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Beyond Compliance: Why MFRS 13 Matters for Startups?

 at-mia.my/2026/03/10/beyond-compliance-why-mfrs-13-matters-for-startups

March 10, 2026



By Roger Loh Kit Seng and Kwo Kah Men

The Debate on Valuation

Valuation is one of the most contested topics within the startup community. Founders often see it as a measure of progress. Investors treat it as a benchmark of performance. Regulators require it to be reported in a manner that allows for audit and comparison across companies.

The tension lies in the fact that a single company can be described with different valuations simultaneously, each serving a distinct purpose. A “headline valuation” figure quoted in a press release often tells a story that appears neat and appealing but hides the complexity of the layered financing terms. Accounting standards, on the other hand, require a different discipline: fair value measurement that reflects the actual economic position of various stakeholders.

This is not a debate confined to Silicon Valley or Bangalore. It is increasingly relevant in Malaysia, where the startup ecosystem has grown rapidly and where local investors, founders, and regulators are adapting to the complexities of capital structures.

Against this backdrop, MFRS 13 *Fair Value Measurement* serves as a standard that helps the ecosystem mature by providing a consistent language for interpreting and reporting value.

The Valuation Paradox in Practice

In June 2024, Malaysia-headquartered fintech Paywatch raised US\$30 million through Series A equity and credit facilities, marking the largest funding round for an earned-wage access startup in Southeast Asia.¹ In August 2025, reports suggested that Singapore-based logistics unicorn Ninja Van was preparing an internal financing round at a valuation approximately 50% lower than its prior round.²

Both statements are factual, but they point in opposite directions: one firm is rising at record levels, while another is taking a hit on valuation. What they both reveal is that valuation is deal-specific. It depends on the class of shares issued, the rights attached to them, and the context of the transaction.

The most common measure quoted in the press, the headline valuation, is post-money valuation: the price per share in the latest round multiplied by the fully diluted share count. This measure assumes that all shares are identical in value. In reality, they are not. Preferred shares may have liquidation preferences, anti-dilution rights, or conversion options. Common shares do not. Options and convertible notes carry further complexity.

Why Malaysia Cannot Ignore the Issue

Malaysia's startup ecosystem has gained real momentum. Seedtable reports that 23 notable startups have collectively raised about US\$874 million, with an average of US\$38 million per company.³ The Government has also played a role. Jelawang Capital's Emerging Fund Managers' Programme (EMP) and Regional Fund Managers' Initiative (RMI) are part of a deliberate push to develop a more substantial venture capital (VC) landscape.⁴

This growth has led to more complex financing structures. Startups no longer stop at a single round of seed funding. They often go through multiple rounds, each with different classes of shares and rights attached to them. Without a proper framework, it isn't easy to compare valuations across time or across companies.

For investors, this raises the risk of overstating fund performance. For founders, it creates confusion about dilution and ownership. For auditors and regulators, it makes financial reporting harder to verify. MFRS 13 provides a framework that addresses all of these concerns.

A Practical Example: Startup ABC

Let us take a simplified case study.

Headline View

Startup ABC raises RM10 million for a 20% stake, implying a post-money valuation of RM50 million. A year later, the company sold for RM45 million. Looking only at the headline numbers, the outcome looks worse than expected: the exit value is lower than the earlier valuation.

Fair Value View

Now add a simple preference term. Investors hold non-participating preferred shares with a 1x liquidation preference. That means they must be paid back their RM10 million investment before common shareholders receive anything.

When the company is sold for RM45 million, the proceeds are distributed as follows:

Exit Proceeds (RM'million)	Allocation Basis	Value (RM'million)
	Investors	10
45	Common shareholders	35

The result is that common shareholders end up with RM35 million. This is far below the RM50 million implied in the headline post-money valuation.

This gap is not a rare occurrence. A US unicorn once reported a headline valuation of US\$1 billion. A detailed analysis that accounted for liquidation preferences and other rights put the fair value closer to US\$600–800 million.⁵

How MFRS 13 Bridges the Gap

MFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.⁶

The key points in that definition are:

- **Price:** Based on what a market transaction would produce, not internal estimates.
- **Orderly transaction:** Conducted under normal conditions, not a distressed or forced sale.
- **Market participants:** Independent and informed parties, such as venture capital funds, angel investors, corporate investors, or strategic acquirers.

By applying these principles, MFRS 13 compels stakeholders to look beyond the headline number and assess the securities' actual market value.

Strategic Imperatives for Key Stakeholders

Stakeholders	Problem	Implications of MFRS 13
Investors	Headline valuations overstate fund performance, reducing Limited Partners' confidence.	Helps build trust and support realistic exit planning.
Founders	Misjudging dilution and ownership when preferences apply.	Clarifies what their residual interest really is and helps in negotiating future rounds or structuring employee stock options.
Accountants & Auditors	Reliance on Level 3 inputs makes it challenging to justify assumptions.	Provides structure by requiring calibration to market data and recommending techniques such as the Probability-Weighted Expected Return Method (PWERM) and the Option Pricing Method (OPM).

The Valuation Steps

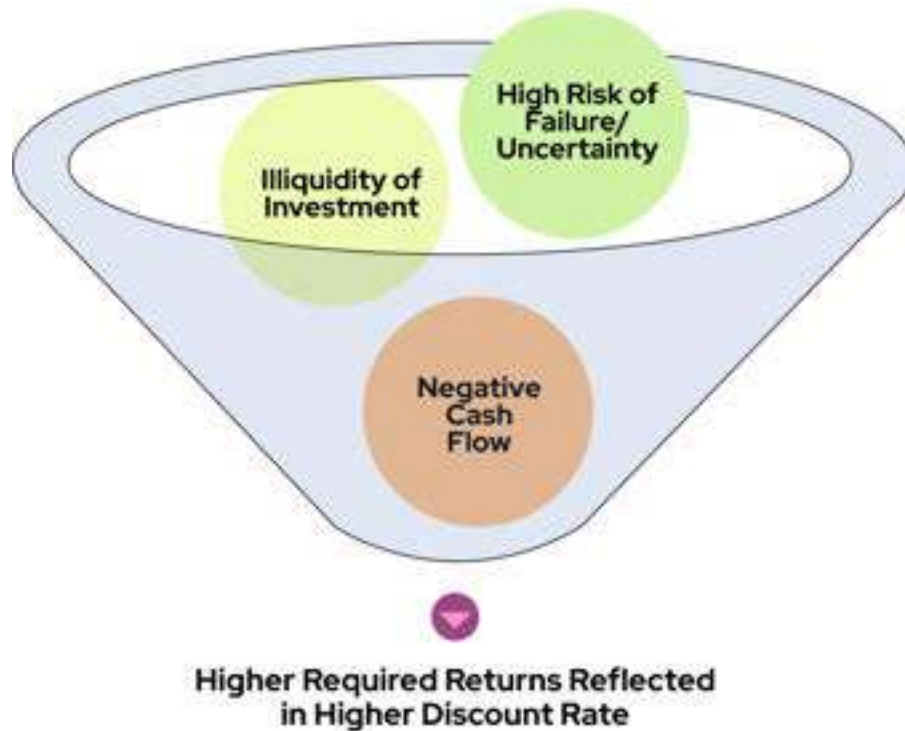
With the principles of MFRS 13 established, the next question is how valuers apply them in practice. Startup valuations typically rely on unobservable inputs (Level 3), given limited history, high uncertainty, and complex capital structures. The process usually involves two steps:



- **Estimating TEV:** Valuers typically consider a range of approaches, with the selection dependent on the startup's stage and the quality of available market evidence.
 - **Market Approach:** Using multiples from comparable companies or transaction deals. The challenges are that proper comparables are often scarce for early-stage firms.
 - **Income Approach:** Discounted cash flow is more relevant for later-stage companies with clearer projections but highly speculative for pre-revenue startups.
 - **Recent Investment Price:** A useful benchmark when third-party investors have participated. However, calibration must be applied and updated at each reporting date to reflect changes in the company's or market conditions.⁷
- **Allocating TEV (The "Waterfall"):** The TEV is allocated to the various share classes according to their contractual rights.⁸ Common approaches include:
 - **OPM:** Treats equity as a series of call options, modelling payout waterfalls dictated by liquidation preferences.⁹
 - **PWERM:** Estimates value based on the probability-weighted outcomes of potential exit scenarios, beneficial when multiple strategic paths are under consideration.¹⁰

The Role of Discount Rate

The discount rate is a critical input that underpins both the Income Approach and the PWERM. Startups are risky and operate under far greater uncertainty than mature, listed companies with established performance records and liquid markets. In practice, this translates into higher discount rates in valuation models.



The risks include:

- **High Risk of Failure and Uncertainty:** Products are often unproven and face risks from development, regulation, and market acceptance. The high probability of failure requires a material risk premium.
- **Illiquidity of Investment:** Private company shares cannot be readily sold until an exit, such as an IPO or trade sale.
- **Negative Cash Flow (“Cash Burn”):** Startups typically incur heavy development expenditure with limited revenue. A short cash runway heightens the risk of distress and weakens negotiating power in future fundraising.¹¹
- **High Required Rates of Return by Investors:** Venture capital and private equity funds often target 25% or more returns to offset losses from failed investments. These return expectations are embedded in the higher discount rates applied in practice.¹²

Empirical studies have documented discount rates ranging from 25% to 70%, depending on the stage of development. For example, seed-stage ventures are often modelled with discount rates of 50–70%:

Stage of development	Plummer/ QED median ¹³	Scherlis and Sahlman ¹⁴	Sahlman, Stevenson, and Bhidé ¹⁵	Damodaran ¹⁶
Seed stage	50%-70%	50%-70%	50%-100%	50%-70%
First stage	40%-60%	40%-60%	40%-60%	40%-60%
Second stage	35%-50%	30%-50%	30%-40%	35%-50%
Bridge/Initial Public Offering ("IPO")	25%-35%	20%-35%	20%-30%	25%-35%

Summing Up

Startups, by nature, thrive on ambition. They need compelling stories to attract talent, capital, and customers. Nevertheless, if those stories rest only on inflated headline valuations, the foundations become fragile. Investors lose confidence when reported numbers fail to align with actual outcomes. Employees, who often hold common shares or options, may find their expectations misaligned with reality. Founders risk misjudging dilutions, only to discover too late how much of their company has already been given away.

This is where MFRS 13 plays a deeper role. By insisting that valuations be anchored to fair value as defined by market participants, it forces all stakeholders to confront the true economics of a financing structure.

There is also a strategic dimension to this. Malaysia aspires to be a hub for innovation in Southeast Asia. To achieve this, it must attract not just local capital but also international investors who bring global networks and expertise. These investors expect standards that match those found in more mature markets. Adopting MFRS 13 signals that the ecosystem takes valuation seriously, and that the market can produce numbers investors can trust. Perhaps then, that is the real lesson. Valuation is not about chasing the largest number but ensuring that the number means something.

Note: *The views reflected in this article are the views of the authors and do not necessarily reflect the views of Forvis Mazars or its member firms.*

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[secures-us30mil-funding- largest-raise-earned-wage-access](#)

² AsiaOne. (2025, August 13). Ninja Van cuts 12% of Singapore workforce after 2 rounds of layoffs in 2024. AsiaOne. <https://www.asiaone.com/money/ninja-van-cuts-12-singapore-workforce-after-2-rounds- layoffs-2024>

³ Seedtable. (2025, September 16). 23 Best Startups in Malaysia to Watch in 2025. Seedtable. <https://www.seedtable.com/best-startups-in-malaysia>

⁴ Digital News Asia. (2025, June 24). Jelawang Capital selects first round of EMP and RMI fund managers in boost to Malaysia's VC ecosystem. Digital News Asia. <https://www.digitalnewsasia.com/startups/jelawang-capital-selects-first-round-emp-and-rmi-fund- managers-boost-malaysias-vc-ecosystem>

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⁶ Malaysian Accounting Standards Board. (2021). MFRS 13: Fair Value Measurement. MASB. https://www.masb.org.my/pdf.php?pdf=BV2021CR_MFRS13.pdf&file_path=pdf_file

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⁸ Rane, A., & Shah, K. (2019, October 22). Business valuations using the Backsolve Method. Aranca.

