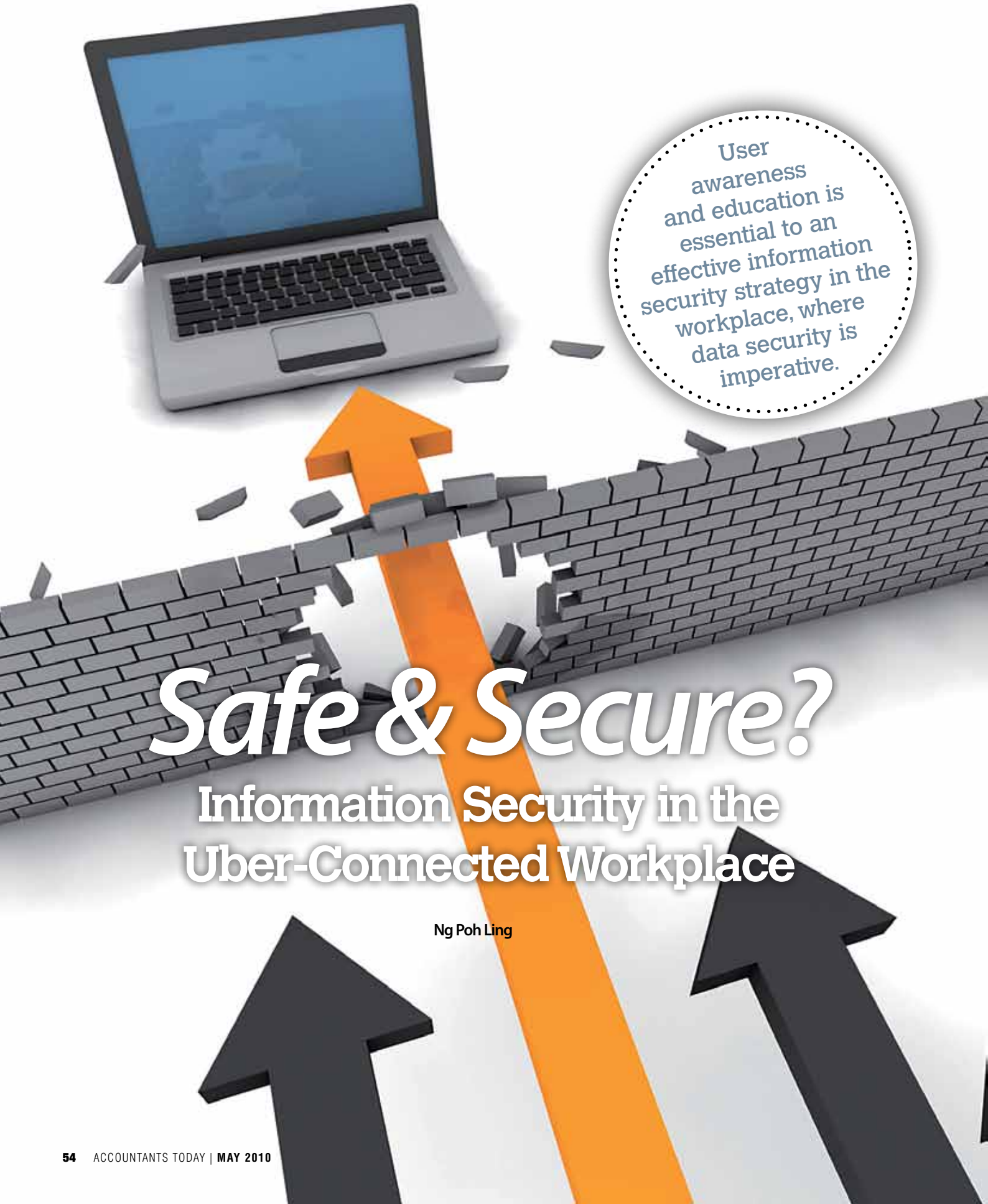
There is another trend that explains the falling participation rates by women in senior corporate positions. Many are opting out to set up their own businesses where they can call the shots. Bain & Company reports that women entrepreneurs initiate 1,600 new companies in the United States daily. Many universal studies on the subject have indicated that 60 per cent of businesswomen cite the desire for better life and time management as reasons for their entrepreneurial decision. It's also interesting to note that many of these women do not actively seek opportunities to grow their business, further implying that their primary goals and motivations for staying in business are for reasons other than financial gains, such as better quality of life, time flexibility and happiness.

