

ACCOUNTING FOR  
RESEARCH AND DEVELOPMENT (R & D) EXPENDITURE:  
A CASE STUDY ON SELECTED MANUFACTURING COMPANIES

A paper submitted to the School Of Accountancy  
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## ABSTRACT

The economic stability and the social harmonisation of the country have attracted more foreigners to invest in various projects in Malaysia. One of the areas which is given wide attention is the industrial sector.

Most of the technology used in high-tech industries are adopted from outside. Today, many research and development (R & D) projects are being implemented in the country and many have resulted in high returns. The manufacturing companies undertake most of these projects to ensure that their products can be competitive in the market.

With the encouragement given by the government, it is believed that in the near future, Malaysia will be one of the leading countries to undertake R & D activities.

## CHAPTER I

### INTRODUCTION

#### General Overview

Research and Development (R & D) projects are vital to both the public and private sectors toward enhancing the economic growth and competitive advantage of a nation. Today, many R & D centers have been set up all over the world and each year more funds are being injected to those centers to carry out the increasing projects on R & D.

"It is an objective of the Sixth Malaysian Plan to achieve an accelerated drive in R & D that will see government R & D funding double as a percentage of Gross National Product (GNP) over the internationally accepted minimum of 1% to 2% of GNP by the end of the decade" (Koshy, PHILIP, 1991, p 8).

The country's R & D spending as a percentage of GNP for 1991 was 0.8%. The government has allocated RM 600 million to finance R & D projects during the Sixth Malaysian Plan.