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Challenges in the Recovery of Technology-based Assets

at-mia.my/2020/01/14/challenges-in-the-recovery-of-technology-based-assets

January 14, 2020

By Nithea Nadarajah

Along with digital transformation, the use of technology-based assets is gaining momentum.

Unlike tangible assets which rely on traditional valuation methods, intangibles such as goodwill, databases and Intellectual Properties (IPs) such as trademarks, patents, copyrights etc., require a more unconventional approach in order to accurately ascertain their value.

"There are different types of technology related IP rights but not all of them are registrable. The key to it all for technology companies is the software and source codes that they own," explained Kuok Yew Chen, Partner, Corporate Mergers & Acquisitions, Christopher Lee & Ong, at the MIA Insolvency Conference 2019. Software may have copyright, but is generally non-registrable. Then there is a company's database, processes, goodwill and trademarks, some of which are registrable and some not. How do you extract value out of things like that? To add complexity to this matter, databases of companies under liquidation cannot be alienated and sold off separately by virtue of the prohibition under the Personal Data Protection Act 2010. It is therefore imperative that organisations holding technology-based assets have proper exit strategies in place to ensure due recovery of their intangibles. To extract maximum value for such assets, liquidators will need to find the correct investor with synergies to gain from the company in question.

Jaring: Early example of Liquidating Technology Assets

Insolvency practitioner, Adrian Hong Boo Kiat, Head, Restructuring Services, KPMG Malaysia zeroed in on the government's Jaring Communications Sdn Bhd (Jaring), the pioneering company that brought Internet to Malaysia in 1992. Jaring went into liquidation in 2014, but could not cease its operations immediately as it was needed to allow existing customers to migrate to another service provider. The Malaysian Communications and Multimedia Corporation (MCMC) made it a mandatory condition to keep Jaring operating despite that Jaring was short of fund whilst the migration process was ongoing. The Liquidators managed to keep the operations fully funded for three months despite the tight cash flow constraints.

In order for the operations to be funded, a strategy was mapped out to continue trading and to quickly collect the receivables. The first step was to cut costs by terminating redundant employees along with several other expenditures. Thereafter, it was to secure buy in from critical suppliers to allow the pre-liquidation debts to remain unpaid over the current debts during liquidation. Recovery of assets was the next course of action with the marketable ones quickly sold off. Managing tangible assets was an easy task. Intangibles, however, proved to be a tricky ordeal that was further exacerbated by the PDPA prohibitions on selling Jaring's database information. At the end of the liquidation exercise, the glaring fact was that Jaring's most valuable assets were its Internet Protocol (IP) addresses, which strangely enough, didn't have any value ascribed under the intangibles.

(L to R) – Khoo Poh Poh, Datuk Paul Chong, Kuok Yew Chen, Adrian Hoong Boo Kiat

Doing It the VC Way

Venture capitalists (VCs), unlike insolvency practitioners, come from the other end of the spectrum. VCs are interested in anything that will future-proof a business and provide a competitive edge which will drive businesses forward and sustain profits. Intangibles are on the top of the list. In the last 10-20 years, organisations such as Apple, Facebook, Twitter etc., which started off with nothing except an idea or a database, are now multi-billion dollar companies.

VCs apply coherent strategies to hedge themselves upfront when investing into technology-based companies. One way is to segregate identified products from an investee company to enable a partial investment to be made into these intangibles in addition to the main investment, explained Datuk Paul Chong, Founder and Managing Partner, Knights Capital Partners. The partial investment strategy creates a safety net whereby, should the business go bust, the VCs can still retain partial ownership of certain IP rights. These assets can then be channelled into other endeavours which will guarantee a more worthwhile return on investment.

Another method would be to strictly invest in the company's assets and not in the company itself. "Sometimes we buy a portfolio of assets without actually expecting the company behind it to make a business out of it. Simply by squatting on it and hoping that one day we can flip it, and make a profit on the investment," explained Datuk Paul.

The primary consideration for VCs is to recoup capital for their investors through divestments. However, should a situation arise where it would be more probable to recoup value by keeping the company, it would be done. "The decision is not always to sell," assured Datuk Paul. Sometimes it is important to retain, especially if the company may have a second lease on life. Cutting costs and selling certain assets to stay afloat are the most common financial measures taken. Another method would be to 'slice and dice' the IP rights and sell them in parts to purchasers from different countries and industries to spread the risk and additionally, extend the network for future business development.

Time is of essence when it relates to the recovery of technology-based assets. "The longer you sit on an IP right, waiting to either dispose of it, license it or whatever; the diminution in value actually hits you," stressed Datuk Paul. He also added that VCs work closely with liquidators to make sure that valuable assets are salvaged in the soonest possible time.

Ultimately, the business model can be the determinant in identifying and ultimately recovering an entity's valuable assets. Ask two questions, advised Datuk Paul. "What makes a company tick? What is the underlying thing that propels it forward?"