While the "glass ceiling" may continue to be cited as the reason for the dismal number of women at the top, increasingly more people – more women – are realising that gender bias isn't the only thing stopping them from moving up the ladder. In many cases, women are making a conscious choice about where their happiness lies – and it isn't necessarily in the boardroom, facing endless working hours away from the family.

In the long run, there is a strong indication that the corporate world will operate on different terms than at present. With baby-boomers retiring, the working-age population, too, will shrink. When that happens, perhaps there will be better policies, initiatives and incentives to bring women back into the workforce – and keep them there – at every level. ■

Despite the joys and rewards of parenting, some women do want to have it all – a successful career and a happy family life. By right, they should be able to pursue both, especially since increasing numbers of companies are offering some form of family-friendly work solutions to staff such as telecommuting, job-sharing and part-time employment.

ADVERT 5



User awareness and education is essential to an effective information security strategy in the workplace, where data security is imperative.

Safe & Secure?

Information Security in the Uber-Connected Workplace

Ng Poh Ling

Today's workforce is increasingly mobile and global; widespread technology usage in everyday communications and transactions increases the chances of security threats and identity or data theft.

To avert these threats, information security is vital. Information security is the process of protecting information: its availability, integrity and confidentiality. It includes safeguarding the infrastructure that the information resides on. Information such as personal staff details, client lists, salaries, bank account details, marketing and sales information are often stored on a database. "Information is an asset of a company and therefore, ensuring information security is a mandatory step that a company should take to protect its assets," says Melissa Wong Lai Chen, Senior Auditor for Deutsche Post Worldnet.

The recent Ernst & Young 2009 Global Information Security Survey asked about the importance of information security in supporting key business activities. A majority of the respondents identified the top three reasons for information security: protecting a business' reputation and brand, managing privacy and protection of personal information, and achieving compliance with regulations.

And yet these days, it would seem as if data theft and cyber attacks are becoming a regular occurrence. In January 2010, Google announced that it might cease operations in China after it discovered that the government had hacked into its servers, apparently seeking its source code. Recently in March, HSBC announced that about 15,000 accounts of its Swiss private banking unit were compromised after an employee allegedly stole data, some of which ended up in the hands of French tax authorities.

A recent study by tech security firm McAfee together with Washington D.C.'s Center for Strategic and International Studies (CSIS) which surveyed IT professionals from 600 companies in 14 countries backed up the argument that data theft is spreading like a virus. The survey found that attacks are growing not only in severity but also in volume, and to a shocking degree. Asked to forecast major attacks—defined as causing 24-hour operational shutdowns, company failure, or loss of life—40 per cent of the respondents said they expected one in the coming year.

It's hardly surprising, with the increasing use of Internet-based services. There's no doubt that attacks on web-based applications are on the rise, the most common being SQL injection and cross-site scripting (XSS). SQL injection is a code injection technique that exploits a security vulnerability occurring in the database layer of an application while XSS is a type of security vulnerability typically found in web applications that enables malicious attackers to inject client-side script into web pages viewed by other users. Other common forms of security threats include malware (spyware, viruses and worms) phishing, identity theft, denial of service, bots and password cracking.

A majority of the respondents identified the top three reasons for information security: protecting a business' reputation and brand, managing privacy and protection of personal information, and achieving compliance with regulations. And yet these days, it would seem as if data theft and cyber attacks are becoming a regular occurrence.

SECURITY AT WORK:

Steps you can take to reduce your risk to data theft

1. Ensure that all your customer data being stored is encrypted.
2. Encrypt all data that's being replicated.
3. Make sure all physical tapes are encrypted.
4. If you store tapes off-site, make sure they are either encrypted or secured.
5. If you use network-attached storage (NAS), make sure security has been reviewed and verified.
6. Use optical networks to reduce risk of lines being tapped.
7. Make sure zoning in your Storage Area Network is enforced.
8. Change passwords frequently, and don't use your pet's or spouse's names. Use a combination of numbers, letters, cases and symbols.
9. Use biometric security where possible.

