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AXP e-Newsletter



Contents

	EDITORS' PAGE
2	Our Re-Branded e-Newsletter
	TIPS ON AUDIT EXPRESS
3	Observation and Recommended Audit Steps
	BREAKING NEWS
8	Preview of IFRS for SMEs
	TECHNICAL NEWS UPDATE
11	What's News from MASB
12	Do You Know...
	REVIEWING DISCLOSURE REQUIREMENTS
13	Financial Statements - Non-Compliances
	EXPERTS' CORNER
17	Preparation of Group Accounts - Consolidation (Part I)
20	Non-Current Assets (Part I)
	ISQC-COMPLIANT AUDIT APPROACH
23	Accept or Reject Audit Clients?
	AXP UPDATE
27	Highlight of the Events - MoU with UKM
	TRAVEL AND VACATION
29	Jewel on the Pacific Ocean - Guam
31	Travel and Vacation Quiz



Our Re-Branded e-Newsletter



We wish all our Malaysian readers a happy Merdeka Day! Let's all celebrate in the spirit of 1Malaysia and focus our attention and effort to our common future.

Welcome to our re-branded e-newsletter - "AXP e-Newsletter".

We have thought long and hard about the needs of Audit Practitioners and we hope to bring you a different experience with our re-branded AXP e-Newsletter.

Our new series of AXP e-Newsletter consists of 8 sections, starting with our focus on technological advances and technical updates. Here we shall highlight some useful tips on using *Audit Express* and update you on the latest accounting, auditing and business news. It also covers Disclosure Requirements, ISQC-compliant Audit Approach. We have added in our Experts' Corner, AXP Update and a section on Travel and Vacation. By participating in the Travel and Vacation Quiz, you are entitled to stand a chance to win gift vouchers of up to RM1,600. All you need to do is to correctly identify the location based on the clues provided.

Subsequent to our publication of Model Financial Statements for FRS in 2007, we have recently prepared **Model Financial Statements for PERS**, as part of our mission to continuously assist Audit Practitioners to resolve contemporary issues. It is available for **free download from our web-page or upon request, we will forward a copy to you via e-mail.**

We welcome your feedback or suggestions on AXP e-Newsletter with the aim of helping us to better meet the needs of our customers.

Happy reading!

Editorial Team

Circulation Notice

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Contributions & Comments

AXP e-Newsletter welcomes your contributions on contemporary issues encountered by the profession. We also wish to hear from you on how this e-Newsletter can be improved for more timely and useful information.

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Observation and Recommended Audit Steps



About Tips on Audit Express

*We shall publish a series of articles introducing useful features of AXP's core software, **Audit Express (AE) - Professional Audit Module**. AE helps to automate the external audit process via minimum input of client's trial balance, thus increases audit efficiency and reduces costs.*

Our aim is to highlight some of the useful features of AE and encourage users to exploit and utilise these features if they have not done so.

In this issue, we shall introduce a useful report called the **Observation and Recommended Audit Steps** that can be found in the **Audit Planning** section of *AE*.

What is Observation and Recommended Audit Steps?

The **Observation and Recommended Audit Steps** is an important report generated by *AE* which form part of the audit planning documentation. Together with materiality level calculation and preliminary analytical review, this report will highlight the system's analysis on the account balances/ratios and provide corresponding recommended audit steps. This report aims to provide guidance to the audit staff as to the necessary audit steps to be taken when gathering audit evidence on the accounts, either with large fluctuations or in absolute value.

These observations and recommended audit steps are generated in accordance with a set of parameters that are pre-determined by the audit managers or partners. The audit partners or managers can tailor the recommended audit steps in line with their audit experiences, or to suit to the firm's practice, or for specific industry.



Observation and Recommended Audit Steps - cont'd

Samples of Observation and Recommended Audit Steps

Client : Be Efficient Sdn. Bhd. (BE001)	
YE / PE : 31 Dec 2008	
Subject : Preliminary Analytical Review - Observation And Recommended Audit Steps	
Materiality level = RM15,528	
Observation and Recommended Audit Steps	Conclusion / X-ref
Gross profit margin (%)	
Observ. :	Percentage of change of Gross profit margin is beyond the range of -10% ~ 10%
Recom. :	The observed circumstances could due to the following reasons:-
	(i) Decrease or increase in selling prices - change of pricing policy. If there is no evidence in change in pricing, please refer to point (i).
	(ii) Increase or decrease in the cost of raw materials. If there is no evidence in change of price of raw materials, please refer to point (iii).
	(iii) This condition may be indicative of over/understatement of the following accounts:-
	(a) Sales;
	(b) Inventories; and
	(c) Purchases.
	Proposed additional audit procedures:-
	1) Compare selling price of selected samples to the company's list prices.
	2) Obtain inquiry of management for any changes in pricing or costs of raw materials during the year.
	3) Review subsequent credit memos.
	4) Increase sample size for sales/purchases cut-off tests.
	5) Increase emphasis on inventory audit - stocktake.

Client : Be Efficient Sdn. Bhd. (BE001)				
YE / PE : 31 Dec 2008				
Subject : Preliminary Analytical Review - Accounts fluctuation				
Materiality level = RM15,528				
	Client's bal (TY) Audited bal (LY) ~ Change % of change			
Profit Margin and Ratios:				
Gross profit(loss)	1,295,564	1,082,772	212,792	20%
Net profit(loss)	(\$16,021)	44,768	(860,789)	1923%
Gross profit margin (%)	10 %	8 %	2 %	25%
Net profit margin (%)	(6) %	0 %	(6) %	~
Current ratio	0.61	0.66	(0.05)	(8%)
Quick ratio	0.52	0.60	(0.08)	(13%)
Debtors' turnover (days)	33 days	28 days	5 days	18%
Creditors' turnover (days)	27 days	11 days	16 days	145%
Stock turnover	46	92	(46)	(50%)
Gearing (borrowings/total assets)	0.26	0.22	0.04	18%
Gearing (borrowings/net assets)	1	1	0	-

In the above example, the report shows an observation and recommended audit steps in respect of the Gross Profit (GP) Margin because the percentage change is 25% for current year.

The criteria set by the audit partner or manager is to notify when the % change in GP Margin is beyond the range of -10% to 10%.

By reviewing the report, the audit staff are notified about the large fluctuation in the GP Margin and guided by the recommended audit steps that have been predetermined by the audit partners or managers. What the audit staff needs to do next is to focus on gathering sufficient audit evidence to satisfy themselves that the related account balances are free of material misstatements.

The Conclusion/X-ref column is for the audit staff to note down their audit evidence and conclusion.

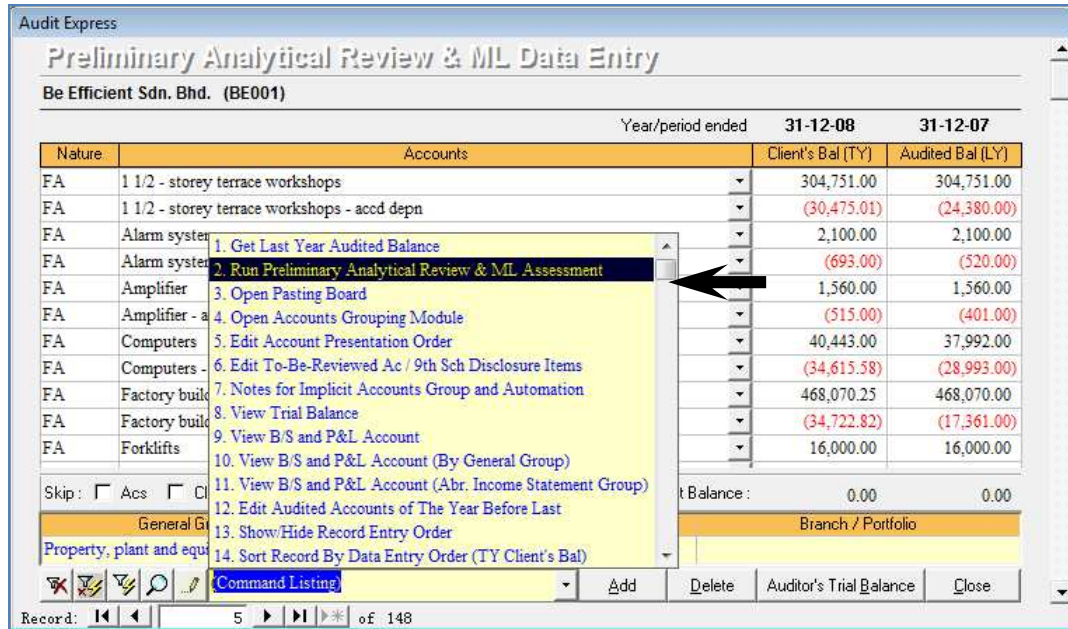
The audit partners or managers can impart their existing auditing knowledge into the system so that the staff are guided even without their presence. Furthermore, the practice can satisfy the ISQC requirement (in respect of the element of engagement performance) by establishing consistency both in the quality of audit engagement, and in accordance with the auditing standards.



