



Significant role played by Islamic finance in Malaysia's financial stability

The economic turmoil that hit most of the world's global markets in 2008 highlighted the need to ensure that countries and multinationals are less susceptible to such risk and uncertainty.

Islamic finance (IF) is envisaged to play a greater role in the years ahead. Bank Negara Malaysia (BNM) Governor Tan Sri Dato' Sri Dr Zeti Akhtar Aziz herself had acknowledged that the IF's inherent features were among the factors that contributed to the country's financial stability.

It was reported that Islamic banking accounts for 18.8% of Malaysia's total banking assets.

The entry of new recipients of foreign mega Islamic banking and family takaful licences with a minimum of US\$1 billion each this year augurs well for the country, which has earned its reputation the IF market leader.

Malaysia is said to be not only keen to enhance the international dimension of IF via linkages with international financial centres but also with those in the emerging countries of the Middle East, Africa, Central Asia and Latin America.

Besides providing regulatory and legal framework, the government has provided a conducive tax environment for IF to flourish by introducing a number of tax exemptions and incentives since Budget 2003.

ABOUT THE WORLD CONGRESS OF ACCOUNTANTS

The WCOA is held under the auspices of the International Federation of Accountants (IFAC). Since its inception in 1904, the World Congress has been held every five years since 1977 and every four years since 2002. It is the foremost international event for the accountancy profession. This is a highly respected and well-attended global forum attracting influential communities to share and debate important issues affecting the accountancy profession now and into the future.

They include:

- Income tax exemption for Islamic banking and takaful companies that conduct their business in foreign currencies.
- Income tax exemption for licensed bank in Malaysia on income derived from its branch or investee company which carries on Islamic banking sited outside Malaysia,
- Income exemption for fund management companies which manage Islamic funds for local and foreign investors.
- Tax deduction on expenditure incurred on the issuance of Islamic securities approved by the Securities Commission.
- Tax deduction on the cost of issuance of Islamic securities incurred by a special purpose company set up for Islamic financing.
- Tax deduction on expenditure for establishment of an Islamic stock broking business.
- Double deduction on qualifying business expenditure incurred on promoting Malaysia as an international financial centre.
- Stamp duty exemption on the instruments so that financing products offered under Islamic principles are not subject to a higher stamp duty as compared to conventional product

Where the WCOA 2010 team is concerned, it was overwhelmed by the support shown by BNM and its assistance to garner support from the key Islamic banks in the country.

Meanwhile, Dr Zeti, who spearheaded the transformation of the country's financial system including the rapid expansion of IF, has agreed to be the keynote speaker for plenary session 2 on IF: Strengthen the Global Financial Market.

Another authority on IF is Dr Mohd Daud Bakar, Chairman of the Central Shariah Advisory Council of the Central Bank of Malaysia, who will be speaking at the WCOA concurrent session on The Resilience of IF in a Global Financial Meltdown.

He will be discussing the importance of education in the development of IF and Malaysia's role as the Islamic financial hub in Asia Pacific and its progressive role in educating IF practitioners.

Dr Mohd Daud believes it is vital to identify methods of educating IF, accounting and auditing professionals in the context of Islamic financial market. The application of Shariah principles governing Islamic financial transactions in the context of financial reporting will also be explored by him.

Dr Mohd Daud is also a member of Shariah Advisory Council of the Securities Commission of Malaysia. He sits on the Shariah supervisory boards of many financial institutions worldwide. The former deputy vice chancellor of the International Islamic University, Malaysia is a leading authority on Islamic legal theory and IF.

Dr Mohd Daud Bakar
Chairman of the Central Shariah Advisory Council
of the Central Bank of Malaysia



CONGRESS THEME: ACCOUNTANTS: SUSTAINING VALUE CREATION

Professional accountants operate in all facets of the global economy creating value and upholding business integrity in both the private and public sectors. In a world demanding short term solutions, professional accountants are challenged to sustain long term growth. Accountants lead strategic teams and are charged with creating value and safeguarding assets. They are an important part of organisational governance, and provide regulators and society with assurance that business has operated to the highest standards. This World Congress will explore issues related to key areas that directly and indirectly affect the continued relevance of the professional accountant in the coming years.

Technical Programme Highlights

Delegates attending the WCOA 2010 will be spoilt for choice when it comes to deciding on which Concurrent Session to attend. With 35 sessions to choose from, running on seven tracks, a wide range of topics and issues will be covered by prominent speakers who have accepted the invitations to be part of the largest World Congress to date.