Malaysia's Ernst & Young's Director of Advisory Services, Tan Chee Keong says, "Privacy and protection of personal data will become a greater challenge for organisations as new Internet-based technologies and services, such as social networking and cloud computing, gain more widespread use." He adds that privacy and data protection will likely gain increased attention from governments and regulators as they attempt to keep privacy regulations out in front of the potential risks associated with these new technologies.

Given that the challenges associated with information security risks are increasingly complex and change rapidly, organisations need to be more proactive in ensuring that their security awareness programmes remain relevant and aligned to the current threat landscape.

Having an information security management system infrastructure and proper processes in place is just the first step. The most important step thereafter is to do it right and securely at the very beginning of the Software Development Life Cycle (SDLC), says Wong. She stresses, "Prevention is better than cure. User training is integral to creating awareness in the user community. The People, Process and Technology (PPT) principle is the fundamental means in safeguarding the confidentiality, integrity and availability of information."

According to Ernst & Young, while most organisations (74%) have a security awareness programme, less than half of all respondents indicated that their programme includes updates and alerts on current threats, informational updates on new hot topics and specific awareness activities for high-risk groups such as social networking users.

Security training and awareness programmes are not working as well as they should be, counters Ernst & Young Advisory Services Partner, Susanna Lim. "It has long been generally accepted that authorised users and employees pose the greatest security threat to an organisation and that raising and maintaining the awareness level of these people is a crucial part of an effective information secu-

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rity strategy." In spite of this knowledge, this remains a significant challenge and an issue for many organisations.

Despite the current focus on cyber threats, organisations have been found lacking in policing their physical information assets. An investigation by the United Kingdom's Information Commissioners Office in 2007 found that 11 banks had breached the Data Protection Act by leaving consumers' personal data in waste bins outside of their facilities.

In this area, common practice would require that information or data be handled according to procedure and appropriate policies. User education and awareness is the key, says Wong. "Each information or data must have its classification clearly stated." Users need to be aware of the classification levels and trained on data handling procedures including storage, transportation and disposal methods. For example, documents that contain sensitive information must be shredded prior to disposal.

Meanwhile, security efforts, already inadequate at best, have been compromised by the economic slowdown and resulting budget cuts. The Ernst & Young survey shows that organisations continue to be impacted by a lack of information security resources and insufficient budgets, and are struggling to make improvements in security awareness. These challenges are not new, but they are increasing under the pressures of the current economic climate. The onus is on information security leaders to explore new and more creative solutions and improved operational efficiency should be considered a fundamental aspect of all new security initiatives. ■

Source: Computerworld

gentle *giants*

JUST AN HOUR AWAY FROM THE CAPITAL CITY OF KUALA LUMPUR IS AN ELEPHANT SANCTUARY NESTLED IN THE QUIET FOOTHILLS OF PAHANG'S NATURE RESERVE.

Anis Ramli

It takes a certain kind of skill and nonchalance to deftly transport yourself from the machan (a raised platform) onto an elephant's back without looking like an idiot. My eyes were darting back and forth from the mahout to the elephant seat and back to the mahout; trying to gauge first the distance – whether I'd land myself safely on the elephant's back and not on the ground four metres below me - and secondly, the elephant's temperament. Not that I'd know what it was thinking at the moment. But I hoped the mahout slapping the elephant's neck with his gear wasn't going to make my ride as jittery as I was.

The elephant ride I was about to attempt took place in the late afternoon at the Kuala Gandah Elephant Sanctuary, located near the Krau Wildlife Reserve in

I had the chance to see the elephants in their playing pen and fed them with chunks of sugar cane and bread with my outstretched arms.

Pahang. The sanctuary was established in 1985 by the Department of Wildlife and National Parks (DWNP) and is a home for the endangered and fully protected Malaysian elephants. The place also offers orphaned and displaced elephants a place to recuperate before being released back into the wild.

On a typical day, guests arriving at the sanctuary are taken to see the elephants at the holding area where they can hand feed the elephants with food provided by the centre's kitchen. Then they have the opportunity to ride one of the larger elephants, as I was about to do. The ride isn't very far – a simple circumnavigation of the patch of green that measures no larger than half a basketball area. And then you can also bathe with the elephants in the river that runs through the sanctuary.

