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The editorial board would like to express their heartfelt appreciation for the contributions made by the authors, co-authors and all who were involved in the publication of this bulletin.

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EDITORIAL BOARD

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RECTOR'S MESSAGE

I am pleased with the publication of this second issue of *Accounting Bulletin*. My sincere congratulations to all authors and the Faculty of Accountancy of Universiti Teknologi MARA Kedah Branch (UiTM Kedah) on the success of this publication. I am proud to see the involvement of the lecturers in academic writing and publications, be it in this bulletin that provides short articles on the current issues in accounting, or in other refereed publications. It must be satisfying for the faculty members to see the output of all the hard work in this issue. I believe that this bulletin would provide an avenue for them to produce more academic materials in the field of accounting.

It is good to see that the faculty is involved actively in the dissemination of knowledge to the students and the public. This is the spirit and attitude that should be demonstrated as we are all academicians. Seeking and sharing of knowledge are vital and more initiatives should be undertaken to support this life-long learning process.

Again, well done to the Faculty of Accountancy of UiTM Kedah and those who were involved directly and indirectly with the publication of *Accounting Bulletin*. I wish the Faculty of Accountancy of UiTM Kedah all the best and hope that this bulletin will move forward and extend its wings in the future.

Associate Professor Dr. Shaiful Annuar Khalid

Rector
Universiti Teknologi MARA (UiTM) Kedah

FROM THE DESK OF THE HEAD OF FACULTY

In this issue, *Accounting Bulletin* presents a collection of short articles covering various topics including cybercrimes, corporate social reporting, management accounting, whistleblowing protection, financial crime and fraudulent reporting. In addition, there are also articles that provides discussions on the latest Accounting Standards on lease and financial instruments, as well as the overview of auditor general in Malaysia.

Accounting Bulletin aims to share current issues and disseminate general knowledge in the accounting field that would be useful for both academicians and practitioners. The articles are standalone introductory pieces of key topic areas that are relevant given the development of the knowledge, applications and challenges faced by accounting profession. This publication could also provide accounting students and researchers a good grounding on a broad range of important non-technical accounting themes, looking at the greater environment beyond the standard technical accounting skills set.

I would like to express my appreciation to all authors who have contributed their articles to this bulletin, and the Editorial Board who has put their effort in the publication of this issue. Also, on behalf of the Faculty of Accountancy, I would like to express my gratitude to the Management of UiTM Kedah for the endless support and encouragement.

Dr Wan Adibah Wan Ismail

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EDITOR'S NOTE

Dear Readers,

Welcome to the second volume of *Accounting Bulletin*. This bulletin is designed to motivate lecturers to share their knowledge by writing short articles. *Accounting Bulletin* is an online platform where lecturers could jot down their ideas, suggestions, knowledge and disseminate them in a constructive, yet more "light and relaxed" approach.

As for the second volume, I am delighted to present the twelve selected short articles authored by the members of the Faculty of Accountancy, UiTM Kedah. I appreciate and thank you for your readership, and the editorial board have worked hard to honour it by providing quality short articles that could feast your eyes, warm your soul and enhance your knowledge. My deepest appreciation goes to all authors for their support.

Finally, if you are on the path to publishing short articles, particularly issues related to the accounting field, I wish you success and hope you consider *Accounting Bulletin* as your platform.

Dr Intan Marzita Saidon

Editor-in-Chief
Accounting Bulletin.

Social reporting disclosure based on Maqasid Al-Shariah

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Corporate Social Responsibility disclosure (CSRD) refers to systematic voluntary disclosure of information related to social activities performed by corporations for the betterment of society and a healthier environment. In return, the companies expect that the voluntary commitment will benefit them to gain higher profit. There is also competitive advantage that companies believe they can enjoy by being socially responsible. The corporations expect that effective communication about social, environmental and economic contribution~~;~~ will give opportunity to strengthen the relationship either with suppliers, customers or employees. However, companies only willingly do so if the potential benefits exceed the estimated costs. Consequently, companies that claim it is too costly do not provide adequate information and give misleading information. Organisations also consider only the salience on shareholders and creditors whilst they ignore the other stakeholders such as the community, employees and government in providing information. As such, the reporting should be more holistic and transparent.

