

THE MALTA
INSTITUTE OF
ACCOUNTANTS



ANNUAL REPORT

2014 – 2015



Council's Report

Council and Committee

The last Annual General Meeting was held on 3rd July 2014 at the Tower Training Centre, Lower Ground, Tower Business Centre, Swatar. Some 181 Members of the Institute, whose membership by that time numbered approximately 2,300, attended the meeting.

Fabio Axisa, Christopher Balzan, David Delicata, Anthony Doublet, Hilary Galea-Lauri, Ivan Grixti and Stephen Paris were elected members of the Council for the two year term 2014 – 2016. They joined Franco Azzopardi, Etienne Borg Cardona, Simon Flynn, Kevin Mahoney, Maria Micallef, William Spiteri Bailey and Anthony Zarb who were elected at the previous year's Annual General Meeting.

The Council subsequently elected Maria Micallef as the Institute's President, Franco Azzopardi as Vice-President, William Spiteri Bailey as Secretary, and Fabio Axisa as Treasurer. Together, these four officials form the Officers Committee of the Institute which met, on average, once a month throughout the period under review.

During this period, two new working groups were set up – the GAPSE Re-draft Working Group and the Auditor's Responsibilities Working Group. No further significant changes were made to the structure of the existing committees / working groups.

Membership

During the period under review, the Institute continued to increase its membership base over the corresponding previous period 2013 – 2014. There were 2,409 registered Members of the Institute until June 2015, an increase of 117 new Members over the preceding period. The continuous increase over the years is a confirmation of the Members' appreciation of the Institute's steadfast commitment to them and the accountancy profession at large.

Students

The number of Students increased to 1,600 as at June 2015, an increase of 59 new Students over the preceding period.

As in previous years, the results obtained by the Malta Students participating in the Examination Joint Scheme with ACCA were significantly higher in most papers than the average global pass rate.

“... attracting the best talent to the profession and ensuring that their education is holistic.”

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The Main Functions and Work Streams of the Institute

The Institute's main functions and work streams can be grouped under four main headings: Education, Professional Development, Practice Support, Representation and Outreach Activities.

Education

One of the Institute's objectives is that of attracting the best talent to the profession and ensuring that their education is holistic. Through the successful partnership between the Institute and the ACCA (Association of Chartered Certified Accountants), the MIA continued running the two Joint Examination Schemes – the ACCA and FIA qualifications.

Professional Development

During the year under review, the Institute continued offering CPE (Continuing Professional Education) events which were specifically designed to equip Members and Students with new skills and knowledge that are required to ensure a successful practice.

During the period 2014 – 2015, the Institute organised a number of quality workshops, seminars and comprehensive courses dealing with:

- Financial Services: EU Financial Regulations, Investment Analysis, Insurance Accounting, Hedge Funds, Financial Risk Management;
- Taxation: Recent Amendments to the Income Tax Act, VAT 2015, the New Place of Supply Rules, Budget Measures, Employment Income, Personal Taxation;

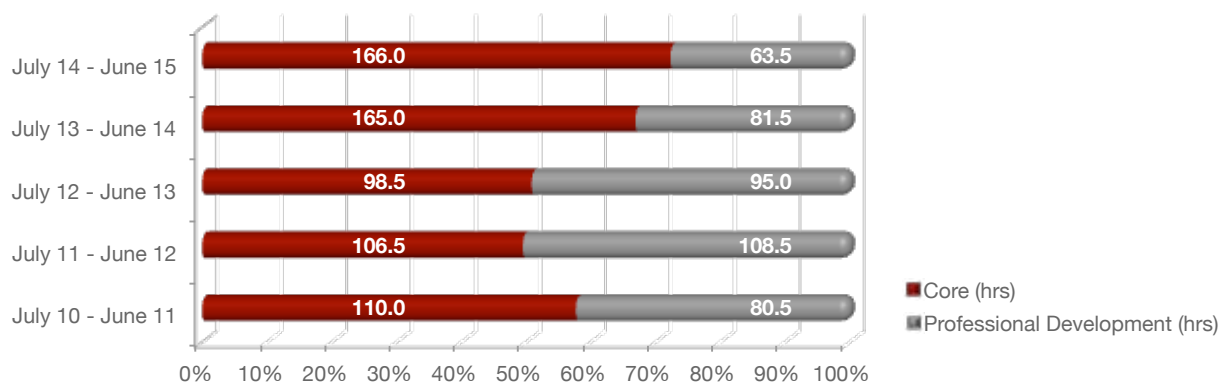
- Financial Reporting: IFRS 15 – *Revenue Recognition*, IFRS 9 – *Financial Instruments*, IFRS 10 – *Consolidations*;
- Small and Medium Enterprises: SMP Forum;
- Audit: The Thinking Auditor, Related Parties and Group Audits, Top Priorities for the Internal Audit Function, Going Concern and Audit Reporting;
- Industry specific: Aviation;
- Other Topics: Writing Skills, Presentation Skills, Labour Law, Data Protection, Company Law, Fraud Risk, Accounting Estimates and Professional Scepticism.

