

HIGHLIGHTS REPORT

2015 – 2016



THE MALTA
INSTITUTE OF
ACCOUNTANTS

**“ SUPPORTING ACCOUNTANTS,
PROMOTING THE PROFESSION
AND SERVING THE PUBLIC INTEREST ”**



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INSTITUTE OF
ACCOUNTANTS**

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VISION

The MIA's vision is to lead, train, support and promote its members, having regard to professional and ethical standards for the benefit of the accountancy profession and the general public.

MISSION STATEMENT

The MIA's mission is to:

- Ensure that the highest technical, professional and ethical standards are maintained by its members.
- Provide its members with the resources, information and leadership to benefit their employers and clients and the general public.
- Attract talented individuals to the profession.
- Create effective partnerships with other private and public organisations to ensure that its members are represented both locally and internationally.
- Promote a proper understanding of the role and the value of the accountancy profession to the public.

PRESIDENT'S ADDRESS

On 7th July 2015, I was honoured to preside the Institute's 52nd AGM, for the first time since being elected President. Indeed, at every AGM of any entity being a commercial enterprise or a not-for-profit organisation, it is a time of reflection on the past year's performance towards adding value to the member. At Officers and Council meetings and also at Executive team level, our obsession is You, the Member. We fully acknowledge that we are there to serve and support our Members. We have been elected to office by You and we pledge fully our fiduciary duty towards You by remaining objective, unselfish, responsible, honest, trustworthy, and efficient in whatever we do. I do hope You are of the opinion that we are sailing steady and that You feel that there is value in being Members of the Institute. I take the opportunity to replicate my address to the AGM, which I hope you will find interesting especially because it highlights the Key Result Areas (KRAs).

“ Welcome to the AGM of the Institute for the year 2016

- 10% growth in membership reaching just shy of 2,700 members.
- 1,800 registered students as of now with 200 graduands every year.
- Close to negligible attrition in membership number – close to 100% retention.
- Consolidated revenue of €1.35million.
- 10% growth in Members Funds reaching €1.2million.
- We normally speak of shareholder value which in our case refers to member value.

What is the value proposition to You, our esteemed members of the Institute?

“Supporting Accountants, Promoting the Profession and Serving the Public Interest”. This is the Institute's tagline. This is what we need to stay intensely focused on.

Professional accountants have a vital role to play not only in the commercial success of entities, but also perhaps in raising financial literacy within the populace at grassroots and in households, in personal financial management and retirement planning. The brand equity of the Institute

should remain squarely based on the highest ethical behaviour and proficiency behind all information that we provide for stakeholders to take decisions on. This is what matters. This is ‘serving the public interest’ and fulfilling the Institute's vision.

Even if the supply of accountants is steady, demand seems to outpace it causing some concern in terms of satisfying the demand. Our counter reaction has been to import talent both from Europe and rest of the world (155 in 2015). Not surprisingly, one of the major challenges that we face at the Institute is ensuring that there is a steady supply of accountants to match the market demands. At MIA we believe that long term solutions to these HR demand and supply shortcomings must be sought to ensure that Malta's economic progress is not hampered.

The confidence and stability in markets towards creating and preserving wealth for the greater good, is critically dependent on ethical behaviour. Ethical behaviour is characterised by honesty, fairness and equity. Ethical behaviour respects the dignity, diversity and rights of individuals and groups of people. Ethical behaviour is acting in ways consistent with what society and individuals typically think are good values. Society needs us to be ethical in whatever we do. Unethical practices will still most probably come to us because in the end, there is money involved in all transactions. We are the gatekeepers. It is up to us to filter the right from the wrong. It is up to us to protect the reputation of our country, which has been good to us.

Our Institute has so far been instrumental in educating and upholding the highest degree of ethics and rectitude amongst its members generally. I believe that we are extremely well-poised and entrenched with strong values that in turn reflect the values that as an Institute we are proud to uphold. We are responsible and act responsibly, in the best interests of our members and the general public. We are accountable and accept responsibility for



safeguarding the integrity of financial reporting. Management is responsible for the financial information produced by the company. As such, accountants therefore have the task of defending the quality of financial reporting right at the source where the numbers and figures are produced!

We give the peace of mind to users of financial information that through our bond with international standard setters since several decades, the local reporting system is based on a strong and internationally comparable set of standards, and our role in the continuous education and technical support we give to our members ensures the highest quality of those reports and statements.

