INVESTMENT IN SHARES: BASIC PRINCIPLES IN FUNDAMENTAL AND TECHNICAL ANALYSIS

MD JOHARY B. ABDUL JALIL

ADVANCED DIPLOMA IN ACCOUNTANCE
SCHOOL OF ACCOUNTANCE
MARA INSTITUTE OF TECHNOLOGY
22nd January 1988

INVESTMENT IN SHARES: BASIC PRINCIPLES IN FUNDAMENTAL AND TECHNICAL ANALYSIS

A Paper Submitted to The School of
Accountancy, Institute Technology MARA,
In Partial Fulfillment of the Requirements for
Advanced Diploma in Accountancy

Prepared By : Md Johari Bin Abdul Jalil

Date Submitted: 22nd. January 1988

IIM No

For : ACC 555 Practical Attachment

Supervised By : Puan Amy Koit

PREFACE

The purpose of this project paper is to serve as part of the requirement in Advanced Diploma in Accountancy course.

This project paper is carried out in part four as part of the ACC 555 subject and a time of five months is given to complete the project. At the same time the student is required to go on a practical training for the same duration.

This means that the writing of this project is done after office hours and on week ends.

The students are given the freedom to propose the topic of the their project paper and subsequently approved by the advicer.

The topic for my project is INVESTMENT IN SHARES: THE BASIC OF FUNDAMENTAL AND TECHNICAL ANALYSIS. I choosed this topic because it is related to accounting and also as part of my preparation for Financial Hanagement subject which I will encounter in part 5.

The objective of this project are to give readers the understanding of investment in shares market and the basic of fundamental and technical analysis.

The target readers are the layman who has neither investment nor accounting knowledge but are interested in

<u>ACKNOWLEDGEMENT</u>

In completing this project paper, there are several people I would like to thanks.

I take the opportunity to express my heartfelt gratitude to Puan Amy Koit, my advicer for her invaluable comments and recommendations.

Next, I would like to thanks Dzulkafli Abdul Jalil, my brother, for his time in reading my draft and discussion.

And to my wife for her unfailing faith in my ability to achieve my ambition and her lonely days in Perlis while I was doing my course in Shah Alam and also to my parents who are always there when I need them.

Last but not least, thanks is due to the staff of Perpustakaan Tun Abdul Razak, ITM and National Library, K.L for their excellence services.

January 1988

Md Johari Jalil

Table_of_Contents		Page
Pref	ace	Tage
Ackn	owledgement	
Limitations and Scope		1
	To the a Lambian	0
1.0	Introduction	2
	1.1 Investment Speculation and Gambling	3
	1.2 Relation of Future to Investment and Speculation	7
	1.3 The Investment Process	8
	1.4 Investment Risk	14
2.0	Advantages and Disadvantages of Common Stock Ownership	19
3.0	What is a share ?	21
	3.1 Bonus Issue	22
	3.2 Right Issue	23
	3.3 Types of Shares	25
	3.3.1 Blue Chip Stock	26
	3.3.2 Growth Stock	27
	3.3.3 Cyclical Stock	29
	3.3.4 Defensive Stock	30
4.0	Intrinsic Value	31
5.0	Fundamental Analysis	33
6.0	Purpose of Financial Statement	36
	6.1 Balance Sheet	37
	6.1.1 Fixed Assets	38
	6.1.2 Current Assets	39

œ