

**Preface to Technical
Pronouncements and Guidance**
(Revised February 2021)

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Introduction

1. This Preface explains the authority, scope and application of Technical Pronouncements other than the approved accounting standards¹ issued by the Malaysian Accounting Standards Board (MASB) and other sources of guidance.

MASB Technical Pronouncements

2. MASB issues the following Technical Pronouncements, which are to be used in conjunction with MASB approved accounting standards. These Technical Pronouncements complement the MASB approved accounting standards and are persuasive in intent and expected to be applied:

Pronouncement	Description
Practice Statement	Each Practice Statement is word-for-word the IFRS Practice Statement. See paragraph 23.
Statement of Principles	To provide guidance on application of general principles in MASB approved accounting standards and support application of the Conceptual Framework.
Technical Release	To provide guidance on issues of a temporary nature, or passing issues that apply to limited circumstances or entities. Technical releases often represent an interim measure by MASB prior to the issue of an accounting standard.

¹ MASB approved accounting standards comprise the Malaysian Financial Reporting Standards (MFRS), which include IC Interpretations, and Malaysian Private Entities Reporting Standards (MPERS).

Pronouncement	Description
Issues Bulletin	<p>Title used for the MASB’s more recent technical pronouncements, which can include a broad range of guidance.</p> <p>Issues Bulletins represent ‘codification’ of appropriate applications of underlying accounting principles to specific business situations or transactions; and/or assist preparers to comply with the intention and spirit of MASB approved accounting standards.</p>
MFRS Application and Implementation Guidance (MAIG) and other MAIC educational material	To provide application and implementation guidance on issues of specific relevance to Malaysian stakeholders.

Scope and Application of Technical Pronouncements

3. MASB Technical Pronouncements are applicable to financial statements of a reporting entity that is required to present a true and fair view of its financial position, performance and changes in financial position for the financial period. Technical Pronouncements complement the MASB approved accounting standards. Nothing in the Technical Pronouncements is to be construed as amending or overriding requirements in those standards or other statements (for example, a Policy Statement) issued by the MASB.

4. Technical Pronouncements are developed with due regard to the underlying principles set out in the MASB approved accounting standards, the Conceptual Framework, and within the framework of the Malaysian law, as well as other statements issued by MASB. The purpose of a Technical Pronouncement is to provide guidance on the application of generally accepted accounting principles to the resolution of a particular accounting issue. This will most often be the case in the absence of an approved accounting standard on the matter in question.
5. MASB expects those assuming responsibilities in respect of financial statements to comply with any Technical Pronouncements issued by MASB until they are superseded (for example, by an approved accounting standard) or otherwise withdrawn by the MASB.
6. Technical Pronouncements can be applied to Malaysian group financial statements (including any amounts relating to overseas entities that are included in those financial statements). They are not intended to apply to financial statements of overseas entities lodged with overseas regulators using requirements that are different from the requirements applied in Malaysia.
7. In applying the Technical Pronouncements, it is important to be guided by the spirit and reasoning behind them. The spirit and reasoning are set out in the individual pronouncements and are consistent with the Conceptual Framework.

Due Process

MFRS Application and Implementation Committee

8. In January 2019, MASB established the MFRS Application and Implementation Committee (MAIC). The MAIC is tasked to look into issues where there are existing and potential divergent practices as well as facilitating consistent application and implementation of the Malaysian Financial Reporting Standards (MFRS) for the benefit of capital markets.

9. The MAIC is chaired by a current or former MASB board member. Its members are drawn from the accounting firms, commerce and industry, including a representative from the Malaysian Institute of Accountants (MIA). Representatives from the regulators and professional bodies are appointed as observers to the Committee. Recommendations of MAIC are submitted to the MASB Board who will decide on the appropriate course of action.

10. The MAIC decides which issues to consider for the development of guidance based on the following criteria:
 - (a) The issue is widespread and has, or is expected to have, a material effect on those affected.
 - (b) The issue is unique to Malaysia by virtue of the circumstance prevailing in Malaysia, for example, as a result of the local laws or prevailing Act.
 - (c) Financial reporting would be improved through the elimination of the divergence practice, while acknowledging that the accounting would depend on the particular facts and circumstances.
 - (d) Can the issue be resolved efficiently within the confines of MFRS and the Conceptual Framework for Financial Reporting?
 - (e) Is the issue sufficiently narrow in scope that the MAIC can address the issue in an efficient manner and that, the issue is not being addressed in a forthcoming Standard and /or research project undertaken by the MASB?

