

Technical e-Newsletter

October 2007 Issue

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Editors' Notes ~ 2nd Anniversary

Time flies, we have entered into third consecutive year for the publishing of AXP Technical e-Newsletter. Thus, in this issue of the e-Newsletter, we have summarised all the topics issued to-date for your reference.

Should you need any checklists, templates illustrated in our e-Newsletter. Please feel free to contact us at support@myAXP.com to obtain these complimentary copies.

We are currently re-organising the contents of our e-Newsletter to further enhance its usefulness to you. Thus, we will temporarily cease issuing e-Newsletter. Our new series of the e-Newsletter will be issued in January 2008. Meanwhile, if you have any comments / suggestions for the e-Newsletter, please do not hesitate to contact us.

Happy reading!

Editors
AXP Technical e-Newsletter
October 2007

Circulation Notice

AXP Technical e-Newsletter is distributed to AXP's clients and selected accounting and audit practitioners in Malaysia. The views in this e-Newsletter do not necessarily represent those of AXP's.

Contributions & Comments

AXP Technical 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. Your contributions or comments may be sent directly to us at:

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**SUMMARY OF THE PREVIOUS ISSUES OF
AXP TECHNICAL *E*-NEWSLETTERS**

FRS COMPLIANCE CHECKLISTS

Since November 2005 Issue, we have issued FRS compliance checklists, together with the sample disclosure notes and diagrammatic illustration of the relevant FRSs.

Furthermore, in early 2007, we have published Model Financial Statements and sample disclosure checklists complied with all the relevant FRSs which are effective for the financial period beginning on and after 1 January 2006.

The compliance checklists issued to-date are as follows:

| <i>Issues</i> | <i>Topics</i> |
|----------------|--|
| November 2005 | FRS 101 Presentation of Financial Statements |
| November 2005 | FRS 102 Inventories |
| May 2006 | FRS 107 ₂₀₀₄ Cash Flow Statements |
| December 2005 | FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors |
| December 2005 | FRS 110 Events After the Balance Sheet Date |
| August 2006 | FRS 111 ₂₀₀₄ Construction Contracts |
| July 2006 | FRS 112 ₂₀₀₄ Income Taxes |
| September 2006 | FRS 114 ₂₀₀₄ Segmental Reporting |
| January 2006 | FRS 116 Property, Plant and Equipment |
| May 2007 | FRS 117 Leases |
| June 2006 | FRS 118 ₂₀₀₄ Revenue |
| October 2006 | FRS 119 ₂₀₀₄ Employee Benefits |
| December 2006 | FRS 120 ₂₀₀₄ Accounting for Government Grants and Disclosure of Government Grants |
| January 2006 | FRS 121 The Effects of Changes in Foreign Exchange Rates |
| November 2006 | FRS 123 ₂₀₀₄ Borrowing Costs |
| May 2007 | FRS 124 Related Party Disclosures |
| October 2006 | FRS 126 ₂₀₀₄ Accounting and Reporting by Retirement Benefit Plans |

| <i>Issues</i> | <i>Topics</i> |
|----------------|--|
| February 2006 | FRS 127 Consolidated and Separate Financial Statements |
| February 2006 | FRS 128 Investments in Associates |
| July 2006 | FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies |
| January 2006 | FRS 131 Interests In joint Ventures |
| April 2006 | FRS 132 Financial Instruments – Disclosure and Presentation |
| March 2006 | FRS 133 Earnings Per Share |
| December 2006 | FRS 134 ₂₀₀₄ Interim Financial Reporting + Bursa Malaysia Listing Requirements on interim financial reporting |
| June 2006 | FRS 136 Impairment of Assets |
| September 2006 | FRS 137 ₂₀₀₄ Provisions, Contingent Liabilities and Contingent Assets |
| May 2006 | FRS 138 ₂₀₀₄ Intangible Assets |
| March 2006 | FRS 140 Investment Property |
| August 2006 | FRS 201 ₂₀₀₄ Property Development Activities |
| November 2006 | FRS 204 ₂₀₀₄ Accounting for Aquaculture |
| March 2006 | FRS 2 Share-based Payment |
| February 2006 | FRS 3 Business Combination |
| April 2006 | FRS 5 Non-current Assets Held for Sale and Discontinued Operations |

OTHER DISCLOSURE CHECKLISTS

In addition to the compliance checklists for the respective FRSs, we have also issued the following disclosure checklists, relevant to the presentation of financial statements in Malaysia, as follows:

| <i>Issues</i> | <i>Topics</i> |
|----------------|---|
| January 2007 | FRS disclosure checklist – Part I |
| February 2007 | FRS disclosure checklist – Part II |
| April 2007 | Directors' report and auditors' report |
| June 2007 | Engagement to review financial statements |
| September 2007 | 9th schedule disclosure checklist |

FRS COMPLIANCE TEMPLATE

To assist our readers to comply with some complex yet commonly used FRSs, we have also developed a few templates, as follows:

| <i>Issues</i> | <i>Topics</i> |
|---------------|---|
| | Computation of audit fees |
| | Hire Purchase Template |
| June 2006 | FRS 136 Impairment testing template |
| June 2006 | MASB 23 Impairment testing template |
| August 2006 | FRS 111 ₂₀₀₄ / MASB 7 Construction contract template |
| August 2006 | FRS 201 ₂₀₀₄ / MASB 32 Property development template |
| August 2006 | FRS 112 ₂₀₀₄ / MASB 25 Income taxes template |