⁹ Harms, T. W. (2016, May). A layperson's guide to the option pricing model: Everything you wanted to know, but were afraid to ask. Mercer Capital.

¹⁰ International Institute of Business Valuators (iiBV). (2021). BV 204: Advanced topics in business valuation. Saudi Authority for Accredited Valuators (TAQEEM).

¹¹ Puca, A. (2020). Early stage valuation. Business Valuation Resources.

¹² London School of Economics and Political Science. Valuation: VC edition. London School of Economics and Political Science.

¹³ Plummer, J.L. (1989). QED Report on Venture Capital Financial Analysis. QED Research, Inc.

¹⁴ Scherlis D.R. and Sahlman W.A. (1998). A method for Valuing High-Risk, Long term, Investments: The Venture Capital Method. Havard Business School Note, 9-288-006. Havard Business School Publishing.

¹⁵ Sahlman W.A., Stevenson H., and Bhidé A. (1998). Financing Entrepreneurial Ventures. Havard Business School Publishing.

¹⁶ Damodaran, A. (2009). Valuing young, start-up and growth companies: Estimation issues and valuation challenges. Stern School of Business, New York University.

Building Trust and Managing Risks in AI

 at-mia.my/2026/04/16/building-trust-and-managing-risks-in-ai

April 16, 2026



By MIA Sustainability, Digital Economy and Services Team

Artificial Intelligence (AI) has woven itself into the fabric of our daily existence, a silent yet powerful force shaping how we live, work, and interact. But as organisations race to adopt AI for efficiency and innovation, experts caution that trust, risk, and security must be treated as inseparable pillars of responsible AI.

These issues were explored during the second week of the MIA Digital Month 2025 webinar series in a session titled “**Building Trust and Managing Risks in AI**,” which drew over 700 participants. Moderated by Bryan Chung from the MIA Digital Technology Implementation Committee and Chair of MIA AI Advisory Group, the panel featured Jason Yuen, Partner in Technology Consulting and Cybersecurity at Ernst & Young Sdn Bhd; Jeanne Viljoen, Principal of Standards Development & Technical Projects at the International Ethics Standards Board for Accountants (IESBA); and Mohd Amir Syafiq bin Ab Halim, Manager of AI Innovation Exchange at the National AI Office (NAIO).

Steering AI with Trust

Opening the discussion, Bryan Chung noted that AI presents multifaceted challenges. “It’s not just about developing sophisticated algorithms. It’s equally about ensuring these algorithms are secure, respect our privacy, and operate within an ethical framework.”

He explained the concept of AI TRiSM, coined by Gartner, as an approach to good governance:



Expanding on this theme, Jason Yuen emphasised that trust, risk, and security are strongly interrelated components. “I would say that trust is probably a very huge component or core pillar in this whole area. A breakdown in security and a higher level of risk would impact your overall trust,” explained Jason. He illustrated the point with a simple analogy: if a calculator is trained on open data across the internet rather than on fixed mathematical rules, “you would potentially get answers where 2 plus 2 does not equal 4,” undermining reliability and trust.

Upholding Ethics in AI

Shifting the conversation to professional ethics in guiding the use of AI and emerging technologies, Jeanne Viljoen emphasised the need to integrate ethical considerations from the earliest stages of development and to ensure that users understand how data is processed and how decisions are made.

Professional accountants, she noted, must consistently apply critical thinking and professional scepticism. “Having that critical thinking and professional scepticism in all actions is key. You should remember having that mindset when using technology as the buck stops with you as a professional accountant.”

Jeanne also highlighted the technology provisions in the [Code of Ethics](#), effective December 2024, which strengthen the Code in guiding the mindset and behaviour of professional accountants when engaging with technology.

From Silos to Unified Governance

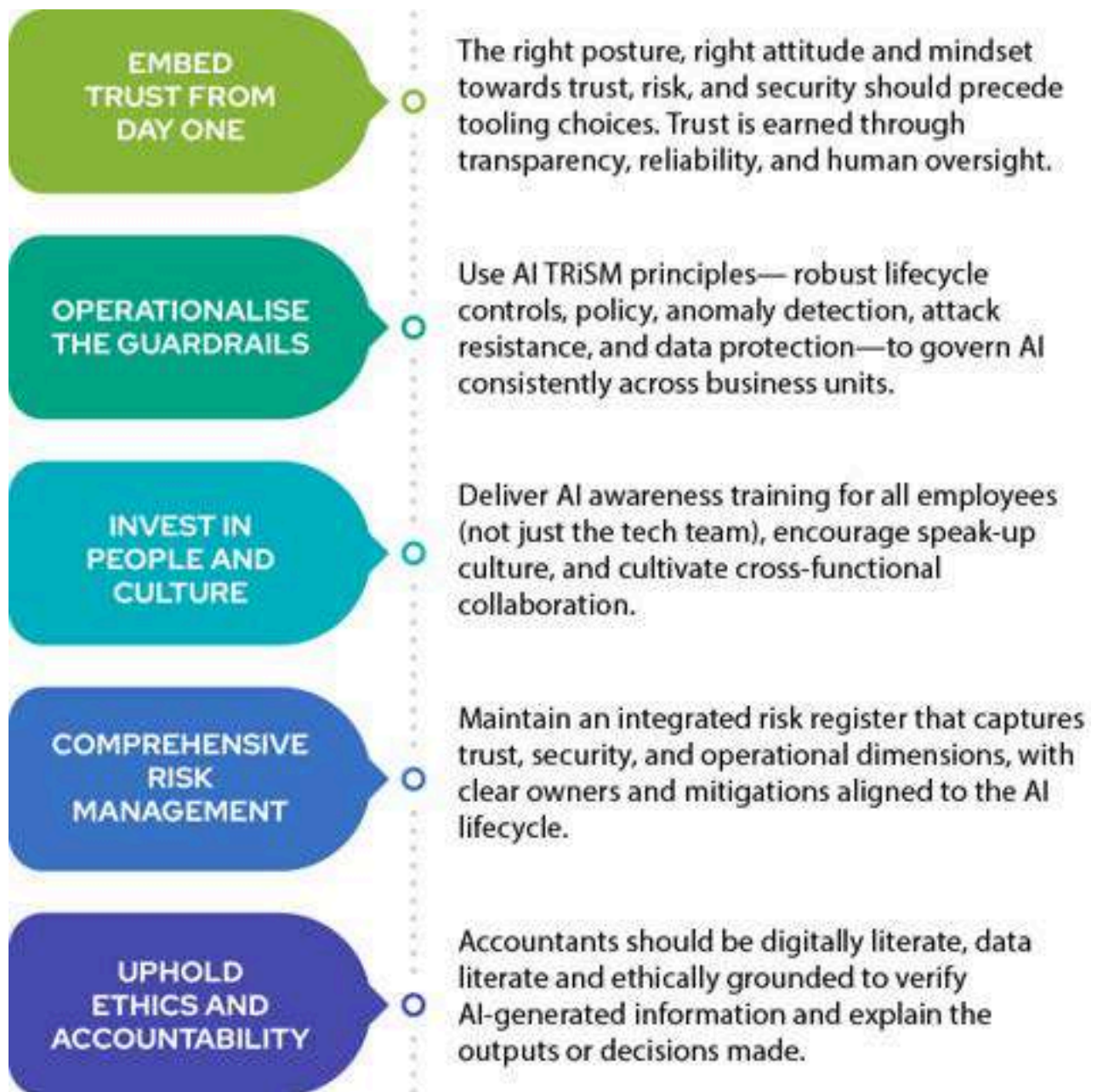
A key challenge for organisations adopting AI is ensuring that trust, risk, and security are not treated in isolation. In practice, organisations should foster a unified approach to managing these three elements rather than allowing each to operate independently.

Amir Syafiq shared pragmatic steps for breaking organisational silos:

- Establish an AI governance council with representatives from IT, security, risk, compliance, legal, ethics, finance and other relevant functions.
- Develop or adopt an AI lifecycle framework incorporating trust checkpoints, risk assessment, and security tests.
- Implement integrated metrics using a shared KPI dashboard to track items such as the percentage of model-based documentation, number of security incidents, and stakeholder trust scores.

Practical Advice for Accountants and Leaders

The panel shared several practical insights on building trust and managing the risks in AI:



AI is no longer a distant prospect—it is becoming an integral part of the world, transforming how organisations operate, analyse data, and make strategic decisions. While AI presents significant opportunities for efficiency, insights, and innovation, it also brings challenges around trust, risk, and security management.

Looking ahead, MIA remains committed to supporting its members and the public in navigating the evolving landscape of artificial intelligence. A key initiative in this effort is the **MIA Digital Month 2026**, set to commence in April 2026.

The **MIA Digital Month 2026** will place AI at the heart of its agenda, examining the latest AI technological innovations, practical applications for the profession, and the governance and ethical considerations essential for responsible adoption. Through engagement with industry experts and real-world case studies, accountants will gain the knowledge and tools necessary to leverage AI responsibly, manage associated risks effectively, and uphold professional trust.

Panel key takeaways:

Trust, risk, and security management are inseparable pillars. These pillars should guide every stage of AI adoption, from design and development through to deployment and oversight.

¹ Gartner, Inc. (2024, 24 December). *Tackling trust, risk and security in AI models.*
<https://www.gartner.com/en/articles/ai-trust-and-ai-risk>

CFO Conference 2026: Future-Ready CFO: Leading Value, Trust & Transformation

 at-mia.my/2026/03/19/cfo-conference-2026-future-ready-cfo-leading-value-trust-transformation

March 19, 2026



By MIA Strategic Communications & Branding Team and Nazatul Izma Abdullah

The role of the Chief Financial Officer is evolving rapidly. Beyond safeguarding financial integrity, CFOs are increasingly expected to shape strategy, guide organisational transformation and support long-term value creation. At the same time, finance leaders must navigate economic volatility, sustainability and ESG requirements, artificial intelligence adoption and shifting regulatory expectations that are reshaping how finance builds value, trust and organisational resilience.

The role of the Chief Financial Officer is evolving rapidly. Beyond safeguarding financial integrity, CFOs are increasingly expected to shape strategy, guide organisational transformation and support long-term value creation. At the same time, finance leaders must navigate economic volatility, sustainability and ESG requirements, artificial intelligence adoption and shifting regulatory expectations that are reshaping how finance builds value, trust and organisational resilience.

To support the development of future-ready CFOs, the Malaysian Institute of Accountants (MIA) will organise the CFO Conference 2026 themed *Future-Ready CFO: Leading Value, Trust & Transformation* on **6 April 2026 at the Renaissance Kuala Lumpur Hotel & Convention Centre**. Bringing together CFOs, regulators and senior finance professionals, the Conference will examine how the finance function is evolving and how CFOs can position finance as a strategic partner in the C-suite.

PROGRAMME HIGHLIGHTS

Economic & Business Outlook 2026: Navigating Global & Regional Volatility

This session examines the global and regional economic outlook for 2026, focusing on developments in trade, geopolitics and market dynamics that could influence business conditions in Malaysia and ASEAN. Understanding these trends will help finance leaders assess emerging risks and opportunities as they plan for resilience and sustainable growth.



Taxation and ESG: Cost, Compliance or Competitive Advantage?

Environmental taxes, carbon pricing mechanisms and sustainability-related incentives are redefining the tax landscape. This session explores how CFOs address ESG-related taxation, balancing compliance obligations with opportunities to optimise incentives and strengthen sustainability positioning.