The direct positive contribution of this is that the international competitiveness of enterprises is strengthened, and also that capital flows and financing becomes more accessible and at competitive costs. The Institute has played a critical role in the design-and-build of the robust corporate reporting infrastructure, including the essential legal and regulatory frameworks, and the development of the human capacity based on the highest ethical behaviour. I strongly believe that the Institute, and its members, have earned a lot of

our actions. Through our code of ethics, we act ethically and work in the public interest, treating people fairly and honestly. We encourage the same from others.

The importance of the role of accountants in ensuring the quality of financial reporting cannot be overly emphasised. Accountants often find themselves at the frontline of

credit for the optimal economic performance we boast of. We need to communicate better the value we bring to business, government, regulators and the populace in general and towards this end, we have tweaked our communications strategy. Another major selling point for accountancy is that it is now so entrenched in our everyday lives, that it is a profession that endures and

also grows further, even in economic downturns. It is a profession that supports the harmonisation of reporting requirements and hence provides accountants with a flexible international mobility. Accountants are and will remain in demand, both in developed and still developing economies.

Our Institute has contributed significantly in capacity building towards high calibre professionals who are premier players and who in turn improve transparency, thus facilitating the mobilisation of domestic and international investment, creating a sound investment environment and fostering investor confidence.

The Institute plays a significant role in the economic fabric, not only by being the voice of the language which is the grammar of business, but also by being the promoter, educator and gatekeeper of high technical and ethical standards. The Institute has over the years become the hallmark of the largest profession in Malta providing in-house technical and consultative material to its esteemed members and also to Government towards policy and legislation.

Some relevant KRAs:

- * 177 hours of CPE during last year in core including prevention of money laundering.
- * An annual average of 100 voluntary committee hours dedicated to anti-money laundering and ethics.
- * Launch of the 'CPEonline-Your Time!' which is an online solution providing 118 courses.
- * Transposition of the revised statutory directive and the PIE regulation (the EU Audit reform) resulted in 59 pages of amendments to Acts and other Regulations. The Code of Ethics, 135 pages, has also been redrafted as a result of the audit reform.
- * Transposition of the Accounting Directive resulted in 27 pages of amendments to Acts and other Regulations. 94 pages of GAPSME were created from scratch.
- * Guidance issued by MIA amounted to 32 pages.
- * Contributed to the Legal Bill working closely with the Chamber of Advocates

- * Since November 2015 to June 2016, Facebook likes grew from 1,666 to 3,460; Twitter followers grew to 303 from zero baseline and LinkedIn followers grew from 291 to 465.
- * On Facebook we reached 56,855 people.
- * A total of 88 email campaigns were sent using Epaper since December 2015.
- * Forged new alliances with FinanceMalta, the Malta Chamber of Commerce, Malta Association of Credit Management, BOV Training, amongst others.
- * Presence and visibility in the local media.
- * Launch of the 'MiApp-Take advantage' which is Member privilege scheme offering best prices on goods and services.
- * Transformation of the social events towards more inclusion.
- * 1,311 man-hours of voluntary contribution to the Institute by Council, Officers and Technical Working Groups.

I cannot forget to pay respect and gratitude to all past Council Members, with special mention made of Hilary Galea Lauri for his long years of service to the Institute, and sadly, to a past member of Council, and a gentleman, Kevin Mahoney, who passed in November last year. He served the Council for 13 years. Kevin was a gentleman, respected by his peers and all who knew him.

I augur you the best for the rest of this AGM and also look forward to seeing more participation in conferences, CPE, workshops, voluntary contribution in Sub-Committees...all for the greater good of the Institute, the voice of the accountant, "Supporting Accountants, Promoting the Profession and Serving the Public Interest"

Stay focused. ”



Franco Azzopardi

COUNCIL MEMBERS 2015 - 2016

OFFICERS COMMITTEE



David Delicata

William Spiteri Bailey

Franco Azzopardi

Fabio Axisa

COUNCIL MEMBERS



Anthony Doublet



Christopher Balzan



Etienne Borg Cardona



Franz R. Wirth



Hilary Galea Lauri



Noel Mizzi



Simon Flynn



Stephen Paris



Maria Micallef



Ivan Grixti

MIA COMMITTEES

COMMITTEE

Officers Committee
Accounting Committee
Anti-Money Laundering Committee
Auditing Committee
CPE Committee
Disciplinary Committee
Education Committee
Ethics Committee
FEE Representation Committee
Financial Services Committee
Investigations Committee
Professional Accountants in Business (PAIB) Committee
Small & Medium Sized Practices Advisory Committee
Social Committee
Taxation Committee

