

Cultural influence on disclosure in financial reporting – The current scenario in India

Mr. Bikram Chatterjee

(Corresponding author)

School of Accounting & Computer Science

Charles Sturt University

Panorama Avenue

Bathurst, NSW 2795

Australia

Ph: + 61 2 6338 4427

Fax: +61 2 6338 4649

e-mail: bchatter@csu.edu.au

Assoc Prof. Monir Zaman Mir

School of Business and Government

University of Canberra

ACT 2601, Australia

Ph: +61 2 6201 5841

Fax: +61 2 6201 5238

e-mail: monir.mir@canberra.edu.au

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Author: B. Chatterjee and M. Z. Mir

Author Address: bchatter@csu.edu.au
monir.mir@canberra.edu.au

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Abstract: Following cultural theorists, accounting researchers argue that the nature of a country's accounting system/practice is dependent on the culture of the country. For example, Indian culture is characterised by the upholding of a high level of secrecy. As a result Indian companies are not expected to disclose financial information beyond the minimum requirements of Indian accounting standards. In other words, it is not expected that they will provide voluntary disclosures sensitive to their activities. This study explores the status of disclosures of Indian companies taking related party transactions as the case. We argue that contrary to the views of cultural theorists, the related party disclosure status of Indian companies is more than the required minimum level of Indian accounting standard. Following this result, we argue that the recent changes in Indian economic policies towards a free market economy and globalisation have played a crucial role in refuting the arguments of the cultural theorists. We further argue that factors other than culture need to be considered to explain the nature and status of the accounting system/practice of a country, such as its economic and political environments.

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Abstract:

Following cultural theorists, accounting researchers argue that the nature of a country's accounting system/practice is dependent on the culture of the country. For example, Indian culture is characterised by the upholding of a high level of secrecy. As a result Indian companies are not expected to disclose financial information beyond the minimum requirements of Indian accounting standards. In other words, it is not expected that they will provide voluntary disclosures sensitive to their activities. This study explores the status of disclosures of Indian companies taking related party transactions as the case. We argue that contrary to the views of cultural theorists, the related party disclosure status of Indian companies is more than the required minimum level of Indian accounting standard. Following this result, we argue that the recent changes in Indian economic policies towards a free market economy and globalisation have played a crucial role in refuting the arguments of the cultural theorists. We further argue that factors other than culture need to be considered to explain the nature and status of the accounting system/practice of a country, such as its economic and political environments.

(Key words: Culture, related party disclosures, accounting practice)

Introduction and background

Disclosure of material information in financial reporting is regulated by specific accounting standards in different countries. Therefore, users of financial reports could expect a certain degree of transparency from corporations in terms of their disclosure of financial information. However, most often users need more information than what is actually reported in the financial report. For example, environmentalists need more (voluntary) disclosures relating to the environmental impact of corporations' activities. The degree of voluntary disclosure is not regulated by specific accounting standards and therefore, the degree of voluntary disclosure varies among different countries. Several factors such as culture, institutional structure and societal environment influence the accounting systems/practices of various countries including the degree of voluntary disclosure (Doupnik and Salter, 1995; Mathews and Perera, 1996; Burchell, Clubb, Hopwood, Hughes and Nahapiet, 1980; Harrison and McKinnon, 1986; Schoenfeld, 1981; Gray, 1988).

Doupnik and Salter (1995) argue that accounting practice is considered to be the result of a complex interaction between a society's external environment, cultural norms and values, and institutional structures. Similarly, Burchell et. al. (1980) explain the organisational and social role played by accounting. The authors suggest that the actual practice of accounting can be implicated with the persistence of various sets of human and social ends. Accounting, after implementation, becomes the phenomenon of organisations and society, there to be used for different ends by a range of actors in an organisation. Mathews and Perera (1996) observed that a high level of individualism characterises Anglo-American countries, which has a positive effect on the degree of professionalism and a negative effect on the degree of uniformity, conservatism and secrecy in the accounting subculture. On the other hand, in Continental European countries, specifically in France and Germany, there lies the existence of strong uncertainty avoidance in the society that positively affects the degrees of uniformity, conservatism and secrecy in the accounting subculture. Schoenfeld (1981) argues that accounting has adjusted to local business and economic requirements throughout history, and

hence national differences have resulted in the diversity of accounting. Different countries have emphasised or ignored specific aspects, such as the type of economy and legal system, which have led to the differences in national systems, making the comparison of financial data almost meaningless. Gray (1988) developed a framework to investigate the impact of culture on the accounting system/practice of some countries and observed wide diversities in accounting values in different countries due to cultural differences.

These studies suggest that the degree of disclosure including voluntary disclosure will vary between different countries depending on a particular country's socio-cultural norms. Cultural theorists argue that corporations located in societies having a secretive attitude are not expected to disclose more than the required financial information as stated in the country's accounting standards. However, most studies exploring the impact of culture on disclosure practices are directed towards developed countries. The impact of culture on disclosure practices in developing countries is an under researched area. Therefore, the objective of this study is to explore the impact of cultural norms on the degree of voluntary disclosure of financial information of selected Indian companies. In our study voluntary disclosure refers to those disclosure items, which are disclosed by companies beyond the requirements of the Indian Accounting Standards (ASs). However, it is impractical to explore each and every item of voluntary disclosure done by these selected Indian companies in an academic paper.

Therefore, this study takes the case of AS-18: Related party disclosure, to study the impact of Indian cultural norms on voluntary disclosure. There are two reasons for taking related party disclosure. First, it is a sensitive disclosure for Indian companies as they have to disclose information about external parties who are attached to them for various business purposes. Secondly, AS 18 is not specific on details of disclosure required in regard to related party transactions and therefore there is significant scope for Indian companies to disclose more information items if they want to. Indian companies can either choose to disclose the lowest possible number of disclosure items or opt to disclose more than the required minimum.

The following section presents the theoretical resource adopted for the study followed by a description of various issues concerning related party disclosure and relevant standard on related party disclosure, research method and data collection, analysis and interpretation of data. The paper ends with a conclusion section.