Charting an Exciting Year Ahead in 2020

at-mia.my/2020/01/08/charting-an-exciting-year-ahead-in-2020

January 8, 2020

By Dr.Nurmazilah Dato' Mahzan

MIA would like to thank all of you for your support throughout 2019, which has been one of the most rewarding and productive years for the Institute and the profession in Malaysia. In 2019, we made tremendous progress on initiatives designed to futureproof the profession and accountancy professionals despite numerous challenges and an increasingly complex landscape.

If you refer to our integrated report (IR) for the year 2019, you will observe that MIA is operating according to our strategic objectives (SOs). SO1 develops targeted competencies to ensure our members' relevance and ability to support nation-building. SO2 embeds ethics aligned with global codes whereas SO3 will rightsize regulations – together they build good governance and trust to protect the public interest, which is the core of the profession. SO4 enhances the value proposition and recognition of our members and the profession, which completes the virtuous circle of building competency, governance and trust for the public interest.

Our IR also explains our achievements for the year along with the value created and distributed to members, so I do hope that you will download the IR to better understand MIA's higher purpose of developing and regulating the profession to support nation-building.

Now that 2019 is done and dusted, we are eagerly anticipating 2020, as we have lined up a slew of initiatives that will add even more value to our members as well as our diverse stakeholders. Whilst the list is long, the highlight would be our continuing effort to repeal and amend the Accountants Act 1967, to strengthen MIA's effectiveness in regulating and developing the profession.

We will continue to strongly emphasise on our surveillance and enforcement activities which underpin the notion of trust in the accountancy profession and accountancy professionals. Equally pertinent is the development and implementation of a comprehensive MIA Competency Framework which will define the DNA of accountancy professionals and promote the profession as future ready in meeting the needs of its stakeholders. This Framework will define the baseline competencies required for different levels of accountancy professionals, considering the emerging skills and roles for accountants.

As we steer the profession towards value creation , our team is preparing to launch several key outputs in the first quarter of 2020 including: the upcoming launch of MIA's textbook on MFRS application for Islamic finance institutions – which is one-of-a-kind to fill a void for MFRS guidance in this leading sector; the inaugural Professional Certificate in Digital Leadership; the Business and Economic Outlook 2020 report; the Export Acceleration Mission to Vietnam (in collaboration with MATRADE) as well as the multi-stakeholder eBank Confirmation platform that facilitates and automates bank reconciliations for better assurance and audit quality.

We hope that you will be with us at every step of the way on this journey of continuous improvement. A stronger profession benefits all stakeholders which ultimately supports nation-building. Together, we can do even better in 2020.

Dr.Nurmazilah Dato' Mahzan is the Chief Executive Officer of MIA

*Click **HERE** to download MIA's Integrated Report 2019*

Corporate Board Leadership Symposium 2020 – Sustainability and Digitalisation – A New Normal

at-mia.my/2019/12/06/corporate-board-leadership-symposium-2020-maximising-risk-management

December 6, 2019

In today's landscape of widespread risks and black swans, boards need to be ready for anything and everything.

MIA brings you the ***Corporate Board Leadership Symposium 2020,*** with the theme of ***Sustainability and Digitalisation – A New Normal,*** which focuses on supporting directors and boards to optimise value creation through sustainability and digitalisation while neutralising or minimising risks.

The Symposium will highlight the latest strategies and developments in:

• ***Managing Sustainability***

As the climate change and waste crises reach tipping point, businesses must step up and become more transparent and accountable for their impacts on ESG (environment, social and governance). Sensitivity to sustainability is becoming more acute as society and consumers demand that businesses account for and minimise their footprint. In ***The Future: Business Sustainability,*** expert speaker walks boards through how you can integrate sustainability into your business strategies and value creation models to build trust and win public confidence.

• ***Managing Market Risk***

AI and technology can be extremely useful and efficient in supporting board governance and risk management across all dimensions. ***Board Talk 1: Modernising Methods to Mitigate Market Risk*** helps boards see how current data analytics tools can be applied in analysing risks and providing accurate market information for enhancing decision making, risk management and corporate governance. As the economic outlook turns bleaker, expert speakers will also discuss the feasibility and usage of contemporary data analytics tools to measure economic uncertainty in Asian markets and manage the subsequent risk.

• *Managing Personal Liability and Organisational Risks*

New regulations expanding director and company accountability and liability – specifically Section 17A of the Malaysian Anti-Corruption Commission Act – have equipped Malaysian enforcers and regulators with the legal firepower to escalate war against corruption. ***Board Talk 2: Section 17A – Director and Company Accountability*** outlines the anticipated impacts, roles, responsibilities and accountability required of directors and corporate board leaders once Section 17A is in place and guides boards on how to implement the necessary risk management strategies and best practices.

