

Technical e-Newsletter

February 2007 Issue

FRS DISCLOSURE CHECKLIST – PART II

TECHNICAL DIAGNOSTIC CENTRE

CLRC Consultative Documents ~ On Members' Rights and Remedies

A Monthly e-Newsletter published by the Technical Support Unit of AXP Solutions Sdn. Bhd. (693866-X)



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Editors' Notes ~ Happy CNY

Happy Chinese New Year and Gong Xi Fa Cai!

Are you still remembered since when the sound of fire crackers has almost disappeared? This year, the volume of fire crackers has reduced substantially, as per the Custom officers, this is "thank" to the flood in Southern Malaysia. Sometimes, it is really difficult to strike a balance between traditional customs and laws and regulations. Though there is a very good reason to burn fire crackers traditionally, but it is not legally right to do it.

Still remember when I was young, my father always told me a lot of stories on Chinese New Year and other customs. Why we eat "sticky" cake, why there is lion dance, why "Hokkien" treat the ninth day of the new year as the start of a new year, and so on.....

It seems that the younger generation has lesser and lesser knowledge on our traditional customs. With this in mind, I always tried to have an immediate learning sessions with my kids on our traditional customs whenever and wherever possible.

Back to this issue of the *e-Newsletter*, we continued to publish the second part of the FRS Disclosure Checklist developed by our Technical Support team. We hope that this Checklist will help you in preparing or auditing financial statements complied with FRS.

On the other hand, we have studied the consultative questions of the consultative document on Members' Rights and Remedies issued by the Corporate Law Reform Committee.

This consultative document will be due for comments on 4 April 2007. Thus, should you wish to add in your comments to our comments, please feel free to e-mail to us.

A gentle reminder for those who wish to but have not subscribed the **Model Financial Statements plus FRS Disclosure Checklists**. Due to the good response during the past one month, we have decided to print additional copies for subscription. However, as the stocks are limited, please order a copy of the publication as soon as possible.

In next issue of the *e-Newsletter*, we will focus on two key areas, which are closely related to you and your business.

In the FRS section, we will study the draft IFRS for SMEs issued by IASB in February 2007, which should have a significant impact on Malaysian SMEs' FRS.

In the AXP Technical Diagnostic Centre, we will study the CLRC's consultative document on Creating a Conducive Legal and Regulatory Framework for Business.

Editors
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February 2007

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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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FRS DISCLOSURE CHECKLISTS – PART II

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		MASB Ref.
8.20	Consolidated and Separate Financial Statements	
8.20.1	The following disclosures shall be made in consolidated financial statements:	
	a) nature of the relationship between the parent and a subsidiary when the parent does not own, directly or indirectly, more than half of the voting power;	127.40 (c)
	b) reasons why the ownership, directly or indirectly, of more than half of the voting or potential voting power of an investee does not constitute control;	127.40 (d)
	c) reporting date of the financial statements of a subsidiary when such financial statements are used to prepare consolidated financial statements and are as of a reporting date or for a period that is different from that of the parent, and the reason for using a different reporting date or period; and	127.40 (e)
	d) nature and extent of any significant restrictions on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans or advances.	127.40 (f)
8.20.2	When separate financial statements are prepared for a parent that elects not to prepare consolidated financial statements, those separate financial statements shall disclose:	127.41
	a) the fact that: <ul style="list-style-type: none"> - the financial statements are separate financial statements; - the exemption from consolidation has been used; - the name and country of incorporation or residence of the entity whose consolidated financial statements that comply with FRS have been produced for public use; and - the address where those consolidated financial statements are obtainable; and 	
	b) list of significant investments in subsidiaries, jointly controlled entities and associates, including the name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held.	
8.20.3	When a parent (other than a parent covered by 8.20.2), venturer with an interest in a jointly controlled entity or an investor in an associate prepares separate financial statements, those separate financial statements shall disclose:	127.42
	a) the fact that: <ul style="list-style-type: none"> - the financial statements are separate financial statements; - the reasons why those statements are prepared if not required by law; and 	
	b) list of significant investments in subsidiaries, jointly controlled entities and associates, including the name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held.	
8.21	Business Combinations	
8.21.1	For all business combinations, the following disclosures (in aggregate for business combinations effected during the reporting period that are individually immaterial) shall be made in the financial statements for the period during which the combination takes place:	3.66(a) 3.67 3.68
	a) the names and descriptions of the combining entities or businesses.	
	b) the acquisition date.	
	c) the percentage of voting equity instruments acquired.	
	d) the cost of the combination and a description of the components of that cost, including any costs directly attributable to the combination. When equity instruments are issued or issuable as part of the cost, the following shall also be disclosed:	

	<ul style="list-style-type: none"> i) number of equity instruments issued or issuable; and ii) fair value of those instruments at the date of exchange and the significant assumptions used to determine fair value. If a published price exists at the date of exchange but was not used as the basis for determining the cost of the combination, the entity is to disclose: <ul style="list-style-type: none"> - that fact; - reasons the published price was not used; - method and significant assumptions used to attribute a value to the equity instruments; and - aggregate amount of the difference between the value attributed to, and the published price of, the equity instruments. 	
	e) the details of any operations the entity has decided to dispose of as a result of the combination.	
	f) the amounts recognised at the acquisition date for each class of the acquiree’s assets, liabilities and contingent liabilities, and, unless disclosure would be impracticable, the carrying amounts of each of those classes, determined in accordance with FRSs, immediately before the combination. If such disclosure would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case.	
	g) the amount of any excess recognised in profit or loss, and the line item in the income statement in which the excess is recognised.	
	h) a description of the factors that contributed to a cost that results in the recognition of goodwill – a description of each intangible asset that was not recognised separately from goodwill and an explanation of why the intangible asset’s fair value could not be measured reliably – or a description of the nature of any excess recognised in profit or loss.	
	i) the amount of the acquiree’s profit or loss since the acquisition date included in the acquirer’s profit or loss for the period, unless disclosure would be impracticable. If such disclosure would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case.	
8.21.2	The entity shall disclose the fact that the initial accounting for a business combination that was effected during the period was determined only provisionally.	3.69
8.21.3	The entity shall also disclose the following information, unless it is impracticable (the fact shall be disclosed, together with an explanation of why this is the case):	3.70
	<ul style="list-style-type: none"> a) revenue of the combined entity for the period as though the acquisition date for all business combinations effected during the period had been the beginning of that period. b) profit or loss of the combined entity for the period as though the acquisition date for all business combinations effected during the period had been the beginning of the period. 	
8.21.4	For business combinations that were effected after the balance sheet date but before the financial statements are authorised for issue, the entity shall disclose the information indicated in 8.21.1 above, unless such disclosure would be impracticable, If disclosure of any such information would be impracticable, the entity is to disclose the fact, together with an explanation of why this is the case.	3.66(b) 3.71
8.21.5	The acquirer shall disclose the following information that enables users of its financial statements to evaluate the financial effects of gains, losses, error corrections and other adjustments recognised in the current period that relate to business combinations that were effected in the current or in previous periods:	3.72 3.73
	<ul style="list-style-type: none"> a) the amount and an explanation of any gain or loss recognised in the current period that: <ul style="list-style-type: none"> i) relates to the identifiable assets acquired or liabilities or contingent liabilities assumed in a business combination that was effected in the 	