Observation and Recommended Audit Steps – cont'd

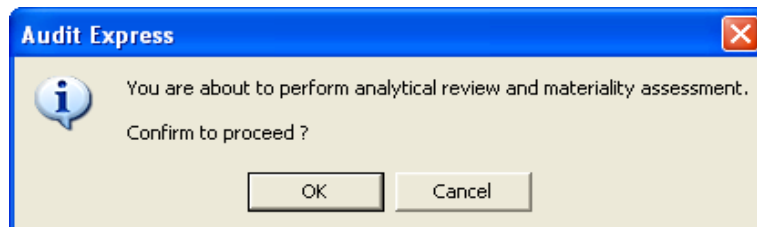
How to generate the report?

This report can only be generated after the users have imported/inputted the client's trial balances into the system:-

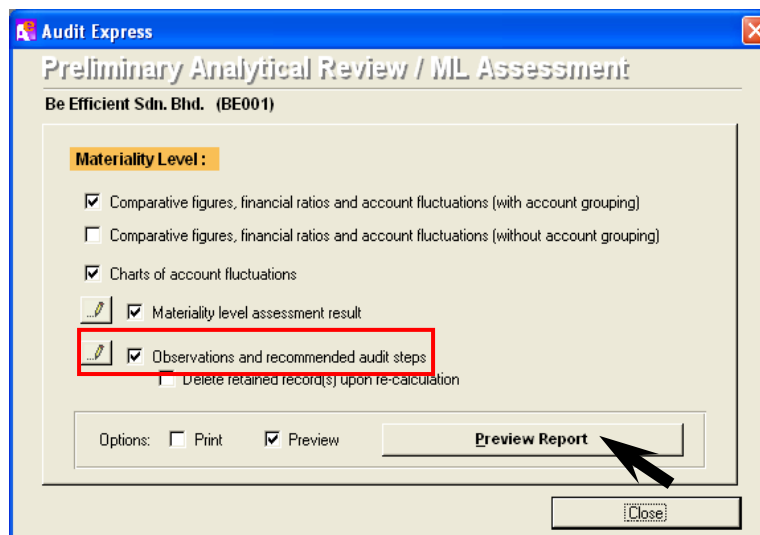


Step 1 - In the **Audit Planning** main interface, press **Command Listing/F4, 2. Run Preliminary Analytical Review & ML Assessment**.

Step 2 - Click OK when the following dialogue box appears:-



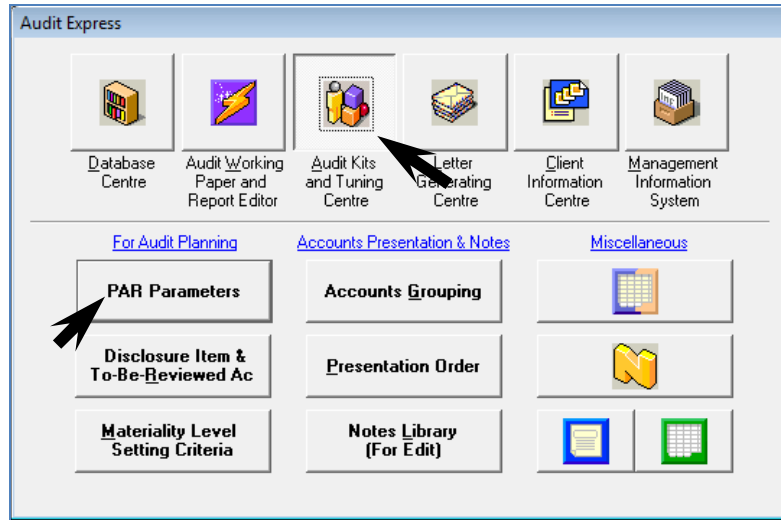
Step 3 - Tick the **Observations and recommended audit steps** and click **Preview Report**.



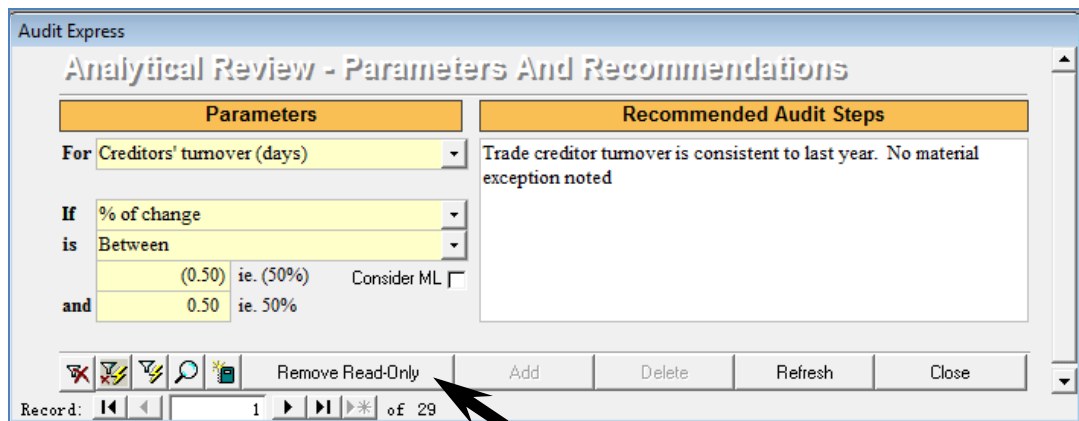
Observation and Recommended Audit Steps – cont'd

How to set the parameters?

Step 1 - In the AE main interface, click **Audit Kits and Tuning Centre** and **PAR Parameters**.



Step 2 - Click on **Remove Read-Only** to the following interface.

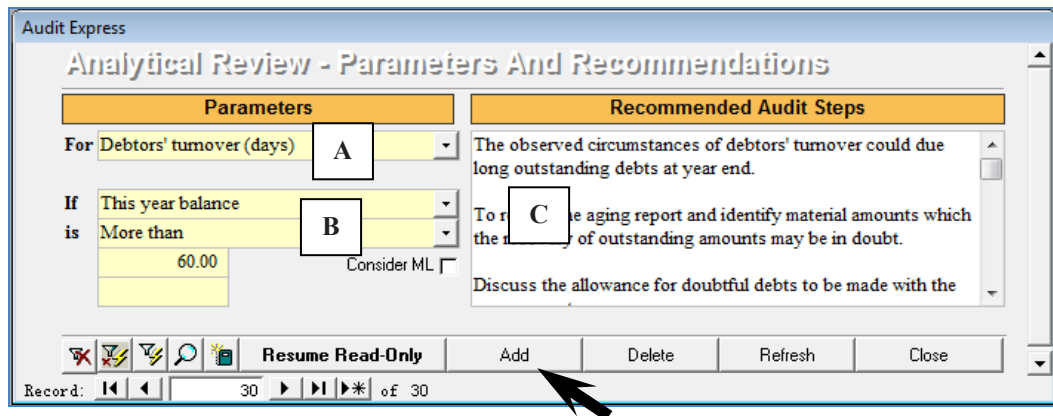


Step 3 - Enter **password** if necessary.