• *Managing Digital Talent*

Digital talent is key to competitiveness in a world increasingly reliant on technology. To manage the human capital and people risk, boards need to refine and relook at their strategies for recruiting, developing and retaining digitally adept talent who can drive a culture of high performance in the new economy.

But employees and talent aren't the only ones who need to future-proof themselves. Directors too need to safeguard their relevance as organisations look at bringing robots onto boards to improve governance. With their vast capacity for data and analytics, coupled with immunity to corruption and human error, robots could possibly be among the best candidates for board transformation and innovation. In sessions on ***The New Wave: Digital Talent a Must and Board Talk 3: Robots on Board,*** the Symposium will look at the latest developments in onboarding AI to drive a robust corporate culture, while equipping human directors for this new co-existence in corporate governance.

For more information on this Symposium, please click HERE.

Demystifying Sustainability Reporting: What's Real and What's Not

at-mia.my/2019/12/17/demystifying-sustainability-reporting-whats-real-and-whats-not

December 17, 2019

By Joyce Khoh

'Sustainability', 'Sustainability Reporting' and 'EESG' have become key buzzwords in recent years, as an increasing number of companies and investors recognise the impacts of climate change as a material financial risk to business continuity.

As factors that threaten society, the economy and the environment are increasingly understood and start to dominate political, business and activist agendas, demand is growing for information about how corporate activity jeopardises or contributes to long-term sustainability goals. Investors are also slowly moving beyond simply looking at financial metrics, incorporating Economic, Environmental, Social and Governance (EESG) factors into their investment and decision-making processes. As such, sustainability reporting has greatly evolved and has never been more relevant.

However, with the growing number of frameworks and terminology surrounding it, it is often easy to get lost in the sea of information that companies publish. EESG, CSR, SRI, TCFD… many investors and corporates alike struggle to navigate their way through this 'alphabet soup'.

Regulatory Landscape in Malaysia, Singapore and Globally

In Malaysia, listed companies are required to disclose their sustainability activities in their integrated reports and similarly, sustainability reporting has been made mandatory in Singapore as of 2017. Globally, there has also been a shift towards voluntary or mandatory sustainability reporting, with 90 per cent of the largest companies in the world coming on board. For countries such as the UK, the Stewardship Code also requires companies to take into account material EESG factors, including climate change, in order to enhance the quality of reporting.

A Costly and Time-consuming Fad?

With multiple channels and varied news, literature and opinions flooding the Internet, companies and investors alike grapple with the importance of sustainability, much less that of reporting on it, and it is often perceived as a measure to boost a company's reputation. However, what often goes unnoticed is its intrinsic value which lies in ensuring that organisations thoroughly consider their impacts on sustainability issues, and are transparent about the risks and opportunities that they face, in turn building stakeholder trust. With unapparent benefits and many misconceptions surrounding it, it is unsurprising that many companies approach sustainability reporting as an annual compliance-based exercise.

What's Real and What's Not

Sustainability Reporting has no financial impact

Often coined as 'tree hugger' language and associated with the environment at first instance, sustainability reporting has a reputation of being a 'softer' priority, with no direct impact on financial performance. However, this is untrue as sustainability reporting helps companies build trust with customers and stakeholders, which in turn directly impacts their bottom lines. It is also a useful risk management tool and can help generate savings through greater operational efficiency. Amongst Asian companies, although an increased awareness of sustainability as a strategic risk has been observed, Boards are still largely focused on financial performance, KPIs and traditional risks. With so much emerging in the EESG space at the moment, it is also a challenge for Board members to keep up with the fast-changing requirements and to act accordingly.

What can be done?

Sustainability Reporting should be inbuilt into the Board's agenda, with the Board taking the lead and having oversight over reporting. This can be done through a calendaring approach and getting subject matter experts to educate the Board, to help members understand how sustainability issues impact the organisation. Without the Board driving the process, reporting will not be effective and authentic.

No Difference Between CSR and EESG

Corporate Social Responsibility (CSR), a self-regulatory practice that helps companies to be socially accountable, is often thought of to be the same as EESG. However, they are largely different. While the former describes a company's commitment and efforts to be socially responsible and is often also utilised as a public relations measure, the latter represents material business issues that are strategic and would directly affect financial performance. In addition to providing investors with an accurate glimpse of the company's actions, evidence of EESG activity is used as a key assessment marker for investors and seen as vital to understanding corporate purpose, strategy and management quality of companies. Therefore, a company that has a great CSR programme but does not identify its material EESG issues can be likened to a house with an exquisitely polished exterior, but a cluttered and disorganised interior, which would affect its operations and ability to create value in the long run.

What can be done?

Companies should conduct a materiality assessment from an EESG perspective once every few years. This helps identify the critical issues affecting the business and enables them to respond efficiently and effectively.