Theoretical resource: culture and accounting values

Value dimensions of national cultures

Hofstede (1980, 1984) developed four value dimensions of national cultures. In a further study by Hofstede (1991) survey questionnaires were administered to IBM employees in 50 countries and 3 multi-country regions but in similar positions. Then the scores and ranks of these countries and regions respectively were computed. These cultural value dimensions are as follows:

(i) Large versus small power distance

‘Power distance’ refers to the extent to which the members of a society accept that power in institutions and organisations is dispersed unequally. Societies accept a hierarchical order in power distance societies in which everybody has a place, which requires no further justification. On the other hand, in small power distance societies, people endeavour for equalisation of power and demand justification for power inequalities (Gray, 1988). Table 1 provides the scores and ranks of some countries in regard to ‘power distance,’ as given by Hofstede (1991).

Table 1: Power Distance Index (PDI) values

Score rank	Country or region	PDI score
1	Malaysia	104
2/3	Guatemala	95
10/11	India	77
41	Australia	36
50	New Zealand	22

Latin American countries (both Latin European, such as France and Spain, and Latin American), as well as Asian and African countries scored high in ‘power distance,’ while the USA and Great Britain, together with its former dominions, and the rest of the non-Latin part of Europe scored low in ‘power distance’ (Hofstede, 1991). The position of India in regard to ‘power distance’ is high¹.

(ii) Individualism versus Collectivism

‘Individualism’ refers to a preference for a loosely bound social framework in a society wherein individuals are expected to take care of themselves and their immediate families only. On the other hand, ‘collectivism’ refers to a preference for a tightly knit social framework in which individuals can expect their relatives, clan or other in-group members to take care of them in exchange for unquestioning loyalty (Gray, 1988). Table 2 provides the scores and ranks of some countries in regard to ‘individualism,’ as given by Hofstede (1991).

Table 2: Individualism Index (IDV) values

Score rank	Country or region	IDV score
2	Australia	90
6	New Zealand	79
21	India	48
36	Malaysia	26
53	Guatemala	6

Nearly all wealthy countries score high in ‘individualism,’ whereas nearly all poor countries score low (Hofstede, 1991). The position of India in regard to ‘individualism’ is low.

(iii) Masculinity versus femininity

‘Masculinity’ refers to a preference for achievement, heroism, assertiveness, and material success in society. In contrast, ‘femininity’ refers to a preference for relationships, modesty,

¹ The current paper considers those countries with a score of more than 60 in a cultural value dimension having a high position in that cultural value for the purpose of interpreting the position of India. Those countries with a score between 50 and 60 have been considered to have medium, and those having a score of less than 50 have been considered to have low positions in that cultural value.

caring for the weak, and the quality of life (Gray, 1988). Table 3 provides the scores and ranks of some countries in regard to ‘masculinity,’ as given by Hofstede (1991).

Table 3: Masculinity index (MAS) values

Score rank	Country or region	MAS Score
16	Australia	61
17	New Zealand	58
20/21	India	56
25/26	Malaysia	50
43	Guatemala	37

Japan (rank 1, MAS score 95) is the most masculine country, followed by some continental European countries, such as Austria, Italy, Switzerland and West Germany together with some Latin American countries. All Anglo countries, such as the Republic of Ireland, Jamaica, Australia and New Zealand are moderately masculine (Hofstede, 1991). The position of India in regard to ‘masculinity’ is moderate.

(iv) Strong versus weak uncertainty avoidance

‘Uncertainty avoidance’ refers to the extent to which the members of a society feel uncomfortable with uncertainty and ambiguity. The key issue here is the way a society responds to the fact that time runs only one way and that the future is unknown, that is, whether it tries to control the future or just lets it happen (Gray, 1988). Table 4 provides the scores and ranks of some countries in regard to ‘uncertainty avoidance,’ as given by Hofstede (1991).

Table 4: Uncertainty avoidance index (UAI) values

Score rank	Country or region	UAI Score
3	Guatemala	101
37	Australia	51
39/40	New Zealand	49
45	India	40

46	Malaysia	36
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High scores have been observed for Latin American, Latin European and Mediterranean countries in regard to ‘uncertainty avoidance.’ Also, Japan and South Korea scored high. German-speaking countries such as Austria, Germany (Federal Republic) and Switzerland score medium to high. All Asian countries except Japan and Korea score medium to low (Hofstede, 1991). India ranks low in ‘uncertainty avoidance.’

The last dimension, that is, Confucian Long-Term Orientation (LTO) was added in 1991. This is in relation to man’s search for truth. Both the Indian and Chinese minds take a different position from the Western one when ‘truth’ needs to be defined. In practice, this dimension signifies a long-term versus a short-term orientation of life.

The principles of Confucian teaching include: (a) unequal relationships between people establish the stability of society; (b) the family is the model of all social organisations; (c) virtuous behaviour towards others consists of not treating others as one would not like to be treated oneself; and (d) virtue in relation to one’s task in life consists of trying to acquire skills and education, working hard, not spending more than necessary, being patient, and persistent. This cultural value dimension was explored by discriminating between the answers of students from 23 countries (Hofstede, 1991). Table 5 provides the scores and ranks of some countries in regard to ‘Long-term orientation (LTO),’ as given by Hofstede (1991).

Table 5: Confucian Long-term Orientation (LTO)

Score rank	Country or region	LTO score
1	China	118
2	Hong Kong	96
7	India	61
18	Great Britain	25
23	Pakistan	00

East Asian countries take the top five positions in regard to LTO that is, China, Hong Kong, Taiwan, Japan and South Korea (Hofstede, 1991).

Relationship between societal values and accounting values

Gray (1988) established the relationship between significant accounting values and Hofstede's (1980) cultural values, and added four dimensions to accounting values, which are explained below:

(i) Professionalism versus statutory control

This dimension signifies a preference for applying individual professional judgement and the maintenance of professional self-regulation instead of compliance with strict legal requirements and statutory control.

(ii) Uniformity versus flexibility

This dimension relates to a preference for the imposition of uniform accounting practices between companies and for consistent use of such practices over time, rather than flexibility in accordance with the perceived circumstances of individual companies.

(iii) Conservatism versus optimism

This dimension is in relation to a preference for a cautious approach to measurement in order to cope with the uncertainty of future events instead of a more optimistic, laissez-faire and risk-taking approach.

(iv) Secrecy versus transparency

This dimension relates to a preference for confidentiality and the restriction of disclosing information about the business only to those who are intimately involved with its management and financing rather than a more transparent, open and publicly accountable approach.