ESG & Sustainability Reporting: From Compliance to Strategic Value

With organisations implementing the National Sustainability Reporting Framework (NSRF) alongside IFRS S1 and S2, finance teams are taking on a more central role in sustainability reporting. This panel discussion shares early implementation experiences and examines how organisations can integrate sustainability reporting more effectively into strategy and decision-making.



Future-Ready Finance Teams: Building Talent, Culture and Capabilities

As digitalisation and artificial intelligence redefine the finance function, CFOs face increasing pressure to build teams with stronger digital, analytical and business partnering capabilities. This session explores how finance leaders can develop agile teams and foster a culture that supports continuous learning and transformation.

The AI-Powered Finance Function: Beyond Automation to Strategic Insights

Generative AI, predictive analytics and automation are transforming how finance teams generate insights and support decision-making. This panel explores practical applications of AI in areas such as forecasting, risk monitoring and reporting, alongside governance considerations including intellectual property, ethics and cybersecurity.

The CFO–COO Action Agenda: Leading Beyond Finance

As the CFO role continues to expand, finance leaders are increasingly involved in broader operational and strategic responsibilities. This panel explores how closer collaboration between CFOs and COOs can strengthen organisational performance and long-term strategic alignment.

To learn more about the Conference, [click here](#).

Fast Track Your Digital Transformation: Your Guide to the MIA SMP Digital Accelerator Programme

at-mia.my/2026/03/06/fast-track-your-digital-transformation-your-guide-to-the-mia-smp-digital-accelerator-programme

March 6, 2026



By MIA Sustainability, Digital Economy and Services Team

For small and medium practices (SMPs), the pressure to digitalise is more than a trend—it is a critical factor for survival and growth. But where do you start? The challenges are real: tight budgets, a lack of technical expertise, and the overwhelming pace of technological change.

Recognising these hurdles, the Malaysian Institute of Accountants (MIA) is organising a game-changing initiative: the [MIA SMP Digital Accelerator Programme](#). More than another webinar or guide, this is a hands-on, supportive programme designed to propel your practice into the digital future.

Based on the introductory webinar held in January 2026, here are the key points that you need to know about this programme.

What is the MIA SMP Digital Accelerator Programme?

Think of it as a launchpad for your firm's digital future. The programme is designed to help SMPs enhance their work processes, overcome key challenges, and achieve sustainable growth through technology. It presents an exclusive opportunity for a maximum of 35 firms that have already started their tech journey – no matter how small – and are ready to hit the accelerator.

Who is it for?



What's in it for you?



HANDS-ON WORKSHOP

Full-day physical workshop to enhance digital transformation plan/ roadmap.



PERSONALISED MENTORING

Three hand-in-hand and personal mentoring sessions to guide your digital transformation journey.



FINANCIAL SUPPORT

Financial support up to a maximum of RM5,000.



ACCESS TO A NETWORK OF EXPERTS

Learn from seasoned practitioners, technology providers, and industry leaders.



SHOWCASE YOUR SUCCESS

Successful participants will be featured in a case study on their digital transformation journeys, strengthening their brand and showcasing their innovative spirit.

Key Webinar Panel Takeaways

The introductory webinar also featured a panel discussion moderated by Professor Dr David Asirvatham, Chair of the MIA Digital Technology Implementation Committee (DTIC), together with Steven Chong, Member of the MIA DTIC, and Teh Weil Xuan, Member of the MIA SMP Committee. They shared invaluable, straightforward and actionable advice on digital transformation for sustainable growth, geared to SMPs.

From Practical Steps to Big Leaps

For firms feeling overwhelmed, the message was clear: start small and focus on your biggest pain points.

Teh shared his personal experience on how a task that initially took nearly two weeks was completed in just two days with the right tool. His advice? "Tackle one thing at a time. Look at your pain points and identify the areas where you face the most challenges and spend the most time. Start by addressing those first. Once you see progress in your processes, you will gradually build trust in technology adoption and move on to the next area."

The experts also demystified Artificial Intelligence (AI), explaining that SMPs can start with accessible tools like the paid versions of Large Language Models. These can be used to draft reports, analyse financial statements, or check disclosure requirements, freeing up valuable time for strategic, high-value work. They also agreed that AI is not here to replace accountants but to empower them, shifting their focus from repetitive tasks to critical thinking and advisory roles.

On Leadership and Culture: It Starts at the Top

“If you cannot lead by example, why should you even expect that your staff is going to be any different?” asked Steven Chong, underscoring the central role of leadership in successful transformation. Adopting new technology is more than buying software; it involves changing the firm’s culture. Leaders must champion this change. It is crucial to involve the team, delegate responsibility, and frame the change as a way to empower them, not replace them. For instance, “When you automate repetitive tasks, you free up your team to focus on higher-value work like analysis and strategic judgement,” noted Teh.

Overcoming the “We’re Too Small” Mindset

One of the concerns raised by the audience was, “We are too small to go digital.”

Shooting down this “excuse”, Steven said that this is a limiting belief, and numerous affordable and scalable tools are available for firms of all sizes.

Reflecting on a personal coaching experience, Steven said, “ You have to start somewhere and there is no such thing as being too small.” In fact, being small can be an advantage. Professor Dr. David emphasised, “When you are small, you have the highest opportunity to go digital. In fact, you must go digital when you are small.” Smaller firms are more agile and can adopt new processes more quickly than larger, more bureaucratic organisations.

Your Journey Starts Now: How to Apply

Applying for the SMP Digital Accelerator Programme is simple and free — all information is available on the MIA website.

- Find out more about the Programme and the link to the application form [here](#).
- View the recording of the Introductory Webinar: MIA SMP Digital Accelerator Programme [here](#).



Digital Transformation in Small and Medium Practices (SMPs)



A complimentary webinar titled Digital Transformation in Small and Medium Practices (SMPs) was held on 20 October 2022. The webinar commenced with a presentation on MIA's digital initiatives and followed by a briefing and hands-on session of the European Federation of Accountants and Auditors (EFAA)'s Digital Competency Maturity Model (DCMM) by Chair of EFAA Digital Working Group. MIA issued the DCMM tool members in March 2021 to enable SMPs to rate their current level of maturity on digital competency, identify areas where competencies are strong or lacking, and then develop a road map for scaling up.

Digital Transformation Programme for SMPs



- Workshop in collaboration with Malaysia Digital Economy Corporation (MDEC) on 27 September 2023 to create awareness on the full potential of digital technologies to SMPs in creating value and encourage digital adoption of SMPs.

Empowering SMPs: Journey through Digital Transformation


- Sharing session with 50 SMP MIA members by 3 of the Top Excellence Winners of MIA's DFAA in the SMP Category on their digital transformation journey on 26 June 2024.
- Challenges, best practices as well as practical strategies to propel firms towards success in the digital age were shared during the dialogue session.



Watch Video At: <https://youtu.be/r0vW-pQIK3I>

Seize this opportunity to accelerate your practice, enhance your value, and secure your place in the future of accounting.

Mandatory Ethics Training for Professional Accountants: Understanding the New Continuing Professional Education Requirements (Republished)

 at-mia.my/2026/03/03/mandatory-ethics-training-for-professional-accountants-understanding-the-new-continuing-professional-education-requirements-2

March 3, 2026



By MIA CPE Compliance Department

Ethics is the cornerstone of the accounting profession, ensuring transparency, underpinning regulatory compliance, and upholding public trust. With evolving business practices and regulations, Continuing Professional Education (CPE) is essential for professional accountants to stay updated, maintain credibility and uphold professional responsibility. This article outlines the changes in CPE requirements for ethics-related training and highlights the critical role of ethics in the accounting profession, emphasising its importance for maintaining professional integrity and compliance.

The Importance of Ethics in Accounting

Trust and Credibility

Ethical accounting practices are essential for fostering trust with stakeholders, including clients, investors, regulators, and the public. Accurate and honest financial reporting enhances credibility, enabling stakeholders to make informed decisions.

Compliance with Laws and Regulations

Ethical professional accountants are responsible for adhering to financial laws, regulations, and industry standards. Ethical conduct ensures compliance, protecting both the professional accountants and their organisation from legal consequences, financial penalties, and reputational damage.

Prevention of Fraud and Misconduct

Unethical practices, such as financial misstatements and fraud can lead to severe consequences, including financial scandals, bankruptcies, and loss of public trust. Professional accountants must act as gatekeepers against such malpractices by maintaining high ethical standards.

Accountability and Professional Integrity

Professional accountants are responsible for presenting financial information fairly and objectively. Upholding ethical standards ensures that professional accountants present a true and fair view of an organisation's financial position, maintaining the integrity of the profession.

Protecting Stakeholder Interests

Ethical practices protect the interests of shareholders, employees, creditors, and the public. Transparent financial reporting enables stakeholders make sound decisions based on accurate information.

Professional Reputation

Ethical professional accountants earn the respect of their peers, employers, fostering career advancement and professional growth. In contrast, unethical behaviour can erode public trust, cause adverse impacts on stakeholder interests, and negatively impact the broader economy.

Considering this, the Institute has made professional ethics training mandatory for all members effective 1 January 2026.



New CPE Requirements (effective 1 January 2026)

Starting 1 January 2026, the CPE requirements for professional accountants will include mandatory ethics training. As part of the 20 structured and verifiable CPE credit hours obtained each calendar year, all professional accountants must complete a minimum of **2 structured and verifiable** CPE hours which are related to professional ethics.

This update underscores the growing importance of ethics in the accounting profession and ensures that professional accountants remain up-to-date on evolving ethical standards, legal requirements, and best practices.

Why Focus on Ethics in CPE

Adapting to Changing Regulations

Financial regulations, laws and ethical guidelines are continuously evolving. Ethics-focused CPE courses help professional accountants stay informed about new laws and regulations, such as the Anti-Money Laundering laws, corporate governance standards, ensuring they fulfil both legal and professional obligations.

Preventing Fraud and Misconduct

Professional accountants must be equipped to identify red flags for fraud, unethical behaviour, and misconduct. Ethics-focused CPE programmes help build skills to address ethical dilemmas and uphold internal controls, thereby protecting the integrity of financial reporting.

Enhancing Public Trust

The accounting profession thrives on public trust. Ethical lapses, such as fraudulent financial reporting or conflicts of interest, can severely damage the profession's credibility. By prioritising ethics in CPE, professional accountants demonstrate their commitment to accountability and transparency.

Global Standards and Compliance

The International Federation of Accountants (IFAC) emphasises the importance of ethics in maintaining profession competence. The updated CPE requirements align with global standards, ensuring that professional accountants meet both local and international ethical expectations.

According to the International Code of Ethics for Professional Accountants, professional accountants are required to adhere to fundamental principles such as integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

Additionally, the International Education Standard (IES) 7 which outlines the Continuing Professional Development (CPD) requirements for professional accountants, clarifies the principles and guidelines for how professional accountancy organisations should measure, monitor, and enforce their CPD systems. Measurement includes evaluating evidence of CPD in terms of achieving the learning outcomes or completing specified amounts of learning and development activities related to technical competence, professional skills, and professional values, ethics and attitudes. It highlights that all professional accountants must develop and maintain the professional competence required to perform their roles. Failure to develop and maintain this professional competence may be a violation of the code of ethics, leading to disciplinary actions and diminishing the professional accountant's ability to act in the public interest.

CPE Requirements of Other Professional Accounting Bodies

Other professional accountancy bodies have also emphasised the importance of ethics training by requiring CPE hours in ethics as a mandatory component of their continuing education programmes.

For example, starting in October 2023, members of CPA Australia must complete a minimum of 2 verifiable CPD hours annually on ethics-related topics, with a total of 10 hours over a three-year period (triennium).

Similarly, the Institute of Singapore Chartered Accountants (ISCA) requires members to complete a minimum of 20 verifiable CPE hours per year, including at least 2 verifiable hours in ethics annually. Alternatively, members may complete 6 verifiable ethics hours over a rolling three-year period.

