MALAYSIAN PRIVATE ENTITY REPORTING STANDARD (MPERS) FOR SMALL MEDIUM ENTERPRISES IN MALAYSIA: VALUE ADDING OR ADDITIONAL PAIN?

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Vol. 7. No. 1 | Abstract
April Issue 2020

Small and medium-size enterprises (SMEs) have an important position in this global economy. The paper aims to highlight having at basis the research papers problems connected the new private entity reporting standard introduced in Malaysia and the efforts that must be made for the bettering of financial communication of that companies. The usefulness of this new reporting seeks to obtain common language in reporting financial data, capable to be used by readers in the same meaning and meeting the needs for harmonization of financial and accounting information to all participants. This paper examines does the new reporting standard, Malaysia Private Entity Reporting Standard (MPERS) for SMEs in Malaysia adding value or additional pain? The data were gathered using the semi structured interview studies with the audit partners and practitioners who directly involved with the MPERS implementation. The paper further discussed the opportunities and challenges faced by the Malaysian SMEs with the transition process of reporting standard. The study seeks to explore the development of MPERS in Malaysia, with emphasis on the current position and the implications of recent and future changes. The results reveal that SMEs facing few challenges such as disruption on the financial data routine, technical fair value measurement, rising compliance costs and the readiness of SMEs in implementing the MPERS. These findings indicate that the authorities need to be more aware of the impact of transitioning with the minimal adverse impacts to the SMEs business operations.

Keywords: SMEs, Economy, Financial, Reporting, Standard.

INTRODUCTION
Small and Medium Enterprises (SMEs) in Malaysia have very significant role in the development of economy and this role has seen as the backbone of the industrial development in the country (Abd Razak et al., 2012; Abebe, 2014; Heimonen, 2012; Jamak et al., 2014). In Malaysia, SMEs represent 99.2% or 518,996 of the total establishments in three key economic sectors, namely manufacturing, services, and agriculture.

In terms of location, the majority of SMEs located on the west coast of Peninsular Malaysia are concentrated in the Central Region (Federal Territory Kuala Lumpur and Selangor), which accounts for 37.1%, followed by the
states of Johor (10.4%), Perak (7.3%) and Perlis (1.1%). The other 44.1% of SMEs are located in 9 other states (Zin et al., 2018).

Considering the significant roles of SMEs in economic growth, the Government of Malaysia has provided numerous business support services through various agencies to support SMEs activities (National SME Development Council, 2016). Up until now, billions of Ringgits have been spent under programmes with the aim of supporting the business growth of SMEs.

PROBLEM STATEMENT

However, it is getting to be tough year for SMEs in Malaysia to cope with the effects of the Goods and Service Tax (GST), a slowing economy, weak Ringgit, new minimum wage and increase foreign worker levy, they now have to comply with a new financial reporting standard which called Malaysia Private Entity Reporting Standard (MPERS) as mentioned by Zainol and Soon (2017).

The framework which is effective 1st January 2016, was issued by the Malaysian Accounting Standards Board (MASB) on Feb 14, 2014, to replace the outdated Private Entity Reporting Standard (PERS), which had been in force since 1998.

Private limited companies however have a choice of complying MPERS or the full Malaysian Financial Reporting Standards (MFRS) which is the typical domain of listed companies but migration from PERS is mandatory. However, its timing could not have been worst.

According to the SME Annual Report (2016/2017), these companies comprise of 98.5% or 645,136 of the total number of business establishments in the country and a significant number have reported a 30-50% drop in sales in the past year.

Industry players and experts in the financial service industry, however mentioned that MPERS is bringing about necessary change as it is a step in the right direction to improve financial reporting by private entities. This will ensure local businesses can stand shoulder to shoulder with their peers in regional and global markets in terms of comparable financial statements, which will also open up more financing opportunities outside the countries.

DeZoort et al., (2017) has highlighted that the new financial reporting framework specifically designed for SMEs are in response to the cost and benefits in producing high quality of financial information to the users. This is in line with Haslam (2019) that reveals the financial reporting of SME could have market impact upon their financial performance and sustainability which lead to greater SME efficiency.

