

THE COMPLIANCE OF  
INTERNATIONAL ACCOUNTING STANDARD 11  
IN  
THE SUBSIDIARY OF  
IGB CORPORATION BERHAD

In partial fulfilment of a requirement  
for an Advanced Diploma in Accountancy  
Institut Teknologi Mara

NAME : SHAHRANIZA BT. SHUIB  
I.C. ITM : 98011992  
DATE : OCTOBER 10 , 1992

## ACKNOWLEDGEMENT

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

My deepest regards to :

- Puan Azim Zaleha bt.  
Project Adviser  
School of Accountancy  
Institut Teknologi MARA ,  
Shah Alam , Selangor .
- Mrs. Joanna Thomasz  
Accounting Officer  
IGB Corporation Berhad ,  
Ipoh , Perak .
- Puan Nora bt. Mahmud  
Accounting Officer  
IGB Corporation Berhad ,  
Kuala Lumpur .

who have rendered invaluable information , ideas , guidance and supervision throughout the preparation of this working paper .

I would like to take the opportunity here to thank the management and staffs of IGB Corporation Berhad , Ipoh for their cooperation during my practical training . My special thanks goes to the staffs in the Accounts Department and EDP Department for teaching me a lot .

Last but not least , my greatest love and gratitude to my whole family for always being there for me .

## TABLE OF CONTENTS

ACKNOWLEDGEMENT	( i )
PREFACE	( ii )
CHAPTER I	
1.0 Introduction	1
1.1 Background of the company	3
1.2 Objectives of study	7
1.3 Data Collection	8
1.4 Scope and Limitations	10
CHAPTER II	
2.0 Background of study	12
2.1 Literature review	19
CHAPTER III	
3.0 Analysis of data	24
3.1 Accounting procedure	25
3.1.1 Recording phases	26
3.2 Preparation of accounts	
3.2.1 Budgeting	29
3.2.2 Calculation of income	30
3.2.3 Land and development costs	30
3.2.4 Payment to contractor	32
3.2.5 Progress billings	33
3.2.6 Provision for loss	33
3.2.7 Interest	33
CHAPTER IV	
4.0 Conclusion	35
CHAPTER V	
5.0 Recommendations	37
Endnotes	( iii )
List of references	( iv )
APPENDICES	

## CHAPTER I

### 1.0 INTRODUCTION

Construction is a varied industry which involves development programmes , infrastructural improvements , housing and industrialisation . General expectation is that during the course of the Sixth Malaysian Plan , new infrastructural development and upgrading of existing facilities will be accorded a very high priority by the Federal Government . The government encourages more participation from the private sectors as this will help push Malaysia to a higher level of economic success . Besides that , the government implements some policies of introducing more liberal and aggressive investment policies which have brought in more local and foreign investment together with the improving infrastructure .

In this case , IGB Corporation Berhad and its group take this opportunity to expand their businesses . IGB Corporation Berhad is a reputable and diversified establishment listed in the bourses of Malaysia and Singapore . It is a private developer , now one of the largest public listed property group in this country .

From the three previous Annual Reports of IGB Corporation Berhad , the construction division is stated to contribute the major portion of the group's turnover . Due to the government's policies , the prospects of maintaining and even increasing the contribution of this division is much better for IGB Corporation Berhad and its group .

As such , construction means involving a long term period of activity where a project exceeds more than a year to complete . Due to the duration of time , problems occur in allocating its revenue and related costs throughout the period which a contract activity is entered into up until the project has been completed . This has been a principal problem to every company which involves in this kind of activity where contracts fall into different accounting periods .