	current or a previous period; and	
	ii) is of such size, nature or incidence that disclosure is relevant to an understanding of the combined entity's financial performance.	
	b) if the initial accounting for a business combination that was effected in the immediately preceding period was determined only provisionally at the end of that period, the amounts and explanations of the adjustments to the provisional values recognised during the current period.	
	c) the information about error corrections required to be disclosed by FRS 108 for any of the acquiree's identifiable assets, liabilities or contingent liabilities, or changes in the values assigned to those items, that the acquirer recognises during the current period.	
8.21.6	The entity shall disclose a reconciliation of the carrying amount of goodwill at the beginning and end of the period, to enable users of its financial statements to evaluate changes in the carrying amount of goodwill during the period, showing separately:	3.75
8.21.7	<u>Transitional provisions for equity accounted investments</u>	3.83
	<i>For investments accounted for by applying the equity method and acquired on or after 1 January 2006, an entity shall apply this FRS in the accounting for:</i>	
	<i>(a) any acquired goodwill included in the carrying amount of that investment. Therefore, amortisation of that notional goodwill shall not be included in the determination of the entity's share of the investee's profits or losses.</i>	
	<i>(b) any excess included in the carrying amount of the investment of the entity's interest in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities over the cost of the investment. Therefore, an entity shall include that excess as income in the determination of the entity's share of the investee's profits or losses in the period in which the investment is acquired.</i>	
	<i>For investments accounted for by applying the equity method and acquired before 1 January 2006:</i>	3.84
	<i>(a) an entity shall apply this FRS on a prospective basis, from the beginning of the first annual period beginning on or after 1 January 2006, to any acquired goodwill included in the carrying amount of that investment. Therefore, an entity shall, from that date, discontinue including the amortisation of that goodwill in the determination of the entity's share of the investee's profits or losses.</i>	
	<i>(b) an entity shall derecognise any negative goodwill included in the carrying amount of that investment at the beginning of the first annual period beginning on or after 1 January 2006, with a corresponding adjustment to the opening balance of retained earnings.</i>	
8.22	Investments in Associates	
8.22.1	The following shall be disclosed in relation to the investments in associates:	
	a) the fair value of investments in associates for which there are published price quotations;	128.37(a)
	b) summarised financial information of associates, including the aggregated amounts of assets, liabilities, revenues and profit or loss;	128.37(b)
	c) the reasons why the presumption that an investor does not have significant influence is overcome if the investor holds, directly or indirectly, less than 20% of the voting or potential voting power of the investee but concludes that it has significant influence;	128.37(c)
	d) the reasons why the presumption that an investor has significant influence is overcome if the investor holds, directly or indirectly, 20% or more of the voting or potential voting power of the investee but concludes that it does not have significant influence;	128.37(d)
	e) the reporting date of the financial statements of an associate, when such financial statements are used in applying the equity method and are as of a reporting date or for a period that is different from that of the investor, and the reason for using a different reporting date or different period;	128.37(e)
	f) the nature and extent of any significant restrictions on the ability of associates to transfer funds to the investor in the form of cash dividends, or	128.37(f)

	repayment of loans or advances;	
	g) the unrecognized share of losses of an associate, both for the period and cumulatively, if an investor has discontinued recognition of its share of losses of an associate;	128.37(g)
	h) the fact that an associate is not accounted for using the equity method in accordance with Para 13 of FRS 128; and	128.37(h)
	i) summarised financial information of associates, either individually or groups, that are not accounted for using the equity method, including the amounts of total assets, total liabilities, revenues and profit or loss.	128.37(i)
8.23	Interests in Joint Ventures	
	Note: <i>The disclosures listed below are required for all venturers, including their separate financial instruments in accordance with Para 37 – 42 of FRS 127.</i>	131.46
8.23.1	The venturer shall disclose a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities.	131.56
8.23.2	The venturer that recognises its interest in jointly controlled entities using the line-by-line reporting format for proportionate consolidation or the equity method shall disclose the aggregate amounts of each of current assets, long-term assets, current liabilities, long-term liabilities, income and expenses related to its interest in joint ventures.	131.56
8.24	Accounting for Leases by Lessors	
8.24.1	The following disclosures shall be made in the financial statements for finance leases:	MASB10.46
	a) a reconciliation between the total gross investment in the lease at the balance sheet date, and the present value of minimum lease payments receivable at the balance sheet date;	
	b) the total gross investment in the lease and the present value of minimum lease payments receivable at the balance sheet date, for each of the periods not later than one year, later than one year and not later than five years, and later than five years;	
	c) unearned finance income;	
	d) the unguaranteed residual values accruing to the benefit of the lessor;	
	e) the accumulated allowance for uncollectible minimum lease payments receivable;	
	f) contingent rents recognised in income; and	
	g) a general description of the lessor's significant leasing arrangements.	
8.24.2	The following disclosures shall be made in the financial statements for operating leases:	MASB10.57
	a) For each class of asset, the gross carrying amount, the accumulated depreciation and accumulated impairment losses at the balance sheet date; and	
	i. The depreciation recognised in income for the period;	
	ii. Impairment losses recognised in income for the period;	
	iii. Impairment losses reversed in income for the period.	
	b) the future minimum lease payments under non-cancellable operating leases, in aggregate and for each of the periods not later than one year, later than one year and not later than five years, and later than five years;	
	c) total contingent rents recognised in income; and	
	d) a general description of the lessor's significant leasing arrangements.	
	Notes:	
	1. The disclosures are in addition to the requirements of FRS 132.	
	2. In addition to the requirements set out at item 8.24.2, the requirements on disclosure under FRS 116 and FRS 136 apply to assets leased out under operating leases.	

8.25	Impairment of Assets	
	Note:	
	<i>FRS 136 shall be applied in accounting for the impairment of all assets, except inventories (FRS 102), construction contracts (FRS 111₂₀₀₄), deferred tax assets (FRS 112₂₀₀₄), assets arising from employee benefits (FRS 119₂₀₀₄); financial assets falling within the scope of FRS 139; investment property that is measured at fair value (FRS 140); biological assets related to agricultural activity that is measured at fair value less estimated point-of-sale costs (IAS 41); deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts (IFRS 4); and non-current assets (or disposal groups) classified as held for sale (FRS 5).</i>	136.2
8.25.1	For each class of assets, the financial statements shall disclose:	
	a) the amount of impairment losses recognised in profit or loss during the period and the line-item(s) of the income statement in which those impairment losses are included;	136.126(a)
	b) the amount of reversals of impairment losses recognised in profit or loss during the period and the line-item(s) of the income statement in which those impairment losses are reversed;	136.126 (b)
	c) the amount of impairment losses on revalued assets recognised directly in equity during the period; and	136.126 (c)
	d) the amount of reversals of impairment losses on revalued assets recognised directly in equity during the period.	136.126 (d)
8.25.2	If an impairment loss for an individual asset or a cash-generating unit is recognised or reversed during the period and is material to the financial statements of the reporting entity as a whole, the entity shall disclose:	
	a) the events and circumstances that led to the recognition or reversal of the impairment loss;	136.130(a)
	b) the amount of the impairment loss recognised or reversed;	136.130(b)
	c) for an individual asset:	136.130(c)
	i. the nature of the asset; and	
	ii. if the entity applies FRS 114 ₂₀₀₄ , the reportable segment to which the asset belongs, based on the entity's primary format; and	
	d) for a cash-generating unit:	136.130(d)
	i. a description of the cash-generating unit (such as whether it is a product line, a plant, a business operation, a geographical area, a reportable segment as defined in FRS 114 ₂₀₀₄);	
	ii. the amount of the impairment loss recognised or reversed by class of assets and, if the entity applies FRS 114 ₂₀₀₄ , by reportable segment based on the entity's primary format; and	
	iii. if the aggregation of assets for identifying the cash-generating unit has changed since the previous estimate of the cash-generating unit's recoverable amount (if any), the entity shall describe the current and former ways of aggregating assets and the reasons for changing the way the cash-generating unit is identified;	
	e) whether the recoverable amount of the asset (cash-generating unit) is its fair value less costs to sell or its value in use;	136.130(e)
	f) if recoverable amount is fair value less costs to sell, the basis used to determine fair value less costs to sell (such as whether fair value was determined by reference to an active market); and	136.130(f)
	g) if recoverable amount is value in use, the discount rate(s) used in the current estimate and previous estimate (if any) of value in use.	136.130(g)
8.25.3	If impairment losses recognised (reversed) during the period are material in aggregate to the financial statements of the reporting entity as a whole, the entity shall disclose a brief description of the following, for which no information is disclosed in 8.25.2:	136.131
	a) the main classes of assets affected by impairment losses and reversals of impairment losses; and	