Those familiar with the industries highlighted that there are inevitable costs in compliance. For instance, Azmi et al., (2016) mentioned that for a business, the compliance costs include cost of collecting, remitting and accounting for tax on profits business and on the wages and salaries of its employees together with the costs of acquiring the knowledge to enable this work to be done including knowledge of their legal obligations and penalties is believed there will be minimal effort on smaller companies, with medium sized ones bearing most of the impact. The impact will vary depending on the size and complexity of the transactions undertaken by these private limited entities.

In relating to the financial reporting requirement do creates differential reporting to the SMEs in Malaysia. This means that the reporting requirements for private entity companies without public accountability are different to the reporting requirements for public listed companies.

The objective of this study is to examine the development of MPERS in Malaysia, with emphasis on the current position and the implications of recent and future changes. Section two of this paper provides discussion on the
differential reporting between PERS, MPERS and MFRS. This is followed by section three that explain on the research methodology.

The findings related to the challenges in transitioning towards MPERS for SMEs in Malaysia are discussed in Section Four. Section five provides a few recommendations and conclusion to this study.

DIFFERENTIAL REPORTING OF PERS, MPERS AND MFRS

In February 2014, the MASB issued Malaysian Private Entities Reporting Standard (MPERS) and this sets a new milestone for financial reporting of private entities in Malaysia. MPERS is based substantially on the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the IASB in July 2009.

The new reporting framework, known as the MPERS Framework, is effective for financial statements beginning on or after 1 January 2016, with early application permitted. Private entities now have a choice of continuing with the existing Private Entity Reporting Standards (PERS) Framework, or apply the Malaysian Financial Reporting Standards (MFRS) Framework (mandatory for non-private entities, except transitioning entities), or by 1 January 2016, mandatory migration to the new MPERS Framework.

As the requirement for first-time adoption of MPERS is retrospective, it is important the private entities prepare in advance if they have to migrate to the MPERS Framework or the MFRS Framework in the near future. A common question that private entities would ask is how far-off or how different is the current PERS Framework when compared with the newer MPERS Framework or the MFRS Framework.

In October 2015, the MASB issued Amendments to MPERS, which are equivalent to the Amendments to IFRS for SMEs issued by the IASB in May 2015. The Amendments make some minor changes to the Standards in MPERS, provide more clarifications or guidance on the requirements and align some standards to those of the MFRSs. The Amendments are effective for financial statements beginning on or after 1 January 2017, with early application permitted.

While these differences cannot be covered comprehensively here, some of the significant areas of changes and their impact to the financial statements are illustrated in Table 1 below.

<table>
<thead>
<tr>
<th>Table 1</th>
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This analysis reveals that there are not that many differences between the PERS currently used by private entities and the MPERS or the MFRS. MPERS uses more cost-based models for measurement of assets and liabilities, and in areas where fair value measurement is relevant, it is only required if the fair value can be measured reliably without undue cost or effort, or as an option.

MPERS also provides greater flexibility on the choice of measurement models in some areas and it is less rule-based. The amended re-introduced the revaluation model for PPE accounting, has further aligned some standards in MPERS with the MFRSs and makes more extensive use of the "undue cost or effort" exemption. Thus, it will not be difficult or onerous for most private entities to make a transition to the MPERS framework.

MPERS is an adaptation of the International Financial Reporting Standard for Small and Medium-sized Entities issued by the IASB in July 2009. This IFRS caters for the financial reporting of small and medium-sized entities that typically do not have complex business transactions and instruments.

The requirements and guidance in MPERS would generally be sufficient to small and medium-sized private entities in Malaysia. MPERS does not come with detailed application guidance.
in some complex areas. Large private entities may need to refer to the guidance in the MFRS framework for their accounting requirements.

For some large private entities, entities with significant research and development activities (including IT and software development activities), entities that have capitalised borrowing costs previously and entities with significant amount of purchased goodwill, they may find adopting MPERS a disadvantage because the option of capitalising development costs or borrowing costs has been removed and purchased goodwill must be subject to annual amortisation. They may opt to migrate straight to the MFRS framework.

