

TO STUDY THE VIABILITY OF ACCOUNTS RECEIVABLE AT CTRM
AERO COMPOSITE, MALACCA.

SITI FATIMAH BINTI A. RAUB

2009746531

Submitted in Partial Fulfillment
of the Requirement for the
Bachelor of Business Administration
(Hons) Finance

FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
MELAKA

2012

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY BUSINESS ADMINISTRATION
UNIVERSITI TEKNOLOGI MARA
KAMPUS BANDARAYA, MELAKA**

“DECLARATION OF ORIGINAL WORK”

I, Siti Fatimah binti A. Raub, (I/C No: 880130-06-5784)

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees
- This project paper is the result of my independent work and investigation, except where otherwise stated
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledgement.

Signature: _____

Date: _____

LETTER OF SUBMISSION

January, 2012

The Head of Program
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
Universiti Teknologi MARA
110, Off Jalan Hang Tuah,
75300, MELAKA

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled **“TO STUDY THE VIABILITY OF ACCOUNTS RECEIVABLE AT CTRM AERO COMPOSITES, MALACCA”** to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank You

Yours sincerely,

SITI FATIMAH BINTI A.RAUB

2009746531

Bachelor of Business Administration (Hons) Finance

ABSTRACT

TO STUDY VIABILITY OF ACCOUNT RECEIVABLE AT CTRM AERO COMPOSITES, MALACCA.

By:

Siti Fatimah binti A.Raub

BBA (Hons) Finance

Universiti Teknologi MARA,

Kampus Bandaraya Melaka

CTRM Aero Composites Sdn Bhd, Batu Berendam, Melaka (CTRM AC) was incorporated on 16th August 1994. CTRM Aero Composites is the 15th largest composites airframe supplier for Airbus UK. This company obtained their material sources such as glass fiber, carbon fiber, and AGS composites mainly from suppliers in Europe and US. Therefore, CTRM Aero Composites are using multi currencies transaction in their business and it's important to realize the role that currencies play in the performance of company' business. The aim of this paper is to study on how to Finance Department of CTRM Aero Composites Sdn Bhd (CTRM AC) manage their account receivable. This paper considered the effect of credit policy on CTRM Aero Composite collection. Credit policy from this perceptive was view from the angle of controlling or regulating credit sales. The study looked into the problems of non-monitoring and the non-review of credit policy of organization as a cause of the liquidity problems, associated with credit sales. The methods use to complete the research are through primary sources of interviewing and observation in Finance Department staff as well as through secondary sources by reading of articles, journals and books related to the research. The result of the study shows the gap

between the best practices on managing the account receivable with the current practice by Finance Department of CTRM AC. The result shows that there exist gap between procedures on managing account receivable current practice since the company do not referred to credit and collection policy on managing account receivable by the company. As a conclusion, there is no proper written credit and collection policy or procedures in managing account receivable effect on company collection and liquidity. This study recommends the change of current credit policy and use factoring account receivable to improve their collection and liquidity.