	b) the main events and circumstances that led to the recognition (and reversals) of these impairment losses.	
8.25.4	If any portion of goodwill acquired in a business combination during the period has not been allocated to a cash-generating unit (group of units) at the reporting date, the amount of the unallocated goodwill shall be disclosed together with the reasons why that amount remains unallocated.	136.133
8.25.5	When the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, the following information shall be disclosed:	136.134
	a) carrying amount of goodwill allocated to the unit (group of units);	136.134(a)
	b) the carrying amount of intangible assets with indefinite useful lives allocated to the unit (group of units);	136.134(b)
	c) the basis on which the unit's (group of units') recoverable amount has been determined (ie value in use or fair value less costs to sell).	136.134(c)
	d) if the unit's (group of units') recoverable amount is based on value in use: <ul style="list-style-type: none"> (i) a description of each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets/forecasts. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive. (ii) a description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information. (iii) the period over which management has projected cash flows based on financial budgets/forecasts approved by management and, when a period greater than five years is used for a cash-generating unit (group of units), an explanation of why that longer period is justified. (iv) the growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets/forecasts, and the justification for using any growth rate that exceeds the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market to which the unit (group of units) is dedicated. (v) the discount rate(s) applied to the cash flow projections. 	136.134(d)
	e) if the unit's (group of units') recoverable amount is based on fair value less costs to sell, the methodology used to determine fair value less costs to sell. If fair value less costs to sell is not determined using an observable market price for the unit (group of units), the following information shall also be disclosed: <ul style="list-style-type: none"> (i) a description of each key assumption on which management has based its determination of fair value less costs to sell. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive. (ii) a description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information. 	136.134(e)
	f) if a reasonably possible change in a key assumption on which management has based its determination of the unit's (group of units') recoverable amount would cause the unit's (group of units') carrying amount to exceed its recoverable amount: <ul style="list-style-type: none"> (i) the amount by which the unit's (group of units') recoverable amount exceeds its carrying amount. 	136.134(f)

	<ul style="list-style-type: none"> (ii) the value assigned to the key assumption. (iii) the amount by which the value assigned to the key assumption must change, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, in order for the unit's (group of units') recoverable amount to be equal to its carrying amount. 	
8.25.6	If some or all of the carrying amount of goodwill or intangible assets with indefinite useful lives is allocated across multiple cash-generating units (groups of units), and the amount so allocated to each unit (group of units) is not significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, that fact shall be disclosed, together with the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to those units (groups of units).	136.135
8.25.7	In addition, if the recoverable amounts of any of those units (groups of units) are based on the same key assumption(s) and the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to them is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, an entity shall disclose that fact, together with:	136.135
	a) the aggregate carrying amount of goodwill allocated to those units (groups of units).	
	b) the aggregate carrying amount of intangible assets with indefinite useful lives allocated to those units (groups of units).	
	c) a description of the key assumption(s).	
	d) a description of management's approach to determining the value(s) assigned to the key assumption(s), whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information.	
	e) if a reasonably possible change in the key assumption(s) would cause the aggregate of the units' (groups of units') carrying amounts to exceed the aggregate of their recoverable amounts: <ul style="list-style-type: none"> (i) the amount by which the aggregate of the units' (groups of units') recoverable amounts exceeds the aggregate of their carrying amounts. (ii) the value(s) assigned to the key assumption(s). (iii) the amount by which the value(s) assigned to the key assumption(s) must change, after incorporating any consequential effects of the change on the other variables used to measure recoverable amount, in order for the aggregate of the units' (groups of units') recoverable amounts to be equal to the aggregate of their carrying amounts. 	
8.25.8	<p><u>Transitional Provisions</u></p> <p><i>If an entity elects in accordance with Para 85 of FRS 3 to apply FRS 3 from any date before the effective dates set out in Para 78-84 of FRS 3, it also shall apply FRS 136 prospectively from that same date.</i></p> <p><i>Otherwise, an entity shall apply FRS 136:</i></p> <ul style="list-style-type: none"> (a) <i>to goodwill and intangible assets acquired in business combinations for which the agreement date is on or after 1 January 2006; and</i> (b) <i>to all other assets prospectively from the beginning of the first annual period beginning on or after 1 January 2006.</i> <p><i>Entities to which Para 139 of FRS 136 applies are encouraged to apply the requirements of FRS 136 before the effective dates specified in Para 139. However, if an entity applies this Standard before those effective dates, it also shall apply FRS 3 and FRS 138 at the same time.</i></p>	
8.26	Investment property	
8.26.1	The following disclosures shall be made in the financial statements:	
	a) whether it applies the fair value model or the cost model;	140.75(a)
	b) if it applies the fair value model, whether, and in what circumstances, property interests held under operating leases are classified and accounted	140.75(b)

	for as investment property	
	c) when classification is difficult, the criteria it uses to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business.	140.75(c)
	d) the methods and significant assumptions applied in determining the fair value of investment property, including a statement whether the determination of fair value was supported by market evidence or was more heavily based on other factors (which the entity shall disclose) because of the nature of the property and lack of comparable market data.	140.75(d)
	e) the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. If there has been no such valuation, that fact shall be disclosed.	140.75(e)
	f) the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.	
	g) contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.	
8.26.2	If an entity has availed itself the transitional provision when the MASB first adopted IAS 16 (<i>an entity that had recorded its property, plant and equipment at revalued amount but had not adopted a policy of revaluation has been allowed to continue carrying those assets on the basis of their previous revaluations subject to continuity in its depreciation policy and the requirement to test for impairment losses</i>), the fact shall be disclosed.	140.75A
	Fair value model	
8.26.3	In addition to the disclosures required by 8.26.1, an entity that applies the fair value model shall disclose a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing the following:	140.76
	a) additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognised in the carrying amount of an asset;	
	b) additions resulting from acquisitions through business combinations;	
	c) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with FRS 5 and other disposals;	
	d) net gains or losses from fair value adjustments;	
	e) the net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity;	
	f) transfers to and from inventories and owner-occupied property; and	
	g) other changes.	
8.26.4	When a valuation obtained for investment property is adjusted significantly for the purpose of the financial statements, the entity shall disclose a reconciliation between the valuation obtained and the adjusted valuation included in the financial statements, showing separately the aggregate amount of any recognised lease obligations that have been added back, and any other significant adjustments.	140.77
8.26.5	In the exceptional cases when an entity measures investment property using the cost model in FRS 116, the reconciliation required shall disclose amounts relating to that investment property separately from amounts relating to other investment property. In addition, an entity shall disclose:	140.78
	a) a description of the investment property;	
	b) an explanation of why fair value cannot be determined reliably;	
	c) if possible, the range of estimates within which fair value is highly likely to lie; and	
	d) on disposal of investment property not carried at fair value:	
	i) the fact that the entity has disposed of investment property not carried	

	<ul style="list-style-type: none"> at fair value; ii) the carrying amount of that investment property at the time of sale; and iii) the amount of gain or loss recognised. 	
	Cost Model	
8.26.6	In addition to the disclosures required by 8.26.1, an entity that applies the cost model shall disclose:	
	a) the depreciation methods used;	
	b) the useful lives or the depreciation rates used;	
	c) the gross carrying amount, and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period;	
	d) a reconciliation of the carrying amount of investment property at the beginning and end of the period, showing the following: <ul style="list-style-type: none"> i) additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognised as an asset; ii) additions resulting from acquisitions through business combinations; iii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with FRS 5 and other disposals; iv) depreciation; v) the amount of impairment losses recognised, and the amount of impairment losses reversed, during the period in accordance with FRS 136; vi) the net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity; vii) transfers to and from inventories and owner-occupied property; and viii) other changes. 	
8.27	Inventories	
8.27.1	The following items shall be disclosed in the financial statements:	
	a) the total carrying amount of inventories and the carrying amount in classifications appropriate to the entity;	102.36(b)
	b) the carrying amount of inventories carried at fair value less costs to sell;	
	c) the amount of any write-down that is recognised as expense in the period;	102.36(c)
	d) the amount of any reversal of any write-down that is recognised as a reduction in the amount of inventories as expense in the period;	102.36(e)
	e) the circumstances or events that led to the reversal of a write-down of inventories; and	102.36(f)
	f) the carrying amount of inventories pledged as security for liabilities.	102.36(g)
		102.36(h)
8.28	Construction Contracts	
8.28.1	The entity shall disclose each of the following for contracts in progress at the balance sheet date:	111.41
	a) the aggregate amount of costs incurred and recognised profits (less recognised losses) to date;	
	b) the amount of advances received; and	
	c) the amount of retentions.	
8.28.2	The entity shall present:	111.43
	a) the gross amount due from customers for contract work as an asset; and	