Meanwhile, the Institute of Chartered Accountants in England and Wales (ICAEW) does not mandate specific CPD topics, given the diverse nature of its members' work. However, ethics is the exception, and members must complete at least 1 verifiable hour of ethics-related training each CPD year to comply with regulatory requirements.

How Accountants Can Stay Updated on Ethics



Complete ethics-focused CPE training

Enrol in CPE courses that cover ethical principles, compliance regulations, and professional conduct.



Stay informed

Follow updates from regulatory bodies, industry news, and global standards to stay current with evolving ethical guidelines.



Engage in ethical discussions

Participate in forums, webinars and seminars focused on accounting ethics to discuss emerging issues and share knowledge with peers.



Integrate ethics into daily practice

Incorporate ethical principles into decision-making, actively avoid conflicts of interest, and ensure transparency in financial reporting.

Conclusion

Ethics are fundamental to maintaining trust and integrity in the accounting profession. With the introduction of mandatory ethics training as part of CPE requirements, professional accountants will be better equipped to meet evolving ethical challenges, comply with regulations, and continue safeguarding public trust. By prioritising ethics in their professional development, professional accountants can enhance their credibility, protect stakeholders' interests, and contribute to a more transparent financial system.

MIA Accounting & Financial Technology Showcase 2026: Financial Architects of Impact: Humanising Digital Intelligence

at-mia.my/2026/03/25/mia-accounting-financial-technology-showcase-2026-financial-architects-of-impact-humanising-digital-intelligence

March 25, 2026



As artificial intelligence (AI), automation and advanced analytics become embedded in financial systems, organisations are generating unprecedented volumes of data in increasingly complex environments. This requires deeper interpretation and informed judgement for sound decision-making, creating new opportunities for accountancy and finance professionals to elevate their roles as strategic leaders and advisors.

In this landscape, accountants occupy a uniquely critical position. By moving from technology adoption to adaptation and integration, accountancy professionals can position themselves as the bridge between finance and digital intelligence, translating data into insight, strengthening governance, and ensuring innovation is guided by professional judgement, ethics and trust. This is the essence of being financial architects of impact: humanising digital intelligence to deliver meaningful, sustainable outcomes.



Watch Video At: <https://youtu.be/7sPJPwT6R2s>

To develop accountants as financial architects of impact, the Malaysian Institute of Accountants (MIA) will host the **MIA Accounting & Financial Technology Showcase 2026 (MIA AFT 2026) on 8 April 2026 at the Malaysia International Trade and Exhibition Centre (MITEC)**, convening technology innovators, finance leaders and accountancy professionals on a single platform. This **complimentary one-day** showcase highlights forward-looking solutions that integrate finance and technology, supporting better decision-making and strengthening organisational resilience, and offering 6 Continuing Professional Education (CPE) hours).

A Platform for Technology, Insight and Connection

MIA AFT 2026 serves as a one-stop platform for discovering and evaluating the latest accounting and financial technologies, while enabling direct engagement with solution providers and industry experts.

The showcase is expected to welcome approximately 2,500 accountancy professionals and finance leaders, alongside more than 50 technology companies, with insights from over 35 expert speakers across 34 sessions.

Participants will explore innovations including AI and automation, cloud accounting, data analytics and financial reporting tools, robotic process automation (RPA), blockchain and cybersecurity, as well as practice and risk management technologies.

By bringing together finance professionals, businesses, accounting firms and technology partners, the showcase strengthens collaboration across the finance–technology interface, where accountants play a central role in connecting systems, data and strategy.

MIA AFT's content programme for 2026 spans strategic, operational and talent dimensions of digital transformation. Sessions cover the accountant's evolving role as a strategic advisor in an AI-enabled environment, practical applications such as real-time financial visibility and Malaysia's e-invoicing developments, and the implications for skills, career pathways and AI-enabled finance functions. Together, these discussions show how accountants can integrate financial expertise with technology to deliver insight, accountability and long-term value.



Advancing Responsible Innovation

MIA AFT 2026 calls for responsible innovation, where digital transformation is anchored in ethics, accountability and professional judgement. It provides a platform for finance functions to assess solutions, build partnerships and advance their digital transformation with confidence.

Ultimately, MIA AFT affirms that while technology continues to evolve, human insight remains indispensable. As the profession moves from adopting technology to adapting with it, accountants stand at the intersection of finance and digital intelligence. They are uniquely positioned to shape outcomes as financial architects of impact.

For more information on the MIA AFT, please visit <https://mia.org.my/mia-aft/>

MIA AFT 2026 Reframes Accountants as “Financial Architects”, Opens Entries for the MIA Digital Tech Award

at-mia.my/2026/04/10/mia-aft-2026-reframes-accountants-as-financial-architects-opens-entries-for-the-mia-digital-tech-award

April 10, 2026



By MIA Strategic Communications & Branding Team and Nazatul Izma Abdullah

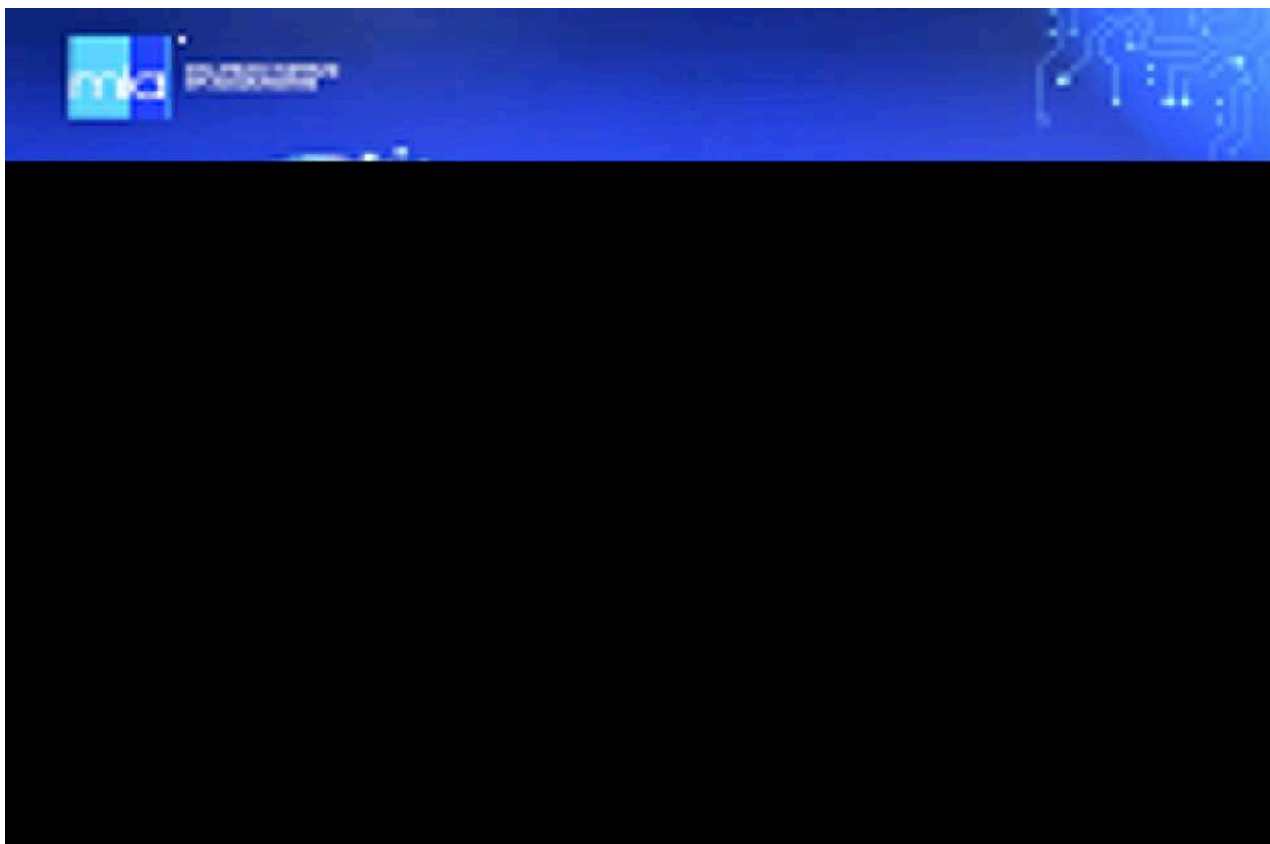
Now in its third edition, the MIA Accounting & Financial Technology Showcase (MIA AFT) 2026, organised by the Malaysian Institute of Accountants (MIA), advocates the adoption of digital technologies by the accountancy profession, supporting the profession's evolution as financial architects of impact in the digital economy.



“Our goal is to enhance productivity, strengthen resilience, and future-proof the profession in an era of rapid technological change. Guided by the MIA Digital Technology Blueprint, MIA AFT serves as a one-stop platform for professionals and organisations to discover cutting-edge digital solutions that address evolving business and regulatory needs,” said MIA President Puan Saniza Said.

Themed “**Financial Architects of Impact: Humanising Digital Intelligence,**” MIA AFT 2026 showcases how accountants are evolving from adopting technology to adapting with it for optimised performance and value creation. As organisations increasingly rely on Artificial Intelligence (AI), automation and advanced analytics, accountants play a critical role in translating vast amounts of complex data into actionable insights that drive better decisions and organisational resilience

To encourage greater adoption and highlight the profession's role models for transformation, MIA also launched the MIA Digital Tech Award at the MIA AFT 2026. First introduced in 2023 as the Digital Technology Adoption Award (DTAA), the award has since been rebranded as the **MIA Digital Tech Award** to better reflect its broader focus on digital transformation. The award recognises outstanding digital transformation initiatives across public practice, commerce and industry, and the public sector. Applications are open until 9 July 2026, with a new category introduced for Institutions of Higher Learning to support the development of future-ready talent.



Supporting the theme of humanising digital intelligence, MIA AFT delegates explored emerging technologies and solutions encompassing AI, automation, data analytics, blockchain and cloud computing across three content theatres and a curated exhibition featuring live demonstrations. Participants gained practical insights into how these innovations are reshaping finance functions and enabling value creation.

In line with the theme “Financial Architects of Impact: Humanising Digital Intelligence,” MIA AFT 2026 also highlighted responsible innovation premised on the profession's core pillars of ethics, professional judgement and accountability to deliver trusted and sustainable outcomes. True to MIA's strategic collaborative leadership approach, MIA AFT gathered close to 2,000 delegates from finance and industry and 30 technology providers at the Malaysia International Trade and Exhibition Centre (MITEC).



“MIA AFT continues to play a vital role in supporting accountancy professionals as they navigate the evolving digital economy. Through platforms like this, we aim to ensure our members remain future-ready, relevant and resilient,” said MIA Chief Executive Officer Mr G Shanmugam.

“Amid challenging times, our profession must look ahead while safeguarding trust, integrity and professionalism as our tools, technologies and business models continue to evolve. As accountants, we are architects of impact, helping to shape sustainable and resilient futures for our businesses, our communities and our nation,” he added.

NACRA 2026 Launched by Bursa Malaysia, MIA & MICPA

 at-mia.my/2026/04/06/nacra-2026-launched-by-bursa-malaysia-mia-micpa

April 6, 2026



Bursa Malaysia Berhad (Bursa Malaysia or the Exchange), the Malaysian Institute of Accountants (MIA) and The Malaysian Institute of Certified Public Accountants (MICPA) recently jointly launched the 36th National Annual Corporate Report Awards (NACRA) at a virtual event.

With the enduring theme of **“Towards Accountability & Excellence”**, NACRA underscores the importance of high-quality annual reports in strengthening transparency, building trust, and supporting the integrity of the capital market, said Ong Chee Wai, Chairman of NACRA’s Organising Committee, in his welcoming remarks.

As the corporate reporting landscape evolves, NACRA remains committed to ensuring its framework stays relevant and forward-looking. “We continuously review and enhance our assessment criteria to align with emerging global standards, regulatory developments, and stakeholder expectations,” emphasised Ong.

