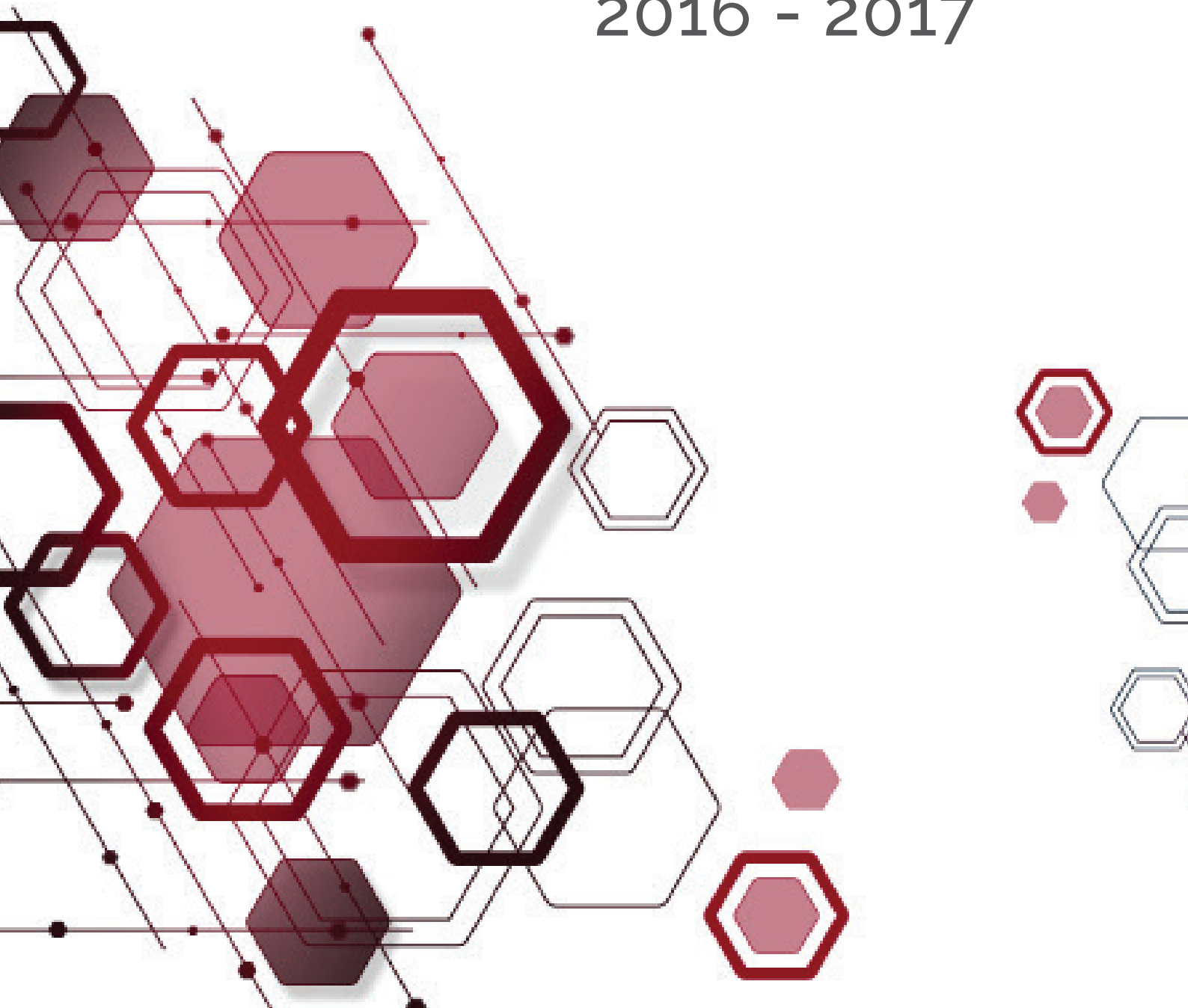




The Malta  
Institute of  
Accountants  
INTEGRITY & EXPERTISE

# ANNUAL REPORT 2016 - 2017





# 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.



# COUNCIL'S REPORT 2016 - 2017

## COUNCIL AND COMMITTEES

The 52nd Annual General Meeting was held at the Tower Training Centre on 7 July 2016. MIA President, Mr Franco Azzopardi highlighted the work done by the Institute over the previous 12 months, while MIA Treasurer, Mr David Delicata, tabled the Financial Statements for the year ended 31 December 2015 and gave an overview of the salient financial indicators.

