Foreign currency flow statement: A Warranted Inclusion in Corporate Annual Reports

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Abstract

Ability of a country to generate foreign currency is a key aspect of economic health. Yet, contents of individual economic entities' financial reports in this country do not reflect information on such an important variable. The general body of users of financial reports' information stand to benefit severally by inclusion of such information. However, outside corporate annual reports they would not have alternative information sources. Therefore, an argument is put forward for appending a foreign currency flow statement in published financial reports.

Cost of providing that additional information is justified by the benefits accruing to users as a result of disclosure. However, in order for such disclosure to yield intended results it must be comprehensively required from entities transacting in foreign currency. Also, it must incorporate the qualitative characteristics of good accounting information.