Observation and Recommended Audit Steps – cont'd


Step 4 - Click **Add** to add new record.



Step 5 - Select account name (e.g. salaries), nature (e.g. current assets) or ratios name (e.g. Creditor Turnover) in [A].

Select criteria in [B]. E.g. **% change** is **between -0.05** and **0.05**.

Insert Recommended Audit Steps in [C].

To view and print the complete list of the parameters, you can click on .

For more details of the features of *AE*, or specific enquires in respect of this article, please feel free to contact us at 1300 882 297 or marketing@myAXP.com **AXP**



Preview of IFRS for SMEs



About *Breaking News*

A preview and analysis of recent "hot" business, accounting or auditing topics and their impact on Malaysian Small and Medium-sized Practitioners (SMPs) and Small and Medium-sized Entities (SMEs).

The Issuance of IFRS for SMEs

On 9 July 2009, the International Accounting Standards Board (IASB) issued **International Financial Reporting Standards for Small and Medium-sized Entities** (*IFRS for SMEs*). The *IFRS for SMEs* is available from the official web-site of IASB for private, non-commercial use for registered users.

The IASB has worked on this project since 2003, and an **Exposure Draft** (ED) was issued in 2007. The IASB has also conducted **field-testing** with the participation of over 100 small companies in 20 countries. Prior to the issuance of the ED by the IASB, the Malaysian Accounting Standards Board (MASB) issued **ED 52: Private Entity Reporting Standards (PERS)** in 2006.

In Malaysia, SMEs, which comprise primarily proprietor-managed companies, represent more than 90% of all business establishments. The division of power between owners and management is insignificant and management has unrestricted access to specific financial information for decision making purposes. Primarily, the objectives of general purpose financial statements for SMEs are limited to compliance with statutory and tax reporting requirements.

In light of the above, it is undeniable that a separate set of financial reporting standards is essential to reduce the burden on SMEs whilst at the same time meeting their compliance needs. In our first issue of **Technical e-Newsletter in October 2005**, we discussed the necessity, advantages and disadvantages of having a separate set of accounting standards for SMEs.

This self-contained 230-pages' *IFRS for SMEs* is aimed at simplifying the financial reporting requirements of SMEs. For example, the revaluation model for property, plant and equipment and intangible assets is no longer an option, and proportionate consolidation is eliminated as an option for investments in jointly controlled entities.

Topics which are not relevant to majority of SMEs are omitted, including earnings per share, interim financial reporting, segment reporting and special accounting for assets held for sale.

To further bring down the burden of SMEs in updating the reporting requirements, the IASB proposes to amend the *IFRS for SMEs* approximately once every three years, and any changes that are made or proposed in the full IFRS do not apply to the *IFRS for SMEs* until such time as the *IFRS for SMEs* is itself amended.



*Preview of IFRS for SMEs – cont'd***Scope of SMEs or Private Entities**

Globally, there are various qualitative or quantitative definitions of SMEs. *IFRS for SMEs* defines SMEs as entities that do **not** have **public accountability**; and publish general purpose financial statements for external users. However, the decisions on which entities are required or permitted to use *IFRS for SMEs* rest with the authorities or standard-setters in the respective jurisdictions.

In Malaysia, the existing **definition of a private entity** is a private company (as defined under the Companies Act, 1965), incorporated under the said Act, that –

- ✓ is not itself required to prepare or lodge any financial statements under any law administered by the Securities Commission (SC) or the Bank Negara Malaysia (BNM); and
- ✓ is not a subsidiary or associate of, or jointly controlled by, an entity which is required to prepare or lodge any financial statements under any law administered by the SC or the BNM.

Issues of the existing definition of Private Entities in Malaysia

We wrote to the MIA Financial Reporting Standards Interpretation Committee (FRSIC) (**Issue 09, FRSIC Consensus 1/2008**) and commented on the MASB Exposure Draft on PERS, and highlighted the following issues on the definition of “private entities”:

- ✓ *There are companies which are required to lodge the financial statements under the laws administered by the SC or the BNM, but they do not have “public accountability”. For instance, previously, MSC-Status companies are required to lodge their financial statements to BNM under the Foreign Exchange Control Act, 1958. The lodgement of the financial statements to BNM is aimed at controlling the foreign exchange transactions, and thus, preparation of the financial statements in accordance with FRS is deemed not necessary.*
- ✓ *Under the existing definition, “public” companies are required to comply with FRS. We noted that there are certain “public” companies, which are family business with more than 50 members, are also required to comply with FRS as they are not “private” companies under the Companies Act, 1965. These companies may not have public accountability.*

Thus, we proposed that the scope of the “private entities” be re-defined, and the MASB should adopt the definition of “SMEs” and “public accountability” used in the *IFRS for SMEs*.

The consensus reached by the MIA FRSIC on the issues raised by us, is as follows (as extracted from Consensus 1/2008):

- ✓ *In a letter from BNM to MIA FRSIC, they have confirmed that MSC Status Company is no longer required to submit its audited annual financial statements to BNM.*
- ✓ *The Committee acknowledged that there may be some other requirements for certain other companies to lodge their financial statements with certain regulatory bodies or certain authorities for various purposes and may have similar concern as to whether they would fall within the ambit of the FRS reporting.*
- ✓ *The Committee has alerted MASB to consider providing further clarification on the above concern.*



*Preview of IFRS for SMEs – cont'd***Moving Forward**

We believe that the MASB will take the necessary steps to adopt *IFRS for SMEs*, which is in line with its plan to fully converge MASB's FRS with IFRS by 2012. Unlike their Singapore counterparts which have applied FRS in full, private entities in Malaysia should not have significant issues on adopting *IFRS for SMEs* since they continued to apply MASB's PERS when FRS became effective in 2006.

Based on the "historical" trend, MASB's approved reporting standards will normally be effective one year after the IASB's effective date. Thus, we foresee that Malaysian new PERS will be issued by the MASB within the next few months.

Although the *IFRS for SMEs* is not as simple as "Small and Medium-sized Entity Financial Reporting Standard" issued by the Hong Kong Institute of Certified Public Accountants (effective from 2005), the simplification of standards from full IFRS is certainly welcomed in the commercial world.

With the adoption of *IFRS for SMEs* globally, it will greatly assist various stakeholders, for example, international financial investors, venture capitalists and suppliers to better understand, interpret, and compare financial statements of SMEs. **AXP**



What's News from MASB



About *Technical News Update*

A snapshot of the latest development in technical news from IASB, MASB, IFAC, MIA and any other authorities or regulatory bodies, which are more relevant to SMP.

What's new on the reporting standards in Malaysia?

On **19 May 2009**, the MASB amended 3 Standards and issues 3 Interpretations, as follows:

- ✓ FRS 123 *Borrowing Costs*
- ✓ Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations*
- ✓ Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- ✓ IC Interpretation 11 FRS 2 – *Group and Treasury Share Transactions*
- ✓ IC Interpretation 13 *Customer Loyalty Programmes*
- ✓ IC Interpretation 14 FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

On **15 June 2009**, the MASB issued 3 Exposure Drafts and 3 Draft Interpretations for public comments, as follows:

- ✓ ED 64 *Business Combinations*
- ✓ ED 65 *Consolidated and Separate Financial Statements*
- ✓ ED 66 *First-time Adoption of Financial Reporting Standards*
- ✓ [draft] IC Interpretation 15 *Agreements for the Construction of Real Estate*
- ✓ [draft] IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
- ✓ [draft] IC Interpretation 17 *Distribution of Non-cash Assets to Owners*

For more information on the above technical news, please visit www.masb.org.my. **AXP**

Do You Know...

The Malaysian Institute of Accountants (MIA) established the Financial Reporting Standards Implementation Committee (FRSIC) in 2007?

