SALVAGE OF AN ABANDONED DEVELOPMENT PROJECT

AND A CASE STUDY

PROJECT PAPER SUBMITTED TO SCHOOL OF ACCOUNTANCY

IN PARTIAL FULFILLMENT OF ADV. DIPLOMA IN ACCOUNTANCY

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PREFACE

This Research Paper has been conducted specifically to analyse on the **Abandoned Development Projects** and the implementation of salvage plans for the project. This research paper emphasises the role of an Accountant and his contribution towards this project by analysing the failure by project audit and monitoring the performance of the plan through project cash flow and other financial related tools.

This Paper attempts to study an abandoned development project, identify the problems and weaknesses concentrating on financial problems and formulate solutions in salvaging the referred project.

It is hoped that that this Paper will provide an insight on how the abandoned development projects can be salvaged and precautions to be taken by developers to avoid this financial disaster.

This Paper and case study was done by the writer as part fulfillment of her Advanced Diploma In Accountancy Course. For the past 6 months the writer had the opportunity in assisting the Executive Director of **Bumi-Danar Sdn. Bhd.** who led the team directly involved in salvaging abandoned project.

The information disclosed are strictly for study purposes.

CHAPTER 1

1.0 EXECUTIVE SUMMARY

INTRODUCTION

It is common knowledge that during the recession and economic slowdown, banks have been burdened by large write-offs and cumpulsory provisions arising from non-performing loans granted to property developers. Besides abandoned projects, banks also suffer non-performing mortgage loans where the security collateral arrangement on landed properties of various categories and types are connected to development projects.

Due to the state of affairs, Bank Negara Malaysia (BNM) had introduce a special fund, The **Tabung Pemulihan Projek Terbengkalai (TPPT)** or **Abandoned Housing Project Fund (AHPF)** to finance Ailing/Abandoned Development type of projects.

With regards to this, **Bumi-Danar Sdn. Bhd. (BDSB)**, a wholly-owned Bumiputra Company together with its Specialist Consultants comprising of Economists, Financial Specialist, Engineering and Technical Consultants, etc came out with a proposal to salvage abandoned development projects on behalf of banks after studying the market feasibility of