

Accrual accounting in Malaysia: what we should learn from others

Abstract

Like any other reform, implementation of accrual accounting in the public sector will be challenging. To prepare for eventual adoption of accrual accounting, there must be change in management where the structured approach for organization change is supposed to take place. The shift towards accrual accounting demonstrates some difficulties and challenges. This paper examines the issues and challenges faced by the New Zealand, Australia and United Kingdom in implementing accrual accounting in the public sector. In doing so, a revision of previous literatures in regard of implementation of accrual accounting in the respective countries were conducted in advocate the research issues. The findings showed that the shift towards accrual accounting demonstrates some difficulties in implementation such as recognition and valuation of assets and liabilities, human competency and, high implementation costs. These implementation barriers are one of many reasons why developing countries should be careful in considering accrual accounting reforms. Being the pioneer countries in the implementation of accrual accounting in public sector, the experiences of New Zealand, Australia and United Kingdom may assist countries especially Malaysia in moving towards accrual accounting reform.