The relationship established by Gray (1988) between the above accounting values and Hofstede (1980)'s cultural values is explained in Table 6 below:

Table 6: Relations between Gray’s accounting values and Hofstede’s cultural values

Accounting Values (Gray)				
Cultural values (Hofstede)	Professionalism	Uniformity	Conservatism	Secrecy
Power distance	-	+	?	+
Uncertainty avoidance	-	+	+	+
Individualism	+	-	-	-
Masculinity	?	?	-	-

Source: Baydoun and Willett (1995)

In the above table ‘+’ refers to the fact that the relationship is positive between the relevant variables, and ‘-’ refers to a negative relationship. ‘?’ refers to the fact that the relationship is undetermined.

Accounting values in India

According to the model proposed by Gray (1988), the accounting values of India can be explained as follows:

Table 7: Accounting values of India

ACCOUNTING VALUES	
Professionalism	Low
Uniformity	High
Conservatism	Low
Secrecy	High

The above relationship has been established by taking the cultural value of the ‘power distance’ of India as the basis and relating it to the corresponding accounting value as proposed by Gray (1988). In case of non-existence of such a link in the model, the cultural

dimension of 'uncertainty avoidance' has been taken as the basis. According to this model, India ranks high on 'secrecy'. Hence, it is expected that Indian companies will disclose the lowest possible information item(s) in case they are given a choice, that is, they will be prone to lesser voluntary disclosure of financial information.

Related party disclosure in India

For accounting reporting purposes, parties are deemed to be related if one party has the ability to significantly influence or control the activities of another, or if both parties are under the common influence of another party (Deegan, 1999). As the requisite conditions of competitive and free-market dealings may not exist, transactions involving related parties cannot be presumed to be carried out on an arm's-length basis, which may lead to transactions occurring at a price other than fair values. Deegan (1999) also points out that the existence of a related-party relationship may expose a reporting entity to risks or provide opportunities, which would not have existed in the absence of such relationship. Deegan (1999) further argues that in extreme cases, related-party transactions may be undertaken to defraud other parties with a claim against the firm. For example, a director may sell some of the firm's assets to a related entity for a price materially below their market value.

India has adapted International Financial Reporting Standards (IFRSs), formulated by the International Accounting Standards Board (IASB), which are known as Indian Accounting Standards (ASs). In 1977 the Institute of Chartered Accountants of India (ICAI) formed the Indian Accounting Standards Board (ASB) to harmonise the diverse accounting policies and practices in use in India. The main function of the ASB is to formulate and review accounting standards. In the process of formulating accounting standards the ASB considers IFRSs and tries to integrate them, to the extent possible, in the light of conditions and practices prevailing in India. The Companies Act 1956, presently known as Companies (Amendment)/(Second Amendment) Act 2002, requires Indian companies to follow Indian Accounting Standards (ASs) formulated by the ICAI.

Related party disclosure is guided by AS-18 in India, which has been made mandatory from 1st April 2001. Disclosure of related party information by companies in a secretive culture like India is a sensitive issue. However, the ICAI adapted the IAS-24 as AS-18 and made it mandatory for the companies to comply. The requirements of AS-18: Related party disclosure, are explained as below:

Table 8: AS-18: Related party disclosure

Item No.	Particulars	Details
1	Effective Date	1/4/2001
2	Disclosure of related party transactions	Disclosure of related party transactions is not required under AS-18, if such disclosure conflicts with the reporting enterprise's duties of confidentiality as specifically required in terms of a statute or by any regular or similar competent authority.
3	Significant influence	An enterprise is assumed to have 'substantial interest' in another enterprise under AS-18, if it holds 20 per cent or more interest in the voting power of the other enterprise.
4	Disclosure requirements	Disclosure of the name of the transacting party, a description of the

		<p>relationship between parties and amounts written off or written back in the period in regard to the debts due from or to related parties if there have been transactions between related parties, during the existence of a relationship between a related party is required under AS-18.</p>
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AS-18 is not very specific, similar to IAS-24. For example, the second disclosure requirement under item 4 in Table 1 mentions ‘a description of the relationship’ but is not specific about the minimum or maximum description issues or further clarification. Hence, considering the accounting value of ‘secrecy’ in India, it is expected that Indian companies will provide the minimum possible information under this category.

Research method and data collection

To measure compliance of Indian companies with AS-18 a content analysis of ‘related party disclosure’ section of annual reports of a sample of Indian companies for the financial year from 2002 to 2006 have been conducted. Content analysis has a strong foundation in the social disclosure literature (see for example, Buhr and Freedman, 2001; Gray, Kouhy and Lavers, 1995; Guthrie and Parker, 1989). These companies were selected from the list provided by www.indiainfoline.com on the basis of their market capitalisation. The annual reports were downloaded from the respective company’s websites. Initially, the top 50 companies by market capitalisation were short-listed but banking, finance, insurance and electricity companies were excluded from the list of companies as they are required to comply with special rules and regulations in India (D’ Souza, 2002), leaving a sample of 41

companies. The rationale behind the selection of the top 50 companies was that larger firms possess the resources and expertise required for the production and publication of financial statements in order to meet the diverse requirements of many shareholders and creditors (Ahmed and Nicholls, 1994). Market capitalisation as method to select top companies has been used in previous studies as well (Beattie and Jones, 2000; Beattie and Jones, 2001). Disclosure on related party transactions from these annual reports were identified and listed. As disclosures in regard to 'a description of relationship' under AS-18 is mandatory under the Companies Act, it is expected that these companies would disclose some information about their related party transactions, meeting the minimum compliance requirement of AS-18. On the other hand, as the Indian standard is not specific about particulars of such disclosure and hence it is expected that companies would disclose the required minimum number of information items concerning their related party. In order to get an overall picture of the degree of disclosure of the related party by these companies, a disclosure index was set out. If a company disclosed more than one related party disclosure item, then each additional disclosure was given one additional point. The points were then added to count whether a particular company had earned more than one point leading to more than the required compliance under AS-18. There is also an extensive use of disclosure indexes in the accounting literature (see for example, Depoers, 2000; Inchausti, 1997; Wallace and Naser, 1995). The following section provides the data analysis and results.