Here are some highlights of what is in store:

9 November 2010

Topic: International Auditing and Assurance Standards Board (IAASB) Agenda

Who better to present the challenges facing IAASB's future agenda than its key members: Chairman Professor Dr Arnold Schilder, Deputy Chairman Diana Hillier, public member Tomokazu Sekiguchi and technical director James Gunn?



Dr Arnold Schilder

The issues that will be discussed will surely lay the groundwork for the next decade. Chairing this session will be the Institute of Chartered Accountants of India Vice President CA G Ramaswamy.



Kevin Stevenson

10 November 2010

Topic: Function of national standard setters in an international environment

Kevin Stevenson, Chairman of the Australian Accounting Standards Board (AASB), will touch on how national standard setters can best influence the development of global standards and support the adoption in their jurisdiction.

He will also discuss:

- how the AASB creates local due process to facilitate the adoption of international financial reporting standards (IFRS) in Australia.
- how local standard setters are influencing the International Accounting Standard Board (IASB) and the research input provided by them at the early stages of the IASB projects.
- how these standard setters are "taking some of the flack" for the IASB and how they serve as an approving body for the local issuance of the IFRS and as a "nursery" for future standard setters and standard-setting staff.

The other speakers are Accounting Standards Boards of United Kingdom Chairman Ian Mackintosh, Ernst & Young Partner Professor Dr JPJ (Hans) Verkrujisse RE, and Institute of Independent Auditors of Brazil President Ana Maria Elorrieta, who is also a Partner of PricewaterhouseCoopers.

Topic: A Globally Integrated Enterprise – Business Without Borders

In today's competitive business world, global corporations face the realities of a borderless business environment. The principles of global integration such as economics, expertise and openness will be expounded by Microsoft Dynamics ERP General Manager Crispin Read, Institute of Certified Public Accountants of Singapore president Dr Ernest Kan and Judith Downes, Alumina Ltd Chief Financial Officer.

This session will be chaired by the International Federation of Accountants Board Technical Advisor Steve Freer.



Dr Ernest Kan



Judith Downes

Voghel shares her views on SMPs



Sylvie Voghel, who chairs the International Federation of Accountants (IFAC) Small and Medium Practices (SMPs) Committee since January 2006, is one of speakers for the concurrent session on "Small and medium-sized entity (SME) financing in the global market: Is there room for improvement?"

Below is an extract of part of the interview with her which appeared in CPA Ireland's June 2010 edition of Accountancy Plus.

How do you see the role of SMPs changing in the future?

The SMP Committee recently conducted a study of the role of SMPs in the provision of business support services to SMEs. The evidence suggests that accountants are seen as competent and trustworthy advisors, that accountants are the most popular source of external advice and support for SMEs, and that SMPs provide much of this advice and support. We need to help position and equip SMPs to satisfy the growing appetite of SMEs for business advice. Going forward this will be a major focus of the committee.

How does IFAC support SMEs and SMPs?

A thriving SME sector is a vital part of job creation, social cohesion, innovation and economic growth. In many – if not most – countries around the world, SMEs represent the vast majority of entities as well as the majority of private sector employment and Gross Domestic Product. According to the Organisation for Economic Co-operation and Development (OECD), SMEs account for over 95% of enterprises and 60% – 70% of employment in OECD countries.

While the IFAC can do little to help SMEs directly, it is not, after all, an association of SMEs. The IFAC recognises their importance and provides invaluable indirect support to them. First, the IFAC supports SMPs (primarily through their member bodies) so that they can provide better services to their SME clients – services that meet the SMEs' needs and are of high quality; this in turn helps SMEs prosper.

Second, the IFAC supports professional accountants in business (again primarily through their member bodies), many of whom work in SMEs. Much of the support that the IFAC provides for SMPs and SMEs comes from the work of the SMP Committee that I chair.

How can individual SMPs access that practical support?

Individual SMPs can access a wide range of practical support by visiting the SMP section of the IFAC website, at www.ifac.org/SMP, which is constantly updated.

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■ Global Reach

WCOA team steps up promotional roadshows

The World Congress of Accountants (WCOA) 2010 team was on an overdrive the last few months in its efforts to lobby for more support from the member bodies of the International Federation of Accountants' (IFAC) to attend this year's event in Kuala Lumpur.