On 6 and 7 November 2014, the MIA held its eight biennial conference entitled *Defining New Frontiers – Turning Vision into Value*. This conference assumed a particular importance in view of the recent accounting and auditing reforms that have been approved by the EU, which reforms will affect the Maltese business sector profoundly. Various speakers highlighted the main European legislative initiatives that will affect the profession in the years ahead and debated the effect that these initiatives will have on the Accountancy profession.

A number of CPE events were repeated due to popular demand. These include Recent Amendments to the Income Tax Act, Income Tax Management Act and Subsidiary Legislation, VAT 2015 and Budget Measures 2015.

The various CPE events held during this period were addressed by a number of local speakers. Hereunder is an illustration of the amount of CPE hours organised by the Institute since 2010.

CPE Hours: MIA Organised (July 2010 – June 2015)



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Changes in the CPE Regulations

The Institute published its updated CPE Regulations applicable as from 1 January 2015. These Regulations are identical in all material respects to the Accountancy Board's CPE Scheme which was also published around the same time. The latter applies to all warrant holders as per Directive Number 1, issued under the Accountancy Profession Act, except for the paragraphs relating to the different submission of forms depending on whether the individual is a warrant holder.

Online CPE

During the past year the Institute has been working on offering a new online facility to its Members and Students. In the coming weeks, the MIA will be launching an online CPE training platform which will allow Members and Students to access a comprehensive catalogue of online courses, including topics such as financial reporting, financial modelling, management, risk and governance, mergers and acquisitions, professional skills, practice management and finance topics.

Practice Support

The Institute maintained the practice support offered to its Members by issuing technical pronouncements, providing technical support and organising thematic workshops. By supporting the profession in a forward-looking manner, the MIA has proved to be a catalyst for facilitating change.

Technical Agenda

Following the adoption of a common position on the Member State Options in the **Single Accounting Directive** that are available to Malta, the Institute's Technical Staff worked together with staff from the Registry of Companies at MFSA, and have finished drafting the amendments to the Companies Act. Concurrently, our Staff supported by Members of the MIA Accounting Committee are in the final stages of drafting the amendments necessary to GAPSE.

The Institute formed part of a working group that has been set up by the Accountancy Board to transpose the **Statutory Audit Directive and EC Regulation 537 / 2014 on specific requirements regarding statutory audit of public-interest entities**.

“The Institute maintained the practice support offered to its Members”

In July 2014, the Institute published a new set of Guidance Notes, **TECH 01 / 14 – Interaction between the amendments to IFRS 10, IFRS 12 and IAS 27** regarding investment entities and the Seventh Directive. The scope of these guidance notes is to assist Members in complying with the relevant requirements in European Directives and Generally Accepted Accounting Principles and Practice (GAAP).

During Summer 2014, the Technical Department launched a **Members' Survey** where all the Members of the Institute were invited to participate. The Institute analysed the results of the survey and then presented them during the 2014 Biennial Conference.

The MIA was invited by the Commissioner for Revenue to 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.

On 18 May 2015, the MIA issued a new Guidance Note entitled **TECH 01 / 15, Verification of Interim and / or annual retained earnings** for the purposes of the financial resources requirements applicable to licence holders with effect from 1 January 2014 whose scope is to assist Members in complying with the MFSA Rules for Investment Services Providers and related Guidance Notes.