Data analysis results

The analysis section of this paper has been divided into two sub-sections. In the first section we provide the results of analysis obtained from the related party disclosure section of 2006 annual reports. In the second sub-section the results of content analysis for the period from 2002 to 2006 has been reported to establish a disclosure trend that would supplement the results provided in the first sub-section.

Results of content analysis- Related party disclosure in 2006 annual reports

Appendix-1 provides the content analysis of related party disclosures and the indexed scores. Out of the 41 companies, annual reports for 15 companies of 2006 could not be obtained leaving a sample of 26 companies. As can be observed from the analytical table, all companies in the list disclosed more than one information item. The lowest score is 3, the highest is 59, and the mean score is 26.88. Hence, our analysis shows that the level of compliance of all these companies with AS-18 is high. Considering the underlying accounting value of 'secrecy' in India, if a company disclosed more than two information items as 'a description of relationship' this was considered to be a high level of compliance.

The Disclosure Trends- Content analysis of related party disclosures in annual reports from 2002 to 2006

This section analyses the trend of disclosing about related party from 2002 to 2006. Scores for disclosures in 2002 to 2005 have been computed in similar method as that of 2006 (as disclosed in appendix-1). The details of these scores are provided in appendix-2. Annual reports could not be obtained for 15 companies in 2006, 9 in 2005, 12 in 2004, 20 in 2003, 20 in 2002, leaving a sample of 26 companies in 2006, 32 in 2005, 29 in 2004, 21 in 2003, 21 in 2002. The lowest score in 2006 is 3, 2005 is 5, 2004 is 5, 2003 is 5 and 2002 is 6 and the highest in 2006 is 59, 2005 is 53, 2004 is 67, 2003 is 74 and 2002 is 69. The mean score in 2006 is 26.88, 2005 is 24.75, 2004 is 29.62, 2003 is 32.29, and 2002 is 28.52. Hence, in all of these years Indian companies disclosed more than the minimum as required in related party disclosure standard.

Hence, our finding suggests that the accounting value of 'secrecy' in India is unable to explain this high level of disclosure by Indian companies in regard to 'related party.' The high level of disclosure by Indian companies in context to 'related party' can be described by taking the contingency theory as the basis.

The contingency theory perspective

Contingency theory originated in psychology and has been used in the international business field widely (Schweikart and Chandaran, 1988). Contingency theory asserts that each country has a unique set of environmental conditions and these conditions are salient and interact with the development and requirements of a country's specific accounting system (Schweikart and Chandaran, 1988). Schweikart (1985) proposes contingency theory as a medium to establish a theory of international accounting, encompassing both financial and managerial accounting. Further, Schweikart (1985) suggests that national environments influence both financial as well as managerial accounting.

Schweikart (1985) suggests an environmental contingency model of financial accounting. The financial accounting environment is an external contingency on organisational structure, as well as financial institutions and the decision environment. The types of institutions and organisations influence the types of information available to external parties, and the types of decisions for outsiders such as investors and lenders. The external environment will affect the selection of information for effective decisions. For example, the environment, including education, economic, political, social, etc, leads to the types of organisation, such as corporations, stock exchanges, and controlling agencies. These institutions within a cultural framework make information available to the public for equity and lending decisions. Investors and other external parties can choose information from what is available, to make decisions. In case the information is irrelevant, decision-makers, often through institutions, seek changes in the information available to them from the organisations.

The Government of India (GOI) has followed the principle of 'mixed economy' since 1951. A 'mixed economy' refers to the presence of both the private and public sector. The public sector played a central role in the process of planned economic development of the country. However, in the 1980s, the concept of 'privatisation' came into India. The industrial policy of 1991 reduced the future priority areas for the public sector to essential infrastructure, goods and services, exploration and exploitation of oil and mineral resources, technical development and the development of infrastructure capabilities in areas which are significant in the long-

term development of the economy and where private sector investment is not adequate, and manufacture of products where strategic considerations dominate, like defence equipment (Mukherjee and Mukherjee, 1998).

India had a tightly controlled economy that permitted insignificant foreign investments until the 1990s. Policies concerning industries and investment have become gradually simpler, more liberal and more transparent since July 1991. The restrictions on foreign banks to enter the Indian market have been removed and many foreign institutions were allowed to own up to 20 percent of the equity in Indian banks. The change in India's economy from protective to competitive was partly in response to its commitments in the World Trade Organization (WTO), under the General Agreement on Trade in Services (Arun and Turner, 2002).

Approvals for Foreign Direct Investment (FDI) have augmented sharply since the introduction of reforms in July 1991. In 1999 more than US \$6.7 billion in FDI was approved. The U.S. continues to be a notable source of FDI in India, accounting for 12.6 percent of investments approved estimated actual inflows of US \$ 4,016 million in 1999 which accounted for about 59 percent of total FDI approval (India Country Review, 2003).

Before the 1980s most Indian companies used to publish the legally required minimum financial statements while reporting. These companies concealed various facts and figures from users. Some of these companies violated the provisions of the law as well. However, only a few Indian companies, such as the ITC Limited, Hindustan Lever Limited and the Tata Group of companies used to report more than the minimum requirements (Dasgupta, 1977 cited in Banerjee, 2002). The change in India's economy had an immediate impact on the companies' accounting. The ASB started to issue mandatory accounting standards only in 1991, which can be attributed to the changing economic policy of the GOI, as Indian economic policy became liberal concerning industries and investment in the same year. The ASB gives due consideration to IFRSs while formulating ASs. This provides an indication that India took the policy of making its accounting system globally acceptable with the globalisation of its economy.

The Securities and Exchange Board of India (Amendment Act) 2002 resulted in the establishment of the Securities and Exchange Board of India (SEBI): for the purposes of protecting investors' interests in securities; to facilitate the development of the securities market; to regulate the market of securities; and to provide for incidents or matters connected with these. The SEBI was established according to the structure of the Securities and Exchange Commission (SEC) of the USA. The SEBI has initiated to curb speculative forces at work in various stock exchanges in India. The SEBI directly regulates the disclosure to be made by companies at the time of vetting their prospectuses (Banerjee, 2002).

The above evidences suggest that with the change in the economy of India, the country started to stress the development of accounting practices, and a higher level of disclosure leading to the establishment of the ASB and SEBI, to attract foreign investments. All the companies in our sample depend on private investors and some of them are listed on foreign stock exchanges as well. As a result these companies disclose more than the required minimum level of items under 'related party disclosure.'