In line with these global developments, sustainability reporting is playing an increasingly central role in shaping corporate disclosure. Ong highlighted the launch of the National Sustainability Reporting Framework (NSRF) in 2024 as a “significant milestone in Malaysia’s sustainability journey, aligning national requirements with the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB).” In tandem, Bursa Malaysia has enhanced its Sustainability Reporting Framework and Listing Requirements to support this transition.

“Reflecting these developments, NACRA continues to emphasise integrated reporting and sustainability disclosures. Our assessment criteria place greater focus on the quality, consistency, and connectivity of financial and non-financial information, including forward-looking insights and value creation narratives over the short, medium, and long term. The Best Sustainability Reporting Award remains a key category in recognising organisations that demonstrate leadership in this area,” stated Ong.



Foong Mun Kong, Chairman of NACRA's Adjudication Committee, highlighted the importance of connectivity between financial and non-financial information to support decision-making. "As corporate reporting continues to evolve, it is no longer sufficient to report financial performance in isolation. There is an increasing expectation for organisations to demonstrate clear connectivity between financial and non-financial information, and to articulate a coherent value creation narrative over the short, medium, and long term."

"In this regard, NACRA places strong emphasis on integrated thinking and high-quality sustainability reporting. We encourage organisations to move beyond compliance, towards meaningful, decision-useful disclosures that enhance transparency, accountability, and trust. We also welcome greater adoption of independent assurance to further strengthen the credibility of sustainability information," emphasised Foong.

NACRA 2026 is open to all companies incorporated or registered in Malaysia, including listed and non-listed entities, as well as the public sector and other



organisations established in Malaysia. **The closing date for submissions is 30 June 2026.** Only annual reports with the 2025 financial year-end are eligible for entry to NACRA 2026.

Please [click here](#) to learn more about NACRA 2026.

Public Sector Internal Audit Conference 2026: Internal Audit 360°: Driving Trust, Innovation and Strategic Impact in Public Sector Governance

at-mia.my/2026/04/08/public-sector-internal-audit-conference-2026-internal-audit-360-driving-trust-innovation-and-strategic-impact-in-public-sector-governance

April 8, 2026



As public sector institutions navigate increasing fiscal pressures, digital transformation and rising expectations for transparency, the internal audit function continues to play a critical role in strengthening governance, accountability and public trust.

To equip internal auditors with the knowledge and capabilities required to address increasingly complex governance challenges in the public sector, the Malaysian Institute of Accountants (MIA) and the Institute of Internal Auditors Malaysia (IIA Malaysia) are jointly organising the **Public Sector Internal Audit Conference 2026** on **30 April 2026** at **Connexion Conference & Event Centre @ Nexus, Bangsar South, Kuala Lumpur**.

The Conference, themed **Internal Audit 360°: Driving Trust, Innovation and Strategic Impact in Public Sector Governance**, has been carefully curated to address key governance, technology and assurance issues shaping the profession today. Designed to bridge policy intent with operational execution, the sessions provide practical insights into emerging risks, reform priorities and evolving expectations of the internal audit function in the public sector.



Public Sector Internal Audit CONFERENCE 2026
Internal Audit 360°: Driving Trust, Innovation and Strategic Impact in Public Sector Governance

30 April 2026 (Thursday), 9.00am – 5.00pm
Connexion Conference & Event Centre @ Nexus, Bangsar South, Kuala Lumpur

CONFERENCE OBJECTIVES

- Equip internal auditors with practical tools and techniques to enhance strategic advisory capabilities, performance governance, and value delivery insights
- Define tomorrow and future-focused insights through interactive sessions
- Highlight emerging and systemic risks relating to AI/ML, cybersecurity, resilience, and sustainability reporting within the public sector
- Foster cross-agency collaboration and proximity to strengthen trust, prevention, integrity systems, and governance practices

WHO SHOULD ATTEND

- Public Sector Internal Auditors
- Compliance Officers of:
 - Parliamentary Government agencies
 - State Government agencies
 - Government-linked companies (GLCs)
 - Statutory Bodies
 - Regulatory Bodies
- Accountants
- Other Professionals who come into internal audit

Keynote Address: Public Sector Governance in Times of Fiscal Pressure and Digital Disruption

Explores how fiscal constraints and digitalisation are reshaping public sector governance and oversight. The keynote highlights the evolving role of internal auditors in strengthening accountability, performance and fiscal risk management, within the broader context of Malaysia's public sector reform agenda and RMK13 priorities.

The Strategic Advisory Role of Internal Audit: Influencing Policy and Reform Outcomes

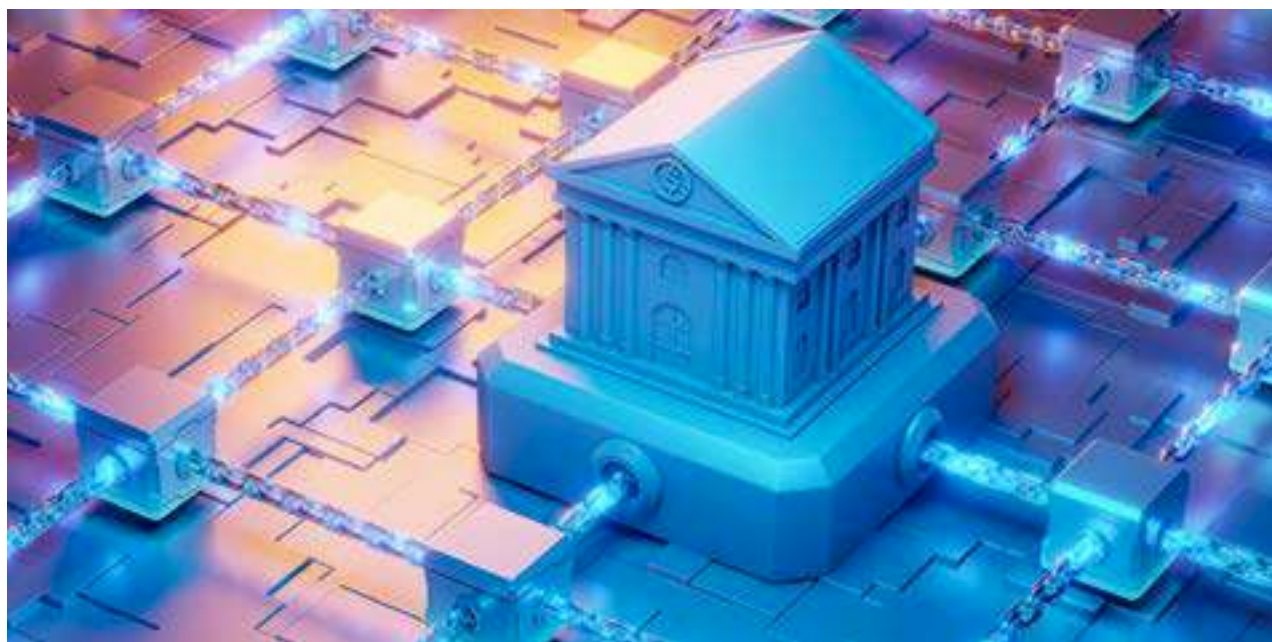
Examines how internal audit can move beyond assurance to provide strategic advisory support, contributing to effective policy implementation, reform initiatives and organisational performance by strengthening engagement with senior management and oversight bodies.

IPSAS 51: Tangible Natural Resources and Its Implications for Assurance in Sustainability Reporting

Discusses the implications of IPSAS 51 for recognising and reporting tangible natural resources, and the role of internal auditors in providing assurance over sustainability-related disclosures, to support transparency and stewardship of public assets.

Adopting AI in Public Sector Auditing

Highlights key governance, ethical and control risks associated with AI systems, while guiding auditors on assessing AI governance frameworks, data privacy and algorithmic accountability, in increasingly digitalised public sector environments.



Procurement Transformation: Governance Lessons from Blockchain and e-Tendering

Explores how digital procurement technologies can enhance transparency and efficiency, while identifying governance and control risks related to blockchain and e-tendering systems, and their implications for value-for-money oversight.

Fraud Analytics in Action: Hands-On with Predictive Tools

A practical session demonstrating how data analytics and predictive tools can strengthen fraud detection by identifying anomalies and high-risk indicators in financial and operational data, supporting proactive, risk-based fraud management.

Cybersecurity Beyond Compliance: Building Digital Trust in Government Services

Examines cyber risk exposures in digital government platforms and highlights the role of internal audit in strengthening cyber resilience, governance and public trust, as digital public services continue to expand.

Register now to secure your place! **Enjoy 12% Discount** on total conference fee for 3 pax and above from the same organisation.

To learn more about the conference, please visit <https://bit.ly/4aFljR2>

Recentring People, Purpose and Long-Term Value

 at-mia.my/2026/03/19/recentring-people-purpose-and-long-term-value

March 19, 2026



By Andrew Harding

As intangible assets increasingly drive organisational value, integrated performance management offers a connected, people-centred approach that aligns purpose, strategy and execution to deliver long-term value.

Accounting and finance professionals have always operated at the intersection of strategy, information and decision-making. Yet the landscape in which they work has undergone profound change.

Today, [up to 90% of an organisation's value resides in intangible assets](#) — the skills—3 and engagement of its people, the strength of its stakeholder relationships, its intellectual capital, and its capacity to innovate with purpose. In such an environment, traditional, finance-led approaches to performance management, built around periodic reporting and siloed metrics, are no longer sufficient.

What organisations now require is a holistic, connected performance system that reflects the complexity, dynamism, and interdependence of modern business. That's the promise of [integrated performance management \(IPM\)](#): a shift from fragmented measurement to a unified, people-centred approach that aligns purpose, strategy, and operations.

Why Integration Can No Longer Wait

The need for integration has become increasingly clear. Across sectors, leaders report persistent disconnects between strategy, day-to-day activities, incentives, and performance. Many struggle to translate high-level goals into meaningful objectives for teams and individuals. Employees, meanwhile, often find it difficult to see how their contributions link to wider organisational ambitions.

Compounding these internal challenges is the growing expectation from stakeholders — regulators, investors, customers and communities — that organisations should integrate sustainability and ESG factors into their strategies and demonstrate progress transparently.

This combination of pressures demands more than incremental improvement. It invites a fundamental rethinking of what performance management is for and how it should function.

Putting People and Purpose at the Centre

Integrated performance management offers precisely this rethinking. It starts from the premise that people are the engine of long-term value creation.

When employees understand the organisation's purpose and strategy, and when they are equipped with clear, consistent information about how success is measured and achieved, performance strengthens across every dimension.

At its core, IPM places purpose at the centre of decision-making. A clear organisational purpose provides the anchor for strategic choices and the reference point for evaluating performance. Around this, IPM emphasises a multi-capital, multi-stakeholder view of value creation.

Financial outcomes remain critical, but they are considered alongside human, social, natural and intellectual factors — the very drivers of sustainable success in today's economy.



Connecting Strategy and Execution in Real-time

IPM also introduces continuous feedback loops between strategy and execution. Rather than treating strategy as a fixed plan, IPM recognises it as something that evolves in response to shifting conditions.

Leaders receive regular insights into how well initiatives are progressing, how resources are being utilised, and where risks or bottlenecks may be emerging. This feedback enables more dynamic, evidence-based decision-making.

A key strength of IPM lies in its focus on connectivity. Strategies are rarely realised through isolated projects; they depend on networks of interdependent initiatives.

IPM encourages organisations to map these initiatives clearly, understand how they support one another, and assess their relative impact. This process strengthens prioritisation, improves resource allocation, and helps eliminate bias in decision-making, shifting choices away from instinct and towards insight.

The Impact on Leaders, Employees and Stakeholders

For leaders, the benefits of IPM are tangible. It enhances organisational resilience by aligning culture, incentives, and operations around long-term value. It builds trust by ensuring information flows transparently across the business. And it supports more meaningful, motivational incentives by linking individual and team performance to strategic outcomes in a coherent, consistent manner.