The More the Merrier

With the rise of a plethora of different sustainability frameworks, indices and methodologies, companies often have the mindset that the more frameworks they adopt, the better their report will be. This, however, leads to an overload of information and 'framework spaghetti', which leaves investors struggling to understand their key messages and how value is created. Companies should therefore seek to understand the different frameworks and adopt those which are most relevant to their organisation and stakeholder groups. Taking an integrated approach could also help companies engage with their stakeholders, while ensuring that they meet compliance requirements. For example, using (IR) to tell the value creation story, SASB for its performance matrix and TCFD for its principles and guidelines. The challenge surrounding this is that certain information required to be disclosed could be seen as commercially sensitive and companies are often unsure of what investors want to know.

What can be done?

Companies should identify their key stakeholders groups, understand their information needs and select appropriate framework(s) to report against. In their 'About the Report' section, they should briefly explain the frameworks chosen and the rationale behind choosing them.
Outlook

With sustainability issues dominating corporate and political agendas and shaping our world today, sustainability reporting has never been more crucial and relevant. Understanding the importance of sustainability reporting and its role in engaging and building trust with stakeholders is a critical first step that companies need to take, as they embark on their individual reporting journeys. Despite being a mandated annual exercise, companies should regard sustainability reporting as an invaluable opportunity for them to review their long-term strategies regularly and propel their brand value and competitive advantages. Ultimately, it should be viewed as a marathon and not a sprint – a process which takes time, effort and resources, but one which reaps rewarding results.

Joyce Khoh is Research Executive, Black Sun Asia Pacific.

ISA 510 Opening Balances

at-mia.my/2020/01/14/isa-510-opening-balances

January 14, 2020

By Yu Jo Jin and Nadiah Mohammad

When an auditor takes on a new audit engagement, questions may arise relating to the kind of audit procedures to be performed at the initial audit engagement – if the financial statements for the prior period were audited by a predecessor auditor or when the prior year financial statements were not audited. The responsibilities and requirements to perform an audit of opening balances of the financial statements by a new auditor is outlined in the International Standard on Auditing (ISA) 510 *Initial Audit Engagements – Opening Balances.*

The objective of the auditor with respect to opening balances (OB) is to obtain sufficient appropriate audit evidence about whether:

- The OB contain misstatements that materially affect the current period's financial statements; and
- Appropriate accounting policies reflected in the OB that have been consistently applied in the current period's financial statements or changes thereto are appropriately accounted for and adequately presented and disclosed in accordance with the applicable financial reporting framework.

If the auditor obtains audit evidence that the OB contain misstatements that could materially affect the current period's financial statements, the auditor shall perform such additional audit procedures as are appropriate in the circumstances to determine the effect on the current period's financial statements.

If the auditor concludes that such misstatements exist in the current period's financial statements, the auditor shall communicate the misstatements with the appropriate level of management and those charged with governance in accordance with ISA 450 *Evaluation of Misstatements Identified During the Audit*.

General Audit Procedures

The auditor shall read the most recent financial statements, if any, and the predecessor auditor's report thereon, if any, for information relevant to OB, including disclosures.

The auditor shall obtain sufficient appropriate audit evidence about whether the OB contain misstatements that materially affect the current period's financial statements by:

- Determining whether the prior period's closing balances have been correctly brought forward to the current period or, when appropriate, have been restated;
- Determining whether the opening balances reflect the application of appropriate accounting policies; and
- Performing one or more of the following:
  – Where the prior year financial statements were audited, reviewing the predecessor auditor's working papers to obtain evidence regarding the opening balances; or
  – Evaluating whether audit procedures performed in the current period provide evidence relevant to the opening balances; or
  – Performing specific audit procedures to obtain evidence regarding the opening balances.

Review of the Predecessor Auditor's Working Papers

Successor auditors can opt to review the predecessor auditor's working papers to obtain audit evidence regarding the opening balances, if the prior year financial statements were audited. It is important to consider qualifications in the audit report of previous years.

If the prior year auditor's report is modified, the successor auditor should evaluate the effects on the current financial statements in accordance with ISA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*.

The successor auditor should also review any material audit adjustments posted by the predecessor in the prior year, and any material management letter issued to the audit client. These should be included in the current year's risk assessment.

However, the successor should not rely solely on the predecessors' working papers. Instead, the successor should determine how the results of his or her review of those working papers affect the nature, timing and extent of the procedures to be performed on the opening balances and the consistency of accounting principles. The results of the successors' review are the conclusions the successor reaches regarding the procedures performed and the evaluations made by the predecessor in the prior years' engagement.

Ultimately, the successor must exercise professional judgement in determining the extent of procedures to be performed and the audit evidence to be obtained with respect to the opening balances.

What can be done if the predecessor auditor does not, or cannot, provide access to the audit working papers for the previous reporting period?