	b) the gross amount due to customers for contract work as a liability.	
8.29	Shareholders' Equity	
8.29.1	For each class of share capital, the following information shall be disclosed, either on the face of the balance sheet or in the notes:	101.76(a)
	i) the number of shares authorised;	
	ii) the number of shares issued and fully paid, and issued but not fully paid;	
	iii) par value per share, or that the shares have no par value;	
	iv) a reconciliation of the number of shares outstanding at the beginning and at the end of the period;	
	v) the rights, preferences and restrictions attaching to that class, including restrictions on the distribution of dividends and the repayment of capital;	
	vi) shares in the entity held by the entity itself or by subsidiaries or associates of the entity; and	
	vii) shares reserved for issuance under options and sales contract, including the terms and amounts.	
8.29.2	The financial statements shall include a description of the nature and purpose of each reserve within equity, either on the face of the balance sheet or in the notes.	101.76(b)
8.29.3	An entity without share capital (e.g. a partnership), shall disclose information equivalent to that required, showing changes during the period in each category of equity interest and the rights, preferences and restrictions attaching to each category of equity interest.	101.77
	Note: <i>Technical Release 1 (revised), Share Buybacks – Accounting and Disclosure applies only to Malaysian public listed companies for the purpose of share buybacks which are transacted in accordance with Section 67A (as amended) of the Companies Act, 1965.</i>	TR1.4
	<i>When a public listed company repurchases its own shares, the shares repurchased shall be accounted for either under the treasury stock method, the share retirement method, or a combination of both methods.</i>	TR1.21
	Note: <i>When the share retirement method is applied, the nominal value of the shares repurchased shall be cancelled by a debit to the share capital account. An amount equivalent to the nominal value of the shares repurchased shall be transferred to a capital redemption reserve.</i>	TR1.23
	<i>The consideration, including any acquisition cost and premium or discount arising from the shares repurchased, shall be adjusted directly to the share premium account or any other suitable reserve.</i>	TR1.24
	<i>In the circumstances where there is no or insufficient share premium, the consideration, or its balance thereof, shall be adjusted to any other suitable reserve.</i>	
	The shares cancelled and the adjustments made to share premium or reserves shall be shown as a movement in the share capital account and the share premium or reserve account respectively.	TR1.25
8.29.4	When treasury stocks method is applied, the carrying amount of the treasury shares shall be set-off against equity and the amount of outstanding shares in issue after the set-off shall be disclosed in the balance sheet.	TR1.29
8.29.5	To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by Bursa Malaysia guidelines and that fact shall be disclosed.	
8.29.6	In addition to the requirements, a public listed company shall:	
	a) disclose the purpose or reason, nature and terms of the share repurchase	TR1.36(a)

	transactions undertaken in the reporting period;	
	b) the funding of the shares repurchased, whether by internally generated funds, by borrowings or by other financial arrangements;	TR1.36(b)
	c) the method used to account for shares repurchased;	TR1.36(c)
	d) the amount of treasury shares distributed as share dividends during the reporting periods; and	TR1.36(d)
	e) the reason, terms and amount of treasury shares re-issued during the reporting period.	TR1.36(e)
8.30	Tax Assets and Liabilities	
8.30.1	Current tax assets and current tax liabilities shall be offset if, and only if, both of the following conditions are satisfied:	112.69
	a) there is a legally enforceable right to set off the recognised amounts; and	
	b) it is intended either to settle on a net basis, or to realise the asset and settle the liability simultaneously.	
8.30.2	Deferred tax assets and deferred tax liabilities shall be offset if, and only if, both of the following conditions are satisfied:	112.72
	a) there is a legally enforceable right to set off current tax assets against current tax liabilities; and	
	b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:	
	i. the same taxable entity; or	
	ii. different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.	
8.30.3	The following shall be disclosed separately:	
	a) the amount (and expiry date, if any) of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the balance sheet;	112.79(e)
	b) the amount of the deferred tax assets and liabilities recognised in the balance sheet for each period presented in respect of each type of temporary differences, and in respect of each type of unused tax losses and unused tax credits.	112.79(f)
8.30.4	When the utilisation of a deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences, and the entity has suffered a loss in either the current or the preceding period in the tax jurisdiction to which the deferred tax asset relates, the amount of such asset and the nature of the evidence supporting its recognition shall be disclosed.	112.80
8.31	Accounting for Leases by Lessees	
8.31.1	The following disclosures shall be made in the financial statements for finance leases:	MASB10.26
	a) for each class of asset, the net carrying amount at the balance sheet date;	
	b) a reconciliation between the total of minimum lease payments at the balance sheet date, and their present value;	
	c) the total of minimum lease payments at the balance sheet date and their present value for each of the periods not later than one year, later than one year and not later than five years, and later than five years;	
	d) contingent rents recognised in income in the period;	
	e) the total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date; and	
	f) a general description of the lessee's significant leasing arrangements including, but not limited to, the basis on which contingent rent payments are determined; the existence and terms of renewal or purchase options	

	and escalation clauses; and restrictions imposed by lease arrangements (such as those concerning dividends, additional debt and further leasing).	
	Note: <i>In addition to the requirements, the requirements on disclosure under FRS 116 and FRS 136 apply to leased assets held under finance leases that are accounted for by the lessee as acquisitions of assets.</i>	MASB10.27
8.31.2	The following disclosures shall be made in the financial statements for operating leases:	MASB10.34
	a) the total of future minimum lease payments under non-cancellable operating leases for each of the periods not later than one year, later than one year and not later than five years, and later than five years;	
	b) the total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date;	
	c) lease and sublease payments recognised in income for the period, with separate amounts for minimum lease payments, contingent rents, and sublease payments; and	
	d) a general description of the lessee's significant leasing arrangements including, but not limited to, the basis on which contingent rents are determined; the existence and terms of renewal or purchase options and escalation clauses; and restrictions imposed by lease arrangements (such as those concerning dividends, additional debt and further leasing).	
	Note: <i>The disclosures are in addition to the requirements of FRS 132.</i>	
8.32	Financial Instruments: Disclosure and Presentation	
8.32.1	The issuer of a financial instrument shall classify the instrument (or its component parts), as either a liability or as equity, in accordance with the substance of the contractual arrangement on initial recognition and by reference to the definitions of a financial liability, a financial asset and an equity instrument.	132.15
	Note: <i>Where the rights and obligations regarding the manner of settlement of a financial instrument depend on the occurrence or non-occurrence of uncertain future events or on the outcome of uncertain circumstances that are beyond the control of both the issuer and holder, the financial instrument shall be classified as a liability except where the possibility of the issuer being required to settle in cash or another financial asset is remote at the time of issuance, in which case, the contingent settlement provision shall be ignored and the instrument shall be classified as equity.</i>	132.25
8.32.2	When a derivative financial instrument gives one party a choice over how it is settled, it is a financial asset or a financial liability unless all of the settlement alternatives would result in it being an equity instrument.	132.26
8.32.3	The issuer of financial instruments that contain both a liability and an equity element, shall classify the component parts separately in accordance with item 8.32.1 above.	132.28
8.32.4	If an entity reacquires its own equity instruments, those instruments shall be deducted from equity.	132.33
8.32.5	Interest, dividends, losses and gains relating to a financial instrument, or a component part, which is classified as a financial liability, shall be reported in profit or loss as expense or income.	132.35
8.32.6	Distributions to holders of financial instruments which are classified as equity instruments shall be debited directly to equity. Transaction costs of an equity transaction shall be accounted for as a deduction from equity, net of any related income tax benefit.	132.35
8.32.7	A financial asset and a financial liability shall be offset, and the net amount reported in the balance sheet if, and only if, both of the following conditions are met:	132.42
	a) the entity has a legally enforceable right to set-off the recognised amounts; and	132.42(a)