The last PERS Standard, MASB 32 Property Development Activities, was issued in the year 2003 (effective 1 January 2004). Since then there have been no new PERS Standards issued by the MASB. Although there have been significant changes, developments and improvements to the MFRS in the last 11 years, the PERS standards have not been updated to incorporate these changes.

There is thus an 11-year gap between PERS and the newer reporting frameworks. For private entities that continue to use PERS, the gap will only become wider in the future unless new PERS Standards are issued and the existing PERS Standards are regularly updated or improved.

By early adopting MPERS, a private entity would have the benefit of a quantum leap to bring its financial reporting to be at par with the current global financial reporting, apart from other benefits such as simplified treatments and presentation, choices in accounting policies and less rule-based requirements. And if a private entity prefers cost models, these are readily provided in MPERS.

Adoption of a new reporting framework will inevitably require costs. Most of the extra costs are likely to be one-off learning cost to familiarise and understand the new requirements. For some entities and in some areas, such as financial instruments, business combinations and related party disclosures, accounting systems and processes may need to be updated.

In employee benefit accounting, if an entity adopts a defined benefit plan for the first time or makes improvements to an existing plan, there is bound to be catch-up past service cost.

**RESEARCH METHODOLOGY**

**Sample**

According to Corbin and Strauss (2008), data collection using theoretical sampling can help the researcher to identify concepts and themes pertinent to the research problem. In this study, theoretical sampling was used to select the interviewees using two sequential phases. In the first phase, targeted groups of interviewees were identified (practitioners).

The interviews targeted: the audit partners and practitioners who directly involved with the MPERS implementation. These targeted people are beneficial to the study as their insights in this new development and recent changes on the SMEs framework will help to evaluate the challenges faced by the SMEs as a whole.

It is, however, acknowledged that a methodological shortcoming of this empirical phase is that, the interview participants may be tempted to favourably position themselves by providing ‘the right answer’. The interviewee’s responses may not therefore necessarily reflect the actual situation on the ground, but merely position that the participants wish to advance.

Conceding this methodological shortcoming, the analysis and the description of the interviewees’ responses in this paper phase maintains the anonymity of interview participants to reduce the impact of possible participant bias. In this regard, the interview participants were not identified in which organisation they are currently attached with. The manner in which the data have been recorded and
analysed is not intended to definitely quantify political connections influences in the corporate sector.

In the second phase, after the targeted groups were identified, the researcher communicated with the targeted candidates to check their availability. The researcher used telephone and email to communicate with them, and provided an offer letter explaining: (i) the objective of the study, (ii) the purpose of the interview; (iii) information about the researcher and the university; (iv) the time required for the interview and (v) how confidentiality would be ensured. These procedures aimed to increase credibility and encourage willingness from the practitioners to participate in the study (Bailey and Peck 2013).

**Data collection and Analyses**

Face to face semi-structured interviews were employed in the current study, following (Horton et al. 2004) in order to allow the interviewees to explain their thoughts and to highlight any areas of particular interest they might have, as well as to enable certain responses to be explored in greater depth. A semi-structured interview is preferred as it gives the researcher more control over the timing, content and sequencing of questions.

In addition, having the researcher as the interviewer allowed the improvisation of suitable follow up questions and the interviewees a degree of freedom to explain their views.

**Data Analysis**

The analysis of interview data involves a description of the interviewees and the firms, to which they are attached, follow by an analysis of the interviewees’ views on relevant themes. The steps involved in the analysis of the interview data are divided into few processes such as transcription, coding and interpretation process. In the transcription process, the interview records were transcribed word for word.

The description process involved a detailed rendering of information about the backgrounds of the interviewees, such as their age, education background, and current position, number of years in the position and the company, and their past experience.

Data from the interview transcripts was then classified and coded according to the initial themes and categories. This is to allow the researcher to become familiar with the data to gather a general idea of the interviewees’ perceptions of on the MPERS implementation. The initial themes or categories are related to the key issues that were investigated in relation challenges faced by the SMEs in implementing the MPERS.