11. The MAIC proposes a recommendation to the MASB on whether such guidance should be in the form of an MFRS Application and Implementation Guide (MAIG), Questions & Answers (Q&As) or in any other form, and develops the guidance for the MASB's approval.

Issuance of other Technical Pronouncements

12. The due process for the development and issuance of MASB Technical Pronouncements other than those developed through the MAIC is generally similar to that of MASB approved accounting standards. Topics that become the subject of MASB Technical Pronouncements are identified by MASB from its own research or from external sources (for example, submissions by interested parties).
13. When a topic is identified by MASB as potentially requiring the issue of a MASB Technical Pronouncement, MASB commissions its staff to undertake a programme of research and consultation. This programme involves consideration of and consultation on the relevant conceptual issues, pre-existing pronouncements and practices both in Malaysia and overseas, and the economic, legal and practical implications of the introduction of particular accounting requirements.
14. Although MASB weighs carefully the views of interested parties, the ultimate content of a MASB Technical Pronouncement must be determined by the MASB's own judgement based on research, public consultation and careful deliberation as to the benefits and costs of providing the resulting information.

Materiality

15. Technical Pronouncements need not be applied to immaterial items.

Technical Pronouncements and the Legal Framework

16. In its deliberations on any accounting topic, MASB initially develops its views by considering how the principles of accounting, as prescribed in the Conceptual Framework, apply to possible accounting options available for that topic. However, in deciding what is the most appropriate treatment, MASB will also consider the environment in which its Technical Pronouncements are to be applied.
17. Any legislation with which reporting entities must comply forms an important part of that environment. Accordingly, MASB Technical Pronouncements are drafted in the context of the current Malaysian statutes, and guidelines of other Malaysian regulatory bodies, with the aim of ensuring consistency between Technical Pronouncements and the law.

Dissemination and Implementation

18. Technical Pronouncements are made publicly available² by MASB for the guidance of users, preparers and auditors of financial information. They generally include a discussion of the topic, the accounting issues identified, reference sources, a summary of the Board's deliberations, and the conclusion reached.
19. If MASB is unable to reach a conclusion, an explanation of the circumstances and nature of dissenting views may be published.
20. A Technical Pronouncement takes effect from the effective date in the published pronouncement and is, thereafter, to be regarded as accepted practice for the area in question. Accordingly, all reporting entities may be expected to conform to its principles, if necessary, by changing previously adopted accounting policies, unless the conclusion states otherwise.

² List of Technical Pronouncements is available at:
<https://www.masb.org.my/pages.php?id=3>

Other Sources of Guidance

MASB Staff Educational Material³

21. The MASB frequently receives questions from preparers, auditors and users of its approved accounting standards. The MASB staff sometimes publishes educational material on the MASB website to support consistent application and implementation of MASB approved accounting standards, including articles and Frequently Asked Questions (FAQ) that respond to some of these questions. The staff educational material does not represent the official position of the MASB and does not add or change requirements in the MASB approved accounting standards.

IFRS Foundation Guidance

22. The IFRS Foundation issues the following guidance to support consistent application of IFRS Standards. Such guidance is not part of IFRS Standards and cannot add or change requirements in the Standards:

Guidance	Prepared by
Practice Statement	International Accounting Standards Board (IASB)
Agenda Decision	IFRS Interpretations Committee
Educational material	IFRS Foundation staff and individual IASB members

³ These are available at: <https://www.masb.org.my/pages.php?id=74>

23. The IASB may produce non-mandatory practice guidance, normally on a topic not addressed by an IFRS Standard (such as the Practice Statement on management commentary), if it considers that doing so would improve financial reporting. Practice Statements are subject to the IASB's full due process for the development of a IFRS Standard, including public consultation. However, a Practice Statement is not an IFRS Standard and entities are not required to comply with a Practice Statement to state compliance with IFRS Standards.
24. Agenda Decisions are published when the IFRS Interpretations Committee decides that a standard-setting project should not be added to the IASB work plan. In many cases, Agenda Decisions include explanatory material that explains how the applicable principles and requirements in IFRS Standards apply to the transaction or fact pattern described in the Agenda Decision. Explanatory material derives its authority from the IFRS Standards themselves. Accordingly, an entity is required to apply the applicable IFRS Standard(s), reflecting the explanatory material in an Agenda Decision.
25. The IFRS Foundation sometimes publishes educational material⁴ related to IFRS Standards on its website, including webcasts, articles, presentations for conferences and IFRS for SMEs training material.

⁴ Please see <https://www.masb.org.my/pages.php?id=258> for IASB-Supporting Implementation