Islamic accounting provides information to enable users to ensure that Islamic organisations abide by the principles of Shariah or Islamic Law in their dealings while conventional accounting only provides informed decisions to efficiently use scarce resources to the most efficient users. The concept of CSRD in financial statements of Islamic Business Organsisations (IBO) should be included but with a somewhat different set of requirement from the conventional western format. The Islamic concept of religion where Islam is al-din (religion) with a complete way of life and its values are universal (shumul) in character, transgressing across geographical, racial and linguistic differences, and catering for all the fields of human existence in all phase of life. In other words, to qualify as Muslim, the fulfilment of God’s community and individual rights, based on principles of the Shari’ah, must be observed. The assessment process may have to be relooked such that instead of applying Islamic principles to existing business practices, the original intent of the Shari’ah as it applies to the whole spectrum of Muslim life needs to be explored.

Islam constitutes two fundamental concepts namely faith (iman) and actions (a’mal) which are interrelated and support each other. Iman and a’mal must be integrated in seeking the pleasure of Allah. A Muslim as vicegerent of Allah needs to not only fulfil the obligations to his Lord but also be responsible to fellow beings (man and other creatures). Islam requires all business activities to be conducted in accordance to the Islamic law (Shariah). Therefore, the Shariah framework would be the answer in developing Islamic Corporate Social Reporting Disclosure (ICSRD) or Islamic Social Reporting (ISR) as it is the most comprehensive. It takes into account the material, moral and spiritual aspects and balances between these factors and forces. It also helps in progressing from a pseudo-value-neutrality towards manifestation of value commitment and value fulfilment as embodied in the Quran and Hadith.delete the full stop (Haniffa & Hudaib, 2010). Islamic Social Reporting (ISR) is needed for the Muslim community with the objectives of demonstrating accountability to Allah and the community and increasing transparency of business activities by providing relevant information in conformance to the spiritual needs of the Muslim decision-makers (Haniffa and Hudaib, 2010).

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What they want, what we give: the mismatch yet to be solved

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The capability of universities in providing quality education which meets the need of the current market has long become a topic of concern among various parties (Botes & Sharma, 2017). For instance, employers were reported to have been looking for graduates who are more agile and fully equipped with relevant, updated work skills and universities were criticized for the failure to supply such graduates (Docherty, 2014). The emerging era of the industrial revolution 4.0 (IR4.0), which brings about various new technologies such as artificial intelligence (AI), augmented/virtual reality, big data, and the Internet of Things in the work-place further widen the expectation gap between employers and universities as a human resource provider.

Results of a recent survey which investigated the readiness of graduates to work in the digital-evolving workplace highlight that most of the graduates feel unprepared to join the IR4.0 workforce and they think, universities may not be doing enough to prepare them for such work environment (Sani, 2019). Previous studies highlight the existence of the expectation gap between the skills of fresh graduates and expectations of employers (Low, Botes, Dela Rue, & Allen, 2016; Marshall, Dombroski, Garner,& Smith, 2010). As for the accounting field, Bloomberg Businessweek reported that based on numerous studies carried out in the United States, United Kingdom, and Europe, accounting would be the most vulnerable occupation in the future (Chang, 2019). It was further explained that low-level accountants and bookkeepers whose main function is recording business transactions are predicted to lose their jobs in the coming decade because of automation. There is enough evidence that justifies the need for universities to make drastic changes to their common traditional approaches to prepare their graduates.

Undoubtedly, universities need to move in tandem with changes in the work environment so that the quality of future graduates is aligned with the needs of future markets. A lot needs to be done by universities to catch up with the current needs of the digitalized work environment. For instance, first, assessment and evaluation of the current study plan of the programmes offered appear to be mandatory. Ideally, programs offered must embed the theoretical and technical knowledge as well as real-world insights so that students, i.e. the future workforce are more ready to face future realism at the workplace. Secondly, the traditional method of teaching where lecturers verbally communicate information to students and students feverishly take notes is no longer a favorite method to be applied in today’s classroom. Student-centered or active teaching approach is preferable because this approach could promote deeper levels of thinking and better facilitate the encoding, storage, and retrieval of information (McGlynn, 2005). Finally, good conducive infrastructures, particularly those related to teaching and learning are needed to ensure that resources could be utilized efficiently. Upgraded classrooms which include features such as tiered seating, customized lighting packages, upgraded desks, and individual student computers are highly needed to support current teaching methods. Previously, it was found that students' achievement was impacted by the physical environment of classrooms (Young, Green, Roehrich-Patrick, Joseph, & Gibson, 2003). Given limited financial resources, perhaps, the most critical challenge facing university leaders nowadays is to develop the capacity for change to meet the current market needs.