After the manual coding was complete, all of the transcripts were uploaded into Nvivo (a computer software package for qualitative data analysis) and codes were applied electronically to the transcripts. The use of the qualitative software package provides advantages to the research as it reduces researcher and reporting bias (Abernethy et al. 2005) and adds validity to the research (Westermann et al. 2014).

This is due to the package’s ability to ensure that all data are coded and are easily retrievable, which reduces the amount of time spent and potential omissions. In addition, it also provides ease of data comparison and movement between different levels of analysis (Abernethy et al. 2005; Miles and Huberman 1994).

However, the programme was not used to automatically generate the analyses. In the interpretation stage, data under each key theme is re-read carefully to extract meaningful summaries of issues. In the integration process, results from the interpretation of themes are compared with the quantitative findings to identify new insights and extensions.

The interviews conducted approximately two months: from May 1, 2018 to July 31, 2018. Face to face interviews were conducted and the
Background Information of the Interviewees

A summary of seven (7) interviewees’ backgrounds, including age, education, current and previous positions, and years of employment in their companies is shown in Table 2. From these tables, it can be seen that the majority of the interviewees are aged 33 years old and above, from which it can be inferred that they are relatively experienced individuals. Nearly all have a degree at bachelor’s level or higher, with a few of them having professional qualifications.

For this group, based on information about their previous positions, their professional experience implies their personal values, knowledge and skill base have been completely shaped by their educational background. About one third of the interviewees have been in their positions for five years or more and the majority of them have worked for the same company for more than five years.

Positions held by the interviewees prior to joining their respective companies, along with the other background information just discussed, indicate that the interviewees have a significant amount of knowledge of and experience with the issues examined in this study.

The following sections present the results of the interviews.

FINDINGS: CHALLENGES IN TRANSITIONING TOWARDS MPERS

However, irrespective of reporting standard, SMEs face common problems in respect of transitioning towards the MPERS. One of the audit partner (AP1) mentioned that transactions undertaken by most micro enterprises are relatively straightforward and they do not enter into complex contractual agreements.

Thus, for this business, accounting treatment for such transactions and contracts would normally be the same whether under MPERS or PERS. Compared to MFRS, AP1 believes disclosure requirements under MPERS are significantly less comprehensive, fewer accounting policy choices and disclosures.

This should go down well with SMEs. Having said that, MPERS could result in a change in an SME’s accounting policies, especially in areas where there are no equivalent requirements under PERS. These changes range from presentation of financial statements to affecting judgements for financial impacts arising from the transition.

Disruption On The Financial Data Routine

According to an opinion by one of the practitioner, P2 (Policy Manager) answered that there will likely be additional costs for medium sized companies, such as training staff and potential increase in audit consultation fees.

‘They may also need to incur additional valuation fees to revalue some of their assets and liabilities’.

Moreover, many private entities today rely heavily on accounting systems or enterprise resource planning (ERP) systems, which may potentially require technical changes and eventually additional cost need to be bear by the SMEs. This is especially referring to the accounting systems where the functional currency is not set in ringgit Malaysia (RM) as an example of systems that requires changes to record transactions in its functional currency under MPERS.

This is because the implementation of the ERP systems meeting the accounting systems as required by the accounting legislation which consistent with study conducted by Ruivo et al., (2014) that more than 90% of SMEs firms uses ERP to handle the accounting procedures as due to the fact that Portugese SMEs have been
pressed to transform their accounting principles to meet the IFRS as adopted in Europe.

However, this is contrast with PERS relatively straightforward stance, where all transactions are measured in ringgit regardless of the primary economic environment of the private entity. Functional currency means the currency of the primary economic development in which a business operates. With the implementation of MPERS, SMEs are allowed to translate only their foreign operations based on ‘closing rate translation method’.

Under this method, translation of foreign operations is made at the end of a period. Thus, additional costs will come not only from MPERS's implementation, but also from the domino effect on business operations.

This is highlighted by another interview with AP2 that SMEs do well realise that the shift to MPERS does not only impact the disclosure portion of the financial statement, but also day to day operations and way of capturing financial data as well.

Considering the accounting for innovative activities of business enterprises, the major changes for the business normally is in the form of investment towards technology or system which can alter firm's products, operations and output.