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	b) the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.	132.42(b)
8.32.8	The entity shall describe its financial risk management objectives and policies, including its policy for hedging each major type of forecasted transaction for which hedge accounting is used.	132.56
8.32.9	For each class of financial asset, financial liability and equity instrument, both recognised and unrecognised, the entity shall disclose information about the extent and nature of the financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows.	132.60
8.32.10	For each class of financial asset and financial liability, both recognised and unrecognised, the entity shall disclose information about its exposure to interest rate risk, including:	132.67
	a) contractual repricing or maturity dates, whichever dates are earlier; and	132.67(a)
	b) effective interest rates, when applicable.	132.67(b)
8.32.11	For each class of financial asset and other credit exposure, both recognised and unrecognised, the entity shall disclose information about its exposure to credit risk, including:	
	a) the amount that best represents its maximum credit risk exposure at the balance sheet date, without taking account of the fair value of any collateral, in the event that other parties fail to perform their obligations under financial instruments; and	132.76(a)
	b) significant concentrations of credit risks.	132.76(b)
8.32.12	For each class of financial asset and financial liability, both recognised and unrecognised, the entity shall disclose the fair value of that class of financial asset and liability in a way that permits it to be compared with the corresponding carrying amount in the balance sheet, except:	132.86
	- if investment in unquoted equity instruments or derivatives linked to such equity instruments are measured at cost under FRS 139 because their fair value cannot be measured reliably, that fact shall be disclosed together with a description of the financial instruments, their carrying amount, an explanation of why fair value cannot be measured reliably and, if possible, the range of estimates within which fair value is highly likely to lie. Furthermore if financial assets whose fair value previously could not be reliably measured are sold, that fact, the carrying amount of such financial assets at the time of sale and the amount of gain or loss recognised shall be disclosed.	132.90
	- where some financial assets and financial liabilities contain a discretionary participation feature as described in IFRS 4. If an entity cannot measure reliably the fair value of that feature, the entity shall disclose that fact together with a description of the contract, its carrying amount, an explanation of why fair value cannot be measured reliably and, if possible, the range of estimates within which fair value is highly likely to lie.	132.91A
8.32.13	The following information on fair value shall also be disclosed:	132.92
	a) the methods and significant assumptions applied in determining fair values of financial assets and financial liabilities separately for significant classes of financial assets and financial liabilities.	132.92(a)
	b) whether fair values of financial assets and financial liabilities are determined directly, in full or in part, by reference to published price quotations in an active market or are estimated using a valuation technique.	132.92(b)
	c) whether its financial statements include financial instruments measured at fair values that are determined in full or in part using a valuation technique based on assumptions that are not supported by observable market prices or rates. If changing any such assumption to a reasonably possible alternative would result in a significantly different fair value, the entity shall state this fact and disclose the effect on the fair value of a range of	132.92(c)

	reasonably possible alternative assumptions. For this purpose, significance shall be judged with respect to profit or loss and total assets or total liabilities.	
	d) the total amount of the change in fair value estimated using a valuation technique that was recognised in profit or loss during the period.	132.92(d)
8.32.1 4	<u>Derecognition</u> If the entity transferred a financial asset or entered into a type of arrangement described in Para 19 of FRS 139 in such a way that the arrangement does not qualify as a transfer of financial asset, and the entity continues to recognize all of the asset or continues to recognize the asset to the extent of the entity's continuing involvement, it shall disclose for each class of financial asset:	132.94(a)
	i) the nature of the assets;	
	ii) the nature of the risks and rewards of ownership to which the entity remains exposed;	
	iii) when the entity continues to recognize all of the asset, the carrying amounts of the asset and of the associated liability; and	
	iv) when the entity continues to recognise the asset to the extent of its continuing involvement, the total amount of the asset, the amount of the asset that the entity continues to recognise and the carrying amount of the associated liability.	
8.32.1 5	<u>Collateral</u> The entity shall disclose the carrying amount of financial assets pledged as collateral for liabilities, the carrying amount of financial assets pledged as collateral for contingent liabilities, and any material terms and conditions relating to assets pledged as collateral.	132.94(b)
8.32.1 6	When the entity has accepted collateral that it is permitted to sell or repledge in the absence of default by the owner of the collateral, it shall disclose:	132.94(c)
	i) the fair value of the collateral accepted (financial and non-financial assets);	
	ii) the fair value of any such collateral sold or repledged and whether the entity has an obligation to return it; and	
	iii) any material terms and conditions associated with its use of this collateral.	
8.32.1 7	<u>Compound financial instruments with multiple embedded derivatives</u> If an entity has issued an instrument that contains both a liability and an equity component and the instrument has multiple embedded derivative features whose values are interdependent, it shall disclose the existence of those features and the effective interest rate on the liability component (excluding any embedded derivatives that are accounted for separately).	132.94(d)
8.32.1 8	<u>Financial assets and financial liabilities at fair value through profit or loss</u> An entity shall disclose the carrying amounts of:	132.94(e)
	i) financial assets that are classified as held for trading;	
	ii) financial liabilities that are classified as held for trading;	
	iii) financial assets that, upon initial recognition, were designated by the entity as financial assets at fair value through profit or loss;	
	iv) financial liabilities that, upon initial recognition, were designated by the entity as financial liabilities at fair value through profit or loss.	
8.32.1 9	An entity shall disclose separately net gains or net losses on financial assets or financial liabilities designated by the entity as at fair value through profit or loss.	132.94(f)
8.32.2 0	If the entity has designated a loan or receivable (or group of loans or receivables) as at fair value through profit or loss, it shall disclose:	132.94(g)
	i) the maximum exposure to credit risk at the reporting date of the loan or receivable (or group of loans or receivables),	
	ii) the amount by which any related credit derivative or similar instrument mitigates that maximum exposure to credit risk,	
	iii) the amount of change during the period and cumulatively in the fair value of the loan or receivable (or group of loans or receivables) that is attributable to changes in credit risk determined either as the amount of change in its fair value that is not attributable to changes in market	

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	conditions that give rise to market risk; or using an alternative method that more faithfully represents the amount of change in its fair value that is attributable to changes in credit risk,	
	iv) the amount of change in the fair value of any related credit derivative or similar instrument that has occurred during the period and cumulatively since the loan or receivable was designated.	
8.32.2 1	If the entity has designated a financial liability as at fair value through profit or loss, it shall disclose:	132.94(h)
	i) the amount of change during the period and cumulatively in the fair value of the financial liability that is attributable to changes in credit risk determined either as the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk; or using an alternative method that more faithfully represents the amount of change in its fair value that is attributable to changes in credit risk.	
	ii) the difference between the carrying amount of the financial liability and the amount the entity would be contractually required to pay at maturity to the holder of the obligation.	
8.32.2 2	The entity shall disclose:	132.94(i)
	i) the methods used to comply with the requirement in 8.32.20 (iii) and 8.32.21 (i).	
	ii) if the entity considers that the disclosure it has given to comply with the requirements in 8.32.20 (iii) or 8.32.21 (i) does not faithfully represent the change in the fair value of the financial asset or financial liability attributable to changes in credit risk, the reasons for reaching this conclusion and the factors the entity believes to be relevant.	
8.32.2 3	<u>Reclassification</u> If the entity has reclassified a financial asset as one measured at cost or amortised cost rather than at fair value, it shall disclose the reason for that reclassification.	132.94(j)
8.32.2 4	<u>Income statement and equity</u> An entity shall disclose material items of income, expense and gains and losses resulting from financial assets and financial liabilities, whether included in profit or loss or as a separate component of equity. For this purpose, the disclosure shall include at least the following items:	132.94(k)
	i) total interest income and total interest expense (calculated using the effective interest method) for financial assets and financial liabilities that are not at fair value through profit or loss;	
	ii) for available-for-sale financial assets, the amount of any gain or loss recognised directly in equity during the period and the amount that was removed from equity and recognised in profit or loss for the period; and	
	iii) the amount of interest income accrued on impaired financial assets, in accordance with FRS 139.	
8.32.2 5	<u>Impairment</u> An entity shall disclose the nature and amount of any impairment loss recognised in profit or loss for a financial asset, separately for each significant class of financial asset.	132.94(l)
8.32.2 6	<u>Defaults and breaches</u> With respect to any defaults of principal, interest, sinking fund or redemption provisions during the period on loans payable recognised as at the balance sheet date, and any other breaches during the period of loan agreements when those breaches can permit the lender to demand repayment (except for breaches that are remedied, or in response to which the terms of the loan are renegotiated, on or before the balance sheet date), an entity shall disclose:	132.94(m)
	i) details of those breaches;	
	ii) the amount recognised as at the balance sheet date in respect of the loans payable on which the breaches occurred; and	
	iii) with respect to amounts disclosed under (ii), whether the default has been remedied or the terms of the loans payable renegotiated before the	