The predecessor may limit or deny the successor access to the working papers. The extent of access is always a matter of the predecessor's professional judgement. How can a successor obtain audit evidence if a predecessor denies access to the prior years' engagement working papers?

The successor auditor should evaluate whether **audit procedures performed in the current period provide evidence relevant to the opening balances, or perform specific audit procedures to obtain evidence regarding the opening balances, and propose opening balance adjustments, if necessary.**

For instance, auditors might want to:

- recompute the allowance for doubtful debts accounts at the end of the prior period and compare original and recomputed numbers for consistency and reasonableness; or
- review the property and equipment and its depreciation schedules for the prior year to compare them to the opening balances, as well as review the consistency of capitalisation and depreciation policies.

Again, the successor must use professional judgement in determining the nature, timing and extent of procedures to be performed with respect to the opening balances.

Audit Conclusions

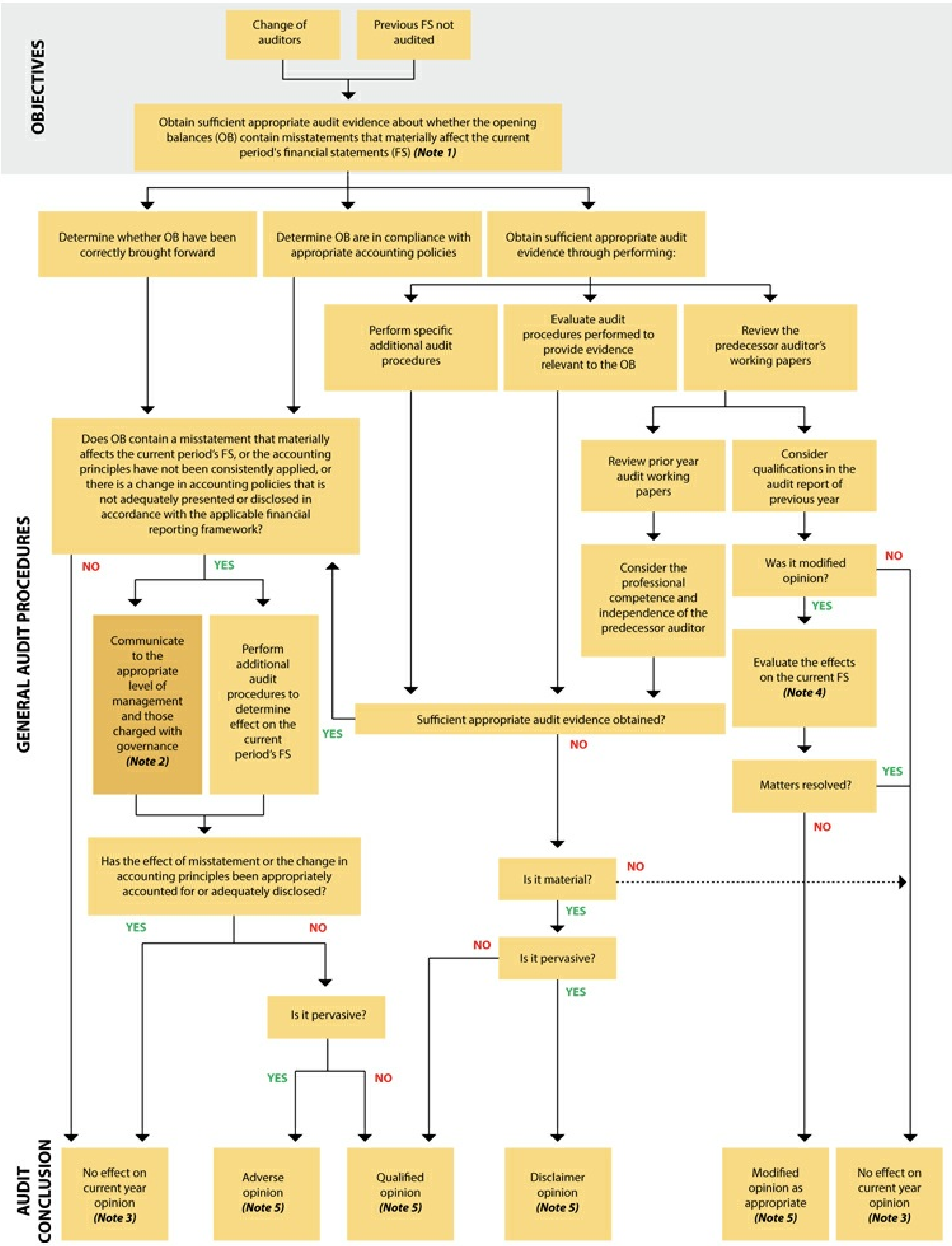
If the successor auditor is unable to obtain sufficient appropriate audit evidence for the OB, the auditor shall express a qualified opinion or disclaim an opinion on the financial statements, as appropriate, in accordance with ISA 705 *Modifications to the Opinion in the Independent Auditor's Report*.