For employees, IPM provides clarity — clarity about what the organisation is trying to achieve, how their work contributes, and what good performance looks like. This sense of connection is strongly correlated with engagement, productivity, and innovation.

Finally, for stakeholders, IPM offers assurance that the organisation is managing not only financial performance but the broader, interconnected factors that underpin sustainable value.

A Defining Capability for Modern Organisations

As businesses navigate increasing complexity — from technological disruption to regulatory change and global sustainability challenges — adopting an integrated approach to performance management is no longer optional. It is becoming a defining capability of high-performing organisations.

Those that embrace this shift will be better equipped to realise their strategic ambitions, adapt to emerging risks and opportunities, and create lasting value for their people and stakeholders. IPM is not simply a new model; it is an evolution of how organisations think, act and perform: one that reflects the real drivers of success in the modern economy.

For more information, [click here](#).

Andrew Harding, FCMA, CGMA, Chief Executive – Management Accounting, The Chartered Institute of Management Accountants.

Reframing Climate Disclosures: IPSASB's Roadmap to Sustainable Public Sector Reporting

at-mia.my/2026/03/24/reframing-climate-disclosures-ipsasbs-roadmap-to-sustainable-public-sector-reporting

March 24, 2026



By the MIA Sustainability, Digital Economy and Services Team

As the climate change agenda gains momentum globally, stakeholders expect organisations to disclose their climate governance and impacts transparently. Public sector organisations are no exception, and the burden of disclosure is arguably heavier given their accountability to the public.

In January 2026, the International Public Sector Accounting Standards Board (IPSASB) issued its inaugural Sustainability Reporting Standard, IPSASB SRS 1 *Climate-related Disclosures*, to support public sector agencies and governments in adopting sustainability reporting, IPSASB SRS 1 will be adopted in two phases. Phase 1 focuses on climate-related disclosures for an entity's own operations, while Phase 2 will address disclosures related to public policy programmes, recognising the unique role of governments.

For Phase 1, IPSASB issued IPSASB SRS 1 *Climate-related Disclosures* on 29 January 2026, marking a major milestone in establishing a global sustainability reporting standard for the public sector. The standard provides a globally consistent framework for public sector entities to disclose climate-related risks and opportunities, covering governance, strategy, risk management, and metrics and targets, with alignment to the IFRS S2 *Climate-related Disclosures*. Phase 1 will be effective from 1 January 2028, earlier adoption is permitted.

While for Phase 2, IPSASB will develop a separate standard for those specific public sector entities responsible for climate-related public policy programmes and their outcomes by December 2026.

Prior to the issuance of SRS 1, this landmark development (at the ED or exposure draft stage) and its implications were discussed during the session on "Reframing Climate Disclosures: IPSASB's Roadmap to Sustainable Public Sector Reporting" at the MIA International Accountants Conference 2025 in June 2025. Expert speakers Dr Nurmazilah Mahzan, Member of the MIA Sustainability Committee and the IFRS Integrated Reporting and Connectivity Council; Phang Oy Cheng, Executive Director, Head of Sustainability Advisory in KPMG Malaysia; and Henning Diederichs, Public Sector Sustainability Reporting Specialist at the Institute of Chartered Accountants in England and Wales (ICAEW) shared their insights on IPSASB's efforts, moderated by Siti Farhana Sheikh Yahya from Astro Awani.

What is IPSASB SRS™ ED 1?

At the time of the conference, IPSASB was actively deliberating the responses received on its [IPSASB Sustainability Reporting Standards Exposure Draft 1, Climate-related Disclosures \(IPSASB SRS ED 1\)](#). The session therefore centred on IPSASB SRS ED 1, enabling delegates to better understand the proposals under consideration and the direction for public sector sustainability reporting.

A defining feature of IPSASB SRS ED 1 is its alignment with the IFRS Sustainability Disclosure Standards, enabling comparability between public and private sector sustainability reporting. For Malaysia, this alignment is timely with the country's 2050 net-zero emissions goal, commitment to the Paris Agreement, and participation in the UN Sustainable Development Goals (SDGs) which demands an integrated approach across sectors.

The objective of this ED is to provide principles for public sector entities to disclose information in its general-purpose financial reports about¹:



Aligned with the Task Force for Climate-related Disclosures (TCFD) and IFRS S2 *Climate-related Disclosures*, IPSASB SRS ED 1 requires public sector entities to disclose:



GOVERNANCE

The governance processes, controls and procedures the entity uses to monitor, manage and oversee climate-related risks and opportunities.

STRATEGY

The climate-related risks and opportunities that affect the entity's operations.



RISK MANAGEMENT

Risk management processes and policies to identify, assess, priorities and manage climate-related risks and opportunities.

METRICS AND TARGETS

Performance indicators and targets it uses to measure the performance towards its strategic goals, which includes Scopes 1, 2, and 3 greenhouse gas emissions



Putting Public Sector Accountants at the Core of Climate Action

Accordingly, the standard will have several positive impacts on climate governance and accountability internationally and locally and in turn, the role of accountants.

Importantly, IPSASB SRS ED 1 aims to ensure comparability across jurisdictions while allowing sufficient flexibility for local adaptation, stated Henning Diederichs.

Phang Oy Cheng noted that this pronouncement allows public sector accountants to support coherent national climate action, as they are central to establishing data systems, embedding climate risk into budgets and performance frameworks, and ensuring that disclosures are credible and verifiable.

Reminding delegates that Malaysia has pledged to reduce carbon intensity relative to GDP by 45% by 2030² and is introducing policies such as the Energy Efficiency and Conservation Act (EECA) 2024, Dr. Nurmazilah said that ministries must therefore adopt

unified sustainability frameworks to track data and monitor progress. She underscored that Malaysian public sector accountants are uniquely positioned to lead this transition due to their dual mandate of financial stewardship and public accountability.

From Policy to Practice: The Road Ahead

Translating standards into action will not be without challenges. The panellists collectively identified several obstacles to implementation, and recommended strategies to address these:

- **Data Availability and Quality**

Data is a key challenge, and many agencies lack systems to capture reliable emissions and climate risk data. Dr. Nurmazilah encouraged accountants to start small—track energy and water use, categorise sustainability-related expenditures, and progressively refine the data being collected.

- **Capacity and Skills**

Specialised expertise in climate risk assessment, scenario analysis, and sustainability assurance remains scarce. Henning recommended that public sector accountants harness their acumen and upskill to be able to interpret complex climate data for decision-makers in the public sector, supporting informed decision-making for good governance.

- **Inter-Agency Coordination**

Silos in the public sector can hamper inter-agency coordination. Effective reporting requires strong cross-government collaboration, which is often difficult to achieve due to differing mandates, priorities and data systems across agencies. “We need to move in the same direction,” Henning stressed. Dr. Nurmazilah proposed that the Accountant-General’s Department of Malaysia (AGD) could play a coordinating role by leveraging its strength in managing financial data.

- **Mindset Shift**

An entrenched public sector mindset remains a significant barrier to effective sustainability reporting. Shifting mindsets and culture requires time, persistence, and leadership. Dr. Nurmazilah called on accountants to “make it our call and our purpose,” emphasising that even small steps can lead to systemic change.

- **Financing and Resource Allocation**

Sustainability initiatives often require significant financial investment, yet dedicated funding and clear financing mechanisms are frequently lacking. Oy Cheng pointed out that sustainability initiatives are rarely cheap, and must be facilitated by strategic budgeting and financing mechanisms.

Measuring What Matters: From Numbers to Narratives

How should public sector entities get started on the climate disclosure journey?

While data and quantitative indicators are critical, Henning advised that governments should initially focus on qualitative disclosures, articulating how climate policies affect organisational outcomes and societal well-being.

Governments should also be mindful of challenges arising from reconciling short-term governance terms with long-term climate ambitions, he said. He noted that a key challenge faced by the UK under the Task Force on Climate-Related Financial Disclosures (TCFD) framework, related to inconsistent time horizons across political and climate cycles which complicated implementation.

Organisations can also use integrated thinking as a starting point. Dr. Nurmazilah emphasised the integrated nature of sustainability, which extends beyond numbers and connects financial and non-financial impacts. “Our role as accountants is to connect both worlds,” she said. For instance, link the utility bills paid by organisations back to the metric tonnes equivalent of carbon emissions generated to calculate their impact. Earlier in the session, she had also noted that a number of public sector agencies have already embarked on integrated reporting which incorporates non-financial disclosures. For instance, the Sustainable Energy Development Authority (SEDA) has highlighted its renewable energy and decarbonisation initiatives in its annual report, while the Accountant General’s Department of Malaysia has initiated training programmes to kick-start integrated and sustainability reporting within the public sector.

Through integrated thinking, organisations can better measure emissions, and in the bigger picture, assess the effectiveness of public policy programmes and the efficiency of resource allocation.

Leadership, Collaboration, and Purpose

Collectively, the panellists called for action at every level. In particular, public sector accountants are urged to play a central role in anchoring sustainability reporting and disclosures for better accountability and governance.



¹ IPSASB, October 2024, IPSASB SRS ED 1 – Climate-related Disclosures, <https://www.ipsasb.org/publications/ipsasb-srs-exposure-draft-1-climate-related-disclosures>

² Ministry of Economy, 29 August 2023, National Energy Transition Roadmap, https://ekonomi.gov.my/sites/default/files/2023-09/National%20Energy%20Transition%20Roadmap_0.pdf

Selection of Profit Level Indicator: Berry Ratio Conundrum

 at-mia.my/2026/03/26/selection-of-profit-level-indicator-berry-ratio-conundrum

March 26, 2026



By Thomas Chan Yeu Wai and Jane Wah Yu Zhen

Introduction

The Berry Ratio might sound like the latest fruit juice blend rather than a financial metric. Rest assured, it has nothing to do with berries or smoothies but certainly has to do with evaluating profitability in transfer pricing. This quirky sounding ratio plays a critical role in assessing arm's length criteria, though its use as a Profit Level Indicator (PLI) often sparks transfer pricing disputes. In this article, we will peel back the layers and explore the nuances of the Berry Ratio, showing how it can be effectively applied in transfer pricing analysis—wherever it truly fits.

Background

The Berry Ratio is named after Dr Charles Berry, an American economics professor who introduced the concept during expert testimony in the 1979 transfer pricing litigation between DuPont and the United States tax authorities. In that case, Dr Berry analysed a distributor that also carried out marketing-related activities. He compared the ratio of gross profit to operating expenses of the tested entity against those of independent comparable companies. This approach enabled an assessment of whether the distributor earned an appropriate return on its value-adding activities, on the premise that the costs of those activities were reflected in its operating expense base.

The Berry Ratio measures the relationship between a company's gross profit and its operating expenses.

Formula – $\text{Berry Ratio} = \text{Gross Margin} / \text{Operating Expenses}$

It is designed to assess whether an entity earns an arm's length return relative to the operating costs incurred in performing its activities. In simple terms, a Berry Ratio ≥ 1 generally indicates that the entity is able to cover its operating expenses and earn a return, while a ratio < 1 suggests that operating costs are not fully recovered.

The Berry Ratio may be appropriate in circumstances where the tested party performs routine or support activities with limited value addition, does not own or exploit valuable intangibles, and does not assume economically significant risks such as inventory,

market, or credit risks. In such cases, the returns earned by the entity are more closely linked to its operating effort (reflected in its operating expenses) than to sales.



Berry Ratio framework

Conceptually, the Berry Ratio looks like it is based on sound economic principles: a neat and tidy PLI that compares gross profit to operating expenses. It aligns well with the arm's length principle, especially where value creation is tied more to operating costs than to assets or risks. But in practice, tax authorities don't always sip the Berry Ratio as smoothly as its name suggests.

While the Berry Ratio is formally recognised by the Organisation for Economic Cooperation and Development (OECD) and adopted in many tax jurisdictions, including Malaysia, its practical application remains highly selective and is kind of served only on very selective menus.

