

**UNIVERSITI TEKNOLOGI MARA**

**FINANCIAL STATEMENT ANALYSIS  
OF CERGAS ASLI SDN BHD**

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Dissertation submitted in partial fulfillment of the requirements  
for the degree of  
**Executive Master of Business Administration**

**Arshad Ayub Graduate Business School**

**July 2014**

## AUTHOR'S DECLARATION

We declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of our own work, unless otherwise indicated or acknowledged as referenced work. This topic has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

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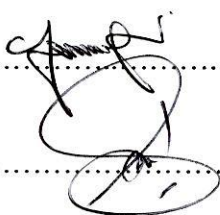
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## ABSTRACT

The aim of this paper is to analyze the audited financial statements of Cergas Asli Sdn Bhd using financial ratios analysis to identify potential problems areas of the company. Horizontal analysis or trend analysis and cash flow analysis would also be done to support the findings of the financial ratio analysis.

Based on the problem identified, structured interviews were conducted to further clarify on the problems areas identified from the financial ratio analysis, horizontal analysis and cash flow analysis.

Recommendations would also be made to the management of Cergas Asli Sdn Bhd based on the results and findings of the financial ratios analysis, horizontal analysis, cash flows analysis and the structured interviews.

It is hopes that the findings and the recommendations made would help Cergas Asli Sdn Bhd, to improve its financial performance and also encourage more in-depth research to be done based on the findings of this study.

Keywords: Financial statements, financial ratio analysis, horizontal analysis, cash flow analysis

# CHAPTER 1

## INTRODUCTION

### 1.1 Introduction

The construction industry in Malaysia plays a major role in its growth (Memon et al., 2013) which resulted in the increased demand for projects (Endut, 2008). Hence, it offers a significant contribution towards developing the nation (Sambasivan and Soon, 2007; Ramanathan et al., 2012). As development progresses, the construction industry needs to satisfy the expansion and changes in construction demand.

In Malaysia, the construction industry serves as the engine of growth (Memon et al., 2013) and, at the same time, the highest contributor to economic expansion (Doloi et al., 2012). The government is the biggest consumer of the construction industry – via public works projects (Ramanathan et al., 2012). The industry has contributed 3-5 per cent to the GDP over the past 20 years and has played a vital role in the country's development (Rashid, 1996; Wong et al., 2007). In a buoyant economy with high and growing gross domestic product, a satisfactory balance of payments and a reasonable level of employment and with expectations of a continuation of this situation, then generally standards of living will be rising, consumer expenditure increasing and government will feel able to spend on improving services to the community. In a depressed situation, the whole position is reversed and less demand for construction will be created.

As Malaysia moves from developing country status towards a developed and industrialized nation as envisaged in Vision 2020, its construction industry will need to respond to the changes in construction demand. Since the condition, the performance and the prospects for the economy have implications for the industry, construction industry development should be considered in the context of a country's economic development.