OTHER SPECIAL TOPICS / COVER STORIES

In connection with the contemporary issues encountered by the accountants, we have analysed some of the following issues in our cover stories:

| <i>Issues</i> | <i>Topics</i> |
|---------------|--|
| October 2005 | Is a separate set of accounting standards required for small and medium enterprises? |
| January 2006 | Do SMEs need to comply with FRS? |
| June 2006 | Revisiting the Sarbanes-Oxley Act |
| August 2006 | An overview of the Construction section in Malaysia |
| March 2007 | Will WiMAX change our life? |
| March 2007 | An overview of the International FRS for Small and Medium-sized Entities |
| July 2007 | An overview of ED 57 Operating Segment |
| August 2007 | Collaboration between University of Malaya and AXP Solutions |
| August 2007 | A study of ED 56 Financial Instruments: Disclosure |

TOPICS ON INTERNATIONAL STANDARDS ON AUDITING

In recent years, the audit industry has experienced tremendous changes. Thus, in our earlier issues of the e-Newsletter, we have analysed some of the exposure drafts on auditing standards, as follows:

| Issues | Topics |
|---------------|---|
| October 2005 | MIA issued RFG 4 – Samples of Auditors’ Reports in respect of going concern uncertainty |
| October 2005 | Proposed Malaysian Approved Standard on Auditing available for comments |
| November 2005 | Proposed Auditing Standard – Planning An Audit of Financial Statements |
| December 2005 | Proposed Auditing Standard – Assurance Engagements Other Than Audit or Review of Historical Financial Information |

TOPICS ON TAX ISSUES

In line with the Malaysian government’s proposal to introduce Goods and Services Tax, since the inception of AXP Technical e-Newsletter, we have covered a few topics on GST to help accountants better prepared for the introduction of GST in Malaysia, as follows:

| <i>Issues</i> | <i>Topics</i> |
|---------------|---|
| October 2005 | What are the “common issues” targeted by Inland Revenue Board |
| November 2005 | Are you ready for GST? |
| December 2005 | Registration Decision Making |
| January 2006 | Selling Decision Making |
| February 2006 | Buying Decision Making |
| March 2006 | Recording Impact |
| April 2006 | Exploring the Survival Impact |
| May 2006 | The Legal Impact |

TOPICS ON CORPORATE LAW REFORM COMMITTEE’S CONSULTATIVE DOCUMENTS

The corporate law in Malaysia is undergoing a reform in recent years, in tandem with the publishing of Consultative Documents by the Corporate Law Reform Committee, AXP has taken the initiative to review and comment on the Consultative Documents issued. The comments on Consultative Documents were subsequently transferred to AXP Technical Diagnostic Centre when it was introduced in July 2006.

| Issues | Topics |
|------------|--|
| March 2006 | Engagement with Shareholders |
| April 2006 | Company Liquidation – Reforms and Restatement of the Law |

AXP TECHNICAL DIAGNOSTIC CENTRE

Since July 2006, a new section in the AXP Technical e-Newsletter was introduced ~ AXP Technical Diagnostic Centre (TDC). AXP TDC is aimed at analysing contemporary and uncertain accounting issues and commenting on the Consultative Documents issued by CLRC, exposure drafts issued by IASB and MASB. Since the introduction of AXP TDC, we have discussed on the following topics:

| Issues | Topics |
|------------------------------|---|
| May 2006 Supplementary issue | Proposed amendments to IAS 1 Presentation of Financial Statements ~ A revised presentation |
| July 2006 | Comments on ED 52 – Issued by MASB |
| July 2006 | Comments on proposed amendments to IAS 23 Borrowing Costs – Issued by IASB |
| August 2006 | Financial reporting by a foreign branch |
| August 2006 | Treatment of rental income derived from unsold completed development units of a property developer |
| September 2006 | ED 53 Framework for the Preparation and Presentation of Financial Statements |
| October 2006 | How should the revenue from golf membership be recognised? |
| October 2006 | Can the non-listed public company apply PERS? |
| November 2006 | Can the unutilised re-investment allowance carried forward be recognised as “deferred tax assets”? |

| Issues | Topics |
|----------------|---|
| December 2006 | Recognition of tangible and intangible assets on acquisition of a subsidiary |
| January 2007 | Salient points ~ CLRC Consultative document on Members' Rights and Remedies |
| January 2007 | Salient points ~ CLRC Consultative document on Creating a Conducive Legal and Regulatory Framework for Business |
| February 2007 | Reply to consultative questions ~ CLRC Consultative document on Members' Rights and Remedies |
| March 2007 | Reply to consultative questions ~ CLRC Consultative document on Creating a Conducive Legal and Regulatory Framework for Business |
| April 2007 | Proposed IFRS for SMEs – Issued by the IASB |
| May 2007 | Recognition of website development costs and its income tax treatment |
| June 2007 | CLRC's Consultative Document on capital maintenance rule and share capital: Simplifying and streamlining provisions applicable to the reduction of capital, share buy back and financial assistance |
| July 2007 | CLRC's Consultative Document on review of provisions regulating substantial property transactions, disclosure obligations and loans to directors |
| August 2007 | Salient points of the Companies (Amendment) Act 2007 |
| September 2007 | A case study of the accounting treatment on customer loyalty programmes |