The members present approved the motions that were tabled such that the following became resolutions: vision, mission and values, changes to the Statute and the Bye-laws with respect to members and the new disciplinary Bye-laws.

The following members were elected to Council for the term 2016 – 2018. Mr Fabio Axisa, Mr Christopher Balzan, Mr David Delicata, Mr Anthony Doublet, Mr Jonathan Dingli, Dr Ivan Paul Grixti and Mr Stephen Paris. They joined the other seven council members elected in the 2015 Annual General Meeting: Mr Franco Azzopardi, Mr Etienne Borg Cardona, Mr Simon Flynn, Ms Maria Micallef, Mr Noel Mizzi, Mr William Spiteri Bailey and Mr Franz R. Wirth.

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 periodically throughout the period under review.



# New Members' Ceremony



By June 2017, the total number of registered members amounted to 2,915

## COMMITTEES

Committees have been appointed by Council in September 2015 for the two year term 2015 – 2017. Such committees span across a number of subject areas and were chaired as follows:

Accounting Committee	Mr Fabio Axisa
Anti-Money Laundering (AML) Committee	Ms Juanita Bencini
Audit and Assurance Committee	Mr Simon Flynn
CPE Committee	Mr Franz Wirth
Education Committee	Mr Paul Giglio
Ethics Committee	Mr Mario P. Galea
Financial Services Committee	Mr Stephen Paris
Professional Accountants in Business (PAIB) Committee	Mr Stephen L. Muscat
Small and Medium Sized Practices (SMP) Advisory Committee	Mr William Spiteri Bailey
Social Committee	Ms Catherine Mallia Bonavia
Taxation Committee	Mr David Ferry

During this period a number of ad-hoc working groups were also set up. These working groups focused on the introducer's agreement by banks and the NOCLAR amendments, the new and revised auditor reporting standards and amendments to the Code of Ethics and technically assisting Government in the implementation of IPSAS.

Committees met periodically, whilst working groups met regularly until the assignment was finalised.

## MEMBERSHIP AND THE NEW MEMBERS' CEREMONY

During the period under review, the Institute continued to increase its membership base over the corresponding previous 2015 - 2016 period. By June 2017, the total number of registered members amounted to 2,915. The steady growth over the years is a confirmation of the members' appreciation of the Institute's commitment to deliver value to its members.

In October 2016, the Institute held its New Members' Ceremony, at the Mediterranean Conference Centre, to welcome the 222 members who joined the Institute in the previous 12 months and presented them with a certificate of membership.

The ceremony was attended by around 900 people including new members and their guests. Present at the ceremony were representatives of the ACCA, UOM and ICAEW, being the three main routes to membership with the MIA.

Awards were presented to students who got the best overall performance during the December 2015, March 2016 and June 2016 ACCA/MIA Examinations, the highest performing ACA graduate in 2016 and the Best University of Malta Accountancy Student of the year 2016.



## Presentation of the Kevin Mahoney Award for Altruism

Speaking at this event was Mr Joseph N. Tabone, who was appointed as MIA's second president soon after Malta's independence from Great Britain. His work in strengthening MIA's current international connections and his early initiatives to ensure that Maltese students are eligible to qualify for the MIA and ACCA examinations, contributed towards the Institute's important role locally as well as abroad.

The Kevin Mahoney Award for Altruism was launched this year to commemorate the late Council member, Mr Kevin Mahoney, a true gentleman and altruistic person. The award recognised Institute members who have undertaken altruistic deeds in 2016. Mr Kenneth Abela was selected from a pool of nominations and was presented with the award by Mr Mahoney's son, Mr Ryan Mahoney.





MIA President, Mr Franco Azzopardi delivering his welcome speech at the New Members' Ceremony



New Members' Ceremony -  
Speech by Former President,  
Mr Joseph N. Tabone



New Members' Ceremony -  
Speech by UoM Representative,  
Dr Frank Bezzina



New Members' Ceremony -  
Speech by ACCA Representative,  
Ms Liz Hughes



New Members' Ceremony -  
Speech by ICAEW Representative,  
Mr Frederick Mifsud Bonnici

## EDUCATION AND STUDENT MEMBERSHIP

One of the Institute's objectives is that of attracting the best talent to the profession and ensuring that their education is holistic. In March 2017, the Institute and the ACCA renewed the Joint Examination Schemes (JES) for a further 5 years and signed a new partnership agreement. Through the JES, ACCA and MIA deliver globally accepted qualifications with local recognition and relevance. Students that complete the ACCA JES in Malta are able to satisfy the exam criteria for membership of both bodies simultaneously.