The arguments on the disruption of financial data routine is consistent with study by Lev and Zarowin (1999) mentioned that it can caused failure to the accounting transactions for instance intangible assets mainly due the mismatching of costs with revenues.

This in turns will decrease the usefulness of financial information to the investors. Given these concerns with reporting deficiencies, the SMEs may potentially in resistance to incur other costs to change the existing accounting system.

### Fair Value Measurement for Certain Industries

In the areas of fair value measurement another interviewed conducted with one of the accounting firm technical director (P1) mentioned:  
*In areas where fair value measurement is relevant, for example in the case of investment property and biological assets, fair value is required only when such assets can be measured reliably without undue cost or effort. The framework also introduces a hierarchy to determine and measure fair value and does not require the use of a professional valuer*.

The transitioning towards MPERS will be most affecting the property developers and plantation companies. This is due to the significant differences between PERS and MPERS, with the latter requiring non capitalization of both the borrowing and development costs, but the impact of the change will depend on the business transactions. Under MPERS, SMEs have a choice of adopting either capitalized or expensed borrowing costs.

If a property developer borrows significant amounts to acquire land and fund development activities, its bottom line will be significantly affected. Borrowing cost is defined as cost directly attributable to the acquisition, construction or production of a 'qualifying asset' which concludes: interest expense, finance charges and exchange differences arising from foreign currency borrowings.

It is also uncommon for companies to take loans for the construction of factories and buildings. However, the new reporting standard states that all interest costs incurred need to be expensed and cannot be capitalized as part of the costs of these assets under construction.

Thus, for property players with significant investment properties, the MPERS can be an expensive compliance requirement as the SMEs will likely to have engaged the services of professional valuers to determine the fair values of
their investment properties. Compared to listed companies, they have an accounting policy choice of measuring their investment properties at cost or fair value and for SMEs do not have the choice.

Plantation companies will be required to measure all their biological assets at fair value for each reporting date, with fair value changes taken to profit or loss. This is a problem as Malaysian companies are generally adverse to the idea of measuring their oil palm trees, rubber trees, fish, prawns and chickens at fair value.

Ironically, the listed plantation companies applying MFRS do not have to fair value their bearer biological assets such as oil palm trees as they are required to measure such trees at cost or at valuation. The cost model option is not available to SMEs and has put SMEs at more onerous situation than listed plantation companies.

In addition to that, SMEs with significant amounts of intangible assets or goodwill will also be affected by the change, as these will normally have to be amortised over 10 years and can be a nightmare to their bottom line. Amortisation is a routine decrease in the value of an intangible asset or the process of paying off a debt through regular payments.

The issues are consistent with the arguments discussed by Pacter (2007) on the problems in facing inconsistent goals between investors for public capital markets and also the users of the financial statements of SMEs which do not have the similar needs but rather focused on shorter term cash flows, liquidity and solvency issues and thus reflecting that changes in full standards impose a burden on SME preparers.

The similar issues could be raised in the case of transitioning PERS to MPERS on how to meet the user needs while balancing costs and benefits from a preparer perspective.

Rising Compliance Costs
Compliance with the MPERS creates barriers especially effective January 1, 2013. SMEs with more than five employees had to pay a minimum wage of RM900 and RM800 per month in the peninsular, and Sabah and Sarawak, respectively. However, SMEs were given blanket deferment of the minimum wage implementation for foreign workers until December 31 of the same year.

In early 2014, smaller companies experienced the full impact of the minimum wage. The Malaysian Employers Federation mentioned that SMEs labour costs increased by 40-60% and overall costs by as much as 10%.

Following to that, higher overheads in the form of increased electricity tariffs, transportation and raw material costs as well as subsidy cuts, the SMEs had to contend with a new challenge looming over the horizon which is the Government Service Tax (GST) implementation.

GST first mooted in 2009, replaced the sales and service tax (SST), was scheduled to be implemented in 2011 but was repeatedly put off until April 2015.

According to one of the respondent, the uncertain implementation timeline, confusion on the mechanics of the tax system and lack of knowledge on necessary GST processes hampered adoption among SMEs.