	date the financial statements were authorised for issue.	
8.32.2 7	When an entity that has availed itself the transitional provision when the MASB first issued FRS 132 ₂₀₀₄ , it shall disclose that fact. <i>Note: By virtue of that transitional provision, the component classification of compound instruments into its liability and equity elements need not be complied with until reporting periods beginning on or after 1 January 2003. The component part classification of compound financial instruments need to be applied only to financial instruments that are issued during reporting period beginning on or after 1 January 2003.</i>	132.95A
8.33	Employee Benefits	
8.33.1	For defined contribution plans, the entity shall disclose the amount recognised as an expense in the period.	119.47
8.33.2	For defined benefit plans, the entity shall disclose the total expense recognised in the income statement for each of the following , and the line item(s) of the income statement in which they are included:	119.125(f)
	(a) current service cost;	
	(b) interest cost;	
	(c) expected return on plan assets;	
	(d) expected return on any reimbursement right recognised as an asset under Para 106 of FRS 119 ₂₀₀₄ ;	
	(e) actuarial gains and losses;	
	(f) past service cost; and	
	(g) the effect of any curtailment or settlement.	
8.33.3	An asset relating to one retirement benefit plan shall be offset against a liability relating to another plan when, and only when, the following conditions are satisfied:	119.121
	(a) the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and	
	(b) the entity intends either to settle the obligations on a net basis, or to realise the surplus on one plan and settle its obligations under the other plan simultaneously.	
8.33.4	The following information shall be disclosed about defined benefit plans:	119.125 (b) & (c)
	(a) a general description of the type of plan;	
	(b) a reconciliation of the assets and liabilities recognised in the balance sheet, showing at least:	
	i. the present value at the balance sheet date of defined benefit obligations that are wholly unfunded;	
	ii. the present value (before deducting the fair value of plan assets) at the balance sheet date of defined benefit obligations that are wholly or partly funded;	
	iii. the fair value of any plan assets at the balance sheet date;	
	iv. the net actuarial gains or losses not recognised in the balance sheet;	
	v. the past service cost not yet recognised in the balance sheet;	
	vi. any amount not recognised as an asset, because of the limit in FRS 119 ₂₀₀₄ Para 59(b);	
	vii. the fair value at the balance sheet date of any reimbursement right recognised as an asset under FRS 119 ₂₀₀₄ Para 106 (with a brief description of the link between the reimbursement right and the related obligation); and	
	viii. the other amounts recognised in the balance sheet;	
	(c) the amount included in the fair value of plan asset for:	119.25(d)
	i. each category of the reporting entity's own financial instruments; and	
	ii. any property occupied by, or other assets used by, the reporting entity;	
	(d) a reconciliation showing the movements during the period in the net liabilities (or assets) recognised in the balance sheet;	119.25(e)
	(e) the actual return on plan assets, as well as the actual return on any	119.25(g)

	reimbursement right recognised as an asset under Para 106 of FRS 119 ₂₀₀₄ ; and	
	(f) the principal actuarial assumptions used as at the balance sheet date, including, where applicable:	
	i. the discount rate(s);	
	ii. the expected rate(s) of return on any plan asset for the period presented in the financial statements;	
	iii. the expected rate(s) of return for the period presented in the financial statements on any reimbursement right recognised as an asset under Para 106FRS 119 ₂₀₀₄ ;	
	iv. the expected rates of salary increases (and of changes in an index or other variable specified in the formal or constructive terms of a plan as the basis for future benefits increases);	
	v. medical cost trend rates; and	
	vi. any other material actuarial assumptions used.	
	<i>Note: The entity shall disclose each actuarial assumption in absolute terms (for example: as an absolute percentage) and not just a margin between different percentages or other variables.</i>	
8.33.5	Where a multi-employer plan is accounted for as a defined benefit plan, the entity shall disclose the information specified in item 8.33.4.	119.128
8.33.6	Where a multi-employer plan is a defined benefit plan, but is accounted for as a defined contribution plan because sufficient information is not available to use defined-benefit accounting, the entity shall disclose:	119.31
	(a) the fact that the plan is a defined benefit plan;	
	(b) the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan; and	
	(c) to the extent that a surplus or deficit in the plan may affect the amount of future contributions:	
	i. any available information about the surplus or deficit;	
	ii. the basis used to determine that surplus and deficit; and	
	iii. the implications, if any, for the entity.	
8.34	Share-based Payments	
8.34.1	The entity shall disclose at least the following information that enables users to understand the <u>nature and extent of share-based payment arrangements</u> that existed during the period:	2.44 2.45
	(a) a description of each type of share-based payment arrangement that existed at any time during the period, including the general terms and conditions of each arrangement. An entity with substantially similar types of share-based payment arrangements may aggregate this information, unless separate disclosure of each arrangement is necessary.	
	(b) the number and weighted average exercise prices of share options for each of the following groups of options:	
	i) outstanding at the beginning of the period;	
	ii) granted during the period;	
	iii) forfeited during the period;	
	iv) exercised during the period;	
	v) expired during the period;	
	vi) outstanding at the end of the period; and	
	vii) exercisable at the end of the period.	
	(c) for share options exercised during the period, the weighted average share price at the date of exercise. If options were exercised on a regular basis throughout the period, the entity may instead disclose the weighted average share price during the period.	
	(d) for share options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life. If the range of exercise prices is wide, the outstanding options shall be divided into ranges that are meaningful for assessing the number and timing of	

	additional shares that may be issued and the cash that may be received upon exercise of those options.	
8.34.2	If the entity has measured the fair value of goods or services received as consideration for equity instruments of the entity indirectly, by reference to the fair value of the equity instruments granted, the entity shall disclose at least the following information that enables users to understand how the <u>fair value of the goods or services received, or the fair value of the equity instruments granted</u> , during the period was determined:	2.46 2.47
	(a) for share options granted during the period, the weighted average fair value of those options at the measurement date and information on how that fair value was measured, including: <ul style="list-style-type: none"> i) the option pricing model used and the inputs to that model, including the weighted average share price, exercise price, expected volatility, option life, expected dividends, the risk-free interest rate and any other inputs to the model, including the method used and the assumptions made to incorporate the effects of expected early exercise; ii) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and iii) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition. 	
	(b) for other equity instruments granted during the period, the number and weighted average fair value of those equity instruments at the measurement date, and information on how that fair value was measured, including: <ul style="list-style-type: none"> i) if fair value was not measured on the basis of an observable market price, how it was determined; ii) whether and how expected dividends were incorporated into the measurement of fair value; and iii) whether and how any other features of the equity instruments granted were incorporated into the measurement of fair value. 	
	(c) for share-based payment arrangements that were modified during the period: <ul style="list-style-type: none"> i) an explanation of those modifications; ii) the incremental fair value granted (as a result of those modifications); and iii) information on how the incremental fair value granted was measured, consistently with the requirements set out in (a) and (b) above, where applicable. 	
8.34.3	If the entity has measured directly the fair value of goods or services received during the period, the entity shall disclose how that fair value was determined.	2.48
8.34.4	If the entity has rebutted the presumption in paragraph 13 of FRS 2, it shall disclose that fact, and give an explanation of why the presumption was rebutted.	2.49
8.34.5	An entity shall disclose at least the following information to enable users to understand the effect of share-based payment transactions on the entity's profit or loss for the period and on its financial position :	2.50 2.51
	(a) the total expense recognised for the period arising from share-based payment transactions in which the goods or services received did not qualify for recognition as assets and hence were recognised immediately as an expense, including separate disclosure of that portion of the total expense that arises from transactions accounted for as equity-settled share-based payment transactions;	
	(b) for liabilities arising from share-based payment transactions: <ul style="list-style-type: none"> i) the total carrying amount at the end of the period; and ii) the total intrinsic value at the end of the period of liabilities for which 	

