

UNIVERSITI TEKNOLOGI MARA

**THE PREPAREDNESS OF THE ACCOUNTANTS
FROM THE MALAYSIAN ACCOUNTANT
GENERAL'S DEPARTMENT IN MOVING
TOWARDS ACCRUALS ACCOUNTING**

MUHAMMAD IQBAL BIN MOHAMED AZHARI

Dissertation submitted in partial fulfillment
of the requirements for the degree of
Master of Accountancy


Faculty of Accountancy

August 2013

CANDIDATE'S DECLARATION

I hereby certify that the work in this dissertation was carried out in accordance with the regulation of Universiti Teknologi MARA. It is my own work and effort unless otherwise stated acknowledged as referenced work. This topic has not been submitted in any previous application for a higher degree.

Name of candidate : Muhammad Iqbal Bin Mohamed Azhari
Candidate's ID NO : 2011313799
Programme : Master of Accountancy (AC770)
Dissertation Title : The Preparedness of the Accountants from the Malaysian
Accountants Department in Moving Towards Accruals
Accounting

Signature of Candidate : 

Date : August 2013

ABSTRACT

The move from cash to accruals accounting in public sector was initially made by the Malaysian government in year 2011. When the government made the announcement, it gives a huge shock to the preparers of the governmental financial reporting. It is believed that by the year 2015, all public sectors in Malaysia would fully adopt the accruals accounting system. The time to prepare for the implementation process is short compared to other countries that have successfully implemented the accruals accounting in their public sector. This study is made to examine the preparedness of accountants in implementing the accruals accounting. The Lüder's Contingency Model was constructed to explain the contributing factors that lead to the accounting innovation in governmental accounting system. The Model was used in this study to identify the implementation barriers that will slow down the implementation process. As identified in the Model, factors such as the qualified accountants are one of the implementation barriers. Thus, the result of this study shows that the accountant's attitude and the amount of training provided to the accountant is positively influence their preparedness in implementing accruals accounting. Even though the results show that the accountants' attitude are positive towards preparing for the implementation of accruals accounting, but there are concerns over the implementation of accruals accounting in public sector. Most of the accountants are highly concern on the employees' lack of knowledge. This shows that there is still a long way before Malaysia public sector successfully adopts the accrual accounting system.

ACKNOWLEDGMENT

In The Name of Allah, The Most Gracious And The Most Merciful

First and foremost, praise to Allah for His Mercy because giving me strength, courage, commitment and time to complete this dissertation successfully.

I would like to express my deepest gratitude to my supervisor, Assoc. Prof. Dr. Nafsiah Mohamed, for her excellent guidance, caring, patience and providing me with full support and ideas when doing this research. It is a great opportunity to have her as my supervisor especially when I have difficulties in writing the dissertation.

I also would like to thank my entire friend whose always be kind and supportive to me when completing the dissertation.

To my family, a special thank to my parents and my siblings for their support and encouraging me with their best wishes.

TABLE OF CONTENTS

CANDIDATE’S DECLARATION	i
ABSTRACT	ii
ACKNOWLEDGEMENT	iii
TABLE OF CONTENTS	iv
LIST OF TABLES	vii
LIST OF FIGURES	viii
LIST OF ABBREVIATIONS	ix
CHAPTER 1: INTRODUCTION	1
1.1 Background of Study.....	1
1.2 Problem Statement	2
1.3 Research Objectives	4
1.4 Research Questions	5
1.5 Significant of Study.....	5
1.6 Conclusion.....	6
CHAPTER 2: LITERATURE REVIEW	8
2.1 Introduction	8
2.2 Cash Accounting Versus Accruals Accounting	9
2.3 The Development of Accruals Accounting In Public Sector	10
2.4 Implementation Barriers	14
2.4.1 Attitude Towards Change of Accounting System	15
2.4.2 Training on Accruals Accounting	17
2.5 Preparedness In Implementing Accruals Accounting In Public Sector	19
2.6 Research Framework.....	19
2.7 Conclusion.....	21