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The concept of corporate social responsibility in Islam

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Corporate social responsibility (CSR) in Islam encompasses a broad dimensions that include the concept of Taqwa (God consciousness), by which a corporation as a group of individuals assumes the roles and responsibilities as servants of Allah in all situations (Dusuki, 2008). With taqwa, a person that collectively forms an organisation put effort to achieve the objectives of Shariah and it will guarantee that the people are voluntarily committed to grab the central goals of human welfare. Taqwa model or paradigm is comprehensive and provides values in creating social life. It will also determine the nature of a person's relationship with God, natural environment and other human beings.

As a vicegerent of Allah, all our acts and words must be based on Shari'ah. The Shari`ah, defined as a system of ethics and values covering all aspects of life (e.g., personal, social, political, economic, and intellectual) with its unchanging bearings as well as its major means of adjusting to change, cannot be separated or isolated from Islam's basic beliefs, values, and objectives. In other words, it reflects the holistic view of Islam, which is a complete and integrated code of life encompassing all aspects of life, be it individual or social, both in this world and the Hereafter. For instance, economic or political aspects cannot be isolated from moral and spiritual aspects, and vice versa.

According to Imam al-Ghazzali, the objective of the Shari`ah (Maqasid Shari'ah) is to promote the wellbeing of all mankind, which lies in safeguarding their faith (din), their human self (nafs), their intellect (`aql), their posterity (nasl) and their wealth (mal). Whatever ensures the safeguard of these five serves public interest and is desirable. Al-Shatibi approves of al-Ghazzali's list and sequence, thereby indicating that they are the most preferable in terms of their harmony with the Shari`ah's essence.

Generally, the Shari`ah is predicated on benefiting the individual and the community, and its laws are designed to protect these benefits and facilitate the improvement and perfection of human life in this world. This perfection corresponds to the purposes of the Hereafter. In other words, each of its five worldly purposes (viz., preserving faith, life, posterity, intellect, and wealth) is meant to serve the single religious purpose of the Hereafter. The Shari`ah's uppermost objectives rest within the concepts of compassion and guidance, which seek to establish justice, eliminate prejudice, and alleviate hardship by promoting cooperation and mutual support within the family and society at large. Both of these concepts are manifested by realizing the public interest that Islamic scholars have generally considered to be the Shariah’s all-pervasive value and objective that is, for all intents and purposes, synonymous with compassion. Maslahah sometimes connotes the same meaning as maqasid, and scholars have used these two terms almost interchangeably.

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Protection for whistleblowers: based on the Whistleblower Protection Act 2010 (Act711)

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Whistleblowing is considered as one of the best ways to discover corruption and other organizational misconducts. In western countries like U.S, around 46% of fraud cases were discovered due to whistleblowers (Wan Jan,2017). Whistleblowing is defined as "the disclosure by organization members of an employer's illegal, immoral, or illegitimate practices that are under control of their employers to persons or organizations who may be able to effect action" (Near & Miceli, 1985, p. 4). Therefore, whistleblowers are persons who are aware of such practices and internally report the practices to upper management or externally disclose the practices to regulators or media (Moy, 2018).

Despite the effectiveness in revealing misconducts in organizations, it is also important to note the negative consequences faced by whistleblowers. They may be subject to retaliation such as intimidation, harassment, dismissal or violence by their fellow colleagues or superiors. As a result, providing protection to whistleblowers is an essential policy that need to be implemented. In Malaysia, the Whistleblower Protection Act 2010 governs the legal aspects in giving protection to whistleblowers.

Nevertheless, the Malaysian whistleblowing law (Whistleblower Protection Act 2010) has been extremely criticised due to several weaknesses, particularly in relation to the three main areas i.e. protection for whistleblowers, independence of the Act and whistleblowing mechanism (Leong, 2017; Wan Jan, 2017). Of these areas, protections for whistleblower is the most debatable topic among academicians and professionals.