If the successor auditor concludes that:

- the OB contain a misstatement that materially affects the current period's financial statements and which has not appropriately accounted for or not adequately presented or disclosed, or
- the accounting principles have not been consistently applied, or
- there is a change in accounting policies that is not adequately presented or disclosed in accordance with the applicable financial reporting framework

- a qualified opinion or an adverse opinion should be expressed in accordance with ISA 705.

Reference: International Standard on Auditing (ISA) 510 Initial Audit Engagements – Opening Balances.



Note	Description
OB	Opening balances
1	In accordance to ISA 510 *Initial Audit Engagements - Opening Balances*, paragraph 6
2	In accordance to ISA 450, *Evaluation of Misstatements Identified during the Audit*, paragraphs 8 and 12
3	In accordance to ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*, paragraph A17
4	In accordance to ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*
5	In accordance to ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*

Yu Jo Jin *and* ***Nadiah Mohammad*** *are Managers of MIA's Small and Medium Practices Department, Professional Practices & Technical.*

MIA’s Integrated Report 2019: Upholding Trust, Fostering Sustainability

at-mia.my/2020/01/08/mias-integrated-report-2019-upholding-trust-fostering-sustainability

January 8, 2020

Currently, Malaysia ranks among the top five markets globally that lead in integrated reporting (IR) adoption. As the national advocate of IR, MIA undertakes several initiatives to create further awareness and encourage increased adoption of IR in Malaysia. These range from education to collaboration with other regulators to producing our own IR as a role model for other adopters.

IR Education

As the International Integrated Reporting Council’s (IIRC) Training Foundation Partner, MIA is licensed to provide approved integrated reporting training courses in multiple markets. For 2019, MIA successfully delivered a series of IR workshops that comprised a one-day course on Introduction to IR and a three-day course on Practical Guide on Implementing IR. These workshops prepared new adopters for the IR journey and enabled early adopters to identify and address the gaps in their integrated thinking and reporting.

What’s in the Report

For 2019, MIA successfully released its third integrated report which explains how the Institute creates value – by strengthening the regulation and development of the accountancy profession to support nation-building, in line with the powers granted by the Accountancy Act 1967.

Our IR narrates our ongoing journey of nation-building over the year, and explains our future outlook and risks. The IR has been prepared in accordance with the International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework to provide a comprehensive yet concise overview of how MIA creates value using its capitals – human capital, intellectual capital, social and relationship capital, and financial capital.

In this report, the Council and management share key messages and insights explaining MIA's strategies, initiatives and impacts for the past year, demonstrating accountability and tone from the top. This report summarises our performance concisely and in a connected manner – as steered by our four strategic objectives and driven by our four enablers, which are mapped to our business model, stakeholders and impacts. Furthermore, we explain the data-driven risk assessments, material factors, market outlook and megatrends that inform and guide our strategies and actions.

To ensure the integrity of the information contained in this report, the Council exercised collective oversight of material developments, with sign-off via the Audit and Risk Management Committee. The Council opined that this report is aligned with the key principles in the IIRC IR Framework and also sought limited assurance under the IR Framework for the 2019 report.

We hope that this 2019 report is a step up in our IR journey and serves as a useful model and reference for other adopters of IR, especially those in emerging markets. Feedback on this report and further enquiries about our policies and practices are most welcome. We are happy to share that we have received positive feedback from the IIRC, IFAC (International Federation of Accountants) and AFA (ASEAN Federation of Accountants) on our 2019 IR. As enthusiastic IR practitioners, we are already working to address the gaps in this year's IR and hope to share an improved IR for 2020.

Click **HERE** to download MIA's Integrated Report 2019

For more information, contact *communications@mia.org.my*

NACRA 2019 Awards – Celebrating Good Disclosure, Enhancing Market Integrity and Confidence

at-mia.my/2019/12/06/nacra-2019-awards-celebrating-good-disclosure-enhancing-market-integrity-and-confidence

December 6, 2019

Jointly organised by Bursa Malaysia Berhad, Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA), the National Annual Corporate Report Awards (NACRA) 2019 Awards continued to raise standards of corporate disclosure and reporting transparency, in order to strengthen market integrity and investor confidence.

Minister of Finance YB Lim Guan Eng presented a total of 25 awards along with 11 Certificates of Merit to the finalists. These included awards for integrated reporting (IR) which MIA is actively advocating for organisations to tell their holistic and unique stories of value creation. This year saw an increase in the total number of NACRA 2019 participants with six new contenders.

In his keynote address, Lim said that the NACRA awards recognises those upholding the principles of competency, accountability and transparency as well as integrity in business. "Not only will it (integrity) help to uphold the important social capital of trust, which is essential towards laying the foundation of rule of law as well as an orderly and trustworthy society, it is also good for business. "What you see is what you get" will make Malaysia proud once again that we are no longer a global kleptocracy, but instead a normal democracy taking our rightful place among the civilised community of nations."

