

Universiti Teknologi MARA

**The Prediction of Financial Distress By
Using Altman's Model**

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**Report submitted in fulfillment of the requirements for
Bachelor of Science (Hons.) Management Mathematics
Faculty of Computer and Mathematical Sciences**

June 2019

STUDENT'S DECLARATION

I certify that this report and the research to which it refers are the product of my own work and that any ideas or quotation from the work of other people, published or otherwise are fully acknowledged in accordance with the standard referring practices of the discipline.

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MAY 13, 2019

ABSTRACT

During the past three decades failure prediction has become a considerable concern for stakeholders in firms. Therefore, predicting the financial bankruptcy of corporations by utilizing financial ratios is a subject that has been explored in different ways over the last few decades and the present economic environment ensures that these models may be more beneficial than ever before. Although, the purpose of this research to identify the prediction of financial distress companies listed in the PN17 for eight years from 2010 till 2018. This study compare the capability of the three different of Altman's Model which were the Original Altman's Model (1968), Revised Model (1983) and Three Revised Model (1993) in predicting five year prior the bankruptcy. The result of this research show that the Original Altman's Model was the best and more accurate model than other two model in predicting the financial distress for the corporate sector (PN17).

TABLE OF CONTENTS

CONTENTS	PAGE
SUPERVISOR'S APPROVAL	ii
STUDENT'S DECLARATION	iii
ACKNOWLEDGEMENT	iv
ABSTRACT	v
TABLE OF CONTENTS	vi
LIST OF FIGURES	ix
LIST OF TABLES	x
LIST OF ABBREVIATIONS	xi
CHAPTER ONE: INTRODUCTION	
1.1 Background of the Study	1
1.2 Problem Statement	5
1.3 Objective of the Study	6
1.4 Scope of the Study	7
1.5 Significance of the Study	8
CHAPTER TWO: LITERATURE REVIEW	
2.1 Practice Note 17 (PN17)	11
2.2 History of Financial Distress Prediction Studies	12
2.3 Review of Literature	15
2.3.1 Liquidity Ratio	15
2.3.2 Activity Ratio	15
2.3.3 Profitability Ratio	16
2.3.4 Cash Flow	17

2.4	Empirical Testing Procedures	19
2.4.1	Altman Z score Model	19
2.4.2	Multiple Discriminant Analysis	20
2.4.3	Logit Regression Analysis	21
2.4.4	Hazard Model	22
2.5	Conclusion	23

CHAPTER THREE: RESEARCH METHODOLOGY

3.1	Data Collection Method	24
3.2	Sample of the Study	27
3.3	Statistical Analysis	31
3.4	Model and Methodology	31
3.5	The Models	33
3.5.1	Example of the Calculation	33
3.6	The Ratios	34
3.6.1	Explanation of the Variables	35
3.7	The Zone of the Altman's Z Score	37
3.8	Summary	38

CHAPTER FOUR: RESULTS AND DISCUSSION

4.2	Result of Prediction	41
4.2.1	Result of Prediction using Original Altman Z- Score Model (1968)	42
4.2.2	Result of Prediction using Revised Model (ZETA 1983)	44
4.2.3	Result of Prediction using Revised Three Model (Z3 1993)	46
4.4	The Accuracy Comparison between the Three Models	48
4.5	The Comparison of the Accuracy Average Rate Between the Three Models	50
4.6	Discussion	51