

**CRITICAL ANALYSIS ON MALAYAN RAILWAY**

**ANNUAL REPORT**

A Paper Submitted to the  
School of Accountancy, Institut Teknologi MARA  
In Partial Fulfillment of the Requirements for  
Advanced Diploma In Accountancy.

Date: 19th May, 1985

By: Sulaiman bin Ahmad

ITM. I/C. No.83362207

For: Acc 555

Attachment.

Advisor: Mr. Mathias.

## ACKNOWLEDGEMENT

I wish to record my gratefulness to:

Mr. Mathias, my Supervisor for his advise and guide to accomplish this report.

Mr. Sen Sai Kian, my Supervisor during the practical training who helped me alot in building my career.

Mr. Aurenz Zeb, Pegawai Kerja Akaun Kanan K.T.M. and Che Gayah bte Hj. Shahid, Juru Odit (Luar) Bahagian Keretapi for spending their time in the interview.

Puan Salmah, KTM librarian for giving me permission to use the library and obtain useful information.

Puan Sapiah bte Zakaria who patiently helped to type this paper.

And last but not least to my wife, my sons, Abdul Halim and Abdul Hadi and all my friends who give great encouragement to me to persue my course.

I thank you for what you have done.

## PREFACE

### a) OBJECTIVE

This paper is intended to analyse, criticise and proposed a new format on presentation of financial statements and highlight the use of International Accounting Standards.

This particular subject has been chosen for research because there is a need for a change in presentation of Malayan Railway financial statements from conventional to the current way of presentation. It is felt that with the recent policy of the Government to privatise some of its public services and where Malayan Railway is one of the target, I believed that this paper can be a help to the Malayan Railway. Other reasons will be explained in the Chapter 3.

### b) APPROACH TO THE STUDY

The principle work includes:-

- a) A study on the presentation of Malayan Railway Annual Report and comparing it with:-
  - i) Other company annual report in the same activity i.e. transportation.
  - ii) Other countries annual report on railway industry.
  - iii) Other government agency annual report.
- b) The above study is based on the requirement of I.A.S. and Company's Act.

## TABLE OF CONTENTS

	<u>PAGE</u>
Acknowledgements	(iii)
Preface	(iv)
List of Appendices	(vii)
CHAPTER 1.0 Introduction	1
1.1 Brief History of Malayan Railway	
1.2 The Constitution of the Malayan Railway and its relation with the government.	
1.3 Employee Composition	
1.4 Financial Procedure	
CHAPTER 2.0 Financial Statement	11
2.1 Definition of Financial Statement	
2.2 Basic Purpose of Financial Accounting and Statements.	
2.3 Users of Financial Statement	
CHAPTER 3.0 Analysis of Malayan Railway Financial Statement and Recommendations.	24
3.1 Balance Sheet	
3.2 Profit and Loss Account	
3.3 Notes to Accounts	
3.4 General Comments	
3.5 Need for Disclosures	
CHAPTER 4.0 Recommendations and Conclusions	49
4.1 Proposed Formats	
4.2 Conclusion	
BIBLIOGRAPHY	

1.1            INTRODUCTION AND BRIEF HISTORY  
OF MALAYAN RAILWAY

The Malayan Railway (Keretapi Tanah Melayu) had its beginnings in June 1885 when a 12.8 km route in Perak linking Taiping to Port Weld, a port along the west coast of the peninsula. This was to serve the tin mining district of Larut.

The following year, a 32 km route linking Kuala Lumpur with Port Kelang was opened and by 1893, a second railway was built in Perak linking Tapah Road to Teluk Intan.

From these modest beginnings the state railways were developed in 1901, they were amalgamated to form the Federated Malay States Railways. (FMSR)

By 1903, the main line from Kuala Lumpur to Prai was completed. This was later extended southwards to Gemas and Johore Baru in 1909.

In 1913, the FMS Railways acquired the Singapore Government Railway. By the end of the First World War, an uninterrupted rail line existed from Padang Besar in Perlis in the north to Singapore in the south. In 1931, the East Coast line was completed to link the south with Kota Bharu.