Under the Act 2010, whistleblowers who expose corrupt practices in public and private sectors are promised confidentiality and immunity from criminal and civil charges. Meaning that, their identity and reports provided will be confidentially kept and they are safeguarded from any civil, criminal or disciplinary action due to their decision to whistleblow. However, Leong (2017) and Wan Jan (2017) argue that protections for whistleblowers is only conferred to whistleblowers who disclose the wrongdoings to the enforcement agency. Thus, those who whistleblow to a non-enforcement agency will not be protected. Hence, Wan Jan (2017) suggests that whistleblowers should also be protected if they whistleblow to third parties such as lawyers, employers or civil society. He argued that, considering the immense level of stress faced by the whistleblowers, they may be more comfortable to report things to their lawyers compared to a public authority. In addition, current protection appears to be in contrary to whistleblower protection practices in other countries. In other countries, whistleblowers are free to report the misconduct in the public domain as long as the reporting is done based on good faith.

Most importantly, the protections for whistleblowers based on our Whistleblower Protection Act 2010 (Act 711) is not enough to encourage whistleblowing actions (Loi, 2019). In fact, the OECD 2009 Anti-Bribery Recommendation urges that countries must ensure appropriate measures are in place to protect whistleblowers especially from discriminatory or disciplinary actions and thus, will create public trust in the government (Loi, 2019).

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Fraudulent financial reporting in a nutshell

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Fraudulent financial reporting can be defined as the intentional misrepresentation of a firm's financial statements with the aim to give investors a mistaken impression about the firm's operating performance and profitability. From the review of previous literature~~s~~, among the earliest definition of fraudulent financial reporting was defined by Elliot and Willingham (1980). According to them, fraudulent financial reporting is a deliberate fraud committed by management that injures investors and creditors through misleading financial statement. Approximately thirty decades later, Association of Certified Fraud Examiners (ACFE) (2008) described fraudulent financial reporting as "the intentional misstatement or omission of material information from the organization's financial reports whereby fraudulent financial reporting cases often involve the reporting of fictitious revenues or the concealment of expenses or liabilities in order to make an organization appear more profitable than it really is. (p. 10)

In practice, fraudulent financial reporting is predominantly committed through distorting financial statements, for instance, overstating assets, sales and profit, or understating liabilities, expenses, or losses. The occurrence of fraudulent financial reporting could be attributable to personal incentives, pressures from the market, lack of ethics, deliberate compliance with the projections of financial analysts and attempts to affect the price of stock. Fraudulent financial reporting often starts with a small misstatement (Beasley, Carcello, & Hermanson, 1999) or earnings management (Ball, 2009) of quarterly financial reports that is presumed not to be material but eventually grows into full-blown fraud and yielding materially misleading annual financial statements.

Fraudulent financial reporting is a global phenomenon (Albrecht & Albrecht, 2002). It has enticed attention of the business and financial community, regulatory bodies and the public because of the significant consequences it may have on the organization and also on the public confidence in capital markets. Among the consequences are: -

1. It makes the capital market less efficient.
2. It threatens the integrity and objectivity of the auditing profession, especially auditors and auditing firms.
3. It undermines the quality and integrity of the financial reporting process.
4. It tapers the confidence of the capital markets, as well as market participants in the reliability of financial information.

5. It ends the careers of individuals involved in fraudulent financial reporting.
6. It causes destructions in the normal operations of the fraudulent company.
7. It gives rise to bankruptcy of the alleged company.
8. It results in huge litigation costs.
9. It encourages undue regulatory intervention.
10. It unfavourably affects the nation's economic growth and prosperity.

In history, among the most recalled fraudulent cases in the USA are Enron, Xerox, HealthSouth, Global Crossing, and WorldCom (Frieswick, 2003). In Europe, companies such as Parmalat, Adecco International, Ahold NV and Vivendi Universal are among the companies that were involved in fraudulent financial reporting. Finally, Malaysia is of no exclusion with the first case which arose in 1995 involving Ganad Corporation Bhd. Most fraudulent financial reporting cases in Malaysia were committed between 2000 and 2004 and the latest one occurred in 2011 involving Silver Bird Group Bhd. These periodic notoriety cases of fraudulent financial reporting raise concerns about the credibility of the financial reporting process and call into question the roles of auditors, regulators, and analysts in financial reporting.