CHAIR PERSON

Franco Azzopardi
Hilary Galea-Lauri
Juanita Bencini
Simon Flynn
Franz R. Wirth
John Bonello
Paul Giglio
Mario P. Galea
Mark Abela
Stephen Paris
Benjamin Rizzo
Stephen L. Muscat
William Spiteri Bailey
Mark Abela
David Ferry

AFFILIATIONS

FEE
IFAC
IASB
MFPA

Fédération des Experts Comptables Européens'
The International Federation of Accountants
The International Accounting Standards Board
Malta Federation of Professional Associations

ANNUAL ROUND-UP OF EVENTS 2015 AGM

The Malta Institute of Accountants held its 51st Annual General Meeting on 16 July 2015. 242 Members of the Institute, attended the meeting. The President thanked outgoing Council Members, Mr Anthony Zarb and Mr Kevin Mahoney for their dedication and contribution towards the Institute and the local profession.

An election was held and the following members were elected to Council: Franco Azzopardi, Etienne Borg Cardona, Simon Flynn, Maria Micallef, Noel Mizzi, William Spiteri Bailey, and Franz R. Wirth. The elected Members

join seven other Council Members who were elected at the 2014 Annual General Meeting: Fabio Axisa, Christopher Balzan, David Delicata, Anthony Doublet, Hilary Galea-Lauri, Ivan Grixti and Stephen Paris. Franz Wirth returns to Council after a one year absence and Noel Mizzi has been elected for the first time.

At a subsequent meeting of the Council, Franco Azzopardi was elected as President, William Spiteri Bailey as Vice-president, Fabio Axisa as Secretary and David Delicata as Treasurer.



2016 ANNUAL RECEPTION

Past social events could only host a limited number of members mainly due to budgetary constraints and also the size of venues available. Understandably, the 'first come first served' policy left many members disappointed and we felt we should address this issue by finding a sustainable solution. On this footing we decided to skip the 2015 winter event but extended participation to the 2016 summer event to all members. This event was held at Fort St. Elmo and was attended by some 700 members. A satisfaction survey indicated that the

stand-up reception formula proved to be very successful for networking. Going forward it is expected that this formula is retained and the event will become an annual feature on the Institute's social calendar.

The MIA partnered up with Hospice Malta who collected €1,330 in donations from the members present, which the Institute has rounded up to €1,500. Hospice Malta provides free-of-charge palliative care for more than 1,000 patients annually, whilst also supporting their families.



ANNUAL ROUND-UP OF EVENTS 2015 CERTIFICATE CEREMONY

The MIA held its fifth annual certificate ceremony on 15 October 2015. The event was hosted at the Attard Parish Hall and 211 graduates (and circa 700 attendees in all) were invited to attend the graduation ceremony – 115 completed their studies through ACCA whereas 96 completed their studies through the University of Malta. All graduates have joined the Institute as Associate

Members in the past year.

This event has become a regular feature on MIA's calendar and to reflect the importance that this event has reached as well as the number of new members and graduates, this year the MIA will host the new members at the Mediterranean Conference Centre on 6 October 2016.



ANNUAL ROUND-UP OF EVENTS 2016 SMP FORUM

In April 2016 the MIA held its seventh forum for small and medium-sized practitioners (SMPs). MIA's SMP Committee put together a full-day programme that

brought together representatives from the regulatory community, thought leaders and subject matter experts who addressed more than 100 attendees.



2016 MIA/ACCA JOINT EVENT

Held in May, this event featured one of the foremost authorities on IFRS, Aidan Clifford, who gave the 150

attendees an overview of all extant IFRS standards.



ANNUAL ROUND-UP OF EVENTS

COMMUNICATION

We are changing the style and methods of our communications by engaging more on social media and are using smart tools that should help us reach broader and deeper into our circles of stakeholders, whether they are members, their clients or service providers, financial institutions, or even school leavers exploring career paths.

A new communications and marketing strategy was launched during November 2015 that involves a professional presence on the major social media channels and the use of a new and more versatile email communication tool, which allows us to have planned campaigns and messages.