The main function of the MIA FRSIC is to provide assistance to MIA members, both preparers and auditors, on matters of common interest relating to accounting standards by way of providing implementation guidance.

As of **31 August 2009**, there are a total of **30 issues** submitted to FRSIC, of which:

- 11 issues** have reached consensus;
- 7 issues** are rejected;
- 3 issues** are discontinued; and
- 2 issues** have published draft consensus for “public” comments.

The above information is updated as at **31 August 2009**.

Latest Update:

On **1 September 2009**, MIA FRSIC issued additional 2 Consensuses:

- ✓ FRSIC Consensus 12 *Sustainable Forest Management Concession Arrangements*; and
- ✓ FRSIC Consensus 13 *Expenses Permitted to be Written Off Against the Share Premium Account under Section 60 of Companies Act, 1965*.

For more information on how the MIA FRSIC works, and the process of submitting issues for consensus, please visit www.frsic.my/default.asp. **AXP**



Financial Statements – Non-Compliances



About *Reviewing Disclosure Requirements*

As a value-added service, AXP provides a complimentary service to assist in reviewing annual financial statements audited by our clients during the implementation and customisation stage of **Audit Express**. Any recommendations for improvements in disclosure requirements will be issued for their considerations.

In this section, we shall highlight common disclosure “faults” which have been observed during our review, and hope that it will help our client practitioners to better understand the disclosure requirements of prevailing reporting standards.

In this issue, we shall focus on **MASB 1 / FRS 101 Presentation of Financial Statements**.

<u>Reference</u>		<u>Observations</u>	<u>Recommendations or sample disclosures</u>
<u>PERS</u>	<u>FRS</u>		
1.29, 1.72, 1.73	101.29, 101.74, 101.75	Sub-classification of material items, such as inventories, other receivables and other payables, is not analysed in the notes.	Examples of common sub-classifications to be disclosed in the notes are: <i>Inventories</i> – raw materials, work-in-progress, and finished goods <i>Other receivables</i> – other receivables, deposits, and prepaid expenses <i>Other payables</i> – other payables, and accruals



Financial Statements – Non-Compliances – cont’d

<u>Reference</u>		<u>Observations</u>	<u>Recommendations or sample disclosures</u>						
<u>PERS</u>	<u>FRS</u>								
1.40	101.38	Where there are reclassifications of comparative figures, <i>minimum</i> disclosures are not disclosed.	<p><i>Sample disclosure for purely reclassification of items to conform with current year’s presentation (note: reclassification of items due to the changes in accounting policies will be covered at a later stage):</i></p> <div style="border: 1px solid black; padding: 10px; margin-top: 10px;"> <p>The following comparative figures, where appropriate, have been reclassified to conform with the current year’s presentation:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; width: 20%;">As restated RM</th> <th style="text-align: center; width: 20%;">As previously reported RM</th> </tr> </thead> <tbody> <tr> <td style="border-top: 1px solid black; border-bottom: 1px solid black;"> </td> <td style="border-top: 1px solid black; border-bottom: 1px solid black; text-align: center;"> </td> <td style="border-top: 1px solid black; border-bottom: 1px solid black; text-align: center;"> </td> </tr> </tbody> </table> </div>		As restated RM	As previously reported RM			
	As restated RM	As previously reported RM							
1.49	101.49	Where the financial statements are presented for a period longer or shorter than one year, minimum disclosures are not made in the notes.	<p><i>Sample disclosures:</i></p> <p><i>Presentation of first set of financial statements:</i> There are no comparative figures as this is the first set of financial statements prepared by the Company.</p> <p><i>Change of financial year-end:</i> During the financial year, the Company changed its financial year-end from 31 March to 31 December to coincide with the financial year-end of its holding company (<i>or other appropriate reasons</i>). The income statement, statement of changes in equity, cash flow statement and related notes for the current financial period are prepared for a period of 9 months and thus, not directly comparable to the comparative figures.</p>						



Financial Statements – Non-Compliances – cont'd

<u>Reference</u>		<u>Observations</u>	<u>Recommendations or sample disclosures</u>																																																																	
<u>PERS</u>	<u>FRS</u>																																																																			
1.66	101.68	Certain items are not disclosed on the face of balance sheet, for instance: 1. Non-current liabilities are presented as a line item and the breakdown is disclosed in the notes. 2. Cash and cash equivalents (including bank overdrafts).	Minimum disclosure items shall be disclosed on the face of balance sheet as required by appropriate standards.																																																																	
1.66(j)	101.68(k)	Provision is not disclosed as a line item on the face of balance sheet but grouped with other payables as "Other payables, accruals and provisions".	Provision shall be disclosed as a line item on the face of balance sheet.																																																																	
1.74(a)	101.76(a)	Numbers of shares authorised, and issued and fully paid are not disclosed.	<p><i>Sample disclosure:</i></p> <table border="1"> <thead> <tr> <th></th> <th colspan="4">Number of shares</th> </tr> <tr> <th></th> <th>2007</th> <th>2006</th> <th>2007</th> <th>2006</th> </tr> <tr> <th></th> <th>Units</th> <th>Units</th> <th>RM</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td colspan="5">Authorised:</td> </tr> <tr> <td>Ordinary shares of RM1 each</td> <td></td> <td></td> <td></td> <td>-</td> </tr> <tr> <td>At beginning of the year</td> <td></td> <td></td> <td></td> <td>-</td> </tr> <tr> <td>Created during the year</td> <td></td> <td></td> <td></td> <td>-</td> </tr> <tr> <td>At end of the year</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td colspan="5">Issued and fully paid:</td> </tr> <tr> <td>Ordinary shares of RM1 each</td> <td></td> <td></td> <td></td> <td>-</td> </tr> <tr> <td>At beginning of the year</td> <td></td> <td></td> <td></td> <td>-</td> </tr> <tr> <td>Issued during the year</td> <td></td> <td></td> <td></td> <td>-</td> </tr> <tr> <td>At end of the year</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>		Number of shares					2007	2006	2007	2006		Units	Units	RM	RM	Authorised:					Ordinary shares of RM1 each				-	At beginning of the year				-	Created during the year				-	At end of the year	-	-	-	-	Issued and fully paid:					Ordinary shares of RM1 each				-	At beginning of the year				-	Issued during the year				-	At end of the year	-	-	-	-
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1.75	101.78	Appropriations and movements in retained earnings are presented on the face of income statement.	These items, including retained earnings brought forward, retained earnings carried forward, dividends declared and paid, shall not be disclosed on the face of income statement.																																																																	



Financial Statements – Non-Compliances – cont'd

<u>Reference</u>		<u>Observations</u>	<u>Recommendations or sample disclosures</u>
<u>PERS</u>	<u>FRS</u>		
1.77	101.88	Analysis of expenses is a mixture of their “function” and “nature”. For example, when expenses are analysed by their “function”, staff costs are <i>also</i> presented on the face of the income statement.	Analysis of expenses shall not be presented as a <i>mixture</i> where expenses are analysed partly by their “function”, and partly by their “nature”.
1.85	101.95	Dividends (declared or proposed*) per share are not disclosed, either on the face of the income statement or in the notes. For FRS, it can also be disclosed on the face of statement of changes in equity.	<i>Narrative sample disclosure:</i> On _____, the Company paid a __% final tax exempt dividend (total dividend of RM__) in respect of the previous year. The net dividend per share was __ sen.
1.92	101.104	In certain cases, notes to the financial statements are not presented in a systematic manner, i.e., with reference to the order of the financial statements.	The sequence of the notes to the financial statements, including the accounting policies, shall be arranged by reference to the order of the financial statements.
1.102(c)	101.126(d)	Names of parent company and ultimate parent company are omitted. <i>or</i> Name of parent company is disclosed but name of ultimate parent company is not disclosed.	<i>Where immediate parent company is also the ultimate parent company, the following disclosure is suggested:</i> The Company is a subsidiary of _____, a company incorporated in Malaysia, which is also regarded by the directors as the ultimate holding company.
1.102(d)	NA	Neither the number of employees at the end of the period nor the average for the period is disclosed.	<i>Number of employees shall be disclosed for financial statements prepared under PERS (not required under FRS). Where there are no employee, we recommend that the following statement be disclosed:</i> At the balance sheet date, the Company does not have any employee as the Company is dormant (<i>or other appropriate reasons</i>). AXP



Preparation of Group Accounts – Consolidation (Part I)



About Experts' Corner

Our Technical Adviser, Mr. Keith Farmer, will review and illustrate recognition and measurement issues of prevailing accounting standards in an interesting manner.