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Women and ethnic minorities on boards

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Worldwide, it is argued that women face a glass ceiling when it comes to holding top corporate officer position. This is because they hold so few officer positions, and hold few board seats. According to Marthur-Helm (2006), a glass ceiling means the failure of women and other minority groups in climbing up the corporate ladder, despite seeing the top jobs, they are still not reaching them due to discriminatory barriers. Whilst, Hacker (1951) stated that a minority group is any group of people who because of their physical or cultural characteristics are singled out from the others in the society in which they live for differential and unequal treatment and who therefore regard themselves as objects of collective discrimination. For instance, in Japan, women comprise less than 1% of average board, whereby in Malaysia, in average, there are about 4.2% women on boards. Surprisingly, there were no women on boardroom was found in Morocco (Governance Metrics International, 2009). In United States, Adams and Ferreira (2007) found that women only held 13.6% of Fortune 500 board seats in 2003. Furthermore, Bourez (2005) claimed that many firms have only one female director that can be regarded as evidence of tokenism.

The biggest corporate scandals such as Enron and WorldCom have turned public attention to the composition of corporate boards of directors who are responsible for firm governance (Singh, Terjesen and Vinnicombe, 2008). This situation is likely to change because boards around the world are under increasing pressure to choose female directors. The extreme promotion of gender diversity occurs in Norway whereby all listed companies must abide by a 40% gender quota for female directors or else, they will face delisting (Adams & Ferreira., 2007).

According to Randoy, Thomsen and Oxelheim (2006), there are five types of diversity. First, the employee representation on boards. For example, in Norway, employees have the right to elect 1/3 of the directors if their firms have more than two hundred employees. Employee’s representation adds both to the size and to the diversity of boards. Second, the female board members. By referring to the 448 Scandinavian firms, 14.5% of the board members are women and shareholders elect most of them. Hence, the ratio of female to male board member is roughly 1:7, which is a significant deviation from equality, or 1:1. Third diversity is foreign board members. The fraction of foreign board members that is 8.4% is relatively low, particularly given that most of the public listed firms in Scandinavia do most of their business internationally and having foreign employees. Fourth, in term of age diversity. A survey conducted among Scandinavian firms revealed that the average board member in a listed firm was 53.9 years old, while the typical Chair was a few years older. A study by Singh and Vinnicombe (2003) found a strong significant difference between gender and age. Lastly, the board positions of CEO and Chairs. The average number of board positions in other listed companies held by the Chair and the CEO are quite limited: 1:1 for the Chair and 1:3 for the CEO. The maximum number of positions is seven for both categories.

Adams and Ferreira (2007) further argued that diversity could enhance board effectiveness by tapping broader talent pools for their directors. Nevertheless, it is still unclear whether adding female directors will enhance the board effectiveness. Does the gender diversity affect corporate performance? This is because if female directors were chosen merely because of tokenism, their impact is likely to be minimal. Besides, there are two concerns raised. Do boards with greater gender diversity look different? If yes, does diversity lead them to perform differently in terms of governance? Hence, further investigation is required to solve the concerns.

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MFRS 9 financial instruments: classification and measurement of financial assets

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MFRS 9 is equivalent to IFRS 9 Financial Instruments as issued by IASB in July 2014. MFRS 9 replaced MFRS 139 Financial Instruments: Recognition and Measurement from 1 January 2018 to improve accounting for financial instruments. Among significant changes in the MFRS 9 relate~~s~~ to the classification and measurement of financial assets.

The new classification and measurement of MFRS 9, adopted an entirely new principal-based approach to classify and measure financial assets. If the financial assets are debt instrument they are classified on the basis of the business model within which they are held and their contractual cash flows characteristics. MFRS 9 permits financial assets to be classified as:

a. Financial assets at ***amortised cost*** if the objective of the entity's business model is to hold the financial assets in order to collect its contractual cash flows and the contractual cash flows represent solely payment of principal and interest.

b. Financial assets at ***fair value through other comprehensive income (FVTOCI)*** if the business model of the entity is achieved by both collecting contractual cash flows (solely payment of principal and interest) and selling the financial assets.

c. Financial asset at fair ***value through profit or loss (FVTPL)*** for all other financial assets (including equity instrument and derivative).

An entity can elect to classify a financial asset at FVTPL if doing so will reduce or eliminate a measurement or recognition inconsistency (accounting mismatch). Financial assets related to equity instrument are always measured at fair value and those that are held for trading are required to be measured at FVTPL. For other equity instruments, an entity can make an irrevocable election on initial recognition to measure its equity instruments at FVTOCI. When an entity changes its business model for managing financial assets it shall reclassify all affected financial assets.