In April, three different teams left for London, Hanoi and Tokyo to market the event.

In Tokyo, the team met up with leaders from the Japanese Institute of Certified Public Accountants (JICPA) who have agreed to disseminate the WCOA flyers to its members at its annual general meeting come 23 July. JICPA will also be providing a hyperlink of WCOA 2010 on its website, which will be redirected to a Japanese tour agent to coordinate the travelling and registration for the Japanese delegates.



■ WCOA 2010 Organising Committee Chairman Dr YC Lee presenting a memento to JICPA President Mr Koichi Masuda (left)

Meetings were also held with representatives from CPA Australia and PricewaterhouseCoopers in Tokyo to encourage them to attend the World Congress in November.

Malaysian government agencies such as Matrade and Tourism. Malaysia's office based in Tokyo will also be doing their part to promote the WCOA to Japanese business leaders while the Malaysian Embassy will facilitate in the visa applications.

Meetings with member bodies in Hanoi. In Hanoi, the WCOA 2010 team met up with Vietnam Association of Accountants and Auditors (VAA) President, Associate Professor Dr Dang Van Thanh and its Secretary General Do Dinh Lam, who will promote the event to its members.

Also present was Pham Cong Tham, the Director General of the Ministry of Industry and Trade's Financial Department.

The WCOA team came prepared with a presentation translated in Vietnamese at Vietnam Association of Certified Public Accountants' fifth anniversary celebration. The WCOA flyers and newsletter, also translated into Vietnamese, were distributed to the delegates present.

A meeting was also held with ACCA Country Manager Le Thi Hong and its Business Relation Manager Trang Dang at their office.

Russians lends strong support to woo more delegates to Malaysia

The World Congress of Accountants' (WCOA) marketing trip to Moscow from 3-7 June 2010 saw the team discussing with the Russian Collegium Auditors' (RCA) on strategic plans to draw in more numbers from this part of the globe.

Among them is a telemarketing plan to woo those who had expressed interest following the WCOA's two presentations to the RCA.

The first presentation, simultaneously translated into Russian, was done at the RCA's International Conference, which was well attended by its local audit professionals. Also present were representatives from the International Federation of Accountants (IFAC), Institute of Chartered Accountants in England and Wales, Association of Chartered Certified Accountants (ACCA), International Association of Book-keepers and the Russian State Duma.

Flyers on the WCOA in Russian were also inserted as part of the materials for the conference delegates.

The RCA will give 40 CP hours to those attending the World Congress' technical programme. For its members to maintain their practising license, they need to have 40 CP hours a year.

RCA has also come up with a package priced at US\$2,100, excluding delegate fees, which covers eight days of hotel accommodation and air ticket. Its annual general meeting, held on 4 June, represented another window of opportunity for the WCOA team's second presentation to its members.



■ Far left: RCA President Alexander Ruf receiving a token of appreciation from the WCOA 2010 team members, looking on is RCA executive director Natalia Melnikova on the far right.

Audit Chamber of Russia's (ACR) role

During the trip, the team also met up with the ACR council member Alexander Chmel, who is also a partner in Pricewaterhouse to draw more delegates from the Big Fours of accountancy to the World Congress in Malaysia.

ACR, which has over 6,000 members, will disseminate information on the WCOA via hyperlink to its website.

ACR, which had recently applied to join the IFAC as a member, is expected to be admitted as a full member in November during the IFAC board meeting in Kuala Lumpur.

ACCA's role

The WCOA team also enlisted the help of ACCA information officer Dmitry Kuznetsov to do email blast to the latter's 1,200-strong members and 5,000 students in Russia and follow-up on its members' response.

News on WCOA Gold Sponsors

CIMA Global Perspectives on Governance Report to be launched at WCOA 2010

The Chartered Institute of Management Accountants (CIMA) plans to launch its report on Global Perspectives on Governance at the World Congress of Accountants (WCOA) 2010.

Its chief executive Charles Tilley and Dr Wim A Van der Stede, CIMA Professor of Accounting and Financial Management, London School of Economics, Department of Accounting will speak at a luncheon on 10 November addressing some 1,000 invitees.

Both of them are also speakers at the WCOA 2010. Tilley, a well known champion of improved corporate reporting, is the speaker for plenary 4: Creating The Accountant's Future.