	the counterparty's right to cash or other assets had vested by the end of the period (eg vested share appreciation rights).	
8.34.6	If the information required to be disclosed by this FRS does not satisfy the principles in paragraphs 44, 46 and 50 of FRS 2, the entity shall disclose such additional information as is necessary to satisfy them.	2.52
	<p><u>Transitional provisions</u></p> <ul style="list-style-type: none"> - For equity-settled share-based payment transactions, the entity shall apply this FRS to grants of shares, share options or other equity instruments that were granted after 31 December 2004 and had not yet vested at the effective date of this FRS. - The entity is encouraged, but not required, to apply this FRS to other grants of equity instruments if the entity has disclosed publicly the fair value of those equity instruments, determined at the measurement date. - For all grants of equity instruments to which this FRS is applied, the entity shall restate comparative information and, where applicable, adjust the opening balance of retained earnings for the earliest period presented. - For all grants of equity instruments to which this FRS has not been applied (eg equity instruments granted on or before 31 December 2004), the entity shall nevertheless disclose the information required by paragraphs 44 and 45. - If, after the FRS becomes effective, an entity modifies the terms or conditions of a grant of equity instruments to which this FRS has not been applied, the entity shall nevertheless apply paragraphs 26–29 to account for any such modifications. - For liabilities arising from share-based payment transactions existing at the effective date of this FRS, the entity shall apply the FRS retrospectively. For these liabilities, the entity shall restate comparative information, including adjusting the opening balance of retained earnings in the earliest period presented for which comparative information has been restated, except that the entity is not required to restate comparative information to the extent that the information relates to a period or date that is earlier than 31 December 2004. - The entity is encouraged, but not required, to apply retrospectively the FRS to other liabilities arising from share-based payment transactions, for example, to liabilities that were settled during a period for which comparative information is presented. 	2.53 ~ 2.59
8.35	Provisions, Contingent Liabilities and Contingent Assets	
8.35.1	For each class of provision, an entity shall disclose:	137.85
	(a) the carrying amount at the beginning and end of the period;	
	(b) additional provisions made in the period, including increases to existing provisions;	
	(c) amount used (i.e. incurred and charged against the provision) during the period;	
	(d) unused amounts reversed during the period; and	
	(e) the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.	
	Note: <i>Comparative information is not required for the disclosure specified in item 8.35.1.</i>	
8.35.2	The entity shall disclose the following for each class of provision:	137.86
	a) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits;	
	b) an indication of the uncertainties about the amount or timing of those outflows including, where necessary to provide adequate information, the major assumptions made concerning future events; and	
	c) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.	
8.35.3	Unless the possibility of any outflow in settlement is remote, the entity shall disclose, for each class of contingent liability at the balance sheet date, a brief description of the nature of the contingent liability.	137.87
8.35.4	Where practicable, the following information shall also be disclosed in respect of contingent liabilities:	137.87
	a) an estimate of the financial effect of the contingent liabilities, under the measurement rules specified in FRS 137 ₂₀₀₄ Para 37 to 53.	
	b) an indication of the uncertainties relating to the amount or timing of any outflows; and	

	c) the possibility of any reimbursement.	
8.35.5	Where an inflow of economic benefits is probable, the entity shall disclose a brief description of the nature of the contingent assets at the balance sheet date.	137.90
8.35.6	Where practicable, the entity shall disclose an estimate of the financial effect of contingent assets, measured using the principles specified in FRS 137 ₂₀₀₄ , Para 37 to 53.	137.90
8.35.7	Where any of the information required is not disclosed, because it is not practicable to do so, that fact shall be stated.	137.92
8.35.8	In extremely rare cases where information is not disclosed because disclosure of some or all of the information required could be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision, contingent liabilities or contingent assets, the entity shall disclose the general nature of the dispute, together with the fact that, and the reason why, the information has not been disclosed.	137.93
8.35.9	On implementation of FRS 137 ₂₀₀₄ , if comparative information is not restated, that fact shall be disclosed.	137.94
8.35.10	A venturer shall disclose the aggregate amount of the following contingent liabilities (unless the probability of loss is remote), separately from the amount of other contingent liabilities:	131.54
	a) any contingent liabilities that the venturer has incurred in relation to its interests in joint ventures and its share in each of the contingent liabilities which have been incurred jointly with other venturers;	
	b) its share of the contingent liabilities of the joint ventures themselves for which it is contingently liable; and	
	c) those contingent liabilities that arise because the venturer is contingently liable for the liabilities of the other venturers in a joint venture.	
8.35.11	The investor of associates shall disclose:	128.40
	a) its share of the contingent liabilities of an associates incurred jointly with other investors; and	
	b) those contingent liabilities that arise because the investor is severally liable for all or part of the liabilities of the associate.	
8.36	Commitments	
8.36.1	The financial statements shall disclose the amount of commitments for the acquisition of property, plant and equipment.	116.74(d)
8.36.2	A venturer shall disclose the aggregate amount of the following commitments in respect of its interests in joint ventures separately from other commitments:	131.55
	a) any capital commitments that the venturer has incurred in relation to its interests in joint ventures and its share in each of the capital commitments that have been incurred jointly with other venturers; and	
	b) its share of the capital commitments of the joint ventures themselves.	
8.37	Related Party Disclosures	
8.37.1	Related party relationships where control exists shall be disclosed in the financial statements, irrespective of whether there have been transactions between the related parties.	MASB8.23
8.37.2	If there have been transactions between related parties, the entity shall disclose the nature of the related party relationships, the identities of the related parties, as well as the types of transactions and the elements of the transactions necessary for an understanding of the financial statements.	MASB8.25
8.37.3	The elements of transactions necessary for an understanding of the financial statements would normally include:	MASB8.26
	a) an indication of the volume of the transactions, either as an amount or as an appropriate proportion;	

	b) individually significant outstanding balances arising from transactions other than normal trade transactions with related parties identified as to types of transactions;	
	c) the terms and conditions of each different type of transaction if the terms and conditions or prices are materially different from that obtainable in transactions with unrelated parties; and	
	d) amounts written off or forgiven in respect of debts due to or from related parties.	
8.37.4	Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the reporting entity.	MASB8.27
8.38	Property Development Account	
8.38.1	An entity shall disclose the revenue and related expenses recognized in the income statement.	201.50 (a)
8.38.2	For property development costs carried as an asset, a reconciliation of the carrying amount at the beginning and end of the period showing:	201.50 (c)
	a) The gross amounts of property development costs, segregating the portion related to land;	
	b) Property development costs incurred during the period;	
	c) Amount of property development costs recognized as an expense in the income statement, showing brought forward and current period amounts; and	
	d) Disposals or transfers to other category of assets or any other changes in the carrying amount during the period.	
8.38.3	In respect of progress billings:	201.50 (d)
	a) Accrued billings as current asset, recognizing the excess of revenue recognized in the income statement over the billings to purchasers; and	
	b) Progress billings as current liability, representing the excess of billings to purchasers over revenue recognized in the income statement.	
8.38.4	The amount of cash held under Housing Development Account - opened and maintained under section 7A of the Housing Development (Control and Licensing) Act 1966, and any other restrictions on cash.	201.50 (e)
8.38.5	For land held for property development:	201.51
	a) Gross carrying amount of the cost and accumulated impairment loss (if any) at the beginning and end of the period;	
	b) A reconciliation of the carrying amount at the beginning and end of the period showing:	
	(i) Additions;	
	(ii) Disposals;	
	(iii) Transfers to current assets as property development costs;	
	(iv) Impairment losses recognised / reversed in the income statement during the period, if any; and	
	(v) Other movement.	
8.38.6	The financial statements shall also disclose:	201.52
	a) The existence and amounts of restrictions on titles of land; and	
	b) Land held for development and property development projects pledged as security for liabilities.	
8.39	Events Occurring after the Balance Sheet Date	
8.39.1	The entity shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial statements after issuance, the entity shall disclose that fact.	110.17
8.39.2	If the entity receives information after the balance sheet date about conditions that existed at the balance sheet date, the entity shall update disclosures that relate to those conditions, in the light of the new information.	110.19