What makes these activities interesting is that they are not designed as a typical zoo attraction, but created with

a purpose. This is because the centre is also today the permanent base for the Elephant Capture and Translocation Unit (ECTU) that works to protect and translocate Malaysia's wild elephants in areas of human-elephant conflict into bigger and safer jungle reserves. The ECTU team also educates locals on issues pertaining to humans encroaching into the elephants' habitat, and ways in which they can work to protect their farms while supporting wildlife conservation.

The rides, for instance, actually help the resident elephants in their work when rescuing wild elephants. It allows the elephants to familiarise themselves with humans and the weight of the mahout during rescue operations. Activities at the centre, meanwhile, allow the public a rare insight into its habitat and nature while educating them on the importance of living side by side with the gentle giants.

I was lucky for I had a guide that took me to the sanctuary way before the tourists filed in through its gates. I had the chance to see the elephants in their playing pen and fed them with chunks of sugar cane and bread with my outstretched arms.

It was here too that I witnessed the special relationship between the workers and the elephants. When one of the keepers was to call out to one of the gentle beasts, the latter would pad to the edge of the wired play pen and acknowledge the call. There were Mawar, Lasah, Abot, Mentopian and Suria; each with its own quirky characteristics. Abot, for instance, had a very cheeky demeanour.

From the play pen, I was brought to the 'kitchen' where lunch was fast being prepared. Not for me, but for the elephants. Watermelons, sugar canes, papayas and more bread loaves were cut and loaded into woven baskets, ready to be transported to the feeding area for the first 'official' visitor activity. Here is where guests to the centre get to hand feed the elephants. The session takes place at 2 p.m. daily. As the food was transported, the workers accompanied the five elephants from the play pen into the feeding area for their morning bath and daily grooming.

It was fun to watch the elephants enjoy their morning bath and with their genteel manner, it was easy to forget that these are still wild animals.

Here, each elephant was securely chained to their individual places. I was lucky to be able to help the workers hose down each of them under the watchful eyes of the sanctuary's staff. It was fun to watch the elephants enjoy their morning bath and with their genteel manner, it was easy to forget that these are still wild animals.

The centre's registration office has a good video explaining the sanctuary's set up, its purpose and other activities. The video, while a bit old, provided an excellent insight into the ECTU's and DWNP's work. It showed actual translocation work in progress, including how the unit captures injured elephants, rehabilitates them and releases them back to the wild. It's a great place to start the tour before meeting up with the 'residents'.

The sanctuary itself was serene and calm. The only sounds punctuating the silence were the squeals and growls of some of the wild and/or injured elephants located in a paddock at the extreme end of the centre that is also off limits to visitors. This isolation, my guide told me, was to protect them from contracting any diseases from humans as well as allowing them time to build trust with their handlers.

Part of the unique experience of the centre is to listen to the plentiful stories that the handlers themselves have to share. They range from Indiana Jones-style adventures replete with forest escapades to hilarious anecdotes, but the underlying hazards of the job, such as getting physically hurt or killed, are something they have to deal with every time they go out on a rescue operation. The sanctuary does not charge any entrance fees but contributions are welcomed.

The Kuala Gandah Elephant Sanctuary located in Pahang state is an easy drive from Kuala Lumpur, venue of the 18th World Congress of Accountants from 8 – 11 November 2010. Delegates are encouraged to take a weekend break to explore Pahang's natural wonders, which span ancient rainforest reserves and pristine sandy beaches. ■

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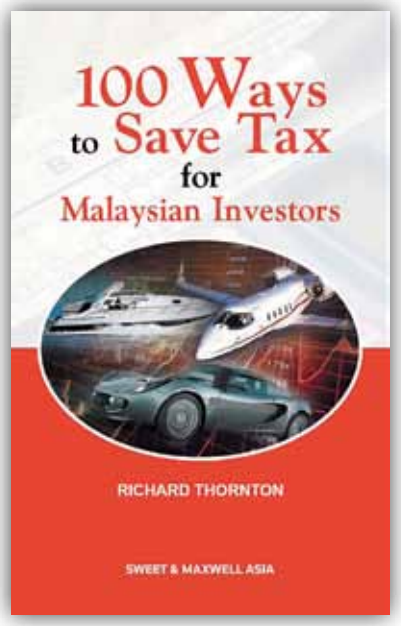

100 Ways to Save Tax for Malaysian Investors - NEW TITLE

RM70.00 February 2010
Format: Softcover, 355pp ISBN 9789675040429

100 Ways to Save Tax for Malaysian Investors has been brought specifically to help Malaysians understand the way that tax applies to different kinds of investment and how it can impact the investor. It is designed to inform and educate not only the individual investor but also companies and other bodies in the private sector, including their directors, managers and owners as well as investment advisers and managers and other professional advisers such as accountants and lawyers. The main focus is on investment in Malaysia by Malaysians but the book also covers the tax implications of investment overseas including investment in Labuan as well as investment by non-residents and by successful applicants under the Malaysia My Second Home programme.

