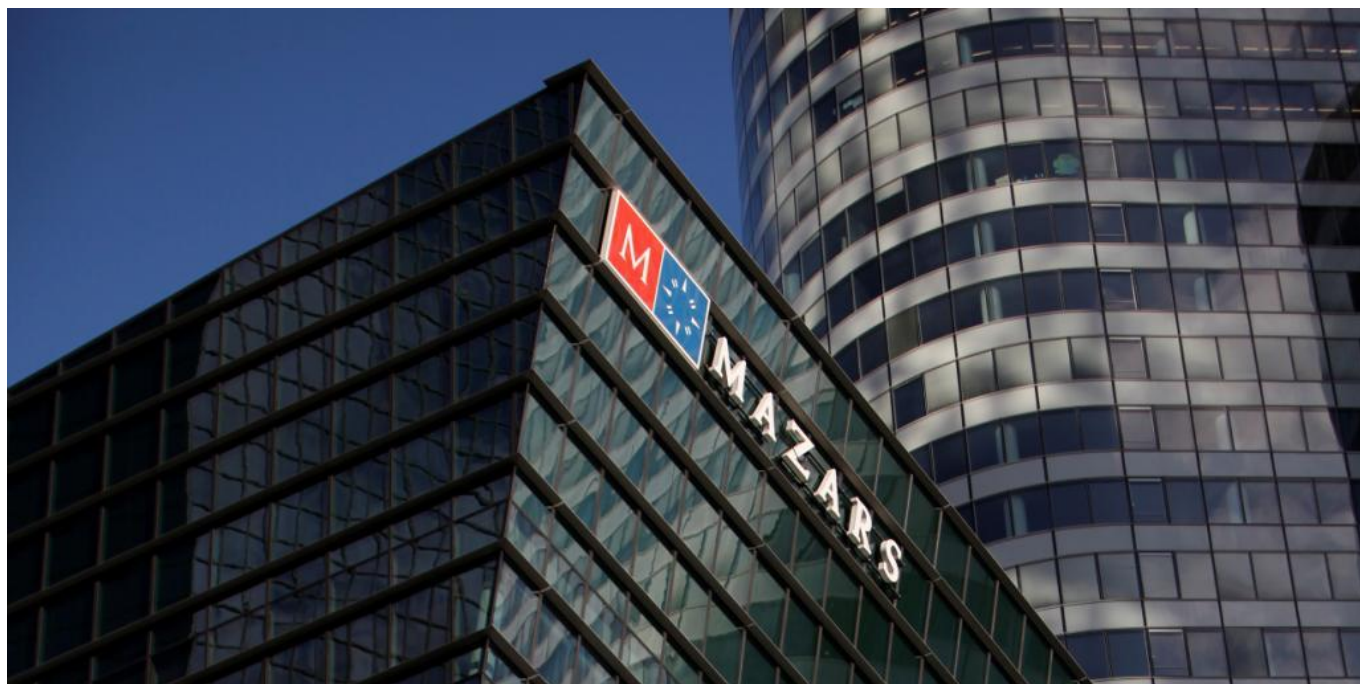


# MPERS - AN OVERVIEW

MARCH 2016



## Highlight

MPERS is a self-contained financial reporting standard that comes in 35 sections, which covers all the relevant areas for financial reporting by private entities in Malaysia.

## About MPERS

In February 2014, the Malaysian Accounting Standards Board issued the *Malaysian Private Entities Reporting Standard* ("MPERS").

MPERS or *IFRS for SMEs* is designed to meet the financial reporting needs and capabilities of small and medium-sized entities ("SMEs").

MPERS is word-for-word the *IFRS for SMEs* issued by International Accounting Standards Board in July 2009, except for the requirements on income tax and property development activities. About 80 countries have adopted the *IFRS for SMEs* or announced plans to do so<sup>1</sup>.

## Effective Date

MPERS is effective for financial statements with annual periods beginning on or after 1 January 2016.

## Private Entities

MPERS defines a private entity as a private company<sup>2</sup> incorporated under the Companies Act 1965 in Malaysia, that:

- is not itself required to prepare or lodge any financial statements under any law administered by the Securities Commission Malaysia or Bank Negara Malaysia; and
- is not a subsidiary<sup>3</sup> or associate<sup>3</sup> of, or jointly controlled<sup>3</sup> by, an entity which is required to prepare or lodge any financial statements under any law administered by the Securities Commission Malaysia or Bank Negara Malaysia.

An entity may only be treated as a private entity in relation to such annual periods throughout which it is a private entity.

## Frequently Asked Questions

### What is the status of PERS?

The *Private Entity Reporting Standards* ("PERS") has been withdrawn for application for financial statements with annual periods beginning on or after 1 January 2016.

### Can I continue to apply PERS?

No. PERS has been withdrawn for application for financial statements with annual periods beginning on or after 1 January 2016.

### What are the differences between MPERS and MFRS?

Compared with the *Malaysian Financial Reporting Standards* ("MFRS"), MPERS is less complex:

- Some topics in MFRS are omitted because they are not relevant to SMEs. Examples: earnings per share, interim financial reporting and segment reporting.
- Some accounting policy options in MFRS are not allowed because a more simplified method is available to SMEs. Examples: requiring a cost model for investment property unless fair value is readily available without undue cost or effort.
- Many principles for recognising and measuring assets, liabilities, income and expenses in MFRS are simplified. For example, amortise goodwill, expense all borrowing cost.
- Significantly fewer disclosures are required.

### My company meets the definition of private entity, and I applied PERS for the financial year ended 31 December 2015. What should I do?

For financial statements with annual periods beginning on or after 1 January 2016, the company shall apply either MPERS or MFRS.

### My company meets the definition of private entity, and I am applying FRS currently. What should I do?

The company shall adopt either MFRS or MPERS for annual periods beginning on or after 1 January 2018. Alternatively, the company may opt to apply MPERS for annual periods beginning on or after 1 January 2016.

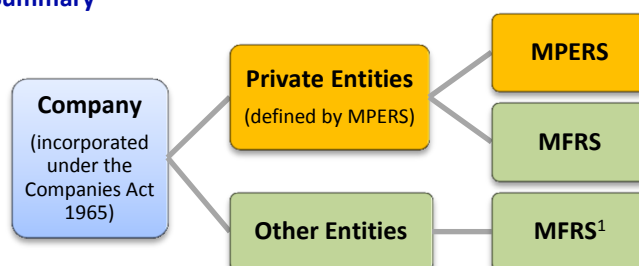
### My company meets the definition of private entity, and I am applying MFRS currently. Can my company adopt MPERS?

Yes. The company may adopt MPERS for annual periods beginning on or after 1 January 2016.

### My company will adopt MPERS. The financial year end of my company is 30 June. Which financial year must I apply MPERS?

The company shall prepare the first set of MPERS financial statements for financial year ending 30 June 2017 (i.e. annual period beginning on 1 July 2016). Alternatively, the company may early adopt MPERS for the financial year ending 30 June 2016.

### Summary



### References

- 1 Based on *IFRS for SMEs Fact Sheet* from the IFRS Foundation in August 2014.
- 2 The meaning of private company is defined in section 15(1) of the Companies Act 1965.
- 3 The meaning of "subsidiary", "associate" and "jointly controlled entity" are respectively defined in MFRS 10, MFRS 128 and MFRS 11.
- 4 Transitioning entities opted for FRS shall adopt MFRS for the annual periods beginning on or after 1 January 2018.

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