In consequences, small companies grappled with ensuring sufficient time and resources to meet compliance costs specifically in replacing outdated technology with the right software and training employees to understand the new processes.

Readiness of SMEs
The debate on the practicality and necessity of MPERS is already history and it is a mandatory migration for private entities especially SMEs. The move to a more up to date and acceptable financial reporting framework is encouraging but recognizing
implementation issues and managing them upfront will help ensure a smoother transition.

The technical issues will arise as it will be a big challenge to ensure financial statements are comparable among SMEs as there must be consistency in application and implementation of MPERS’s requirements. A smooth transition is not expected owing to a lack of preparation by private entities as mentioned by one of the audit partner (AP4) during the interview conducted.

The framework came into effect early 2016, it requires companies to have retrospective prior year figures for comparison. The implication here is that they will need to convert 2015 figures in accordance to MPERS to enable this comparison for 2016’s financial statement. Hence, the urgency is for private entities to prepare for MPERS early.

The issue of implementation is further complicated by the mindset of private entities, which may not be acknowledging the urgency to start the transition process and may even disregard the January 1, 2016 enforcement date as they think there is still one year to go until December 31, 2016.

**RECOMMENDATIONS AND CONCLUSION**

The study seeks to explore the development of MPERS in Malaysia, with emphasis on the current position and the implications of recent and future changes. The results reveal that SMEs facing few challenges such as disruption on the financial data routine, technical fair value measurement, rising compliance costs and the readiness of SMEs in implementing the MPERS.

The researcher recommends that, as a means of motivation, the authorities should design specific SMEs accounting template in practice as a strategy to reduce the technicalities involved in maintaining accounting records and also make the whole process simple and reduce the cost.

The government should put in place a regulatory body to ensure that SMEs keep proper books and prepare final accounts. This will not only ensure the proper declaration of income and increase tax revenue to the government but also make available proper data for national income accounting which usually influences major government policies.

To the extent that such information is required by business owners and government, the necessary legal instruments and proper monitoring must be in place to ensure compliance.

The transitioning process towards MPERS for SMEs will be a big impact in light of the rapid changes in the local and global economic environment however the change to the new reporting standard is a minimum requirement for doing business moving forward. Based on the above responses and evaluation on the MPERS implementation it can be more or less concluded that the majority of SMEs are not fully ready for MPERS in which why the SMEs association and the government has embarked on a nationwide programme to educate SMEs on MPERS.

Similarly, the Malaysian Institute of Accountants (MIA) has implemented initiatives to boost awareness, as well as training and support to their members to ease the implementation woes.

It is important for SMEs to apply accounting standard that will help them to reduce their compliance costs and remove uncertainties that affect their cost of capital. This is because it will make cross border trade, investment and capital allocation much easier (Scott, 2019). With the adoption of MPERS, the financial statements of private entities will meet international standards and owing to the similarities between MPERS and IFRS for SMEs except the requirements on property development.

The comparability is vital for private entities looking to reach beyond Malaysia’s borders as financial
institutions and venture capital firms are typically multinational operations which rely on financial statements in making lending decisions and establishing terms and interest rates.

The implementation of IFRS for SMEs as an international recognized framework and the MPERS which is almost identical for the preparation of financial statements is to ensure that lenders, investors and other stakeholders receive high quality financial information in order to help them to make the decisions.

In addition, there are many SMEs have outside investors who are not involved in the day to day management of the entity. Global accounting standards for general purpose financial statements and the resulting comparability are especially important when those outside investors are located in a different jurisdiction. Therefore, it is important and relevant for private entities in Malaysia to adopt a global financial reporting language that is up to date and has been adopted by other countries to gain access to a wider market for their financing needs.

Acknowledgement
This research is benefited from the funding from Malaysia Ministry of Education for the FRGS Funding with Code: FRGS/1/2018/SS01/USIM/02/3 and Universiti Sains Islam Malaysia (USIM) with Code: USIM/FRGS/FEM/055002/51518 (Benchmarking Malaysian Private Entity Reporting Standard in Malaysia in Achieving High Income Nation).