Besides dealing with the more traditional repositories for personal savings such as shares, property and fixed deposits, the book covers other investment media such as loans, bonds and other securities, options, convertibles, warrants and other derivatives, unit trusts and REITs, hedge funds, structured investment products, gold and precious metals, paintings and antiques, literary, musical and other copyrights, commodities and commodity futures and foreign currencies. Further, there are sections covering annuities, life and other personal insurance policies, *Shariah*-compliant investment instruments, investment clubs and online investment. ■

100 Ways to Save Tax in Malaysia for Small Businesses - NEW EDITION

RM70.00 March 2010
Format: Softcover, 453pp
ISBN 9789675040443

This highly popular tax guide is completely up-to-date with new developments including the 2009 and 2010 Budget changes and the stimulus packages. It includes detailed explanations and examples of new and improved incentives such as accelerated capital allowances, reinvestment allowance, exemption for increased export of healthcare services and carry-back of losses. More than ever, the line that divides small companies (SMEs) from larger ones by reference to a paid-up ordinary share capital limit of RM2.5 million is of great significance. Many incentives and reliefs are now given at different levels above and below that line and this book details all the situations in which those apply as well as covers the limitations where a SME has related companies. ■

100 Ways to Save Tax in Malaysia for Individuals - NEW EDITION

RM50.00 March 2010
Format: Softcover, 350pp
ISBN 9789675040436

Whether currently paying income tax or not, Malaysian individuals have found 100 Ways to Save Tax in Malaysia for Individuals to be useful to them as it is written in a friendly style to help ordinary people understand how to plan their affairs effectively so as to minimise the burden of tax. Most individuals want to keep on the right side of the law and know that under the self-assessment system, which has now been in operation for several years, they have responsibilities. Full of useful ideas, this book aims to tell people how they can legally reduce their taxes within the limits of the law as well as how to keep their affairs in order so as to comply with tax regulations and avoid costly penalties. This highly popular tax guide has been fully updated to take account of new developments including the stimulus packages contained in the two budgets of 2009 as well as all the important changes brought about by the 2010 budget. ■

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2010 CALENDAR OF MIA PROFESSIONAL DEVELOPMENT CENTRE (MPDC) TRAINING PROGRAMMES

