



# THE MALTA INSTITUTE OF ACCOUNTANTS

ANNUAL REPORT

2015 – 2016





## COUNCIL'S REPORT 2015 - 2016

The last Annual General Meeting was held on 16 July 2015 at the Tower Training Centre, Lower Ground, Tower Business Centre, Swatar. Some 227 members of the Institute, whose membership by that time numbered approximately 2,400, attended the meeting.

Mr Franco Azzopardi, Mr Etienne Borg Cardona, Mr Simon Flynn, Ms Maria Micallef, Mr Noel Mizzi, Mr William Spiteri Bailey and Mr Franz Wirth were elected members of the Council for the two year term 2015 – 2017. They joined Mr Fabio Axisa, Mr Christopher Balzan, Mr David Delicata, Mr Anthony Doublet, Mr Hilary Galea Lauri, Dr Ivan Grixti and Mr Stephen Paris, who were elected at the 2014 Annual General Meeting. Throughout the period, Council meetings were held once a month on a regular basis.

At a subsequent meeting of the Council, Mr Franco Azzopardi was elected as President, Mr William Spiteri Bailey as Vice-president, Mr Fabio Axisa as Secretary and Mr David Delicata as Treasurer. Together, these four officials form the Institute's Officers Committee which met, on average, twice a month throughout the period under review.

In September the Council appointed the chairpersons and members of the committees for a two year period. These committees span across a number of subject areas and are: the accounting committee, the audit & assurance committee, the anti-money laundering committee, the ethics committee, the SMP advisory committee, the PAIB committee, the taxation committee, the education committee and the CPE committee.

During this period ad-hoc working groups were also set up focusing on GAPSME, amendments to the Companies Act, the new and revised auditor reporting standards, the ethics event and amendments to the Code of Ethics. All committees met regularly once or twice every quarter, whilst working groups met until the assignment was finalised.

In May, a call for Expression of Interest was issued to establish a new public sector committee. This follows a request by the Ministry for Finance in its implementation of International Public Sector Accounting Standards (IPSAS). The Council is presently shortlisting interested candidates who submitted their nomination.

### Membership

During the period under review, the Institute continued to increase its membership base over the corresponding previous 2014/2015 period. There were 2,678 registered members until June 2016, an increase of 269 new members over the preceding period. The continuous increase over the years is a confirmation of the members' appreciation of the

Institute's commitment to deliver value to its members.

During November 2015, the Institute consolidated its presence on social media platforms LinkedIn, Facebook, Twitter and G+. These social networks enable the Institute to keep in touch with members using modern tools. In addition, in December the Institute started using a new email communication tool that offers more functionalities.

### Students

The number of students registered with MIA as at June 2016, is of 1,826. As in previous years, the results obtained by Maltese students participating in the MIA/ACCA Joint Examination Scheme (JES) with the Association of Chartered Certified Accountants (ACCA), were significantly higher in most papers than the average global pass rate.

### The Main Functions and Work Streams of the Institute

The Institute's main functions and work streams can be grouped under the following main headings: educational, 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, the Institute continued running the JES with which graduates obtain both the ACCA, and subject to them sitting for the local variant papers, an MIA qualification. In 2012, the Institute introduced the Association of Chartered Accountants (ACA) qualification and as from 2013, ACA students also started benefiting from the JES in view of a multi-lateral agreement between MIA, ACCA and the Institute of Chartered Accountants in England and Wales (ICAEW). This year ICAEW held their first graduation, wherein 11 ACA students, trained by MIA, graduated.

### Professional Development

During the period under review, the Institute continued offering a number of Continuing Professional Education (CPE) 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 2015 - 2016 period, the Institute organised a number of quality workshops, seminars and comprehensive courses. These included:

- Financial services: the valuation of financial instruments, and fundamentals of financial risk management;
- Taxation: an advanced VAT series, a budget update, an overview of Malta's tax system, recent tax updates, and the EU's proposed anti- tax avoidance directive and the BEPS action plan;
- Financial reporting: GAPSME and the new EU Accounting Directive, non-current assets under IFRS, IFRS 9, a comprehensive course on consolidations, IFRS 16 – the new standard on leases,

accounting for share based payments, and an overview of integrated reporting;

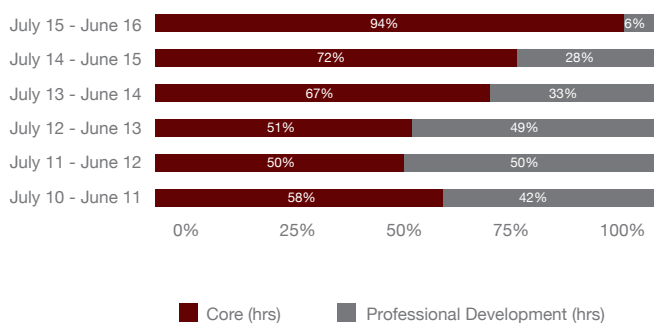
- Small and medium enterprises: the SMP Forum;
- Audit: auditing SMEs – a practical and appropriate approach, and the new and revised audit reporting standards;
- Ethics: ethical responsibility and the professional accountant;
- Liquidations: liquidation considerations – tax and accounting perspectives, and the roles and duties of company liquidators;
- Management and finance: the alternative sources of finance, business continuity and disaster recovery in today’s cyber world, and the importance of document retention;
- Legislation: the roles and responsibilities of company secretaries and directors, and employment issues with reference to engagement and dismissal.