8.39.3	When non-adjusting events after the balance sheet date are of such importance that non-disclosure would affect the ability of the users of financial statements to make proper evaluations and decisions, the entity shall disclose the following information for each significant category of non-adjusting event after the balance sheet date:	110.21
	a) the nature of the event; and	110.21(a)
	b) an estimate of its financial effect, or a statement that such an estimate cannot be made.	110.21(b)
8.40	Government Grants and Government Assistance	
8.40.1	Government grants related to assets: Shall be presented in the balance sheet either: a) by setting up the grant as deferred income, or b) by deducting the grant in arriving at the carrying amount of the asset and in which case, to disclose additional information similar to setting up the grant as deferred income. In addition, for each class of assets and the total of these classes, a reconciliation of depreciation before and after deduction of related government grant recognised as income.	120.24 / 120.25
8.40.2	Government grants related to income shall: a) Be presented as a credit in the income statement, either separately or under a general heading such as “other income”. b) Alternatively, be deducted in reporting the related expense, with a disclosure of the reconciliation of the related expense before and after deduction of any grant. In addition, reason why this alternative approach is adopted shall be provided.	120.30
8.40.3	To disclose the following matters:	120.40
	a) The accounting policy adopted for government grants, including the methods of presentation adopted in the financial statements;	
	b) The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the company has directly benefited; and	
	c) Unfulfilled conditions and other contingencies attaching to government assistance that has been recognized.	



AXP TECHNICAL DIAGNOSTIC CENTRE

CONSULTATIVE QUESTIONS ON CORPORATE LAW REFORM COMMITTEE'S CONSULTATIVE DOCUMENTS

~ On Members' Rights and Remedies

Question One

Do you agree that apart from the persons currently given standing under section 181 i.e., members and debenture holders, the following persons should also be allowed to bring an action under section 181:

- (a) a person who is a former member but only if the oppression relates to the circumstances in which he ceased to be a member?
- (b) a transferee of shares or a person entitled to them by operation of law whose membership has yet to be perfected?
- (c) a former member?

Our Response

- (a) Yes, this is to ensure that the former member is treated fairly under the laws.
- (b) No, as the law should only protect the interest of existing members or former members as describe in (a).
- (c) No, except for the circumstance mentioned in (a).

Question Two

Do you agree that a petitioner should not be allowed to file a petition under section 218 and section 181 simultaneously?

Our Response

Yes, we agree that a petitioner should not be allowed to file a petition under section 218 and section 181 simultaneously.

Question Three

Do you agree that the statutory derivative action¹ should be available to all types of companies?

Our Response

Yes, we agreed. The purpose is to protect the shareholders (especially minority) of all type of companies.

¹ A 'derivative action' means an action brought by a member based on a cause of action which the company has, rather than a cause of action belonging to the member.

Question Four

Do you agree that persons other than members for example, former members, beneficial owners, directors, former directors and/or the regulatory authorities should be given the standing to bring a statutory derivative action?

Our Response

Except for the members, the other persons may not have “direct” interest on the company and, thus, should not be given the standing to bring a statutory derivative action. However, these persons may take action to launch the complaints to the board of directors for their further action.

Question Five

Do you agree that the statutory derivative action should be extended to the cause of action in a related company?

Our Response

As the related corporation may be controlled by the same controlling shareholders or the same holding company, thus, the statutory derivative action should be extended to the cause of action in a related company.

Question Six

Do you agree that unless the Court otherwise orders, the applicant should give notice of the intention to bring a statutory derivative action to the company at least 28 days before commencement of the proceedings?

Our Response

We agreed that a time frame be set for the company to response within a specific period. However, we are of the opinion that the company may have the right to apply to the Court for the extension of time frame with reasonable ground approved by the Court.

Question Seven

Do you agree that the company may be ordered to pay reasonable fees incurred by the complainant in connection with bringing the derivative action at any stage of the proceedings? Do you agree that the applicant may be held liable to reimburse the company if he fails in the proceeding?

Our Response

We are of the opinion that the indemnity for cost should only be awarded only at the successful conclusion of the action. This is to ensure that the complainant has a good ground on the case before they take action.

Question Eight

Do you agree that costs should include an order for indemnity and any reasonable legal fees of the proceedings?

Our Response

Yes, we agreed.

Question Nine

Do you agree that the orders that the Court may make should include an order giving access of information to the applicant?

Our Response

We are of the opinion that the Court should have the power to appoint an independent party to gather or investigate the necessary information on behalf of the applicant. This is to ensure that the applicant will not obtain information for their personal gains.

Question Ten

Do you agree that ratification should not be a bar to the application for leave?

Our Response

Yes, we agreed.

Question Eleven

Do you agree that the variation of class rights can be done:-:

- if written consent is obtained from at least 75 per cent of the holders of shares whose rights are to be varied; or
- a special resolution is passed at a separate class meeting of shareholders whose rights are to be varied?

Our Response

We are of the opinion that the 75% rule may not protect the interest of the minority where there is "significant" change in the class rights. Thus, the variation of "significant" class rights should be approved by 100% of the holders of shares whose rights are to be varied. This is to ensure that all the holders affected agreed to the variation in the class rights.

Question Twelve

Do you agree that the new procedure need not rely on whether there is or is not a modification of rights clause in the company's Memorandum and Articles?

Our Response

Yes, we agreed as this will ensure that the new procedures are applicable to all type of companies.

Question Thirteen

Do you agree that the proposed statutory procedure as stated above be extended to all companies, including companies without share capital? If yes, should it be applicable irrespective of whether or not the company has issued more than one type of shares?

Our Response

We are of the opinion that the proposed statutory procedures be applicable to companies with share capital and have issued more than one type of shares.

Question Fourteen

Do you agree that section 65(6)² should be retained?

Our Response

Yes, we agreed.

Question Fifteen

Do you agree that the company legislation should expressly provide that the redemption of preference shares (except for redeemable preference shares) is a variation of the rights of existing preference shareholders?

Our Response

Yes, this is to clarify the said provisions.

Question Sixteen

Do you agree that the company legislation should expressly provide that the issue of all new shares (and not just preference shares) is a variation of the rights of existing shareholders of the same class?

Our Response

Yes, we agreed that the company should expressly provide this clause in their legislation.

Question Seventeen

What are your views on the introduction of a statutory minority buy-out right?

Our Response

We are of the opinion that a statutory minority buy-out right be introduced, as it will improve the corporate governance of the companies, and to reduce the legal case between the parties if the minority is opposed to certain policies adopted by the majority.

² A later allotment of preference shares ranking equally with existing preference shares is a variation of rights of the holders of existing preference shares unless if at the time the existing shares were issued, the company's Memorandum or Articles authorised a later issue of equal rank.

Question Eighteen

What are your views on the use of the Articles by providing for an exit right clause to reduce the reliance on the Court process to resolve disagreements between the shareholders of a company?

Our Response

Further to the point discussed above, the exit right clause will reduce the lengthy Court process to resolve disagreements between the shareholders and will help to ensure that the business activities are not affected by the dispute of the shareholders.

Question Nineteen

Do you agree on the inclusion of a statutory provision in the company legislation to allow class / representative action³ by shareholders?

Our Response

We are of the opinion that a statutory provision in the company legislation to allow class action by shareholders to overcome the shortcoming of the Order 15 rule 12 of the Rules of the High Court on class action. This, again, is to improve the corporate governance of the companies.

Question Twenty

What are your views on the inclusion of a statutory provision in the company legislation to allow the shareholders or the relevant regulatory body to make an application to Court to seek an injunction to halt or prevent breaches of the law?

Our Response

Yes, we agreed that this clause is necessary.

³ The relevance of a class action to minority shareholders is that there may be cases where several minority shareholders are affected by the conduct of the directors or majority shareholders. Pooling their resources may provide a better outcome for the minority shareholders in terms of reducing the costs of bringing separate proceedings and/or increasing the amount of compensation/damages that they may obtain.