LOCATION	DATE	PROGRAMME TITLES	SPEAKER	VENUE	FEE (RM)	CPE Hours	REMARKS
June 2010							
Klang Valley	1 June	Applying FRSs: From Principles to Practice (Examining Generally Accepted Accounting Practices)	Danny Tan	Hilton Petaling Jaya	580	8	HRDF Claimable
	1 & 2 June	A Comprehensive Workshop on Deferred Taxation	Woon Chin Chan & Tan Liong Tong	Hilton Petaling Jaya	1000	16	HRDF Claimable
	2 & 3 June	Public Practice Programme	Johnny Yong & Steven Lim	Hilton Petaling Jaya	850	16	
	7 June	Advanced Consolidation Principles	Woon Chin Chan & Tan Liong Tong	Concorde Hotel KL	550	8	HRDF Claimable
	7 & 8 June	Managing Costs- Understand Costing Principles and Variance Analysis	Kenneth Tam	Hilton Petaling Jaya	900	16	HRDF Claimable
	7 & 8 June	Ensuring Sustainable Corporate Value through Value Base Management Practices	Lee Fok Chong	Hilton Petaling Jaya	850	16	HRDF Claimable
	9 & 10 June	Structuring International Joint Ventures and Strategic Alliances: Managing Legal, Financial and Operational Risks	Lim Chor Ghee	Hilton Petaling Jaya	1000	16	HRDF Claimable
	14 & 15 June	Financial Essential for Non-Financial Professionals	S. Yoga Thevan	Concorde Hotel KL	800	16	HRDF Claimable & SMECorp Subsidised
	14 & 15 June	Practical Acounting Principles and Practices	Kenneth Tam	Hilton Petaling Jaya	900	16	HRDF Claimable
	14 & 15 June	Emotional Intelligence for Effective Work Performance	Joy Lim Siew Wah	Best Western Premier Seri Pacific KL	1200	16	HRDF Claimable
	16 June	Corporate Governance Guide - Towards Boardroom Excellence	Lee Min On, Tan Kim Chuan & Mohd Khaidzir Shahari	Hotel Istana KL	650	8	SIDC Accredited
	16 & 17 June	Accounting for Construction Contracts, Property Development Activities & Borrowing Costs - A Practical Approach	Lim Geok Heng	Hilton Petaling Jaya	850	16	HRDF Claimable
	16 & 17 June	Integrating Financial Data & Report Presentation for Accountants	Kok Yee Lan	Pentawise Sdn Bhd	1100	16	HRDF Claimable
	18 June	Accounting for Financial Instruments - A Fundamental Approach	Lim Geok Heng	Concorde Hotel KL	450	8	HRDF Claimable
	21 & 22 June	Transform to Perform - The New Emerging Finance Leaders	Bryan Ng	Hilton Petaling Jaya	1100	16	HRDF Claimable
	21 & 22 June	Maximising Business Performance through Enterprise Management System	Teo Kim Soon	Hotel Melia KL	900	16	HRDF Claimable
	21 & 22 June	Financial Instruments : FRS 139, FRS 132, FRS 7 & IFRS 9 - A Practical Approach	Danny Tan	Concorde Hotel KL	1050	16	HRDF Claimable
	23 June	Technical Update on New and Improved FRSs (effective 1 January 2010 and beyond)	Danny Tan	Concorde Hotel KL	580	8	HRDF Claimable
	23 & 24 June	Better Grammar for Business Writing	Dr. Ng Keat Siew	Hilton Petaling Jaya	900	16	HRDF Claimable
	23 & 24 June	Effective Charting Models for Management Reporting	Amelia Ng	Pentawise Sdn Bhd	1100	16	HRDF Claimable
	28 & 29 June	Budget & Variance Analysis Modelling for Accountants	Kok Yee Lan	Training Choice KL	1100	16	HRDF Claimable
Northern Region	8 & 9 June	Malaysian Corporate Tax Practices and Principles	Krishnan KSM	Traders Hotel Penang	700	16	HRDF Claimable
	14 & 15 June	Strategising the Enterprise Wide Risk Management Framework for Operational Excellence	Boey Tak Kong	Evergreen Laurel Hotel Penang	950	16	HRDF Claimable & SIDC Accredited
	21 & 22 June	Entrepreneurial Approach to Credit Management and Debt Recovery	Kenny Tay	Traders Hotel Penang	800	16	HRDF Claimable
	28 June	Technical Update on New and Improved FRSs (effective 1 January 2010 and beyond)	Danny Tan	E & O Hotel Penang	580	8	HRDF Claimable
Southern Region	2 June	Technical Update on New and Improved FRSs (effective 1 January 2010 and beyond)	Danny Tan	Mutiara Hotel Johor Bahru	580	8	HRDF Claimable
	14 & 15 June	Inventory System Appraisals for Cost Rationalisation and Control	Teo Kim Soon	The Puteri Pacific JB	900	16	HRDF Claimable
	16 & 17 June	Forensic Accounting & Investigation - Intermediate Level	Suresh D. Gidwani	The Puteri Pacific JB	900	16	HRDF Claimable
	22 & 23 June	Forensic Accounting & Investigation - Intermediate Level	Suresh D. Gidwani	Royale Bintang Resort & Spa Seremban	900	16	HRDF Claimable
	24 & 25 June	Essentials of Business Planning & Budgeting	Kenny Tay	Mutiara Hotel Johor Bahru	800	16	HRDF Claimable
East Malaysia	22 & 23 June	Balancing Financial Reporting Conformance for Effective Board Assurance	Boey Tak Kong	Hyatt Regency Kinabalu, Kota Kinabalu	900	16	HRDF Claimable & SIDC Accredited
	24 & 25 June	Balancing Financial Reporting Conformance for Effective Board Assurance	Boey Tak Kong	Four Points by Sheraton, Kuching	900	16	HRDF Claimable & SIDC Accredited