This is the first part of a series of articles concerning the preparation of *consolidated* financial statements in accordance with **FRS 3: 'Business Combinations'** and **FRS 127: 'Consolidated and Separate Financial Statements'**. As we progress we shall consider and illustrate the key requirements of both Standards, with particular emphasis on 'recognition' and 'measurement' aspects. In later articles, we shall also consider **FRS 128: 'Investments in Associates'** and **FRS 131: 'Interests in Joint Ventures'**.

Before we begin, let's clarify what I would consider to be three important points:

1) 'Purchase' method required, 'pooling' method banned.

One of the key differences between FRS 3 and its predecessor (FRS 122_[2004]) was that FRS 3 banned the use of the '**pooling of interests**' (or '**merger**') method of consolidation, and required the use of the '**purchase**' (or '**acquisition**') method. Whilst a true 'merger' was said to be very rare, and hence the method ought not to have been used frequently, the fact is that, in the past, many business combinations which were really '**acquisitions**' were 'framed' to look like '**mergers**'. Why was this? Simply because of the 'beneficial' impact on the resultant consolidated financial statements, not least of which is that the retained earnings of the 'combining' companies were simply aggregated and goodwill was never recognised.

Having eliminated the need to 'structure' the combination using techniques such as 'vendor placings' and 'vendor rights', we can now return to our primary aim of giving a 'fair presentation' and preparing consolidated financial statements which serve the needs of the investing community in terms of consistency and comparability.

2) 'Separate', 'consolidated' and 'additional' financial statements.

A group comprises at least two entities (usually companies, although that does not have to be the case). *One* of these companies is referred to as the **parent** ['P'] (by definition, an entity which has one or more subsidiaries) and the *other* as the **subsidiary** ['S'] (by definition, an entity that is controlled by another entity). Each of them is required to prepare their own *individual* financial statements, whilst the **parent** is required to prepare an *extra* set of *consolidated* financial statements covering the group as a whole. This means that the **parent** will prepare *two* sets of financial statements, whereas the **subsidiary** will only prepare *one* set. Since this is the case, it is important to establish some 'terminology' so that we are totally clear as to *which* set of financial statements we are looking at.



Preparation of Group Accounts – Consolidation (Part I) – cont'd

The position is a little more complicated since (*later*) we also need to consider the scenario where an 'investor' holds *other* investments in **associates** or joint ventures which represent **jointly controlled entities**. The title given to the *extra* set of financial statements depending upon the status of the investment(s) held, so initially I shall refer to an 'investor' rather than a 'parent'.

INVESTOR: *Any* entity which holds an investment in a subsidiary ['S'], an associate ['A'] or a joint venture which represents a jointly controlled entity ['JCE'] is required to prepare **two** sets of financial statements. As such, its **own** financial statements are referred to as **SEPARATE** financial statements [**SF/S**] to distinguish them from the 'extra' set of financial statements which it is required to prepare. There are potentially *two* sets of 'extra' financial statements which *could* be prepared:

- i) If the 'investor' is a 'parent' (*ie. has one or more subsidiaries*) then the **extra** set of financial statements are referred to as **CONSOLIDATED** financial statements [**CF/S**]. If so, then in addition to *consolidating* all of its subsidiaries, the 'parent' shall also **equity account** any associates and **equity account or proportionally consolidate** any jointly controlled entities. Thus the information needs of various reader groups are all served in the **CF/S**.
- ii) If the 'investor' is **not** a 'parent', but does hold an investment in either an **associate** or **jointly controlled entity**, then we have a problem.

There is, of course, **no** requirement to prepare **CF/S**, but readers require 'additional' information in respect of any investments held in **associates** and/ or **jointly controlled entities**. In such a case, since the 'investor' *cannot* apply the **equity method or proportional consolidation** in its own **SF/S**, *how should this information be given?* The answer is that the 'investor' is required to prepare an 'additional' set of F/S which are basically its own **SF/S**, *but in which any associates are equity accounted and/ or any JCE's are equity accounted or proportionally consolidated*. The important question is: what 'title' should we give *this* set of F/S? The Standards does **not** give them a title, so I refer to them as **ADDITIONAL** financial statements [**AF/S**].

To summarise: any investor which holds an investment in either a subsidiary, and/ or an associate, and/ or a JCE will refer to its own financial statements as SF/S. In addition, it is required to prepare an 'extra' set of F/S and these will take the form of either CF/S or AF/S.

SUBSIDIARY/ ASSOCIATE/ JCE: Assuming they do not *themselves* hold investments in *other* subsidiaries, associates or JCE's, they are only required to prepare **one** set of F/S, *ie. their own* financial statements as individual legal entities. As such, their F/S are known as **FINANCIAL STATEMENTS** *and nothing more!*

To summarise: Please do not refer to this particular set of F/S as 'separate' F/S. Since they are only required to prepare one set of F/S, they are simply called 'financial statements' [F/S].

In later articles, we shall consider how to prepare **CF/S** where a subsidiary (or associate/ JCE) *itself* has investments in other subsidiaries, associates or JCE's, in which case its *own* F/S would *also* be referred to as **SF/S**. However, this takes us into the realms of 'indirect' subsidiaries, associates or JCE's, *ie. 'complex' groups* and hence 'complex' consolidation procedures. For the moment, we are only concerned with 'simple' subsidiaries.



*Preparation of Group Accounts – Consolidation (Part I) – cont'd***3) Features of the 'purchase' method of consolidation.**

The '**purchase**' (or '**acquisition**') method of preparing consolidated financial statements aims to present the position *as if* the group were simply **one** entity. Whilst the **SF/S** (of the parent) and **F/S** (of the subsidiary) reflect the separate *legal* entity status of each group member, the **CF/S** reflects the *economic* or *commercial* position. To be more specific, the '**purchase**' method aims to show the position *as if* '**P**' had actually '**bought**' the underlying net assets of '**S**'. This therefore leads us to the **four** key characteristics of the '**purchase**' method:

- i) When an entity **BUYS** assets, it pay **market prices at that point in time**. Hence '**P**' is required to carry out a '**fair value review**' (ie. to establish the market values of the assets acquired and liabilities assumed) in respect of '**S**'. Once these figures are known, they need to be incorporated into the financial statements of '**S**' prior to consolidation.
- ii) When an entity **BUYS** assets, it also **buy 'goodwill'**. Since a '**purchase transaction**' took place, it is appropriate to recognise the '**cost**' of the **goodwill acquired**.
- iii) When an entity **BUYS** assets, they only generate profits for *the entity from the date of acquisition*. To reflect this, **ALL** of the **reserves** of '**S**' are '**split**' into **two** elements:
 - a) '**PRE**' – ie. the balance at the **date of acquisition**. This has **nothing** to do with '**P**'. They are the result of decisions made by the **former** shareholders. They will **NOT** be seen in the **CF/S**.
 - b) '**POST**' – ie. the reserves which accumulate **AFTER** acquisition. They are the result of decisions made by '**P**' and **WILL BE SEEN** in the **CF/S**.
- iv) When preparing the *consolidated* income statement, an entity only incorporates the **results from the date of acquisition** – for the same reason as above.