The number of students registered with MIA as at June 2017, is of 1,984. ACA students benefit from the JES in view of a multi-lateral agreement between MIA, ACCA and ICAEW.

In 2017, the Institute organised two respective award winning presentations to Ms Marica Xuereb for her outstanding performance in her December 2016 MIA/ACCA joint scheme examination session. Ms Xuereb achieved the joint highest score worldwide with 93 marks in the F9 (Financial Management) examination, sat by 15,822 candidates globally. Both presentations took place at the MIA offices in Swatar. Present for the first ceremony were Education Manager at ACCA, Mr Michael Cannon, MIA President, Mr Franco Azzopardi, MIA CEO, Ms Maria Cauchi Delia and AIM Professional Academy Director of Studies, Mr Steve Compagno. Ms Xuereb was awarded a certificate from ACCA and an award from AIM Professional Academy.

For the second ceremony held on 18 April, the Institute hosted the Minister of Education, Hon. Evarist Bartolo. Following a tour of the offices and meeting with the current Council Members and MIA staff, the Minister delivered a short speech and presented a commemorative award to Ms Xuereb.

## CONTINUOUS PROFESSIONAL EDUCATION EVENTS

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. A number of quality workshops, seminars and comprehensive courses were addressed by both local and foreign speakers covering a range of topics.

- Taxation: Brexit: A Tax Perspective, Basic Principles of Corporate Tax, VAT Round Up, VAT Issues – Focusing on the Financial Services and Insurance Industry, Input Tax Deductibility – Principles and Methodology, Common Consolidated Corporate Tax Base, Allocation of Profits to the Correct Tax Account, Immovable Property – Valuation of Property and Tax Implications of Transfer and Budget Update.



Mr Franco Azzopardi, Ms Marica Xuereb, Mr Michael Cannon & Mr Steve Compagno

- Financial Reporting: From GAPSE to GAPSME – An Overview of the Key Changes, The New GAPSME Financial Statements and Other Changes and IFRS 15 Revenue from Contracts with Customers – in Practice.
- Auditing: ISQCI & ISA 220 and Effective Internal Auditing and Liaising with the Audit Committee.
- Insurance Accounting and Auditing: Solvency II, Reserving Methodology, General Accounting Principles for Insurance, Principles of Prevention of Money Laundering, Overview of the Insurance Business Act, Risk Management, The Approved Auditor, IFRS 4, IFRS 4 Phase II and IFRS 9.
- Management and Finance: Cyber Fraud and Identity Theft in the Finance Sector, Fraud and Investigations and Financial Statements Interpretation including Cash Flow and Ratio Analysis.
- IT: Delivering Digital Transformation with Business Process Automation and Bring your SAGE Data to Life.
- Legislation: The Anti-Avoidance Directive, The Prevention of Money Laundering and Financing of Terrorism and The New General Data Protection Regulation.
- Other events included: Becoming an Inspirational Leader using Emotional Intelligence

Leading international speakers included Mr Olivier Boutellis-Taft, CEO of Accountancy Europe, Mr Martin Manuzi, EU Regional Director ICAEW, Mr Anthony Walters, Head of Policy for Europe at ACCA and Professor Robin Jarvis, Professor of Accounting at Brunel University, UK. Local key note speakers included Finance Minister Edward Scicluna, Shadow Minister for the Economy, Claudio Grech, and MIA President Mr Franco Azzopardi.



Speech by Hon Claudio Grech - Biennial Conference 2016

Besides the above, the Institute held its Biennial Conference in November 2016 at the Corinthia St George's Bay. The theme chosen for this conference was 'Disruptive Innovation: Adapting for your Tomorrow' focusing on the changing economic landscape and the inevitable transformation of the accountancy profession.

Spread over a full day, this conference brought together a pool of 21 multidisciplinary professionals – from accountants and finance specialists, to business owners, psychologists, ICT specialists and academics.

In December 2016, a set of illustrative financial statements in accordance with the General Accounting Principles for Small and Medium Entities (GAPSME) was issued by the technical department in collaboration with the Accounting Committee of the Institute. A special event was organised in January 2017, giving an overview of the disclosure requirements of the GAPSME regulations, recent changes to the Companies Act and the new auditor's report. This event was attended by circa 150 people. An email address - [gapsmequeries@miamalta.org](mailto:gapsmequeries@miamalta.org) - was also launched during the event to address all GAPSME related queries by members of the institute.