2010 CALENDAR OF MIA PROFESSIONAL DEVELOPMENT CENTRE (MPDC) TRAINING PROGRAMMES

LOCATION	DATE	PROGRAMME TITLES	SPEAKER	VENUE	FEE (RM)	CPE Hours	REMARKS
July 2010							
Klang Valley	1 & 2 July	Essentials of Business Planning & Budgeting	Kenny Tay	Concorde Hotel KL	800	16	HRDF Claimable
	12 & 13 July	Inventory System Appraisals for Cost Rationalisation and Control	Teo Kim Soon	Concorde Hotel KL	900	16	HRDF Claimable
Southern Region	12 & 13 July	Malaysian Corporate Tax Practices and Principles	Krishnan KSM	Mutiara Hotel Johor Bahru	700	16	HRDF Claimable
East Malaysia	1 July	Technical Update on New and Improved FRSs (effective 1 January 2010 and beyond)	Danny Tan	The Pacific Sutera, Kota Kinabalu	580	8	HRDF Claimable
	2 July	Technical Update on New and Improved FRSs (effective 1 January 2010 and beyond)	Danny Tan	Hilton Kuching	580	8	HRDF Claimable

LOCATION	DATE	PROGRAMME TITLES	SPEAKER	VENUE	FEE (RM)	CPE Hours	REMARKS
INFORMATION TECHNOLOGY							
Klang Valley	7 June	Microsoft PowerPoint 2003 (Fundamental & Intermediate)	tba	PentaWise Sdn Bhd	150	8	
	28 June	Microsoft PowerPoint 2003 (Advanced)	tba	PentaWise Sdn Bhd	170	8	
	3 & 4 June	Microsoft Word 2007 (Fundamental & Intermediate)	tba	PentaWise Sdn Bhd	250	16	
	29 & 30 June	Microsoft Word 2003 (Advanced)	tba	PentaWise Sdn Bhd	270	16	
	10 & 11 June	Microsoft Access 2003 (Fundamental & Intermediate)	tba	PentaWise Sdn Bhd	250	16	
	29 & 30 June	Microsoft Access 2007 (Advanced)	tba	PentaWise Sdn Bhd	300	16	
	8 & 9 June	Microsoft Excel 2003 (Fundamental & Intermediate)	tba	PentaWise Sdn Bhd	250	16	
	15 & 16 June	Microsoft Excel 2003 (Advanced)	tba	PentaWise Sdn Bhd	300	16	
	24 & 25 June	Microsoft Excel 2003 Macro/VBA (Advanced)	tba	PentaWise Sdn Bhd	850	16	
	29 & 30 June	Microsoft Excel 2007 Macro/VBA (Advanced)	tba	PentaWise Sdn Bhd	850	16	
	1 & 2 June	Microsoft Outlook 2007 (Fundamental & Intermediate)	tba	PentaWise Sdn Bhd	320	16	
	14 June	Microsoft Office 2007 Upgrade	tba	PentaWise Sdn Bhd	180	8	
	22 & 23 June	Microsoft Excel 2003/2007 Functions & Formulas	Chan Phooi Lai	PentaWise Sdn Bhd	800	16	
	21 June	Expanding Microsoft Excel 2007 Charts	Chan Phooi Lai	PentaWise Sdn Bhd	350	8	
	4 June	Analysing Financial Data with Microsoft Excel 2003	Chan Phooi Lai	PentaWise Sdn Bhd	500	8	
	14 June	Analysing Financial Data with Microsoft Excel 2007	Chan Phooi Lai	PentaWise Sdn Bhd	500	8	
	17 & 18 June	Tasks Automation using MS Excel 2003 Macro/VBA	Chan Phooi Lai	PentaWise Sdn Bhd	800	8	
	10 & 11 June	Tasks Automation using MS Excel 2007 Macro/VBA	Chan Phooi Lai	PentaWise Sdn Bhd	800	8	
	3 June	Financial Data Management with Pivot Table using Microsoft Excel 2003	Chan Phooi Lai	PentaWise Sdn Bhd	400	8	
	28 June	Financial Data Management with Pivot Table using Microsoft Excel 2007	Chan Phooi Lai	PentaWise Sdn Bhd	400	8	

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

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