CIMA, which is also a gold sponsor of the WCOA 2010, will be developing a micro site on the WCOA linked to its website. It plans to blog and tweet on the Technical Programme in CIMA Sphere as well as hold cocktail receptions for its speakers.

Like CIMA, ACCA is creating a dedicated micro site on the World Congress 2010. To help promote the event, it has a flash presentation on the WCOA, which will be played at all its events.

It is also looking at organising a members' only event during the WCOA.

■ Global Reach

Top 10 accounting firms from South Korea targeted

June also saw the World Congress of Accountant (WCOA) 2010 team led by the Malaysian Institute of Accountants Vice President Christina Constance Foo heading to Seoul to garner from the Korean Institute of Certified Public Accountants (KICPA) in South Korea.

In Foo's presentation to the chairpersons and senior partners from the top accounting firms, she strongly encouraged them to sign up their junior staff for WCOA 2010.

She believes that one of the key initiatives for capacity building is to elevate the standards of the staff. By attending the World Congress they will be able to build and strengthen their global business network.

Foo also addressed the members who attended the KICPA 56th annual general meeting. In her speech to the KICPA members, Foo extended her personal invitation to every attendee, urging them to grab a "life time" opportunity to network with thousands of their fellow professionals worldwide besides having the opportunity to experience Malaysia's rich and unique multi-ethnicity, diverse cultural and religious backgrounds as well as hospitality.

KICPA has sent numerous email blasts on the World Congress to its members and has also provided the hyperlink to the WCOA 2010 registration site.

To encourage its members to attend the WCOA 2010 in November, KICPA will offer 10 Continuing Professional Education hours and subsidise the registration fee amounting to 500,000 won (USD500).

KICPA will work with a travel agent in Seoul to offer a package starting from 1,600,000 (USD1,300) that is inclusive of the registration fee, accommodation on twin-share and an economy air ticket.

The WCOA 2010 team also made its round to Matrade and Tourism Malaysia's offices in Seoul to enlist their help to spread the word about the World Congress which will be held in Kuala Lumpur.



■ Far left: KICPA President Ou-Hyung Kwon receiving memento from Foo.

■ WCOA 2010 Diary

CFOs not left off either

Malaysia Institute of Accountants (MIA) Vice President Christina Constance Foo certainly does not miss the opportunity to make a pitch for the World Congress of Accountants (WCOA) at events organised by the institute.

They include The CFO Symposium: Unlocking The Corporate Value held in Kuala Lumpur recently which was attended by about 100 chief financial officers (CFOs) who have transformed themselves from being mere financial officers to become strategists and advisors.

Foo also promoted the WCOA to the participants of the Women in Leadership Today programme which was held in April.



■ One of the speakers, Malaysia Airlines Managing Director and Chief Executive Officer (CEO) Tengku Dato' Azmil Zahruddin Raja Abdul Aziz, joined Foo (far right) and MIA Chief Operating Officer SK Yap during the press conference with the media.

■ Discover Malaysia

Exotic Borneo experience awaits you in Sabah

Sabah, known as "the land below the wind" is a tropical paradise of scenic beauty, rugged landscapes, lush rainforests and islands teeming with diverse marine life. It is Malaysia's second largest state and shares the island of Borneo with Sarawak, Brunei and Indonesian Kalimantan.

Its capital Kota Kinabalu (KK) has numerous tourist attractions that include Signal Hill and Tun Mustapha Tower, previously known as the Sabah Foundation Building, which is noted for having one of the world largest hanging structure.

The latter is also home to the @mosphere restaurant. Sited on the 18 floor, this restaurant slowly spins to give a view of the Likas Harbour and completes each rotation in an hour.

Sabah's state mosque is another spectacular sight of structure with its majestic domes and gold motifs. This East Malaysian state is one of the destinations selected for the pre- and post-tour programmes for the World Congress of Accountants.



You will also be taken to Tanjung Aru Beach, a popular long and sandy public beach with plentiful hawker stalls. Visit wcoa.2010kualalumpur.com for more details on the package.

KK is also the gateway to eco-adventures like the 24th Mt Kinabalu International Climbathon 2010, dubbed as the world's toughest mountain race.

Taking place from 23-24 October 2010, this race is a true challenge to the spirit of human endurance where climbers climb up one of Southeast Asia's highest peak at 4095.2 m. It is part of the Sky Runners World Series Circuit, which is regulated and coordinated by the Europe-based Federation for Sport at Altitude.