BUILDING BRIDGES

The Institute continued to cement its relationships with key member organisations in Malta such as the Chamber of Commerce, the General Retailers and Traders Union (GRTU) and the Malta Association of Credit Management (MACM). This initiative is aimed at enhancing dialogue and establishing a better presence and reach with the local business community. We believe that if we do that and are seen to be doing that, then our members and indeed the entire profession stand to benefit. Going forward we shall hold training and networking events with these organisations for the benefit of members.

We keep close contact with key Government Ministries, Authorities and Departments. The Accountancy Board and the Faculty of Economics, Management and Accountancy (FEMA), at the University of Malta, in particular, are considered to be major allies in our bid to further the interests of our members and of the accountancy profession. In December 2015, the Institute participated and contributed towards the annual conference organised by the Master in Accountancy students, which discussed the continued applicability of financial reporting obligations for Maltese small and medium-sized entities.

The Institute has for the past year been sponsoring a visiting lecturer to courses run by FEMA. Professor Robin Jarvis undertakes advanced teaching in the field of Financial Reporting for Small Entities.

ANNUAL ROUND-UP OF EVENTS



One of the Institute's objectives is that of attracting the best talent to the profession and ensuring that their education is holistic. ACCA remains a strategic global partner in this ambit. After having served the profession for over 50 years, from 1942 right up to 2003, the MIA opted for a strategic working partnership with the Association of Certified, Chartered Accountants (ACCA) of the United Kingdom, which became known as the Joint Scheme. As a global professional accountancy body with over 100 years of experience, the ACCA, with its worldwide reputation and influence was a big plus for Malta. This strategic alliance helped MIA in giving the organisation and the accountancy profession on the island a stronger international dimension.



The ACCA also allows us to enhance the benefits that we can provide to our members, such as their technical helpline, which can be used by MIA members, their research and specialised knowledge, which is divulged to members via joint technical events that are delivered by ACCA experts.

The ACA, offered by the Institute of Chartered Accountants of England and Wales, was introduced in Malta in 2012. The MIA acted as mediator, to enable ACA students to undertake Maltese tax and law papers. In 2015, ICAEW held its first graduation ceremony for 11 newly qualified Chartered Accountants.



On the EU front, the Institute's CEO, regularly attends to the FEE member assembly and the Institute's Vice-president, William Spiteri Bailey attends to IFAC SMP Committee meetings as an advisor to the Committee's Chair, Giancarlo Attolini. Intelligence gained at these meetings is relayed back to the Institute's Committees and Council for onward benefit by members through guidance and training.

THE MIA MEMBERSHIP PRIVILEGE SCHEME AND MIAPP



Take advantage!

In 2012 the Institute launched its Membership Privilege Card, which sought to bring more value to members. The card is part of a membership privilege scheme that through specially negotiated prices allows members to benefit from exclusive incentives in the forms of offers or other price rebates.

As part of its commitment to members, the Institute is constantly seeking ways to improve its services. Besides constantly updating our list with new providers, offers and discounts, we have developed a smartphone app that allows members to access the privilege scheme on the go. This app can be downloaded on smartphones to help members gain access to a wide array of retail and CPE discounts, thus reducing the cost of membership with the Institute.

MEMBER RELATIONSHIP MANAGEMENT SYSTEM

We have gone to tender for the rebuild of the MIA website and its back-end system with three objectives in focus – operational efficiency, business intelligence and member functionality. The aim behind the new system is to manage the Institute’s growing member base more effectively.



INTERNAL RESTRUCTURING



Since the 2014 AGM, the Institute has been going through a cultural shift that permeated through to its executive structure. The first MIA CEO was appointed in July 2015. This reorganisation has had member centricity and focus as its main intent. The Institute we see today is leaner and more agile using a mix of outsourced and inhouse resources to develop and deliver a suite of member services.



ONLINE CPE

Online CPE was launched in November 2015. We have currently two service providers and 118 online courses in subject matters like IFRS, Accounting, Finance, Management, M&A, practice management, professional skills, risk and governance.

ANNUAL ROUND-UP OF TECHNICAL WORK

TECHNICAL RELEASES AND GUIDANCE NOTES

Tech 01/15 – Guidance On Verification Of Profits for the purposes of the financial resources requirements applicable to licence holders, the scope of which is to assist members in complying with the MFSA Rules for Investment Services Providers and related Guidance Notes.