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## Table 1: Significant areas of changes to MPERS

<table>
<thead>
<tr>
<th>Property, Plant and Equipment (PPE)</th>
<th>PERS</th>
<th>MPERS</th>
<th>MFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsequent expenditure on the asset can be capitalised if it enhances the asset beyond its original performance. Any replacement parts or components should be expensed.</td>
<td>Replacement of significant parts or components can be capitalised so long as the old components or parts are derecognised.</td>
<td>Replacement of significant parts or components can be capitalised so long as the old components or parts are derecognised.</td>
<td></td>
</tr>
</tbody>
</table>

| Goodwill on consolidation | Subsequent to initial recognition, Goodwill is measured at cost less impairment and amortisation (amortisation is optional). | Subsequent to initial recognition, Goodwill is measured at cost less impairment and amortisation (amortise over maximum 10 years). | Subsequent to initial recognition, Goodwill is measured at fair value and not amortised as it has indefinite life. |

| Investment Property (IP) | IP can be classified as PPE (measured at depreciated cost or depreciated revalued amount) or as a long-term investment (measured at cost or revalued amount). | IP is measured at fair value without undue cost or effort or if this is not possible then IP measured at depreciated cost model. | IP can be measured at fair value or depreciated cost model. |

| Research and Development (R&D) | R&D is capitalised upon meeting recognition criteria. | R&D and Internally generated assets are expensed off in Profit and Loss. | R&D is capitalised upon meeting recognition criteria. |

| Financial instruments | No equivalent standard. | There are 2 measurement models for financial assets and liabilities. | There are 4 measurement models for financial assets and liabilities. |

| Borrowing Costs | Can be capitalised as asset cost if related to that qualifying asset. | Expensed off in Profit and Loss. | Must be capitalised as asset cost if related to that qualifying asset. |

| Related Parties’ Balances and Transactions | No disclosure is required. | Disclosure is required in the Notes to Financial Statements. | Disclosure is required in the Notes to Financial Statements. |
### Table 2: Respondents of Semi-structured Interviews

<table>
<thead>
<tr>
<th></th>
<th>Name</th>
<th>Designations</th>
<th>Age</th>
<th>Working Experience</th>
<th>Academic Qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AP 1</td>
<td>Audit Partner</td>
<td>39 years</td>
<td>16 years</td>
<td>ACCA¹,MIA²</td>
</tr>
<tr>
<td>2</td>
<td>AP 2</td>
<td>Audit Partner</td>
<td>43 years</td>
<td>19 years</td>
<td>ACCA,CPA³</td>
</tr>
<tr>
<td>3</td>
<td>AP 3</td>
<td>Audit Partner</td>
<td>38 years</td>
<td>16 years</td>
<td>ACCA,MIA</td>
</tr>
<tr>
<td>4</td>
<td>AP 4</td>
<td>Audit Partner</td>
<td>47 years</td>
<td>18 years</td>
<td>ACCA,MIA</td>
</tr>
<tr>
<td>5</td>
<td>Practitioner (P1)</td>
<td>Firm Technical Director</td>
<td>30 years</td>
<td>7 years</td>
<td>ACCA,MIA</td>
</tr>
<tr>
<td>6</td>
<td>Practitioner (P2)</td>
<td>Policy Manager</td>
<td>37 years</td>
<td>10 years</td>
<td>ACCA</td>
</tr>
<tr>
<td>7</td>
<td>Practitioner (P3)</td>
<td>SME Association Member</td>
<td>35 years</td>
<td>8 years</td>
<td>Masters</td>
</tr>
</tbody>
</table>

Notes: AP = Audit Partner, P= Practitioner

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¹ ACCA is the Association of Chartered Certified Accountants and the global professional accounting body offering the Chartered Certified Accountant qualification.
² Malaysian Institute of Accountants (MIA) is the umbrella body for the accountancy profession in Malaysia. It was established under the Accountants Act, 1967, to regulate and develop the accountancy profession in this country.
³ Certified Public Accountant (CPA) is the title of qualified accountants in numerous countries in the English-speaking world.