Conclusion

We conclude that the accounting values as suggested by Gray (1988) do not hold true as an explanation of the 'related party disclosure' of Indian companies. India ranks high on 'secrecy' and hence it was expected that Indian companies will disclose the minimum possible information under related party disclosure. The results obtained in our study suggest, on the contrary, suggest that all the companies in our sample disclosed more than the minimum required information items. This can be explained by taking the contingency theory by Schweikart (1985) as the basis. The Indian economy shifted from protective to competitive in 1991. This resulted in the establishment of the SEBI and brought about more stress on the formulation of accounting standards by the ICAI and their implementation. Due to privatisation, companies started to be more dependent on investors (both local and foreign) to obtain funds for their operation resulting in more than the minimum required disclosure by Indian companies. The establishment of SEBI to protect investors' interests further stressed

the fact that companies need to satisfy investors' information needs. The adaptation of IFRSs in India also stressed the globalisation of accounting practices that led Indian companies to disclose more than the minimum required related party disclosure. Finally, with this change in Indian economy, companies needed to focus on foreign investment as well. This has resulted in more than the minimum required disclosures by Indian companies as well.

We conclude, following Schweikart's (1985) contingency theory that the unique nature of the economic change in India led to Indian companies disclosing more than the minimum required related party disclosure. Hence, the accounting system/practices cannot be explained by culture only. Other factors need to be considered to explain the type of accounting system/practices of a country, such as its economic and political environments.

It can be opined from the results obtained in our research that a change in the economy can change the accounting values of a country. However, further research is required that will explore the relationship between the change in the economic environment of a country and its underlying accounting values.

The limitation of our findings rests upon the fact that we have not examined the effect of various factors, such as, the composition of management of each company such as, the presence of Indian/Non-Indian in the management which might have influenced the culture of respective companies and hence our result. We have also not controlled the size of companies and ownership composition. Future research is advised in this direction which will investigate these effects with the help of regression techniques.

APPENDIX-1²
Content Analyses of 2006 Annual Reports

Serial No.	Names of companies	Nature of related parties for whom names are disclosed	Descriptions provided for each related parties	Other information disclosed that is mandatory
1	Reliance Industries Ltd	1. Name of Associates and Joint Venture companies 2. Names of Key Management Personnel	1. Details in regard to Associate and Joint Venture companies (i) Opening and closing balances (ii) Investments in equity shares (iii) Investments in preference shares (iv) Loans (v) Loans given (vi) Loans received back (vii) Compensation charges (viii) Dividend received (ix) Sale of equity shares (x) Investments in warrants (xi) Miscellaneous income (xii) Advance against preference (xiii) ICD taken (xiv) Interest on ICD (xv) Interest payable on ICD (xvi) ICD (xvii) Purchase of materials (xviii) Sale of products (xix) Sundry Debtors (xx) Sundry creditors (xxi) Advances receivable in cash or kind (xxii) Premium receivable on preference shares (xxiii) Guarantee (xxiv) Rental income (xxv) Tower Sales (xxvi) Telephone expenses (xxvii) Conversion of preference shares to equity shares (xxviii) Premium on redemption of preference	

² Wherever a company discloses the purchase/ sale of goods and services separately, these have been treated as two separate disclosures. Wherever disclosures are not separate, such as, in case of Tata Engineering and Locomotive Company Ltd, there were no separate disclosures for associates and joint ventures; this has been taken as one set of disclosure. Wherever names and details in regard to whole-time directors have been given separately from key management personnel, these two have been considered to be separate disclosure headings.

			<p>shares converted to equity shares (xxix) Investments in DDB's (xxx) Interest receivable on DDB's (xxxi) Loans repaid (xxxii) Bandwidth, Telephone, Internet, and lease line charges (xxxiii) Processing and hire income (xxxiv) Other deposits (xxxv) Bank guarantee commission received (xxxvi) Income towards fuel management fee (xxxvii) Claims received (xxxviii) Job conversion income (xxxix) Purchase of capital goods (xxxx) Tug hire income Score = 40 2. Details in regard to Key Management Personnel (i) Payments to key managerial personnel Score = 1 Total score: 40+1= 41</p>	
2	Oil & Gas Corporation Ltd	<p>1. Name of Joint venture companies 2. Name of Key Managerial Personnel</p>	<p>1. Details in regard to Joint Venture companies (i) Incomes from rendering services (ii) Interest income Score = 2 2. Details in regard to key managerial personnel (i) Remuneration Score = 1 Total score: 2+1=3</p>	
3	Tata Consultancy Services Ltd	<p>1.Name of the Holding Company 2.Name of Subsidiaries 3. Name of Fellow Subsidiaries 4. Name of Associates and Joint Ventures 5. Name of Key Management Personnel</p>	<p>1. Details in regard to Holding Company (i) Issue of shares pursuant to amalgamation of Tata Infotech ltd (ii) Purchase of fixed assets (iii) Revenues (iv) Purchases of goods/services/ facilities (v) Brand equity contribution (vi) Dividend paid Balance at end of year: (vii) Debtors, Loans and Advances (viii) Creditors, advances</p>	Disclosure of Material transactions with related parties