Please consider the above points carefully, since they underlie everything we do. In the following article we shall focus on the '**fair value**' issue. This involves consideration of the '**purchase consideration**' (ie. the **cost** of acquiring a controlling interest in a subsidiary), recognition and measurement of the '**assets acquired**' (which is **not** solely limited to those **currently** recognised in the F/S of '**S**') and recognition and measurement of the '**liabilities assumed**' (which includes both **recognised** liabilities and **contingent** liabilities), and, of course, recognition and measurement of goodwill. **AXP**



Non-Current Assets (Part I)



This is the first part of a series of articles concerning the accounting treatment of non-current assets. As we progress we shall consider and illustrate the key requirements of all the relevant Standards, with particular emphasis on 'recognition' and 'measurement' aspects.

Before we begin, let's clarify what I would consider to be three important points:

1) Definition of an 'asset'.

In accordance with the '**Framework for the Preparation and Presentation of Financial Statements**' (*the 'Framework'*) an '**asset**' is defined as "a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity".

The definition comprises **four** elements:

- i) '**a resource**': meaning some form of store of wealth. The easiest 'resource' to envisage is simply cash or a bank balance, but the scope is far wider incorporating tangible and intangible resources, both non-financial and financial in nature, for example: receivables, plant and equipment, land and buildings, brand names, patents, in-the-money purchased options and derivative financial assets.
- ii) '**...controlled by the entity**': meaning that the entity has the ability to determine how the resource will be used or employed, and can restrict access by others to the future benefit flows.

For example, a public highway outside an entity's business is no doubt a 'benefit' to the entity, but could not be considered to be an asset of the entity since anybody can use the highway. However, a toll road is an 'asset' to the concessionaire since it can restrict access only to those paying the toll. You should also note that there is no reference to legal title. Whilst the entity would normally have legal title, by itself, this is not important. What is important is the ability to 'control' the use of the resource. This is the basis on which entities recognise an asset resulting from a lease agreement which is classified as a 'finance lease'.

- iii) '**...past events**': the event (which is normally based on a transaction) has already taken place before the reporting date. If this were not the case, then an 'asset' would not be recognised at the reporting date.

For example, whilst an entity is required to disclose any capital commitments at the reporting date as a note to the financial statements, no asset would be recognised in the financial statements.

- iv) '**...future economic benefits are expected to flow to the entity**': meaning that whilst there is no **guarantee** that a future inflow will take place, there is an **expectation** that it will.

For example inventory may become obsolete or a receivable may be in financial difficulties. Indeed one of the '**general rules**' contained in the Standards is that where no further benefits can be foreseen from use or sale of an asset, it shall be de-recognised.



Non-Current Assets (Part I) – cont'd

Further, the 'economic benefit' normally takes the form of an inflow of cash, but it could take any form, for example a simple exchange of assets.

2) Distinction between 'current' and 'non-current' assets.

Standards do not define the term 'non-current assets'. FRS 101: '**Presentation of Financial Statements**' states that an entity shall classify an asset as '**current**' when:

- i) it expects to realise, sell or consume the asset within its normal operating cycle,
- ii) it holds the asset primarily for the purpose of trading,
- iii) it expects to realise the asset within twelve months after the reporting date,
- iv) the asset is cash or a cash equivalent and there is no restriction on its use.

FRS 101 then states that an entity shall classify *all other* assets as '**non-current**'. Additionally, it does not prohibit the use of alternative descriptions (for example, 'long-term assets' or 'fixed assets') as long as the meaning is clear.

3) Presentation of 'current' and 'non-current' assets on a balance sheet.

FRS 101 requires an entity to present '**current**' and '**non-current**' assets (*and 'current' and 'non-current' liabilities*) *separately* in its balance sheet, except where a 'liquidity' presentation provides information that is reliable and more relevant. Note that where the exception applies:

- i) whilst the information would be equally as 'reliable' as a 'current' / 'non-current' distinction, it is considered to be *more* relevant to users of the financial statements to present assets in such a way.
- ii) all assets shall be presented in order of liquidity.

There are a large number of Standards which we need to consider under this topic, in particular FRS 116: '**Property, Plant and Equipment**' (which deals with tangible non-current assets), FRS 138: '**Intangible Assets**', FRS 140: '**Investment Property**' and FRS 201_[2004]: '**Property Development Activities**'. One 'good' point about the first three Standards mentioned above is that, whilst their *specific* requirements are *different*, they are all 'structured' in the same way. They all deal with the '**definition**', '**recognition tests**', '**initial**' measurement, '**subsequent**' measurement, '**revaluation**' rules, '**general**' rules, '**depreciation/ amortisation**' rules and '**disclosures**'. This makes it easier to assimilate and compare their requirements.

In addition, we also need to consider the impact of FRS 5: '**Non-Current Assets Held for Sale and Discontinued Operations**'. When an entity has satisfied the requirements necessary to classify either an individual non-current asset or a 'disposal group' as '**held for sale**', it ceases to be accounted for under its former Standard (eg. FRS 116) and thereafter applies the requirements of FRS 5. One important point to understand is that FRS 5 does **not** apply to non-current assets which have come to the end of their useful lives, it applies to non-current assets where there has been a **change in management intentions**. In the past, the intention was to recover their carrying value through continued use. In the future, the intention is to recover the carrying value principally through disposal. As a consequence of the change in intentions, applying their former Standard would no longer give a fair presentation. FRS 5 requires an entity to change the measurement basis, cease depreciation (or amortisation) and remove them from the classification of 'non-current assets' on the balance sheet and disclose them separately.



Non-Current Assets (Part I) – cont'd

Finally, we also need to consider FRS 136: '**Impairment of Assets**'. Whilst the measurement basis of many assets incorporates an 'automatic' impairment test (eg. inventories are valued at the lower of cost or net realisable value) the measurement basis of most tangible and intangible non-current assets does not (ie. their carrying value is based on cost less accumulated depreciation/ amortisation). Hence, if there is any indication that they are '**worth less than** their existing carrying value, an entity is required to carry out an impairment test and recognise any impairment losses **immediately** in the income statement. This eliminates the past practice of having to decide whether the loss was '**temporary**' (*in which case it may be recognised*) or '**permanent**' (*in which case it must be recognised*) and all the ensuing problems! Equally, of course, in the future circumstances might change again, in which case we simply **reverse** the impairment loss. Whilst many commentators argue that recognising and subsequently reversing impairment losses distorts underlying trends, we must also remember that a balance sheet is a 'picture' at a particular date in time, and it is important that it gives a fair presentation *at* that date in time.

In the following article we shall consider FRS 116 focusing on 'recognition', 'measurement' and 'derecognition' aspects. As I mentioned earlier, once we have the basic 'structure' of this Standard, we can apply it to the other Standards dealing with non-current assets and compare and contrast their requirements. **AXP**



Accept or Reject Audit Clients?



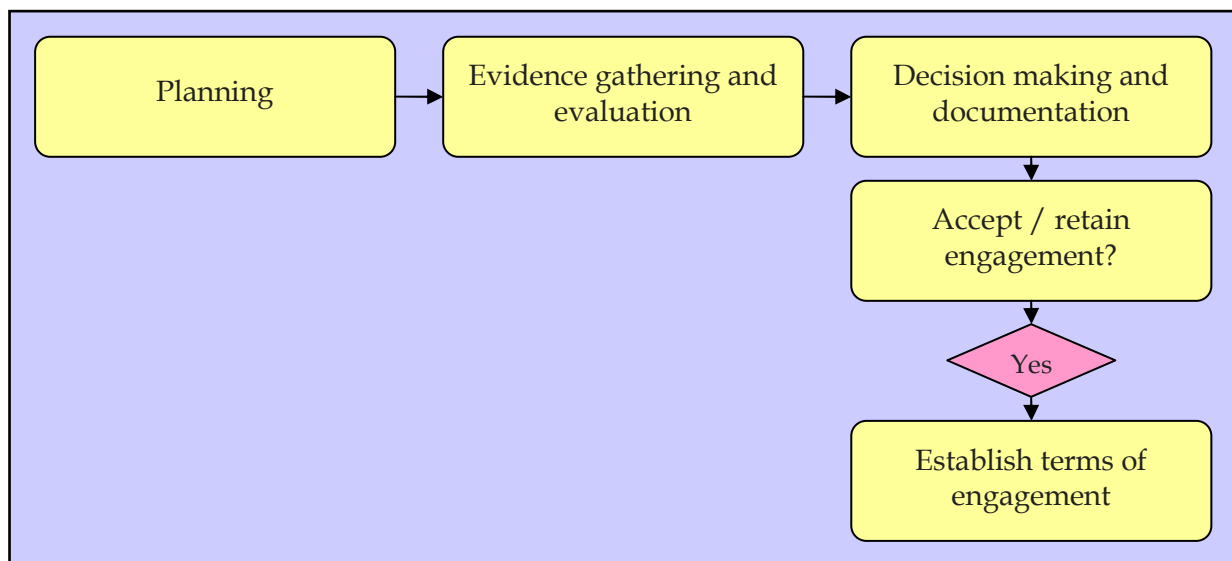
About ISQC-Compliant Audit Approach

This section will illustrate the requirements of the International Standards on Quality Control (ISQC) 1 and standards on auditing, and how the audit programmes developed by AXP can help an auditor to comply with these standards.