Initially all financial assets except for trade receivable (measured at amortised cost) shall be measured at its fair value plus or minus, transaction costs that are directly attributable to the acquisition of the financial assets. This means that transaction costs are excluded from initial measurement of financial asset measured at fair value. Transaction costs will be recognised as expenses in the statement of profit or loss. After initial recognition, an entity shall measure its financial assets based on their classification whether at amortised cost, FVTOCI or FVTPL. If financial assets are classified as amortised cost and FVTOCI, an entity shall apply the impairment requirement that requires recognition of loss allowance for expected credit losses.

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Benefits and limitations of variance analysis in management accounting

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Adequate planning, monitoring and controlling of various activities in meeting organization objectives and goals are essential. One of the tools that could be used by management to monitor and control all activities at the operational level is by applying variance analysis. Referring to CIMA Official Terminology 2005, variance is the evaluation of performance by means of variances, whose timely reporting should maximise the opportunity for managerial action (Edwards-Nutton & Technical Information Services, 2008). In other words, variance analysis is the difference between the actual and budgeted data.

Balakrishnan and Sprinkle (2002) reported that variance analysis can be used as part of a framework to improve managerial information and decision making. Recently, a survey conducted on 154 senior finance executives at Fortune 500 companies revealed that on average the respondents rated the importance of variance analysis at 8.7 on a 10 point scale (Conine & McDonald, 2018). Fowler (2011) and Tan, Fowler and Hawkes (2004) reported that variance analysis ranks consistently higher in importance to practitioners than to educators and that its practical importance had increased between 2001 and 2010. These findings indicate that variance analysis is a valuable tool in business review for meeting the objectives and goals.

There are several benefits of implementing variance analysis in the business organisation. Implementation of variance analysis could assist cost control at the operation activities. It allows cost control by comparing actual and budgeted figures. The difference from expectations should be investigated and interpreted as to why the variance occurred. In addition, the result from the investigation of variances facilitates corrective action or problem solving for issues that occurred in the organisation. Management could focus on important issues that need to be given attention. On top of that, variance analysis could be used as a performance evaluation tool. It is a systematic process that assesses an individual's performance and productivity in relation to achievement of target objectives or goals that has been set before. Lastly, the feedback from variance analysis will be important input for preparing the future budget. The effective variance analysis can assist the management in predicting patterns, trends and issues that should be considered in planning.

Despite the benefits of variance analysis, there are several limitations related to it. Time factor is the most common issue that has been highlighted. The variances are normally compiled at the end of the month where the actual data is derived. However, the management needs earlier feedback especially if it relates to production line. Furthermore, in a modern business, standard quickly becomes out of date and this of course will lead to a misleading comparison. Next is the cost benefit of getting the information. The process of preparing the variance analysis is tedious and costly. In addition, some variances such as overhead variances are complex and difficult to elaborate to managers and this will only contribute to an ineffective and inefficient control purpose. Lastly, the variance analysis report is normally presented to superiors and sometimes it is not passed to the problem solving team.

In summary, variance analysis is one of the important tools that can be applied by the practitioner to analyse and monitor the performance of the company. Effective variance analysis can assist a company to identify trends and opportunities to further probe in order to find solutions for corrective action in the future.

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New lease accounting standard for lessee: are academia ready?

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The purpose of this article is to summarise the accounting for lease in lessee's books under new standard for lease. A lease refers to an agreement whereby the legal owner of an asset (lessor) conveys to the user of the asset (lessee) the right to use an asset for a period of time in exchange for consideration. MFRS16 *Leases* was issued by Malaysian Accounting Standards Board (MASB) in April 2016 to prescribe the principles for the recognition, measurement, presentation and disclosure of leases.

The previous standard of MFRS117 *Leases* required lessees to apply a "right and rewards" model whereas MFRS16 required lessees to use a "right of use asset" account to account for lease. According to MFRS117, lessee has to determine whether a lease is a finance lease or an operating lease and this will depend on the substance of the transaction rather than a legal form.