			<p>from customers Score = 8 2. Details in regard to Subsidiaries (i) Purchase of fixed assets (ii) Loans and advances (iii) Purchase of investment (iv) Revenues (v) Interest Income (vi) Dividend Income (vii) Rent income (viii) Purchases of goods/services/ facilities (ix) Bad debts written off (x) Provision for doubtful debts/advances (xi) Guarantees Balance at end of year: (xii) Debtors, Loans and Advances (xiii) Creditors, advances from customers Score = 13 3. Details in regard to Fellow Subsidiaries (i) Purchase of fixed assets (ii) Inter corporate deposit (iii) Revenues (iv) Interest Income (v) Rent Income (vi) Purchases of goods/services/ facilities (vii) Provision for doubtful debts/advances Balance at end of year: (viii) Debtors, Loans and Advances (ix) Creditors, advances from customers Score = 9 4. Details in regard to Associates and Joint Ventures (i) Purchase of fixed assets (ii) Purchase of investment (iii) Revenues (iv) Purchases of goods/services/ facilities (v) Provision for doubtful debts/advances Balance at end of year: (vi) Debtors, Loans and Advances (vii) Creditors, advances from customers</p>	
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			<p>Score = 7</p> <p>5. Details in regard to Key Management Personnel</p> <p>(i) Remuneration</p> <p>(ii) Dividend paid</p> <p>Score = 2</p> <p>Total Score: 8+13+9+7+2=39</p>	
4	Bharti Airtel Ltd	<p>1. Names of Subsidiaries</p> <p>2. Names of Entities where key management personnel exercises significant influences</p> <p>3. Name of Entity having significant influence</p> <p>4. Names of Joint Venture companies</p> <p>5. Names of Key Management Personnel</p>	<p>1. Details in regard to Subsidiaries</p> <p>(i) Purchase of fixed assets</p> <p>(ii) Sale of fixed assets</p> <p>(iii) Rendering of services</p> <p>(iv) Receiving of services</p> <p>(v) Funds transferred/ includes expenses incurred on behalf of others</p> <p>(vi) Funds received/ includes expenses incurred on behalf of others</p> <p>(vii) Employee related transaction incurred on behalf of company</p> <p>(viii) Employee related transaction incurred on behalf of others</p> <p>(ix) Closing balance</p> <p>(x) Unsecured loans</p> <p>(xi) Creditors</p> <p>(xii) Loans and advances</p> <p>(xiii) Debtors</p> <p>Score = 13</p> <p>2. Details in regard to Entities where key management personnel exercise significant influences</p> <p>(i) Purchase of fixed assets</p> <p>(ii) Rendering of services</p> <p>(iii) Receiving of services</p> <p>(iv) Funds transferred/ includes expenses incurred on behalf of others</p> <p>(v) Funds transferred/ includes expenses incurred on behalf of company</p> <p>(vi) Employee related transaction incurred on behalf of others</p> <p>(vii) Donation</p> <p>(viii) Closing balances</p> <p>(ix) Creditors</p> <p>(x) Loans and advances</p> <p>(xi) Debtors</p> <p>Score = 11</p>	

			<p>3. Details in regard to Entity having significant influence (i) Rendering of services (ii) Receiving of services (iii) Closing balance (iv) Debtors Score = 4</p> <p>4. Details in regard to Joint Venture companies (i) Receiving of services (ii) Funds transferred/ includes expenses incurred on behalf of others (iii) Closing balances (iv) Creditors (v) Loans and advances Score = 5</p> <p>5. Details in regard to Key Management Personnel (i) Salary (ii) Reimbursement and perquisites (iii) Performance linked incentive (iv) Commission (v) Sitting fees (vi) Total remuneration Score = 6</p> <p>Total score: 13+11+4+5+6=39</p>	
5	Infosys Technologies Ltd	<p>1. Names of Subsidiary companies 2. Names of Key Management Personnel</p>	<p>1. Details in regard to Subsidiary companies (i) Financing transactions (ii) Loans (iii) Rental deposit repaid (iv) Purchase of services (v) Purchase of shared services including facilities and personnel (vi) Sale of services (vii) Sale of shared services including facilities and personnel (viii) Loans and advances (ix) Maximum balances of loans and advances Score = 9</p> <p>2. Details in regard to Key Management Personnel (i) Salary (ii) Perquisites and incentives (iii) Total remuneration (iv) Commission Score = 4</p>	

			Total score = 9+4= 13	
6	Wipro Ltd	1.Name of Affiliate companies 2. Name of Entity controlled by directors	1. Details in regard to Affiliate companies (i) Revenues (ii) Payment for services (iii) Purchase of printers (iv) Receivables (v) Payables Score = 5 2. Details in regard to Entity controlled by directors (i) Revenues (ii) Receivables Score = 2 Total score: 5+2= 7	
7	ITC Ltd	1. Names of Enterprises where control exists 2. Names of Associates and Joint Ventures 3. Names of Key Management Personnel 4. Names of Employees' Benefit Plans where there is significant influence	1. Details in regard to Enterprises where control exists (i) Donations (ii) Expenses recovered (iii) In addition, remuneration of managers on deputation, absorbed Score = 3 2. Details in regard to Associates and Joint Ventures (i) Sale of goods/services (ii) Purchase of goods/services (iii) Sale of fixed assets (iv) Interest income (v) Rent paid (vi) Reimbursement of Contractual Remuneration (vii) Remuneration of managers on deputation recovered (viii) Dividend income (ix) Dividend payments (x) Expenses recovered (xi) Expenses reimbursed (xii) Loans given (xiii) Receipt towards Loan Repayment (xiv) Advances given (xv) Receipt towards refund of advances (xvi) Payments toward refund of advances (xvii) Deposits received during the year (xviii) Receipt towards refund of deposits Balances as on 31st March	

			<p>(xix) Debtors/Receivables (xx) Advances given (xxi) Deposits with (including deposits towards property options) (xxii) Deposits from (xxiii) Creditors/Payables (xxiv) Dividend receivable (xxv) In addition, remuneration of managers on deputation, absorbed Score = 25 3. Details in regard to Key Management Personnel (i) Interest income <u>Remuneration to Key Management Personnel</u> (ii) Directors (iii) Others (iv) Rent paid (v) Dividend payments (vi) Receipt towards loan repayments (vii) Loans given Balance Score = 7 4. Details in regard to Employees' Benefit Plans where there is significant influence (i) Contributions to Employees' Benefit Plans (ii) Advances given Balance Score = 2 Total score: 3+25+7+2= 37</p>	
8	Indian Oil Corporation Ltd	<p>1. Names of Joint Venture companies 2. Names of Whole-time Directors</p>	<p>1. Details in regard to Joint Venture companies (i) Sales (ii) Interest received (iii) Consultancy services/other income (iv) Purchase of products (v) Purchase of chemicals/materials (vi) Handling expenses (vii) Freight expenses (viii) Reimbursement of expenses (ix) Fixed assets purchased (x) Investments made during the year (xi) Provisions made during the year (xii) Outstanding receivables (xiii) Outstanding payables Score = 13</p>	

