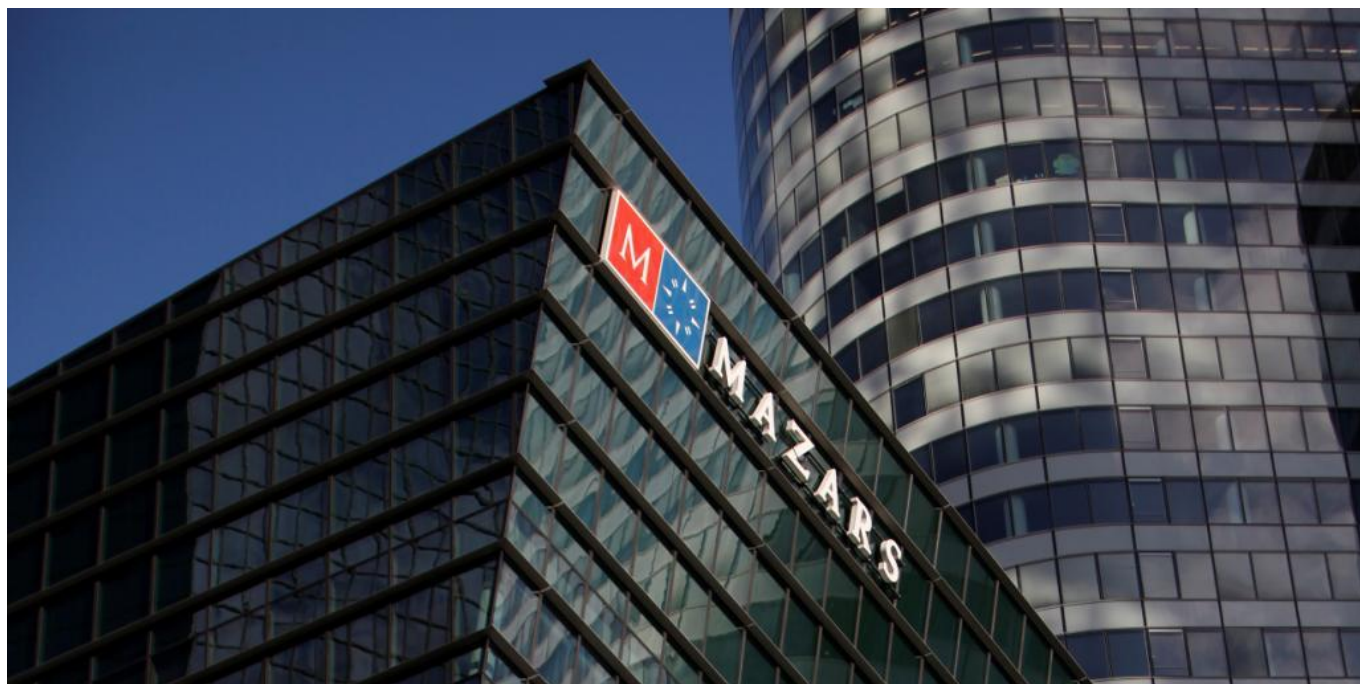


# MPERS – ARE YOU READY?

APRIL 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.

## Ready for Change?

The migration from current accounting practice to MPERS<sup>1</sup> will impact business, systems and processes. Entities need to evaluate the implication of the change and plan for the change.

Based on a study conducted by Mr Tan Liong Tong<sup>2</sup> which covered 38 topics in connection with MPERS, he found differences between PERS<sup>3</sup> and MPERS in 29 out of 38 topics studied.

Thus, an understanding of MPERS and a thorough evaluation of the differences between the current accounting practice by an entity and MPERS is necessary.

## Impact

Potential impact to entities as a result of the adoption of MPERS includes:

- Financial position, financial performance and key ratios in accordance with MPERS
- Expectation of shareholders or stakeholders
- Income tax
- Business practices
- Borrowings and loan covenants
- Change management, including additional time and costs to be incurred

The migration process from the current accounting practice of an entity to MPERS will inevitably require additional time and costs in the following areas:

- Training
- Preparing for change (e.g. analysis of differences, planning, etc.)
- Modification of internal process/control
- Accounting system modification/upgrade
- Professional advisory fee
- Audit and accounting fees

## Plan for Change

The common steps involve in the migration from current accounting practice to MPERS:

- Learning
- Identification of applicable differences between the current accounting policies of an entity and MPERS
- Analyse the differences and impact
- Develop accounting policies in accordance with MPERS
- Training for directors and employees
- Implement the changes
- Communication to stakeholders

## Next ...

In next newsletter of MPERS series, we will discuss about the transitional arrangement from an existing reporting framework to MPERS.

### References

- 1 Malaysian Private Entities Reporting Standard.
- 2 Tan Liong Tong (2015) "A Comparative Analysis of PERS, MPERS and MFRS Frameworks".
- 3 Private Entity Reporting Standards.

## MAZARS Can Help

The multi-disciplinary professional team (accounting, tax and IT) of Mazars is ready to assist you in the migration from your current accounting practice to MPERS. Mazars can assist you in the following areas:

- Delivery of training on MPERS
- Advice on identification and implication of differences between the current accounting practice and MPERS
- Advice on tax implication arising from the adoption of MPERS
- Advice on implementation of MPERS
- Review of accounting policies developed by the management
- Advice on preparation or review of MPERS financial statements

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