According to MFRS16, there is no classification of leases by lessee because the new standard removes the distinction between a finance lease and an operating lease in the financial statements of lessees. At the commencement date, a lessee has to recognize a right-of-use asset and a lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee may choose not to apply the recognition and measurement of right-use-asset and liability to short term leases where the lease term is 12 months or less and to the low value leases where the leased asset has a low value when new. The amount of lease payments paid for these two types of leases are to be recognised as an expense in the statement of profit and loss.

Lessee has to measure a right-of-use asset at cost. The cost comprises the amount of the lease liability plus any lease payments made before the commencement date less any lease incentive received and then plus any initial direct cost incurred by the lessee and any costs which lessee will incur for removing the underlying asset or restoring the site at the end of the lease term. The lease liability shall be measured by lessee at the present value of the lease payments over the lease term, discounted at the rate implicit in the lease or at their incremental borrowing rate.

After lease commencement:

a. The right-of-use asset should be depreciated over the shorter of asset useful life and the lease term. If at the end of lease term, the lease transfers ownership of the underlying asset to the lessee, the right-of-use asset is depreciated over the useful life of the asset.

b. The carrying amount of the lease liability is increased by interest expenses on the outstanding liability and reduced by the lease payments made.

c. A lessee shall measure the right-of-use asset using a cost model that is at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability specify in paragraph 36(c) of MFRS16 unless : (a) a lessee choose to apply fair value model to its right-of-use assets that meet the definition on investment property and (b) a lessee choose to apply revaluation model to its right-of-use assets that is classified as MFRS116 *Property, Plant and Equipment.*

In the statement of financial position of lessee, right-of-use asset to be presented under non-current assets and lease liabilities should be divided between non-current and current liabilities.

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Cybercrime

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Cybercrime has been an issue which impacts the lives of many people around the world. Cybercrime is a crime which, a) is directed at computers or other devices (for instance, computer hacking), and b) where computers or other devices are integral to the offence (for instance, identity theft, online fraud, and the distribution of child exploitation material) (Australian Cyber Security Centre, 2016). Some of the most typical types of cybercrime include online scams and fraud, hacking, identity theft, attacks on computer systems, as well as prohibited and illegal online content. Cybercrime is illegal because its effects can be extremely upsetting for victims, and may go way beyond merely being due to financial reasons. The crime may cause its victims to find themselves being powerless as the result of their privacy being violated. As the modern economic reliance on technology grows, the cost and incidence of cybercrime is expected to increase in many parts of the world.

In lack of a single universal definition, law enforcement has generally made a distinction between two main types of cybercrime. First, the advanced cybercrime, which consists of sophisticated attacks against computer hardware and software; and second, the cyber-enabled crimes, in which many traditional crimes such as financial crimes, crime against children, and even street crimes, which have taken a new turn with the advent of the Internet. The recent decades have seen new trends in cybercrime emerging all the time, resulting in an estimated cost of billions of ringgit to the global economy. Unlike in the past, where cybercrime was committed mainly by individuals or small groups, nowadays, the economies are facing highly complex cybercriminal networks which gather individuals from across the world in real time to commit crimes on an unprecedented scale (Interpol, 2016). Such a situation invites criminal organisations to increasingly turn to the Internet to accommodate their malfeasant activities and thus, maximise their illegal profit in the shortest time. The crimes themselves are not necessarily new. They could be fraud, illegal gambling, theft, or sale of fake medicines, yet they are evolving together with the increasing opportunities facilitated online and for such reasons, are becoming more widespread and damaging.

Here are three simple tips on how to prevent being a cybercrime victim (Stop Think Connect, 2019):

1) Maintain a clean machine by always updating the software and operating system on computers and mobile devices;

2) When in doubt about an attachment or a link, stop and think before acting. Links in email, instant message, and online posts are common ways for cybercriminals to attack computers.

3) Use stronger authentication especially for accounts with sensitive information like emails or bank accounts.

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Cost of Corporate Financial Crime

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Corporate financial crimes, for instance, economic exploitation, fraud, and tax evasion, to name a few, bring serious consequences for the society and citizenry because, through these crimes, companies violate the revenue code of the law, and hence, are allowed to raise their profits, reduce their tax payments, and even underpay their employees. Three main costs that can be associated with corporate financial crime~~,~~ are the direct financial costs, physical costs, and damage to society’s moral values (McKendall, 1990). Direct financial costs are the most obvious costs of corporate financial crime. In the United States alone, for instance, corporate financial crime costs the country not less than USD200 to USD600 billion annually, more than any other crimes put together (Hartley, 2008). That is only moneywise, and it is already known that there are other consequences such crimes bring beyond the monetary numbers. The average fraud loss suffered by a company in Malaysia was estimated to be RM7.7 million per year by PricewaterhouseCoopers (2009) with 6000 cases reported yearly (Clarence, 2005).

