

**RECOGNITION OF INCOME IN PROPERTY
DEVELOPMENT COMPANY
A CRITICAL STUDY AND EVALUATION**

**A Paper Submitted to the
School of Accountancy (Institut Teknologi MARA
In Partial Fulfillment of the Requirements for
Advanced Diploma in Accountancy**

29th June, 1987

By: Mohd. Sopiyan b. Rashdi

ITM I.C. 85208909

For : ACC 555 Practical Attachment

Adviser : R. Sureshchandra

ACKNOWLEDGEMENT

I would like to convey my appreciation and gratitude to all those who had helped me in writing this paper from the very beginning to its final form. My deepest regard to:

- (1) R. Sureshchandra
Project Advisor (Internal)
School of Accountancy
ITM, Shah Alam, Selangor.
- (2) Tuan Haji Mohd. Agil b. Natt
Project Advisor (External)
Gen. Manager Finance
I & P Bhd.
- (3) Miss Tai Yuik Cheng
Chief Accountant
I & P Bhd.
- (4) Mr. Mohd. Sukri Husin
Accounts Executive
Ass. Pan Malaysian Cement Bhd.
Kuala Lumpur.

who have rendered invaluable guidance and supervision throughout the research period

I would also like to thank the management and staff of I & P Bhd, particularly Finance Division staff, for their utmost cooperation during my practical training and in making possible the completion of this paper.

MOHD. SAPIYAN RASHDI
8528909
ADIA - 4
MAY 1987

ABSTRACT

When the company started its business operation, it expects some income to be earned to match with expenditure for the year. Then when income is earned or is to be earned or will be earned it has to be recognised. There are a lot of ways to recognise income in the income statement with regard to property development company.

The selection of method of accounting for recognising income depends on the view taken by the enterprises in respect of their actual business or activities.

Recognition of income requires that the revenue is measurable upon collection and the company itself is the best answer as to which method is the best for their company to measure the income received.

There are uncertainty variables involved which affect recognition of income namely consideration, profit and lost.

Once a purchaser agreed to buy and signed the Sales and Purchase Agreement, income is started to be recognised progressively by billing the purchaser.

So, this paper propose to study how the property development company (I & P Bhd.) recognised their income based on the existing methods and what are the problems or matters arises on income recognition.

CONTENTS

	PAGE
ACKNOWLEDGEMENT	i
ABSTRACTS	ii
CHAPTER ONE: INTRODUCTION	1
1.1 INCOME : AN OVERVIEW	1
1.2 WHAT IS INCOME?	2
1.3 INCOME MEASUREMENT	6
1.3.1 Objectives	7
CHAPTER TWO: A BRIEF LOOK AT THE BACKGROUND OF ISLAND & PENINSULAR BHD.	10
2.1 THE COMPANY OF ISLAND & PENINSULAR BHD.	10
2.1.1 History and Business	10
2.1.2 Corporate Structure & Share Capital	11
2.1.3 The Organisation: I & P Bhd.	13
a) Heirachy	13
b) Finance Division	13
CHAPTER THREE: METHODOLOGY & LIMITATIONS	15
3.1 METHODOLOGY	15
3.2 LIMITATIONS	16