			<p>2. Details in regard to Whole-time Directors</p> <p>(i) Remuneration</p> <p>(ii) Recovery of interest & furniture hire charges</p> <p>(iii) Outstanding loans/advances receivables</p> <p>(iv) Assets on hire</p> <p>Score = 4</p> <p>Total score: 13+4= 17</p>	
9	Bharat Heavy Electricals Ltd	<p>1. Names of Joint Venture companies</p> <p>2. Names of Key Management Personnel</p>	<p>1. Details in regard to Joint Venture companies</p> <p>(i) Purchases of goods and services</p> <p>(ii) Sales of goods and services</p> <p>(iii) Rendering of services</p> <p>(iv) Receiving of services</p> <p>(v) Dividend income</p> <p>(vi) Royalty income</p> <p>(vii) Amounts due to BHEL at end of the year</p> <p>(viii) Amounts due from BHEL at end of the year</p> <p>(ix) Provision for doubtful debts</p> <p>(x) Guarantees given on behalf of</p> <p>Score = 10</p> <p>2. Details in regard to Key Management Personnel</p> <p>(i) Amounts due to BHEL at end of the year</p> <p>(ii) Payment of salaries</p> <p>Score = 2</p> <p>Total score: 10+2= 12</p>	
10	Steel Authority of India Ltd	<p>1. Names of Joint Venture companies</p> <p>2. Names of Key Managerial Personnel</p>	<p>1. Details in regard to Joint Venture companies</p> <p>(i) Other loans/advances</p> <p>(ii) Provision for loans and advances</p> <p>(iii) Payments made against services rendered during the year</p> <p>(iv) Dividend received</p> <p>Score = 4</p> <p>2. Details in regard to Key Managerial Personnel</p> <p>(i) Managerial remuneration</p> <p>Score = 1</p> <p>Total score: 4+1= 5</p>	
11	Suzlon Energy Ltd	<p>1. Names of Subsidiaries</p> <p>2. Names of</p>	<p>1. Details in regard to Subsidiaries</p> <p><u>Transactions</u></p>	<p>Disclosure of significant transactions</p>

		<p>Associate companies</p> <p>3. Names of Entities where KMP/RKMP have significant influence</p> <p>4. Names of Key Management Personnel</p> <p>5. Names of Relatives of Key Management Personnel</p> <p>6. Names of Employee funds</p>	<p>(i) Purchase of fixed assets</p> <p>(ii) Subscription to/purchase of preference shares</p> <p>(iii) Subscription to/purchase of equity shares</p> <p>(iv) Sale of investments</p> <p>(v) Loans/deposit given</p> <p>(vi) Sale of goods</p> <p>(vii) Purchase of goods and services</p> <p>(viii) Interest received</p> <p>(ix) Dividend received</p> <p>(x) Rent received</p> <p>(xi) Rent/hotel charges paid</p> <p>(xii) Bank commissions reimbursed</p> <p>(xiii) Guarantees given</p> <p><u>Outstanding balances</u></p> <p>(xiv) Investments</p> <p>(xv) Advance from customers</p> <p>(xvi) Sundry debtors</p> <p>(xvii) Loans/deposits outstanding</p> <p>(xviii) Advances/deposits to suppliers</p> <p>(xix) Sundry creditors</p> <p>(xx) Corporate guarantees</p> <p>(xxi) Dividend receivable</p> <p>Score = 21</p> <p>2. Details in regard to Associate companies</p> <p><u>Transactions</u></p> <p>(i) Sale of investments</p> <p>(ii) Loans/deposit given</p> <p>(iii) Sale of goods</p> <p>(iv) Purchase of goods and services</p> <p>(v) Interest received</p> <p>(vi) Dividend received</p> <p><u>Outstanding balances</u></p> <p>(vii) Investments</p> <p>(viii) Sundry debtors</p> <p>(ix) Loans/deposits outstanding</p> <p>(x) Sundry creditors</p> <p>(xi) Corporate guarantees</p> <p>Score = 11</p> <p>3. Details in regard to Entities where KMP/RKMP have significant influence</p> <p><u>Transactions</u></p> <p>(i) Purchase of goods and services</p> <p>(ii) Dividend paid</p>	<p>with related parties</p>
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			<p>(iii) Rent/hotel charges paid <u>Outstanding balances</u> (iv) Investments (v) Sundry creditors Score = 5 4. Details in regard to Key Management Personnel <u>Transactions</u> (i) Subscription to/purchase of equity shares (ii) Dividend paid (iii) Managerial remuneration Score = 3 5. Details in regard to Relatives of Key Management Personnel <u>Transactions</u> (i) Subscription to/purchase of equity shares (ii) Dividend paid Score = 2 6. Details in regard to Employee funds (i) Contribution to various funds Score = 1 Total score = 21+11+5+3+2+1= 43</p>	
12	Tata Motors Ltd	<p>1. Names of Subsidiaries 2. Names of Associate companies 3. Names of Key Management Personnel</p>	<p>1. Detail in regard to Subsidiaries (i) Purchase of goods (ii) Sale of goods (iii) Purchase of fixed assets (iv) Sale of fixed assets (v) Services received (vi) Services rendered (vii) Finance given (viii) Finance taken (ix) Interest/dividend paid/received (x) Amount receivable (xi) Amount payable (xii) Amount receivable (in respect of loans) Score = 12 2. Details in regard to Associate companies (i) Purchase of goods (ii) Sale of goods (iii) Purchase of fixed assets (iv) Services rendered (v) Services received (vi) Interest/dividend paid/received</p>	

			<p>(vii) Amount receivable (viii) Bills discounted (in respect of amount receivable) (ix) Amount payable (x) Amount receivable (in respect of loans) Score = 10 3. Detail in regard to Key Management Personnel (i) Services received (ii) Amount receivable (in respect of loans) Score = 2 Total score: 12+10+2= 24</p>	
13	Satyam Computer Services Ltd	<p>1. Names of Subsidiaries 2. Names of Joint Venture companies 3. Names of Associate companies 4. Names of Others 5. Names of Directors and Key Management Personnel</p>	<p>1. Details in regard to Subsidiaries (i) Sales (ii) Outsourcing (iii) Other Services (iv) Investments (v) Contributions <u>Balances</u> (vi) Accounts receivable (vii) Payables (viii) Investments (ix) Advances and share application money Score = 9 2. Details in regard to Joint Venture companies (i) Sales (ii) Outsourcing (iii) Other services (iv) Advances <u>Balances</u> (v) Accounts receivable (vi) Payables (vii) Investments (viii) Advances and share application money Score = 8 3. Details in regard to Associate companies (i) Outsourcing (ii) Other services (iii) Fixed assets Score = 3 4. Details in regard to Others (i) Advances <u>Balances</u> (ii) Advances and share application Score = 2 5. Details in regard to</p>	