Biennial Conference 2016 - One of the panel discussions.



Speech by Hon Edward Scicluna - Biennial Conference 2016



SMP Forum 2017 - One of the panel discussions

In April 2017, the MIA's Small and Medium sized Practices Committee (MIA SMP Committee) and the MIA technical team organised the eighth annual SMP Forum. This year's full day programme included a combination of presentations and panel discussions covering topics of interest to SMPs including Anti-Money Laundering, Information Technology, Malta Enterprise Incentives, Filing Obligations with the Registrar of Companies, Tax Compliance Unit Investigations and Stress Management. A range of experts in their respective fields addressed the audience of over 100 attendees.

The Institute collaborated with Bank of Valletta plc in the organisation of a number of internal professional education sessions. Training included the New GAPSME Regulations, Financial Business Modelling and a Few Fundamental Principles of Auditing. These sessions were attended by over 200 participants from the bank's branches, corporate and risk centres. The Institute delivered a seminar to Malta Financial Services Authority personnel on the recent changes in financial reporting also giving an overview of the recent GAPSME reporting framework. During the seminar, some key points of the new and revised auditor's report were also explained. The Institute also participated in other events

mainly with Malta Enterprise and FinanceMalta, the latter with the participation of Dr Manfred Galdes representing the Institute, as part of its AML Committee.

It is part of the MIA's strategic focus to forge such alliances with constituted bodies and organisations that would possibly heighten the respect of a broader audience of the business community towards the Institute and our members. Joint events were also organised in collaboration with local and foreign institutions.

In May 2017, an event was organised in collaboration with ACCA giving the latest updates on IFRSs and outlining the recent amendments effective for periods beginning on or after 1 January 2017. Local speakers joined Mr Aidan Clifford from ACCA to deliver presentations to an audience of over 160 participants. A panel discussion on the ethical issues facing the accountant was held with panel members representing the MIA and ACCA.

In June 2017, the Institute also organised an event in collaboration with the Chamber of Commerce and Malta Employers Association titled The Transfer of a Family Business to the Next Generation. This half day conference addressed family business succession planning in a holistic way. Discussions and presentations focused on issues such as the new Family Business Act, different modes of transfer, communication and emotions, taxation and legal aspects amongst others. Mr Paul Gisby from Accountancy Europe joined other outstanding local speakers for this event.



Mr Paul Gisby during the joint event held with MEA and COC

## PRACTICE SUPPORT

This year's MIA CPE event calendar included seminars on an array of subjects however this is not the only practice support offered to the members of the Institute. The technical agenda also included the release of technical guidance, providing technical support and representation on a number of joint or specifically set up ad-hoc committees to safeguard the best interests of the members. The following are some of the major projects undertaken this year:

The Institute formed part of a working group that was set up by the Accountancy Board to transpose the EU Statutory Audit Directive 2014/56/EU and EU Regulation 537/2014 on specific requirements regarding statutory audit of public-interest entities. The transposition of the Audit Directive was







## GAPSME event

finalised with considerable input from our technical staff. The required amendments to the law were drafted and the latest amendments involving amendments to the Code of Ethics and Listing Rules were finalised in August 2016.

The Institute is a member of the joint committee set up by the Financial Intelligence Analysis Unit (FIAU). Towards the end of 2016, the FIAU issued for further consultation a revised version of the proposed amendments to the Implementing Procedures Part 1. A memo was prepared by the Anti-Money Laundering Committee of the Institute, detailing the Institute's views and comments, which was thereafter submitted to the FIAU for their consideration.

Another project undertaken by the technical staff is the consideration and review of 'Introducer Agreements' by banks. A number of local banks are requesting that members acting as corporate service providers sign a Terms of Business letter in order to act as an "introducer of clients" to the banks. The MIA together with the Institute of Financial Service Providers set up a joint committee made up of accountants and lawyers to study these agreements and make representations to the various banks involved. Discussions with one of these banks, namely Bank of Valletta plc, have been finalised and their introducer agreement redrafted.