Let us first understand the three formal conditions¹ relating to the appropriateness of the Berry Ratio, as laid out in the revised Malaysia Transfer Pricing Guidelines (MTPG) 2024, which are well aligned with the OECD framework.

Para 3.66

- *The value of the functions performed is proportional to the operating expenses;*
- *The value of the function performed is not materially affected by the value of the products distributed, i.e., it is not proportional to the sales; and*
- *The taxpayer does not perform any other significant functions, such as marketing or manufacturing or any functions that add value to the products that should be remunerated using another method or financial indicator.*

Our comments on criterion 1: The Berry Ratio hinges on operating expenses as its denominator, so it only works when value creation is tied directly to those costs. It means it is unsuitable in scenarios where other factors drive profitability such as transactions involving significant nonroutine intangibles, integrated distributors that also assemble or customise products, fullfledged distributors managing inventory and bearing related risks, or manufacturers whose cost base extends beyond operating expenses to include cost of goods sold.

Our comments on criterion 2: This criterion can be demonstrated through the example below:

Scenario	Sales	COGS	Gross Profit	Operating Expenses	Berry Ratio
SCENARIO 1 High-value products	RM50,000,000	RM48,800,000	RM1,200,000	RM1,000,000	1.2
SCENARIO 2 Lower-value products	RM10,000,000	RM8,800,000	RM1,200,000	RM1,000,000	1.2

As evident from the above, even though sales values differ drastically (RM50 Mil vs RM10 Mil), the Berry Ratio remains the same (1.2) because the company's value creation is tied to operating expenses, not to the sales value of the products.

Our comments on criterion 3: The Berry Ratio is appropriate only when the taxpayer performs routine functions. Where the entity undertakes significant activities—such as marketing, inventory, manufacturing, or other valueadding functions—profitability should instead be assessed using alternative methods or indicators. In practice, this third criterion is often a point of contention between tax authorities and taxpayers during audits.

- Further, MTPG 2024 also recognises the Berry Ratio's relevance in intermediary arrangements –
- *Para 3.67 – Berry Ratios can be useful in intermediary activities where taxpayers purchase goods from an associated person and on-sell them to another associated person. In this situation, the RPM may not be applicable due to the absence of uncontrolled sales, while the CPM may not be applicable due to controlled purchases. Operating expenses, however, may be reasonably independent from transfer pricing formulation. However, if the operating expenses have been materially affected by controlled transaction costs such as head office charges, rental fees or royalties paid to an associated person, the use of BR may not be appropriate.*
- *Our comments on Para 3.67:*

Notably, the Inland Revenue Board of Malaysia (IRB) has revised its wording from “Berry Ratio is only useful” to “Berry Ratio can be useful” in the above paragraph compared to old Guidelines. This shift, though subtle, signals a meaningful change in approach. The earlier phrasing conveyed a restrictive stance. By contrast, the new phrasing introduces some flexibility.

Receptiveness during Tax Audits

The IRB increasingly challenges the use of the Berry Ratio during audits, particularly where the taxpayer’s functions have certain level of economic significance. As outlined in the three criteria above, the Berry Ratio is appropriate only when the taxpayer performs routine, lowrisk activities—without assuming inventory, credit, or market risks, and without owning or exploiting intangibles. In practice, this confines its application to lowrisk distributors engaged in basic administrative or facilitation roles, resembling service providers rather than true distributors such as Japanese general trading companies, commonly known as sogo-sosha companies. That said, situations are rarely black and white; hybrid cases often arise, making the analysis subjective and highly contextual.

When assessing the appropriateness of the Berry Ratio, the IRB typically focuses on the Malaysian entity’s role within the group supply chain and whether it undertakes valueadded activities. Such activities may include inventory management, holding key relationships with customers and suppliers, price negotiations, market development, credit management and other strategic decisionmaking matters. The taxpayer needs to establish that the entity merely acts as an information conduit—executing headquarters’ instructions without pricing authority and holding little or no inventory. Further, acceptance of the Berry Ratio by the IRB also depends heavily on whether the functional profile is consistently supported by contemporaneous documentation and evidence of actual conduct.

The IRB often considers Operating Profit Margin (OPM) as the PLI instead of Berry Ratio, since it generally produces higher profitability outcomes especially when revenue increases. This dynamic is illustrated below:

Scenario	Revenue	Gross Margin	Operating Expenses	Operating Profit	OPM	Berry Ratio	Comments
Base case	100	24	20	4	4%	1.12	-
Increase In revenue: OPM is selected as PLI	200	28	20	8	4%	1.4	Operating profit has to be increased to achieve targeted 4%
Berry Ratio is selected as PLI	200	24	20	4	2%	1.2	Operating profit need not be changed to target 1.2 Berry Ratio

- **Under OPM:** Operating profit must increase to 8 to maintain 4% OPM. This would result in higher tax exposure, directly linking profitability to sales growth.
- **Under Berry Ratio:** The ratio is tied to operating expenses instead of revenue, therefore increase in revenue does not lead to an expectation of increase in profit to meet the arm's length principle. Under the Berry Ratio, profit is expected to be increased only in case of increase in operating expenses. Therefore, this ratio is apt for entities with limited functionality, wherein expenses typically do not scale in proportion to sales, making Berry Ratio outcomes relatedly flat compared to OPM as PLI.

Key considerations in Applying the Berry Ratio

With rising challenges from the IRB in acceptance of Berry Ratio, taxpayers should carefully evaluate the following considerations before adopting the Berry Ratio as a PLI:

1. Accounting Disclosure

- **Gross vs. Net Recording:** Transactions recorded on a gross basis in financial statements are more likely to be challenged when the Berry Ratio is applied.
- **Cost Classification Sensitivity:** The Berry Ratio is highly sensitive to how costs are classified between operating expenses and cost of goods sold.
- **Practical Implementation:** Consistency is critical — the tested party's Berry Ratio must be calculated in a manner congruent with that of the selected comparables.

2. Selection of Comparables

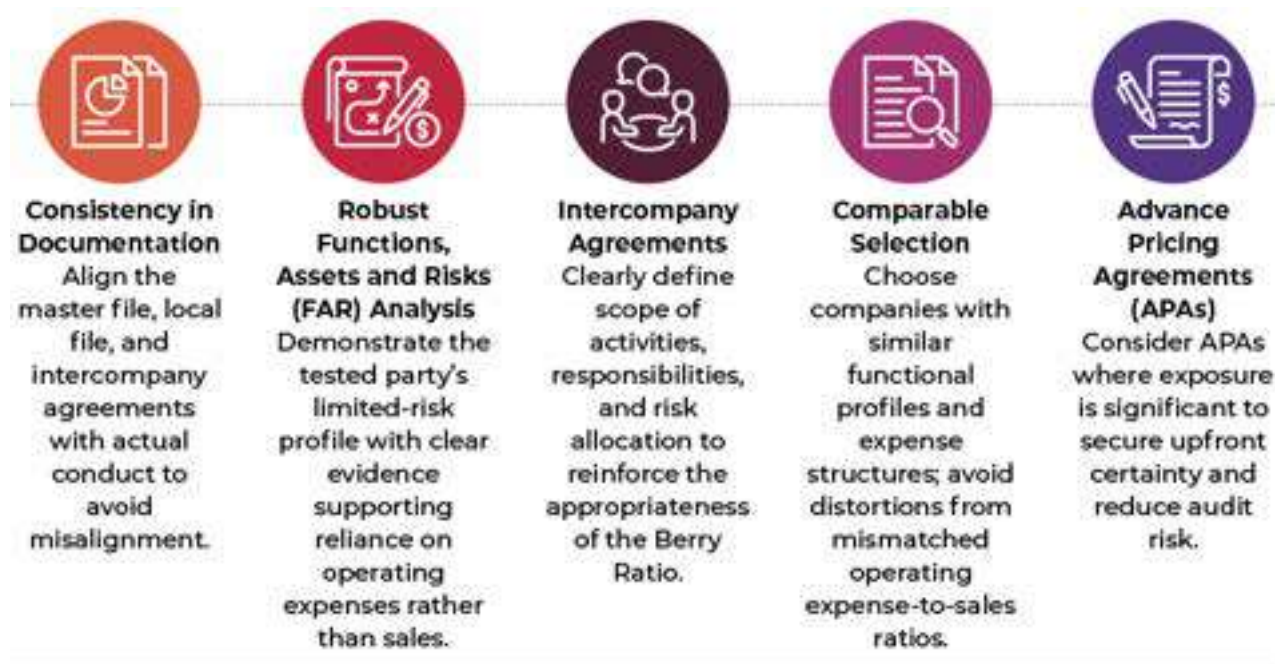
- **Nature of Activities:** Whether to benchmark against service providers or trading companies with routine functions is a key consideration.
- **Disclosure Limitations:** Publicly available data often lacks sufficient granularity, making careful selection of comparables essential.
- **Empirical studies²** show that wholesale distributors with low operating expense-to-sales ratios (10–15%) tend to report much higher Berry Ratios than those with higher expense-to-sales ratios. It implies that comparisons across companies with significantly different expense structures can distort outcomes.

3. Hybrid Cases

- **Limited-Risk Activities:** Taxpayers who perform activities such as inventory handling or attending customer/supplier meetings at the instruction of a counterparty — without bearing risk or exercising independent decision-making — face heightened challenges in defending Berry Ratio.
- **Economic Significance:** Where such activities have economic relevance to the overall business profile, authorities may argue that Berry Ratio does not adequately capture the tested party's contribution.

Key Safeguards for Defending the Berry Ratio

To effectively defend the use of the Berry Ratio as the selected PLI, taxpayers should adopt a structured, evidence-based approach, as follows:



Conclusion

The IRB's increasing focus on PLI selection reflects a broader shift towards closer scrutiny of economic substance and value creation. And let's be clear: the Berry Ratio is not a juice blend you sip at brunch — it's a serious transfer pricing tool that only works in limited, well defined circumstances. Its application demands careful functional analysis, disciplined comparability assessment, and robust supporting evidence. Without these safeguards, taxpayers risk finding themselves in a sticky situation, facing heightened adjustments and disputes in Malaysia's evolving audit landscape.

¹ *Malaysia Transfer Pricing Guidelines 2024*

² https://www.irs.gov/pub/irs-apa/apa_study_guide_.pdf

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Strengthening Compliance and Quality: How SMPs Can Prepare for Practice Review

 at-mia.my/2026/03/12/strengthening-compliance-and-quality-how-smpls-can-prepare-for-practice-review

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By MIA Surveillance and Enforcement Team

For Small and Medium Practices (SMPs), being selected for a Practice Review presents both a responsibility and an opportunity. It is an opportunity to demonstrate adherence to professional standards, reaffirm audit quality, and strengthen internal systems. With the right preparation, the process can serve as a catalyst for continuous improvement and long-term growth.

Understanding the Purpose of Practice Review

Practice Review is designed to assess whether audit firms operate in accordance with professional standards, legal and regulatory requirements, plus ethical principles. Rather than being viewed as punitive, it should be seen as a constructive process that provides insights, promotes consistency, and reinforces a firm's commitment to quality.

**Approaching Practice Review with a positive and constructive mindset allows firms to transform evaluation into an opportunity for meaningful improvement and continuous enhancement of their practices.*

Building a Culture of Quality and Accountability

Quality begins from the top. Firm leadership plays a vital role in fostering a culture of professionalism and accountability. When partners lead by example, staff are more likely to follow.

Practical steps for SMPs:



Establish and communicate clear quality objectives to all staff.



Hold regular team discussions on audit quality expectations.



Reinforce accountability and recognise quality-focused behaviour.

Embedding quality into daily practice ensures that compliance is a continuous effort, not limited to review periods.

