

INTERNATIONAL ACCOUNTING  
STANDARD 17

"PROBLEMS IN IMPLEMENTATION  
AND SUGGESTED  
SOLUTIONS IN SOLVING IT"

A Paper Submitted to the  
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By: Mohd Zulkifli Mokhtar

Student No: 8413-4834

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Advisor: Joanne Ong

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The expansion in the volume of leasing transactions over the last few years and the development of a new class of lease for larger assets over longer periods, has made leasing a major source of industrial finance in Malaysia. These developments have not been matched by changes in accounting methods necessary to give an adequate treatment to a new form of leasing transactions which has developed. Thus in order to cope with these developments, International Accounting Standard 17 - 'Accounting for Leases' was issued in September 1982 by the Malaysian Association of Certified Public Accountants [MACPA]. But due to comments and controversies occurred from the introduction of IAS 17, the MACPA in a memorandum dated December 16 1985, reissued IAS 17 as a Malaysian Exposure Draft [ED] and extended the exposure period to another six months to solicit comments relating to the provision in the standard.

The proposed standard is expected to be applied for financial statements for accounting period commencing on or after January 1 1987. Modifications to the exposure draft may, however be made in the light of comments received by May 31 1986. Should the standard be adopted, the MACPA has approved a four year transition period from the effective date of the standard.<sup>1</sup>

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Jimi Nghoh. Accounting Standards Reaches New Heights. The Star. February 20, 1986. p. 30.

This research paper hopefully will be a contribution to the discussion where it includes comments and controversies that create problems to the lessors and lessees by the implementation of the IAS 17. Also it includes suggested solutions in order to overcome the problems encountered which are analysed and compiled by the researcher from suggestions and recommendations received from persons that have knowledge or experience in leasing.