The MIA together with officials from the Ministry of Finance formed a working group to review and comment on the IPSAS Standards and Guidelines as adopted by the Maltese Government. As from 6 September 2016 the IPSAS working group has analysed and put forward its comments on the standards and guidelines of IPSAS 17 Plant, Property and Equipment, IPSAS 31 Tangible Assets and IPSAS 16 Investment Property. The working group will continue reviewing the other IPSASs and submit their views accordingly.

Responding to Non-compliance with Laws and Regulations (NOCLAR) is a new international ethics standard for auditors and other professional accountants issued by the International Standards Ethics Board for Accountants (IESBA), and effective as from 15 July 2017. A joint working group was set

up between the Accountancy Board and members of MIA's Ethics Committee to discuss these changes. The working group discussed these changes extensively and drafted the amendments to be included in Directive Number 2, issued in terms of the Accountancy Profession Act (Cap 281) and of the Accountancy Profession Regulations 1986 (as amended). These were thereafter presented to the Accountancy Board.

During the period under review, the technical department published two sets of technical releases. The first technical release consisted of a set of illustrative financial statements in accordance with the General Accounting Principles for Small and Medium Entities "GAPSME". The illustrative financial statements included:

- Templates for a "medium" entity and a "small" entity to assist members in drafting individual entity financial statements in accordance with GAPSME;
- An illustrative, revised auditor's report containing an unmodified opinion; and
- Disclosure checklists summarising the presentation and disclosure requirements.

The second technical release was prepared as a follow up to Technical Release '02/16 – The New and Revised Auditor Reporting Standards'. The technical release titled 'AUDIT 01/17 -The New and Revised Auditor Reporting Standards - Appendix 1' was prepared to assist practitioners in drafting reports based on the new and revised auditor reporting requirements. It mainly focuses on the changes required by the new/revised ISAs, the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME), and certain requirements of the Companies Act (Cap. 386).

During the period under review, requests from members were referred to the MIA technical staff for technical assistance and guidance. This year most of the requests focused on the new GAPSME regulations and filing obligations with the Registrar. Technical staff did their utmost to address the



Former Presidents Event - Past Presidents group photo

queries and are also at present finalising a guidance which includes frequently asked questions by members during the past months. 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.

## 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's CEO, Ms Maria Cauchi Delia and members of the technical staff visited a number of schools and colleges to explain the importance and the changing role of our profession. Highlighting the diverse working opportunities that the profession offers. 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.

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.

## FORMER PRESIDENTS RECOGNITION EVENT

On 16 May 2017, the Institute organised an exclusive event to celebrate the Institute's history. The scope of this ceremony was to give special recognition to most respected former Presidents of the Malta Institute of Accountants, without whom the Institute would not be what it is today. A total of 19 Presidents were elected as Fellow Honorary Members of the Institute in recognition of their valuable contribution towards



Former Presidents Event - Reception

the Institute and the profession during their respective terms.

The MIA President, Mr Franco Azzopardi, delivered a short welcome speech highlighting the major milestones of the Institute and the Presidents behind them. A tribute was given to past Presidents who have since passed away.





Voting at the Extraordinary General Meeting

## EXTRAORDINARY GENERAL MEETING

The MIA held an Extraordinary General meeting on 1 June 2017 to appoint the Chairman, Deputy Chairman of the Disciplinary Committee and the Appeals Pool in accordance with Chapter 6 of the Bye-Laws. MIA President, Mr Franco Azzopardi, thanked all those members who had put forward their names to be included in these pools and denounced that Council took a reasoned and considered decision in its selection process.

Members took the vote and unanimously approved the proposals made by Council:

Mr John Bonello -  
Chairman (Disciplinary Committee)

Mr Lino Casapinta -  
Deputy Chairman (Disciplinary Committee)

Mr Kenneth Abela, Mr Robert Ancilleri, Ms Elizabeth Carbonaro, Mr Michael Scerri and Mr Anthony Zarb –  
Members (Appeals Pool)

Members of the Disciplinary Pool were appointed during the first Council meeting held, following the EGM, on 13 June 2017. Members appointed by Council to form part of the Disciplinary Pool were Mr Alex Abela, Mr Stephen Balzan, Mr Mario Galea, Mr Dunstan Magro, Mr Paul Mercieca, Mr Stephen L Muscat, Mr Mark Scalpello, Mr Anthony Scicluna, Mr Nick Xuereb and Mr James M. Zammit.

## MIA REPRESENTATION ON LOCAL AND INTERNATIONAL BODIES



The Institute continues to be a Member of Accountancy Europe (previously the Fédération des Experts-Comptables Européens – Federation of European Accountants (FEE)), IFAC (International Federation of Accountants) and IASB

(International Accounting Standards Board).