Strengthening Quality Management Systems

Under the International Standard on Quality Management (ISQM) 1, every firm, regardless of size, is required to design, implement and operate a System of Quality Management (SOQM) that is proportionate to their size and complexity. SMPs should ensure their SOQM adequately covers key areas such as leadership, governance and responsibilities, client acceptance and continuance, ethics, engagement performance, resources, information and communication, and monitoring and remediation.

Preparation tips:

Review and update firm policies and procedures to align with ISQM 1 & 2 through a risk-based assessment approach.

Define roles, responsibilities, and escalation procedures clearly.

Conduct annual internal monitoring to detect and rectify gaps proactively.

A robust QMS (quality management system) facilitates smoother Practice Review processes and safeguards a firm's reputation and long-term sustainability.

Maintaining Comprehensive and Compliant Documentation

Incomplete documentation remains one of the most frequent findings during Practice Review. Audit working papers should clearly demonstrate compliance with the applicable ISAs and that sufficient, appropriate audit evidence was obtained. As commonly emphasised in practice reviews, if it is not documented, it is not done. Each audit file should therefore present a clear record of how the audit was planned, executed, reviewed, and concluded.

Documentation should also evidence appropriate partner involvement and review, particularly in key risk areas and significant judgements, through clear review notes, sign-offs, and conclusions. Practitioners are encouraged to refer to relevant ISAs and prior Practice Review publications for further guidance and examples of good documentation practices.

[Practice Review Process: Insights into the Closing Meeting and Reporting Stage](#)

For the avoidance of doubt, any documents, records, or information created, amended, or provided after the date of the signed audited financial statements that were not available at the time of the audit were therefore not considered in forming the audit findings or conclusions. Accordingly, any audit working papers or supporting evidence that are dated after the date of the signed audited financial statements shall not be taken into consideration in the Practice Review, as such documents are deemed unreasonable and inadmissible in supporting the audit opinion formed by the audit firm.

Checklist for compliance:

- ✓ Ensure every audit engagement file includes evidence of planning, risk assessment, and conclusions with supporting evidence being documented.
- ✓ Use consistent documentation templates across engagements, ensuring they are regularly reviewed and updated, and maintain proper cross-referencing for ease of review.
- ✓ Conduct internal file reviews before finalisation to ensure completeness.
- ✓ Put adequate controls in place for archival and retention of engagement documentations, including use of IT (Information Technology) resources to ensure no documentation is compromised or lost.

A common misconception is that the implementation of audit software will automatically resolve documentation deficiencies. While such tools may enhance efficiency, they cannot substitute for sound audit planning, the application of professional judgement, and disciplined documentation practices, which remain fundamental to audit quality.

Strong documentation not only supports compliance but also protects the firm in the event of regulatory or legal scrutiny.

Investing in Training and Continuous Professional Development

Audit quality depends on the competence and professional judgement of practitioners. In line with the resources component of ISQM 1, SMPs should take a structured approach to hiring, retention, and development, recognising training as integral to a sustainable quality management system. While staff turnover is a common challenge, ongoing training remains essential to embedding audit quality and should focus on technical updates and common deficiencies highlighted in previous reviews and PR Annual Reports.

Suggestions for SMPs:



Ongoing professional development builds a resilient team capable of adapting to regulatory changes and reducing potential risks.

Conducting Self-Assessment and Internal Review (Monitoring Review)

Firms that perform self-assessments before a formal Practice Review are more likely to demonstrate better preparedness and experience fewer non-compliance findings.

Internal or monitoring reviews help identify weaknesses early (e.g. procedural gaps, documentation deficiencies, and control weaknesses), allowing corrective actions to be implemented proactively. In turn, these will allow for timely remediation (e.g. through staff training, process refinement, or enhanced oversight), ultimately strengthening audit quality and reducing regulatory risk.

For sole practitioners, simple alternatives such as peer reviews, independent checklists, or occasional external input can help maintain objectivity.

Best practices include:



Recruiting or sourcing for adequate technical resources to support the annual assessment of the firm's SOQM and monitoring activities.



Performing periodic cold reviews of completed engagements.



Using Practice Review Common findings (from the PR Annual Report) as a guide to stimulate actual review process.



Holding debrief sessions to discuss findings constructively within the team and implement corrective actions.

Proactive self-review demonstrates accountability and supports continuous improvement.

Communicating and Cooperating During the Review

When selected for Practice Review, effective communication with the review team is essential. Firms should ensure that all requested materials are complete and well-organised from the outset, rather than submitted piecemeal after the review. Maintain open communication and present engagement files in a clear and structured manner.

Approaching the process with transparency and a cooperative attitude not only facilitates a smoother review but also reflects positively on the firm's commitment to quality.

If areas for improvement are identified, take them constructively. Promptly address the findings, implement corrective measures, and document the actions taken for future references.

Learning from Feedback and Sustaining Improvement

The true value of Practice Review lies in the follow-up. Firms should use feedback to strengthen internal processes, enhance procedures, and build team capability. Avoid short-term fixes; instead, address root causes and document long-term corrective actions. Regular review of these measures ensures continued relevance and effectiveness.

Conclusion

Preparation for Practice Review is more than an administrative exercise – it is an ongoing commitment to professional excellence. By cultivating a culture of quality, maintaining strong documentation, investing in continuous learning, and embracing feedback, firms can use the Practice Review process to reinforce good practices and support sustainable audit quality.

Practice Review contributes to greater consistency, accountability, and confidence in the profession. Firms that engage with the process in a proactive, open, and professional manner are well positioned to strengthen their practices, enhance resilience, and continue to serve their clients and the wider public interest with confidence.

**Practice Review goes beyond compliance by fostering accountability, continuous improvement, and professional excellence.*

Young Accountants Must Anchor Malaysia's Next Phase of Nation-Building

at-mia.my/2026/03/31/young-accountants-must-anchor-malaysias-next-phase-of-nation-building

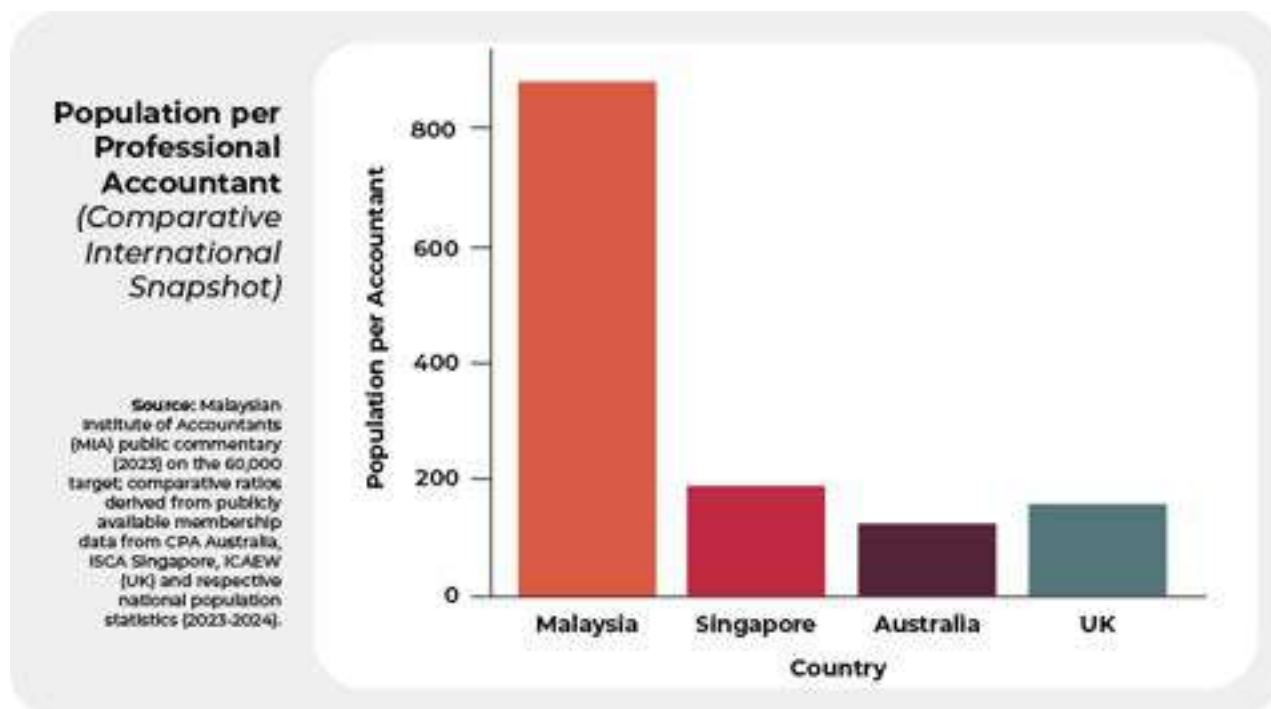
March 31, 2026



By Raja Mohamad Shahadan Raja Mohamed, C.A.(M), FCCA, CPA(M)

Malaysia aspires to be a high-income, resilient and values-driven nation under the Malaysia MADANI framework, a journey that requires more than policy intent. Stronger institutions, disciplined fiscal management, and trusted professionals upholding transparency have become an urgent need. At the centre of that ecosystem stands the accountancy profession.

Yet Malaysia continues to face a structural shortage of professional accountants. Compared to developed economies, our accountant-to-population ratio remains significantly lower. Our long-standing national aspiration of building a pool of 60,000 professional accountants is not merely about expanding a profession but strengthening national capacity.



This gap has implications beyond balance sheets, touching on accountability in the public sector, corporate governance, SME growth, capital market confidence and sustainability reporting. As our national leadership has emphasised, economic reform must be anchored in integrity and responsibility. Technology may accelerate efficiency, but integrity sustains trust.

Today, the profession itself is undergoing a sea-change. Artificial intelligence and automation are restraining the contours of compliance and reporting functions. The transactional processes are increasingly digitised. What cannot be automated, however, is professional judgement, ethical courage and strategic foresight. The accountant of tomorrow must move beyond historical reporting to become a strategic business partner, translating data into insight, risk into resilience, and strategy into sustainable value.

Young accountants are well-positioned to drive this transition. However, it will not be an easy task since fast-paced environments in a period characterised by technological disruptions under heightened scrutiny represent a double-edged sword for young accountants. Despite living under increased expectations, they have enjoyed an opportunity to grow as professionals instantly. Therefore, the expectations are higher than ever, with a need to demonstrate excellence in technical skills, coupled with digital proficiency and excellence in leadership skills. To be relevant and credibly contribute to Malaysia's development agenda, young accountants must develop the following traits, among others:

- Digital mastery and AI literacy;
- Strategic and commercial acumen;
- Ethical leadership anchored in integrity;
- Strong communication and stakeholder engagement; and
- A deep sense of public purpose.

From my own journey, coming from humble beginnings and discovering how this profession can transform lives, I have learned one thing: accountancy is not just about numbers. It is about stewardship. It is about trust. And trust is foundational to nation-building.

Mindful of these evolving demands and the need to reinforce the pipeline, the Malaysian Institute of Accountants (MIA), through its Young Professionals Working Group, advances initiatives that support mentorship, peer engagement, continuous upskilling in digital competencies, sustainability reporting, leadership development and ethical grounding.

Nevertheless, this is not all. The young professionals must step forward to play an active role in the profession. They must embrace lifelong learning and not be seen as being confined to an organisational role, but rather as being the guardians of the nation's economic credibility. Malaysia's transformation will not be achieved solely through policies and blueprints. It will be realised through capable, ethical professionals who translate aspiration into action.

Following this premise, young accountants are not just the future of the accounting profession. They are the current contributors to national resilience, competitiveness and integrity.

Thus, to my fellow young and aspiring accountants out there, the time to lead is now.



The Path Forward: Leadership, Collaboration, and Purpose

Raja Mohamad Shahadan Raja Mohamed is a Member of MIA's Young Professionals Working Group and CFO of INCEIF University, an institution established by Bank Negara Malaysia. He advocates for strengthening Malaysia's accounting profession to support national development.

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