A number of joint events were also organised in collaboration with local and foreign institutions. An event on the new amendments to the Companies Act, and the impact on trade creditors was organised with the Malta Association of Credit Management (MACM). A series of events on fund accounting were also organised with the Malta Funds Industry Association (MFIA). Another event was organised in collaboration with ACCA giving a quick update on IFRSs and outlining the changes resulting from the new financial reporting standards.

Some events were repeated due to popular demand, including the VAT series, the consolidations course, the new and revised auditor reporting standards, and the budget update.

The various CPE events held during this period were addressed by a number of local and foreign speakers.

Hereunder is an illustration of the amount of CPE hours organised by the Institute since 2010. During the period the Institute focused on organising lecture based core CPE activities.



### Online CPE

During the period the Institute launched a new online facility to its members and students. The online CPE training platform allows members and students to access a comprehensive catalogue of online courses, with a particular emphasis on professional development training. CPE topics online include financial reporting, financial modelling, management, risk and governance, mergers and acquisitions, professional skills, practice management and finance topics.

Furthermore, the institute is looking at other service providers that will further expand the existing offering.

### Practice Support

The Institute maintained the practice support offered to its members by issuing technical guidance, providing technical support and organising a number of thematic workshops. By supporting the profession in a forward-looking manner, the MIA has again 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**, the Institute’s technical staff worked together with staff from the Registry of Companies at MFSA and the amendments to the **Companies Act** were published. Concurrently, our staff supported by members of the accounting committee drove the issuance of the new **GAPSME** rules.

The Institute also formed part of a working group that was set up by the Accountancy Board to transpose the **Statutory Audit Directive and EC Regulation 537/2014 on specific requirements regarding the statutory audit of public-interest entities**. Preliminary discussions that allowed the working group to adopt a position on all Member State Options in the Regulation and in the Directive came to an end last December. The required amendments to the law were subsequently drafted and are being discussed at Parliament at the time of writing.

As in previous years, 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.

In January 2016, the Institute published two technical releases. Both technical releases focus on the auditor’s responsibilities when giving assurance, albeit from different aspects. The first technical release (**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. The second





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Think Ahead



technical release (**AUDIT 02/16 – The New and Revised Auditor Reporting Standards**) addresses the New and Revised IAASB Auditor Reporting Standards effective for audits of financial statements for periods ending on or after 15 December 2016.

Early in 2016, the taxation committee submitted a memorandum outlining the various **VAT issues** regularly encountered during the course of their professional work. A meeting with taxation officials was subsequently held, wherein the issues were discussed further. MIA technical staff and taxation committee members are presently working on compiling a list of common income tax issues encountered, which will be submitted to the income tax department.

During the period under review, **disparate requests from members** were referred to the MIA technical staff for technical assistance and guidance. Queries relating to international standards were referred to the ACCA's technical helpdesk, which is a service provided free of charge to MIA members. All other queries were addressed by the Institute's technical staff.

The MIA technical staff **supported university students** by providing them with technical guidance in relation to several accountancy fields covered in assignments and dissertations. The Institute also participated and contributed towards the annual conference organised by the Master in Accountancy students, this year discussing the continued applicability of financial reporting obligations for Maltese small and medium-sized entities.

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. This was further supplemented by regular posts on social media and the new monthly **Technical E News**, updating members about current local and foreign technical issues and legislative amendments that are of relevance to the profession.

In November the Institute launched a **Members' perception esurvey**, the scope was to collect information on members' views about MIA's presence on social media and email marketing communication. **The Accountant readership survey** was later launched.

## 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.

Two members nominated by MIA were appointed by the Minister for Finance, as members of the Accountancy Board, namely Mr Edward Camilleri and Mr Mario Galea. In view of the fact that the Accountancy Board is now entirely composed of non-practitioners, the Board also engaged two practitioners in a permanent role to assist it in the proper

discharge of its duties. The two practitioners are appointed for a one-year term and chosen from a panel of six. Mr William Spiteri Bailey and Mr Simon Flynn were nominated by MIA, as the recognised accountancy body, to act as experts to the Board. These individuals are not involved in the Board's decision making but are there in a consultative role.

The Institute's CEO is representing MIA at the Members' Assembly of the Fédération des Experts-Comptables Européens – Federation of European Accountants (FEE). The technical manager is also representing the Institute on FEE's technical working parties.

Mr William Spiteri Bailey, MIA Vice-president of the Council, is an active member of the FEE SMP Ambassadors Task Force and FEE SMP Forum. In 2015, he also started representing the Institute on IFAC's SMP committee as a technical advisor to Mr Giancarlo Attolini, the Italian member and Chair of the committee.

## Outreach Activities

During the past period 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 Education Consultative Council (ECC), 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

Mr Mark Abela was appointed Chief Executive Officer with effect from 1 July 2015. During the period Ms Michelle Spiteri Bailey was recruited as technical manager, followed by Ms Maria Fenech Attard as director of studies of AIM Professional Academy Ltd., responsible for developing and maintaining the AIM study programmes and MIA CPE programmes. A number of supporting staff were also recruited to ensure that continued high level service is offered to members and students.

During the period the MIA not only provided technical support to all its members, but also actively promoted the profession and encouraged its members to act in the public interest. The Institute believes that as professionals its members should be competent and ethical, in the conduct of their work.

Mr Fabio Axisa  
Secretary