

VALUE ADDED STATEMENT IN EXTERNAL FINANCIAL REPORTING

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II BACKGROUND OF THE STUDY

This report will discuss the appearance of a new form of accounting statement which is often found alongside the familiar profit and loss statement and balance sheet.

In Malaysia, value added is yet to be adopted by the Malaysian Association of Certified Public Accountants (MACPA), as part of a disclosure requirement in the financial statements although the concept has been discussed by the Board recently.

However, in Britain, roughly most of the largest quoted companies are now presenting the value added statement in the financial reports. Some of the public listed companies in Malaysia have included value added statement in their annual reports but these companies are British based as most of the parent companies are domiciled in Britain.

The topic had its origin in a recommendation by the "Corporate Report" (Accounting Standard Committee's document) that company reports should include inter alia, and in addition to existing information, "a statement of value added, showing how the efforts of