AUDIT 01/16 – Verification of Financial and Non-Financial Information other than the statutory audit of annual financial information makes reference to a number of requests requiring a practitioner's verification of financial or non-financial information, other than the statutory audit of annual financial information.

AUDIT 02/16 addresses the New and Revised Auditor Reporting Standards addressed towards changing the auditor's report to increase confidence in the audit of financial statements. The new and revised auditor reporting standards, together with the conforming amendments, will be effective for audits of financial statements for periods ending on or after 15 December 2016.

ACCOUNTING DIRECTIVE

The MIA took a lead role in the drafting exercise to transpose the requirements of the 2013 Accounting Directive (2013/34/EU) both as regards the amendments to the Companies Act as well as in drafting the new small and medium-sized entities' reporting framework.

The Act to introduce amendments to the Companies Act and to implement the Accounting Directive was published in November 2015. This was preceded by the General Accounting Principles for Small- and Medium-sized Entities (GAPSME) Legal Notice issued on 28 August 2015 and was the first published legal document to transpose the provisions in the EC Directive applicable to small and medium-sized entities. The Institute held a number of meetings with different stakeholders to make sure they are aware of the new reporting requirements. Our ultimate aim is to ensure that all stakeholders understand and recognise the opportunities presented by the new regulations. We are also working on the preparation of a set of illustrative GAPSME compliant financial statements for small- and medium-sized entities which we

anticipate will be available to members in the second half of 2016. Concurrently the audit report accompanying the GAPSME illustrative financial statements has been updated to reflect the recently issued new and revised auditor reporting standards by the IAASB.

AUDIT REFORM

Thanks to the voluntary efforts of the Ethics and of the Audit and Assurance committee members, the Institute has gone through great lengths to support the Accountancy Board in transposing the new requirements of the Revised Statutory Audit Directive (Directive 2014/56/EU) and the PIE regulation (Regulation (EU) No. 537/2014), which constitute the backbone of the EC driven audit reform.

As of the date of writing, the Act to introduce amendments to the Accountancy Profession Act and to other Laws and to implement Directive 2014/56/EU and certain provisions of Regulation (EU) No. 537/2014 was published together with two other legal notices amending the Accountancy Profession Regulations. We will henceforth start working on publishing the necessary members' guidance.

ETHICS

The Code of Ethics has been updated to reflect the audit reform requirements. We will also need to start looking at the updates to the Code that are necessary because of changes to the IFAC IESBA Code.

PREVENTION OF MONEY LAUNDERING

We have recently received from the Financial Intelligence Unit comments on part 2 of the implementing procedures that accompany the prevention of money laundering act. The MIA PML committee is currently reviewing these comments. Any resulting changes will also permeate through to the PML procedures manual guide published by the Institute in 2013.

TAX

The Tax committee put forward its views as part of the national pre-Budget exercise. The SMP Advisory, Professional Accountants in Business and Taxation Committees were involved and put forward a number of recommendations that were eventually sent to the Commissioner for Revenue and the Ministry of Finance.

The Tax committee also submitted a memorandum outlining the various VAT issues regularly encountered during the course of their professional work. These issues were presented to the Commissioner for Revenue.

TECHNICAL HELP DESK

As in previous years, members continued to submit queries to the MIA technical help desk. Queries relating to international standards were referred to the ACCA's technical help desk, which is a service provided free of charge to MIA members. All other queries were addressed by the Institute's technical staff led by Michelle Spiteri Bailey.

LEGAL BILL

The Institute has submitted its comments to Government on the proposed Legal Bill, which was seen to pose a significant threat to the accountancy profession. The MIA was instrumental in reflecting the views of the big, medium and small firms alike, to the different Ministers and to the Chamber of Advocates.

MEMBERS

Sadly, 2015 ended with the loss of Kevin Mahoney who, apart from having served the Institute in Council and many Committees, for several years, was a true gentleman and a fine person. He will be remembered.

Anthony Zarb retired from Council in 2015 and Hilary Galea Lauri retired from Council in 2016, after several years of service. The Institute would like to thank them for their continuous support.



Kevin Mahoney



Hilary Galea Lauri



Anthony Zarb

**“ NEVER CALL AN ACCOUNTANT
A CREDIT TO HIS PROFESSION; A GOOD ACCOUNTANT
IS A DEBIT TO HIS PROFESSION ”**

CHARLES LYELL



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