

A STUDY ON CORPORATE FINANCIAL REPORTING
IN MALAYSIA IN THE CONTEXT OF PUBLIC INTEREST

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

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For : ACC 555 (Practical Attachment)

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ACKNOWLEDGEMENT

First of all, I wish to express my sincere gratitude to my adviser, Mr. Authar Singh for his thought, enthusiasm and guidance throughout the preparation of this paper. I am also grateful to all those who have helped me in one way or another in the completion of the paper and thus making this study a reality.

Of special mention are

- 1) Mr. Sukanta K. Dutt, Ernst and Whinney
- 2) Ms. Asteria U. Zabala, Institut Teknologi MARA
- 3) Cik Junaida Abd. Manap, Institut Teknologi MARA
- 4) En. Mohd Yusof Shahid, Petronas Carigali Sdn. Bhd.
- 5) Mr. Koh Ban Chik, The Registrar of Companies
- 6) En. Arun Mohammed, Institut Teknologi MARA
- 7) Cik Rozlina Hj. Abdullah, Universiti Kebangsaan Malaysia
- 8) Cik Mastura Ibrahim, Ernst and Whinney
- 9) Cik Shamrah Saad, The Kuala Lumpur Stock Exchange
- 10) Puan Fatimah, Institut Teknologi Mara.

Last but not least, to my ADIA colleagues and others whom I do not mention above, I thank you.

ABSTRACT

The study on corporate financial in Malaysia in the context of public interest is the writer's attempt towards understanding the public reporting situation in the country. In doing so, the writer has limited the study to those public-listed companies in the manufacturing sector only. The writer begins the study by trying to understand WHAT corporate financial reporting is all about. Accordingly, aspects such as the purpose, significance and the main users of corporate financial reports are studied. Then, the writer attempts to know WHY corporate financial reporting is necessary in the country. With regard to this, the respective requirements, statutory or non statutory, for such reporting are investigated and discussed.

In addition, the manner on HOW the corporate financial reporting is currently being practiced is also included in the study. The results of the survey on a sample of annual corporate reports are presented and analysed by the writer.

Finally, the writer has forwarded several recommendations to be considered for developments towards a better corporate financial reporting environment. The writer concludes the study by stating that there is room for improvement in corporate financial reporting in Malaysia, particularly in the context of public interest.

1.0 INTRODUCTION

1.1 Background of Study

It is often said that accounting is the language of business. The saying might be true in the sense that accounting is a system which provides and conveys information about a specific business entity. The information is in financial terms and is intended to be useful in making economic decisions (Davidson, 1982. p.5). The communication of financial information of a specific business entity is usually known as 'Corporate Financial Reporting'.

In Malaysia, it is mandatory for the directors of a limited company to report the financial information of the company to the members. This financial reporting includes financial statements, directors' report and others which would give the members of the company ample information with regard to the financial standing of the company for a certain financial period.

Anyhow, it has been widely known that many companies' members are not satisfied with the financial information reported to them. Some are furious that the financial