

Abstract

Malaysia currently released its standard on retirement benefits, MASB 29 which will be effective on January 1st, 2003. Recent Enron scandal involving dubious employee benefits schemes has made a new wake up call on auditors and related to how companies disclose their retirement benefits. This study provide insights to practise of retirement benefits by Kuala Lumpur Stock Exchange (KLSE) Composite Index companies prior to MASB 29. In addition, this study looks into the readiness of Malaysian companies of IAS 19 (the former Malaysian approved accounting standard) which would provide early signal of Malaysian companies' awareness on retirement benefits disclosure since there is no material difference between those two standards. Results using KLSE composite index companies show that disclosures of retirement benefits in Malaysia are still inadequate with current requirements of MASB 29 or IAS 19. Retirement benefits are normally a Defined Benefits (DB) or a Defined Contributions (DC). Most of the companies with a DB plan were under funded, thus raise the question of how these companies would finance its plan in near future since it involve future cash flow.