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 were nominated by MIA and appointed by the Minister for Finance, as members of the Accountancy Board, namely Mr Edward Camilleri and Mr Mario P. Galea. Additionally two practitioners, Mr William Spiteri Bailey and Mr Simon Flynn were also nominated by MIA and appointed by the Board, to assist it in the proper discharge of its duties. Their duty is to act as consultants to the Board and are not involved in the Board's decision making.

The Institute's CEO, Ms Maria Cauchi Delia represents MIA at the Members' Assembly of Accountancy Europe. The technical manager, Ms Michelle Spiteri Bailey and the Technical Officer, Ms Margaret Buhagiar, are also representing the Institute on Accountancy Europe's technical working parties.

Mr William Spiteri Bailey continued representing the Institute on IFAC's SMP committee as a technical advisor to Mr Giancarlo Attolini, the Italian member and Chair of the committee.

## MIA'S SUPPORT TO THE ACCOUNTANCY BOARD

The Institute continued to support the Accountancy Board by undertaking the duties delegated to it as the approved accountancy body. Duties included CPE exemptions, CPE monitoring and CPE accreditations. In December 2016, the Institute worked hand-in-hand with the Board in revising the CPE Scheme and CPE Regulations respectively. Processes relating to cpe exemptions and re-entry into the profession following a period of cpe exemption were changed from a bureaucratic process to a self-declaration method with the scope of using the available resources to focus more on the monitoring process.

## COMMUNICATION WITH MEMBERS, STUDENTS AND THE PUBLIC AT LARGE

As per preceding year, the Institute continued to invest heavily in its social media platforms. Regular posts were published on Facebook, LinkedIn, Google+ and Twitter. Email correspondence continued being sent out through the intelligent marketing email tool.



Practice support to Members was further supplemented by the new monthly Technical E News, updating them about current local and foreign technical issues and legislative amendments 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. In 2017, the MIA technical team invested a lot of time and energy in revamping the journal by giving it a more modern twist and making it more reader friendly. Journal issues continued to be uploaded on the online portal [theaccountant.org.mt](http://theaccountant.org.mt) and the journal mobile apps downloadable from Google Play and App Store respectively. These online versions enable readers to access the current and past issues of the journal at the touch of a button.



## SPONSORSHIP OPPORTUNITIES

In December 2016, the Institute participated as a sponsor in the Annual Financial Reporting Conference organised by the University of Malta. MIA President, Mr Franco Azzopardi, was invited to deliver a keynote speech during this conference.

In March 2017, the MIA President, Mr Franco Azzopardi, presented an award to Ms Loradine Pisani, during the UoM Annual Awards for her outstanding achievement - Best student of the Year (Masters in Accountancy Course Group 2014/2016).

## MEMBERSHIP RELATIONSHIP MANAGEMENT SYSTEM

During the past year a lot of work was undertaken in relation to the new membership management system which will be replacing the current website and its integrated backend system. The selected web developer was chosen following a thorough evaluation of a set of selection criteria. The project was sub-divided into various phases with ongoing meetings being held to compile the request for proposal and system specifications document. Currently the Institute is undertaking rigorous testing of the completed modules. The new website will feature a modern clean look with special emphasis on user friendliness. A teaser presentation on the new website will take place during this year's AGM. We are committed to launch the new system by the end of 2017.

## APPOINTMENT OF A NEW CEO

During the year the Institute appointed Ms Maria Cauchi Delia as its new Chief Executive Officer. Ms Cauchi Delia brings on board years of managerial knowledge, particularly in accounts and finance. Prior to her appointment as CEO, she served as MIA's Financial Controller and in the past she held senior positions with APS Consult Ltd. (a subsidiary of APS bank), the Medicines Authority, the National Audit Office and at Ernst & Young, both in Malta and Italy.

Ms Cauchi Delia's vision is to enhance the services provided to MIA members by strengthening the organisation's drive to build bridges with existing and new stakeholders. She describes the accountancy industry as dynamic and transitional. Her wish is to focus on repositioning and rebranding the MIA to reflect this, not just with its members, but with the public at large.



Mr Franco Azzopardi  
President



Mr Fabio Axisa  
Secretary



**Ms Cauchi Delia's vision is to enhance the services provided to MIA members by strengthening the organisation's drive to build bridges with existing and new stakeholders.**