Overview

It is not uncommon for an auditor to receive enquiries from prospective audit clients. ISQC 1 requires an auditor to establish policies and procedures for the acceptance of prospective clients and retention of existing clients.

An overview of the procedure to accept and retain audit engagement is as follows:



*Accept or Reject Audit Clients? – cont'd***Planning**

An auditor should plan to conduct a preliminary understanding of a prospective client, and subsequently, decide whether to accept or reject the engagement. It is also essential to periodically review whether existing audit engagements should be retained.

In accordance with ISQC 1, an auditor should establish policies and procedures for the acceptance and retention of audit clients so as to ensure that minimum criteria are considered, i.e., integrity of clients, competence and capabilities to perform the engagements, and compliance with code of ethics.

Other relevant factors that may be taken into consideration are, for example, whether the proposed audit fees are appropriate and justifiable, and whether the appointment violates any laws and regulations.

Evidence gathering and evaluation ~ Preliminary understanding of client's business

An auditor should collect sufficient and appropriate evidence in respect of prospective or existing clients. In respect of prospective clients, the evidence is preliminary and normally limited since the auditors do not have full access to the prospective clients.

An auditor should plan to conduct such activities as are deemed necessary to collect the required evidence from appropriate sources. For example, previous years' auditors' reports and financial statements (if applicable), company search, site visit, third parties' information and any relevant published information.

Evidence collected at the preliminary stage should be sufficient and appropriate to enable an auditor to properly understand the nature of the clients' business.

Decision making and documentation

When sufficient and appropriate evidence has been collected, an auditor should decide whether the audit risks associated with the engagement are acceptable. Where client specific audit risks are identified, an auditor should assess whether there are mitigating factors which would reduce the risks to an acceptable level.

For existing clients, an auditor should review whether to retain the clients prior to the commencement of the future engagements. An auditor may rely on the results of the recently completed audit engagement and update any changes subsequent to the conclusion of the completed engagement.

All the procedures performed by an auditor shall be properly documented to support the decision to accept new clients and / or retain existing clients.



*Accept or Reject Audit Clients? – cont'd**Exhibit I: Excerpt of Audit Programme available in Audit Express ~ Client acceptance and retention*

CLIENT ACCEPTANCE AND RETENTION					
OBJECTIVES:					
<ul style="list-style-type: none"> - To evaluate the acceptance of a prospective client. - To review the retention of the existing client, on an ongoing basis. 					
PROCEDURES:					
No.	Procedures	X-Ref	Yes	No	N/A
CLIENT ACCEPTANCE					
1	In evaluating whether to accept a prospective client, the following and other relevant factors should be considered:		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.1	Review available financial information and/or past years' auditors' reports and audited financial statements, where applicable.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.2	Conduct a company search to obtain the background information of the prospective client.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.3	Inquire for information from third parties, subject to the relevant ethical requirements, such as prospective client's bankers, lawyers, etc.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.4	Communicate with the outgoing auditors in accordance with the relevant ethical requirements.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.5	Review the audit working papers of the outgoing auditors.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.6	Consider the Firm's ability, including technical skills and knowledge of the industry, to conduct the engagements.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.7	Consider the capabilities and competence of the personnel, to serve the prospective client.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.8	Best efforts have been made to identify circumstances or relationships that might create threats to independence, including self-interest threat ¹ , self-review threat ² , advocacy threat ³ , familiarity threat ⁴ and intimidation threat ⁵ .		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.9	The acceptance of the prospective client does not violate other provisions of the code of ethics.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



*Accept or Reject Audit Clients? – cont'd***To establish the terms of engagement**

A written engagement letter should be sent to confirm the scope, terms and conditions prior to the commencement of the engagement. The primary purpose of the engagement letter is to minimise any possible misunderstanding on the engagement.

In practice, an auditor should formulate an appropriate policy to send a revised engagement letter to existing clients when the nature of the audit changes, for example, if there are significant changes in the nature and size of the business, management or ownership, revised terms or to clarify misunderstanding of the terms of engagement.

Exhibit II: Excerpt of Audit Programme available in Audit Express ~ Establish terms of the engagement

ESTABLISH TERMS OF THE ENGAGEMENT					
OBJECTIVE:					
To establish terms of the engagement and agree with the client prior to the commencement of the engagement.					
PROCEDURES:					
No.	Procedures	X-Ref	Yes	No	N/A
	Initial Audit		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	For the initial audit, has the engagement letter been agreed by client (<i>consider the following minimum points to be included</i>)?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.1	Objective of the audit		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.2	Management's responsibility for the financial statements		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.3	Scope of the audit		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.4	Form of the reports or deliverables		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.5	Inherent limitation of audit, accounting and internal control and their impacts		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.6	Unrestricted access to records, documents and information		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.7	Planning of audit		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.8	Management representation made in connection with the audit		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.9	Acknowledge receipt of the engagement letter		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.10	Basis of the fee computation and billing arrangements		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Has the acknowledged copy of the engagement letter been		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For further enquiry on the AXP's ISQC-compliant audit programmes, please contact us at 1300 882 297 or marketing@myAXP.com AXP



Highlight of the Events – MoU with UKM



About AXP Update

Highlights of AXP's past events, forthcoming planned events and any other important events/milestones.

Past events from June 2008 to August 2009

AXP has participated in and sponsored various events, as follows, in chronological order:

<u>Date</u>	<u>Events</u>	<u>Organisers</u>
10/6/2008	Second Small & Medium Practices Forum	Malaysian Institute of Accountants (MIA)
12/8/2008	Second Exclusive SME Showcase 2008	Multimedia Development Corporation Sdn. Bhd.
19 & 20/8/2008	National Tax Conference 2008	Lembaga Hasil Dalam Negeri Malaysia (LHDN) and Malaysian Institute of Taxation (MIT)
25 & 26/11/2008	National Accountants Conference 2008	MIA
1 & 2/12/2008	Accounting Students Conference 2008	International Islamic University of Malaysia (IIUM)
4 & 5/8/2009	National Tax Conference 2009	LHDN and Chartered Tax Institute of Malaysia (CTIM, formerly known as MIT)
19/8/2009	Public Accountants Conference 2009	Accounting and Corporate Regulatory Authority (ACRA), Singapore

In 2008, AXP was awarded the following prestigious awards:

Top 50 Enterprise Awards Malaysia (TEAM)

We received the Golden Award of the inaugural TEAM on 25 January 2008. TEAM is granted by The Young Entrepreneurs Association of Malaysia or better known as Persatuan Usahawan Muda Malaysia (PUMM).

Enterprise 50 (E50) 2008 Award

The E50 Award is a prestigious annual award programme that recognises the achievements of Malaysia's home grown entrepreneur companies, which are well positioned for the future. This eventful programme is jointly organised by the Small and Medium Industries Development Corporation (SMIDEC), Deloitte Malaysia and TV3.