During the year under review, around **400 disparate requests from Members** were referred to the MIA Technical Staff for technical assistance and guidance. Some of these were referred to the ACCA's technical helpdesk, which is a service that is provided free of charge to MIA Members. However, most of these queries were addressed by the Institute's Technical Staff.

The MIA Technical Staff also **supported University students** by providing them with technical guidance in relation to several accountancy fields covered in assignments and dissertations.

Following the publication of Part I by the FIAU (Financial Intelligence Analysis Unit) and the MIA's Procedures Manual, the Institute's PML Committee completed **Part II of the Implementing Procedures**, another important document in its bid to assist Members in complying with anti-money laundering legislation. Part II is sector specific guidance and is intended to focus on certain sections in Part I on which further elaboration was needed to ensure that they are understood and interpreted consistently. The document had been forwarded to the FIAU for approval.

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The MIA also participated in the **National Risk Assessment** (NRA) project which was led by the FIAU. The NRA project was aimed at identifying, assessing and understanding money laundering and funding of terrorism risks faced by Malta. The main findings are expected to be published later on in 2015.

The Institute formed part of the Family Business Act Committee under the auspices of the Ministry for the Economy, Investment and Small Business and took part in the drafting of the proposed **Family Business Act** which was launched in March 2015.

Through its newsletter **INform**, the Technical Staff informed and updated Members about current local and foreign issues, legislative amendments, filing deadlines and MIA organised CPE events that are of relevance to the profession. Through its quarterly journal, **The Accountant**, the Institute provided Members with local and international news, technical updates on IFRSs and ISAs, features that are designed to appeal to different practice sectors as well as other interesting lifestyle articles.

MIA Representation on Local and International Bodies

As a professional body, the Institute is a leading contributor to the regulatory initiatives in the accounting world on a local, regional and international dimension on which it is asked to comment on a regular basis. Amongst others, during the period 2014 – 2015, the MIA commented on VAT Cash Accounting, Bad Debts Guidance issued by the VAT Department, the proposed Legal Profession (Advocates) Regulation Act, the Single Accounting Directive, and the IESBA's Exposure Draft on proposed changes to certain provisions of the long association of personnel with an audit or assurance client.

Anthony Doublet and Maria Micallef represent the Institute on the Accountancy Board. Mark Abela, the Institute's Technical Director is representing MIA at the Members' Assembly of the Fédération des Experts-Comptables Européens – Federation of European Accountants (FEE). He is also representing the Institute on the following FEE Working Parties / Groups in either an observer status or where appropriate, through an active role: the Indirect / Direct Taxation Working Party, the SMP / SME Working Party, the Auditing Working Party, the Accounting Working Party, the Company Law and Corporate Governance Working Party, the ISA Implementation Working Party and the Ethics Working Party.

Outreach Activities

During the past year the Institute continued promoting the profession by participating in careers conventions and learning exhibitions organised by secondary and post-secondary schools as well as tertiary institutions.

The Institute is a member of the ECC (Education Consultative Council), whose principal objective is to act as a forum for debate, co-ordination and information sharing on matters relating to training and development for current and prospective employees within the Financial Services Sector. This also involves participating in Industry Exposure Programmes organised by the ECC for Guidance Teachers and ETC Advisors.

Staff

The Institute's Staff were once again kept very busy throughout the year under review. The interim CEO, who was due to retire at the end of this year, handed in his resignation to pursue other opportunities. The MIA team was further strengthened with the recruitment of an Accounts Assistant in June 2015, following a post which became vacant earlier on this year. MIA successfully managed to excel on the high level of service being offered to both Members and Students through the outstanding work performed by its Staff.



WILLIAM SPITERI BAILEY

Secretary

Appendix

Council Members' attendance at Council meetings:

	Attended	Excused
Fabio Axisa	9	3
Franco Azzopardi	9	3
Christopher Balzan	11	1
Etienne Borg Cardona	11	1
David Delicata	12	0
Anthony Doublet	10	2
Simon Flynn	10	2
Hilary Galea-Lauri	7	5
Ivan Grixti	11	1
Kevin Mahoney	1	11
Maria Micallef	11	1
Steve Paris	10	2
William Spiteri Bailey	10	2
Anthony Zarb	8	4