The NACRA Adjudication Committee Chairperson Mr.Stanley Teo stated that good reporting is about transparency and engagement and that annual reports are still very relevant. "A good annual report is able to take the financial and non-financial information of an organisation and tell a clear, accessible story in a coherent way. By doing so, it has the potential to create greater public trust and confidence in the performance and prospects of the respective organisation."

New NACRA Framework for 2020

At the NACRA 2019 launch in April 2019, the NACRA 2019 Organising Committee announced that there would be a 'New NACRA' framework introduced for the year 2020 and beyond. "With the ongoing changes in the current corporate reporting environment, the NACRA Committee saw the need to revamp the criteria and guidelines for future NACRA starting with NACRA 2020," said NACRA 2019 Organising Committee Chairman Ahmad Zahirudin Abdul Rahim, who added that the new framework has been finalised to refresh and renew NACRA in 2020 and beyond.

LIST OF WINNERS FOR NACRA 2019

OVERALL EXCELLENCE AWARDS

> MOST OUTSTANDING ANNUAL REPORT OF THE YEAR

Platinum	Gold	Silver
CIMB GROUP HOLDINGS BERHAD	**TENAGA NASIONAL BERHAD**	**TELEKOM MALAYSIA BERHAD**

PRESENTATION AWARDS

> BEST ANNUAL REPORT IN BAHASA MALAYSIA

Platinum	Gold	Silver
RHB BANK BERHAD	**TELEKOM MALAYSIA BERHAD**	**FGV HOLDINGS BERHAD**

> BEST DESIGNED ANNUAL REPORT

Platinum	Gold	Silver
PETRONAS GAS BERHAD	**NESTLE (MALAYSIA) BERHAD**	**CIMB GROUP HOLDINGS BERHAD**

> INTEGRATED REPORTING AWARDS

Platinum	Gold	Silver
SIME DARBY PROPERTY BERHAD	**PETRONAS CHEMICALS GROUP BERHAD**	**AXIATA GROUP BERHAD**

> SUSTAINABILITY REPORTING AWARDS

Platinum	Gold	Silver	Silver
AXIATA GROUP BERHAD	**CIMB GROUP HOLDINGS BERHAD**	**NESTLE (MALAYSIA) BERHAD**	**TELEKOM MALAYSIA BERHAD**

> SPECIAL AWARD FOR NON-LISTED ORGANISATIONS
BEST ANNUAL REPORT OF NON-LISTED ORGANISATIONS

KULIM (MALAYSIA) BERHAD

> INDUSTRY EXCELLENCE AWARDS

Construction
SUNWAY CONSTRUCTION GROUP BERHAD

Consumer Products & Services
FRASER & NEAVE HOLDINGS BHD

Financial Services
CIMB GROUP HOLDINGS BERHAD

Industrial Products & Services
PETRONAS CHEMICALS GROUP BERHAD

Property
SIME DARBY PROPERTY BERHAD

Real Estate Investment Trusts (REITs)
KLCC PROPERTY HOLDINGS BERHAD & KLCC REAL ESTATE INVESTMENT TRUST

Telecommunications & Media
TELEKOM MALAYSIA BERHAD

Utilities
TENAGA NASIONAL BERHAD

> LIST OF CERTIFICATES OF MERIT RECIPIENTS

1. **AXIS REAL ESTATE INVESTMENT TRUST**
2. **GAMUDA BERHAD**
3. **OSK HOLDINGS BERHAD**
4. **PETRONAS DAGANGAN BERHAD**
5. **PUBLIC BANK BERHAD**
6. **S P SETIA BERHAD**
7. **SIME DARBY BERHAD**
8. **SUNWAY REAL ESTATE INVESTMENT TRUST**
9. **TROPICANA CORPORATION BERHAD**
10. **UEM EDGENTA BERHAD**
11. **UEM SUNRISE BERHAD**

Professional Certificate in Digital Leadership

at-mia.my/2019/12/20/professional-certificate-in-digital-leadership

December 20, 2019

MIA continually strives to maximise the value we can offer to our members, to ensure their relevance and marketability in the digitalisation era.

Our extensive and intensive continuing professional education (CPE) programmes that are aligned with the latest developments and global standards are essential to future-proofing our members.

Now, we are expanding the value of our CPE by collaborating with other leaders in professional education to offer a wider range of professional and future-oriented certifications to our members.

In 2020, we will offer our first joint programme with the Asia Pacific University of Technology and Innovation (APU), which will enable our members to tap into APU's resources. This is aligned with our MIA Digital Technology Blueprint which encourages collaboration and partnership to hasten digital adoption.