For more information on the above events, kindly visit AXP's web-page: www.myAXP.com



*Highlight of the Events - MoU with UKM - cont'd***Forthcoming AXP Events*****Audit Express Workshop at IIUM***

We shall conduct an *Audit Express* Workshop on **2 and 3 October 2009** to accounting students of IIUM. The objective is to expose the students to practical auditing techniques from audit planning to the preparation of the annual financial statements using *Audit Express*.

Memorandum of Understanding (MoU) Signing Ceremony between Universiti Kebangsaan Malaysia (UKM) and AXP

Following the successful collaboration between AXP and University of Malaya on introducing *Audit Express* at their university campus, we are pleased to announce that we shall sign our second MoU with UKM on **19 October 2009** at Cititel Mid Valley.

The purpose of this MoU is to establish a platform to integrate AXP's specialism into UKM's audit subject, thereby exposing students at an early stage to the practical aspects of auditing with hands-on experience. **AXP**



Jewel on the Pacific Ocean - Guam



About Travel and Vacation

Wondering where to go on vacation this year? Let us entice you with some amazing travel opportunities and a suggested itinerary for the destination selected. Furthermore, test your knowledge on Malaysia by participating in our **Travel and Vacation Quiz**. Prizes are waiting to be won by the lucky participants, and our Grand Prize can help to make your dreams come true.

We wish to extend our gratitude to the Guam Visitors Bureau for the information provided. If you wish to find out more about Guam, please visit www.visitguam.org.

Where is Guam?

Hafa Adai... means hello!

Guam, an island territory of the United States, is located in Western Pacific. Guam covers approximately 549 sq km – the largest island in Micronesia and the gateway to the region. It's approximately 2,400 km south of Japan 2,554 km east of Philippines, and 3,242 km east of Hong Kong.

Getting There

Currently, there is no direct flight from Malaysia and Singapore connecting Guam. The Antonio B. Won Pat International Airport connects Guam to a few cities in United States, and certain cities in Asia, such as, Manila, Tokyo, Osaka, Seoul, Taipei, etc.

Travel Visa

Entry requirements for Guam are the same as for any U.S. destination. In October 1988, the U.S. Government implemented the Guam-only visa waiver program. Citizens of more than a dozen countries, including Malaysia and Singapore, have been allowed entry to Guam without a visa for a period of up to 15 days; travel onward to other U.S. ports is not allowed.

Please refer to the official web-site of Guam and United States Department of Homeland Security for more information and update on visitors' visa and entry requirements.

Other General Information

Capital: Hågatña (Agana)

Population: 166,090 (June 2004 est)

Official Language: English and Chamorro

Climate: 26°C - 30°C; Dry season between January and May and rainy season between October and December

Time Zone: GMT+10 (GMT+8 for Malaysia and Singapore)

Electricity Current: Same as on the U.S. Mainland: 120 volts/60 cycles

Currency: U.S. Dollar

Credit Cards: American Express, Diners Club, Visa, Mastercard, JCB, and other major credit cards

Media/Internet Services: Internet dial-up, broadband, Wi-Fi, cable TV, local & national newspapers



Jewel on the Pacific Ocean - Guam - cont'd

How to Enjoy Guam?

1. Culture

The Chamorro culture is the oldest in the Pacific. Visit carefully preserved sites throughout Guam and stop at Gef Pa'go Chamorro Cultural Village to experience what life was like nearly 300 years ago.

2. Wednesday Night Market

The Y SengSong Chamorro Village is the place to be on Wednesday nights! Enjoy live music and entertainment, go shopping for real bargains on locally produced items, and soak up the friendly atmosphere.

3. Water Activities

Tandem skydiving, jetskiing, parasailing, kite surfing, and many others water activities are irresistible for adrenaline junkies; dive enthusiasts will enjoy the waters off Guam; snorkelers will be in awe of the Tumon Bay Marine Park protected marine life; Submersible vehicles and devices will excite the young and old.

Guam has some of the most spectacular diving in the world, including the only spot in the world where shipwrecks from WW 1 and II lie side by side. Drop into the Blue Hole or explore ancient reefs where corals and tropical fish thrive.

4. Golfers' paradise

Guam boasts 7 golf courses, each with a different environment and degree of difficulty, and come into contact with the beautiful sea, the fresh wind and colourful and beautiful flowers and fruit trees.

5. Boonie Stomping

Expert guides lead forays to Guam's hidden wonders every weekend. Explore waterfalls, caves, hidden ponds, secluded beaches, and relics from ancient days. Boonie stomping affords views not seen by the average visitor.

6. Nightlife

End the day with an exquisite sunset and cocktails on the beach, or take in one of the cultural performances, dance to live music or pop in to one of Guam's trendy nightclubs.

And many more ... **AXP**



Travel and Vacation Quiz



How good is your knowledge of Malaysia? Are you aware of Malaysia's better and less better known travel spots? Can you advise friends, family or visitors where to enjoy what Malaysia has to offer? Do you enjoy a challenge??

Try our quiz. All we need is the correct name of two locations for which we shall supply 4 clues in respect of each one. You can win a RM50 gift voucher per issue. Not only that, if you really know Malaysia you are in the running to win a 6 consecutive issues Grand Prize of a RM1,000 holiday voucher. Maybe Guam looks interesting??

Prize

Each issue: 2 x RM50 gift vouchers for the first two correct answers

Grand Prize: 1 x RM1,000 holiday voucher

Rules and regulations

1. All completed entries must be e-mailed to support@myAXP.com before 11.59 p.m. on 13 September 2009. AXP will not be responsible for blocked or lost e-mails. Uncompleted Entry Form will be rejected.
2. The Quiz is open to individuals residing in Malaysia or Singapore only.
3. The gift vouchers will be delivered only in Malaysia or Singapore.
4. Gift vouchers are not transferable, and cannot be exchanged for cash.
5. The names of the prize winners, along with the answers, will be published in the following issue of e-Newsletter and winners will be notified by e-mail.
6. Queries regarding the quiz can be sent to support@myAXP.com.
7. Employees and relatives of employees of AXP Solutions Sdn. Bhd. and AXP Solutions Pte. Ltd. cannot participate in the Quiz.
8. The first two participants with the correct official names of the venues win the RM50 bi-monthly prizes.
9. All participants who have answered our *Travel and Vacation Quiz* correctly for 6 consecutive issues are eligible for our Grand Prize draw to win a RM1,000 holiday voucher. In the event that no participant correctly answers all six consecutive quizzes, participants who answer the most quizzes correctly shall be eligible for the Grand Prize draw.
10. AXP's decision on the results and winners is final. **AXP**

See next page for the Quiz of this Issue and Entry Form



Travel and Vacation Quiz - cont'd

Quiz 1

1. It is 45 minutes drive from Seremban, Malaysia and located about 1,000 feet above sea level.
2. It aims to promote the idea of environment preservation; it is green lovers' heaven.
3. It promotes healthy living by encouraging visitors to experience the nature and appreciate the natural food.
4. It provides nutritional chemical free cuisine and conducts healthy activities during visitors' stay.

Quiz 2

1. It's located in the state of Pahang.
2. Different cultures of the world located in a single unique destination.
3. Different horse riding trails with riding lessons are available.
4. Location for one of the most challenging and picturesque mountain golf course in Malaysia.

Entry Form

<p>AXP e-Newsletter's Travel and Vacation Quiz - September/October 2009 Issue [Quiz 1/6] Entry Form (E-mail to support@myAXP.com)</p>	
<p>Answers</p>	
<p>Quiz 1: _____</p>	<p>Quiz 2: _____</p>
<p>Personal Details</p>	
<p>Name: _____</p>	<p>I/C No: _____</p>
<p>Company: _____</p>	<p>Address: _____</p>
<p>E-mail Add: _____</p>	<p>_____</p>
<p>Contact No.: _____</p>	<p>_____</p>
<p>Fax No.: _____</p>	<p>_____</p>
<p><small>AXP</small></p>	