The physical costs also have been enormous, with dangerous workplaces, polluted environments, unsafe goods and services that caused severe injuries, illnesses and fatalities. The crime has led to loss in market confidence, causing scarce resources for the media as organisations attempt to refrain from giving too much or higher disclosure of information. This in turn has led to a huge space for speculations in the market, leading finally to a decrease of capital (Sliter, 2007). The effects go on as the crime risks the business’ reputation with regulators and law enforcement. This is because in the current era, the regulations and law enforcement are being pushed into combatting offenders, through great investigation, prosecutions and verdicts. Corporate financial criminals are expected to be treated no less than the other crime offenders. Corporate financial crime would also affect a company’s relationship with shareholders. As a result of advanced technology, the new economy has become globalised to the extent that the capital market has become so efficient that it accommodates shareholders from anywhere around the world. These shareholders, who are rapidly seeking out strong investments, could shift their investments away at any time when they lose their confidence in their investments.

The final category of corporate financial crime costs refers to the moral-based society. Corrupted governments, subversive public interests, decline in public confidence, and undermining of social institutions indicate the gradual worsening of social and moral values. Social and moral costs have not been empirically established as they are not so obvious, but their impact to the society is perhaps the most harmful. Thus, organisations should maintain a good reputation by staying away from any corporate malfeasance, such as corporate financial crime, as the costs of such crime could be extremely severe.

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Auditor General of Malaysia

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The Head of National Audit Department is known as Auditor General of Malaysia. According to Section 3 of Audit Act 1957, the Auditor General is a general public service officer of the Federation and the law in force relating to the public service of the Federation shall apply to him. Whilst, as specified in Section 2 of the same act, the Auditor General is responsible for the auditing of the accounts of government agencies in the Federation and States, including other public authorities and specified bodies. This role is important for enhancing public accountability.

Pursuant to Article 105 of the Federal Constitution, the Auditor General is appointed by the Yang DiPertuan Agong (YDPA) on the advice of the Prime Minister after consultation with the Conference of Rulers. The latest Auditor General of Malaysia is YBhg. Dato' Nik Azman Bin Nik Abdul Majid. The Auditor General is eligible for reappointment upon resignation. However, he is not eligible to hold any other positions in the service of Federal or State level. Article 105 also states that the Auditor General may at any time resign his office but shall not be removed from office.

Under the Audit Act, the Auditor General has full control over the performance of his duties. The duties of Auditor General are stipulated under Article 106 of Federal Constitution, which stated that the accounts of Federation and States shall be audited and reported on by the Auditor General. These duties are being supported and explained in Section 5 (1) of Audit Act 1957.

There are five types of accounts be the duty of Auditor General to examine, inquire into and audit. The major accounts are the accounts of Federal Government and States Government. Followed by the accounts of special funds as established under Article 97(3) of Federal Constitution. Then, the accounts of any public authority or body if requested by that public authority and with the consent of Minister of Finance be the duty of the Auditor General to examine, inquire into and audit. Next, the accounts of any other body including a company registered under the Companies Act 1965. Lastly, the accounts of any other public authority that in the interest of the public and required by the Minister of Finance for the Auditor General to examine, inquire into and audit.

In carrying out his duties, the Auditor General must keep as a secret all information obtained during the course of the audit. Section 8(3) of the Audit Act 1957 expresses that neither the Auditor General nor any other person shall divulge or communicate any information which has come to his knowledge directly or indirectly, except in the course of duty to another person performing duties under this act.

Upon completion of his examination and audit, Article 107 of the Federal Constitution and Section 9 of the Audit Act 1957 require the Auditor General to prepare a report and submit to YDPA. The report shall be tabled in the House of Representatives. The objective of the audit report of the financial statements is to express an opinion as to whether the Federal Government Financial Statements reflects the true and fair financial position as well accounting records about it have been kept in good repair and updated.

The Auditor General duties and responsibilities, nature of work, powers and preparation of audit report are mandated by the provisions of Federal Constitution, Audit Act 1957 and Auditor General Circulars.

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