



MALAYSIAN INSTITUTE
OF ACCOUNTANTS
ACCOUNTANTS: MANAGERS OF VALUE

PROUD HOST:



World Congress
of Accountants 2010

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FINANCIAL REPORTING STANDARDS IMPLEMENTATION COMMITTEE

FRSIC Consensus 2

Applicable Accounting Standards for MSC Status Company

Introduction

FRSIC Consensus 2 “Applicable Accounting Standards for MSC Status Company” was developed by the Financial Reporting Standards Implementation Committee (“FRSIC”) and issued by the Malaysian Institute of Accountants (“MIA” or “Institute”) on 1 February 2008.

The Consensus contained herein is issued as part of the Institute’s initiatives to promote best practices in compliance with the highest standards in financial accounting.

FRSIC CONSENSUS 2**APPLICABLE ACCOUNTING STANDARDS FOR MSC STATUS COMPANY**

FRSIC Consensus is guidance issued by MIA and shall be regarded as best practice. It should be read in conjunction with the respective applicable accounting standards.

Members of MIA are expected to observe compliance to the consensus issued. In exceptional circumstances where departure is necessary, members shall be prepared to justify the departure.

FRSIC Consensus need not be applied to immaterial items. Nothing in the FRSIC Consensus is to be construed as amending or overriding the accounting standards or other statements adopted or issued by the MASB and other relevant laws.

The Issue

1. Effective from 1 January 2006, an entity which falls within the definition of “private entity” is allowed to comply with either Financial Reporting Standards (“FRS”) or Private Entity Reporting Standards (“PERS”) in its entirety in preparing its financial statements.
2. A private entity is a private company, incorporated under the Companies Act 1965, that –
 - is not itself required to prepare or lodge any financial statements under any law administered by the Securities Commission (“SC”) or Bank Negara Malaysia (“BNM”); and
 - is not a subsidiary or associate of, or jointly controlled by, an entity which is required to prepare or lodge any financial statements under any law administered by the SC or BNM.
3. Certain entities in Malaysia have been awarded with MSC Malaysia Status for developing or using multimedia technologies to produce or enhance their products and services and for process development.
4. A MSC-status company is given certain exemption to comply with the exchange control requirements under the Exchange Control Act, 1953. However, the general permission is given subject to the

condition, among others, that the Company shall submit its audited annual financial statements to Jabatan Pentadbiran Pertukaran Asing "JPPA", BNM within 3 months at the end of every financial year.

5. The issue is whether the requirement for MSC Status Company to submit its financial statements to BNM is considered as lodging its financial statements under the law administered by BNM and therefore it is required to prepare the financial statements in accordance with FRS.

Consensus and Basis of Consensus

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

Date from which Effective

9. This Consensus becomes effective on 1 February 2008.

References

Announcement by MASB dated 23 February 2006.

Letter from BNM dated 10 October 2007 (reference: KL.EC 150/1).