The MIA-APU 3-day Professional Certificate in Digital Leadership (PCDL) executive programme is specially designed to equip leaders with digital leadership skills to manage digital transformation of their organisations. The programme will synergise experiential learning guided by leading industry experts with the latest digital leadership theories and corporate practices, delivering hands-on knowledge that executives can readily apply for effective transformation.

Day 1 focuses on:

- the big picture of the digital economy and the developments disrupting organisations
- leadership in the digital age
- digital execution strategies, and
- risks and rewards of digital maturity

Day 2 focuses on:

- digital strategy and analytics, including big data, and
- transformation of the finance function

Day 3 focuses on:

- digital marketing strategies, and
- managing talent in digital transformation

At the end of the programme, participants will be equipped with knowledge, best practices and tools for:

- becoming an effective leader in the digital world,
- planning and implementing a digital business transformation plan suited to each organisation's context,
- sorting the latest technology trends and potential applications for the organisation, including the finance function, and
- responding to how digitalisation changes consumer decision-making as well as organisational and human behaviour

The second MIA-APU Professional Certificate in Digital Leadership will be held from 22 – 24 July 2020 (Wednesday to Friday) on MIA Webinar Series.

For more information please click HERE

Trust and Sustainability in a Digital Economy

at-mia.my/2019/12/06/trust-and-sustainability-in-a-digital-economy

December 6, 2019

The recent Malaysian International Accountants Conference (MIAC) 2019 organised by the Malaysian Institute of Accountants drew a record 3,300 delegates, firmly entrenching the event as the largest gathering of accountants ever in the country.

But size wasn't the only milestone. The MIAC 2019 put pressing issues such as climate change front and centre, while exhorting the profession to pursue digital transformation and champion good governance to nurture sustainable growth and inspire public trust. The following are some key messages from the MIAC 2019:

Boosting Malaysia's Digital Economy. The digital economy has grown tremendously. In its first-ever Digital Economy Report 2019, the UN Conference on Trade and Development (UNCTAD) estimated that the size of the world digital economy ranged from 4.5 to 15.5 per cent of world GDP.

Although China and the United States are dominating the digital economy with an almost 40% share of global value added in the information and communications technology (ICT) sector, UNCTAD noted that in terms of share of GDP, the digital economy sector is the largest in Taiwan Province of China, Ireland and Malaysia. "This is evidence that Malaysia's policies and initiatives to strengthen the digital economy are bearing fruit," said MIA CEO Dr. Nurmazilah in her opening remarks at the MIAC 2019.

In his keynote address at the MIAC 2019, YB Senator Dr. Radzi Jidin, Deputy Minister of Economic Affairs urged accountants to embrace digital skills and digital literacy. “As accounting services are one of the core professional services to be focused on in the 12th Malaysia Plan 2021-2025, the profession will play a tremendous role in driving and supporting the development of the digital economy,” he said, adding that the nation was counting on a digital boost. Contributions from digital services and products were valued at 18.5% of GDP in 2018, according to the Department of Statistics Malaysia. According to Bank Negara’s Annual Report 2017, digital transformation could provide a boost of between USD100 – 136 billion to the country’s GDP by 2025.

Take a Strong Stance on Climate Change and Sustainability. The International Federation of Accountants (IFAC) as the global voice of the profession strongly supports the Paris Agreement, which provides a clear framework for international action for the reduction of greenhouse gas (GHG) emissions and calls for increased investment and innovation in climate action to curb GHGs and keep global warming below the critical 2 degrees Celsius threshold.

MIA as an IFAC member organisation will align its initiatives with IFAC in order to support the transition to a low-carbon society and combat climate change. Dr. Nurmazilah urged accountants to drive better accountability and disclosure that can change organisational behaviour to become more sustainable. “In a nutshell, accountants can fight climate change by doing what we do best: assessing and monitoring, measuring and disclosing, communicating this information to influence better decisions and actions, and reporting and providing assurance for public trust.”

MIA’s advocacy for Integrated Reporting (IR) as a game changer in communications and building trust will be pivotal in improving disclosure that informs investor and business decisions affecting climate change.

Strengthening Trust in the Profession. “Trust is a valuable asset for all institutions and organisations, and ongoing trust-building activities should be one of the most important strategic priorities for every organisation. Trust is one of the key ingredients of success in the digital economy,” said Dr. Nurmazilah.

According to the 19th Annual Edelman Trust Barometer Global Report published in 2019, the Malaysian government is currently at a “trusted” level, achieving a score of 60 points compared to “distrusted” with just 46 points last year – an increase of 14 points. The global trust average is at 47 points.

To further improve competency, accountability and trust, it is important that public institutions provide accurate and complete financial and non-financial information. “By utilising our expertise in stewardship and reporting to strengthen transparency and accountability, accountants can help to rebuild good governance and hence strengthen trust in public institutions to bridge the trust deficit,” she concluded.