			<p>Directors and Key Management Personnel (i) Remuneration to directors (ii) Remuneration to Key Management Personnel (iii) Professional charges paid to Directors (iv) Advances to Key Managerial Personnel <u>Balances</u> (v) Remuneration payable to Directors (vi) Remuneration payable to Key Managerial Personnel (vii) Advances due from Key Managerial Personnel Score = 7 Total score: 9+8+3+2+7= 29</p>	
14	Tata Steel Ltd	<p>1. Names of Subsidiaries 2. Names of Associates and Joint Ventures 3. Names of Promoter 4. Names of Key Management Personnel 5. Names of Relatives of Key Management Personnel</p>	<p>1. Details in regard to Subsidiaries (i) Purchase of goods (ii) Sale of goods (iii) Purchase of fixed assets (iv) Sale of assets (v) Rendering of services to (vi) Receiving of services from (vii) Finance provided (viii) Interest income during the year (ix) Dividend income (x) Provision for receivables made during the year (xi) Issue of bonus shares (xii) Dividend and fraction bonus amount paid to shareholders (xiii) Bad debts written off (xiv) Debit balances outstanding – outstanding receivables (xv) Provision for outstanding receivables (xvi) Credit balances outstanding – outstanding payables Score = 16 2. Details in regard to Associates and Joint Ventures (i) Purchase of goods (ii) Sale of goods (iii) Purchase of fixed assets (iv) Rendering of services to</p>	

			<p>(v) Receiving of services from (vi) Leasing or hire purchase arrangements (vii) Finance provided (viii) Interest income during the year (ix) Dividend income (x) Provision for receivables made during the year (xi) Dividend and fraction bonus amount paid to shareholders (xii) Unsecured advances/deposits accepted (xiii) Bad debts written off (xiv) Bad debts written back (xv) Guarantees outstanding (xvi) Debit balances outstanding – outstanding receivables (xvii) Provision for outstanding receivables (xviii) Credit balances outstanding – outstanding payables Score = 18</p> <p>3. Details in regard to Promoter (i) Rendering of services to (ii) Rendering of services from (iii) Finance provided (iv) Interest income (v) Management contracts including deputation of employees (vi) Dividend and fraction bonus amount paid to shareholders (vii) Unsecured advances/deposits accepted (viii) Debit balances outstanding – outstanding receivables (ix) Credit balances outstanding – outstanding payables Score = 9</p> <p>4. Details in regard to Key Management Personnel (i) Receiving of services from (ii) Remuneration paid (iii) Debit balances</p>	
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			<p>outstanding – outstanding receivables Score = 3 5. Details in regard to Relatives of Key Management Personnel (i) Receiving of services from (ii) Debit balances outstanding – outstanding receivables Score = 2 Total score: 16+18+9+3+2= 48</p>	
15	Bajaj Auto Ltd	<p>1. Names of Subsidiaries 2. Names of Associates and Joint Ventures 3. Names of Directors and relatives 4. Names of Key Management Personnel 5. Names of Enterprises in which Directors or Key Management Personnel is able to exercise significant influence</p>	<p>1. Details in regard to Subsidiaries (i) Contribution to equity (ii) Loan refunded (iii) Loan taken (iv) Interest received (v) Rent received (vi) Insurance premium paid (vii) Services rendered Score = 7 2. Details in regard to Associates and Joint Ventures (i) Sale of CKD (ii) Technical knowhow fees received (iii) Dividend received (iv) Purchase of dies/fixtures (v) Other purchases (vi) Services rendered (vii) Warranty paid (viii) Other credits (ix) Contribution to equity (ii) Contribution to warrants (iii) Loan refunded (iv) Loan taken (v) Interest received (vi) Subvention charges paid for finance scheme (vii) Services rendered (viii) Bad debts sharing (ix) Other debts (x) Other credits Score = 11 3. Details in regard to Directors and Relatives (i) Remuneration (ii) Commission (iii) Rent paid for premises (iv) Sitting fees Score = 4</p>	

			<p>4. Details in regard to Key Management Personnel (i) Remuneration Score = 1</p> <p>5. Details in regard to Enterprises in which Directors or Key Management Personnel is able to exercise significant influence (i) Contribution to equity (ii) Interest received – on NCDs (iii) Advances refunded (iv) Advance taken (v) Interest received – others (vi) Purchases for export (vii) Scrap sale (viii) Other debits (ix) Agency line export sale (x) Dividend received – equity shares (xi) Dividend received – preference shares (xii) other credits (xiii) Services received (xiv) Purchases (xv) Purchases of capital goods (xvi) Sale of material (xvii) Warranty debits (xviii) Total advance given (xix) Total advance recovered (xx) Loan given (xxi) Interest on advance (xxii) dividend received (xxiii) Loan refunded (xxiv) Rent received Score = 24 Total score: 7+11+4+1+24= 47</p>	
16	Maruti Udyog Ltd	<p>1. Name of Holding Company 2. Names of Joint Ventures 3. Names of Subsidiaries 4. Names of Associates 5. Names of Fellow Subsidiaries 6. Names of</p>	<p>1. Details in regard to Holding Company <u>Outstanding at year end</u> (i) Loans and advances recoverable (ii) Amounts payable (iii) Proposed dividend (iv) Amount recoverable <u>Transaction during the year in the ordinary course of business</u> (v) Purchases of capital items (vi) Sale of goods</p>	

		<p>Key Management Personnel</p>	<p><u>Expenditure</u> (vii) Purchases of goods (viii) Royalty (ix) Receiving of services Score = 9 2. Details in regard to Joint Ventures <u>Outstanding at year end</u> (i) Loans and advances recoverable (ii) Amounts payable (iii) Guarantees given to third parties by the company (iv) Finance income/commission/dividend <u>Expenditure</u> (v) Purchases of goods Score = 5 3. Details in regard to Subsidiaries <u>Outstanding at year end</u> (i) Loans and advances recoverable (ii) Amounts payable (iii) Guarantees given to third parties by the company (iv) Amount recoverable (v) Sale of goods (vi) Finance income/commission/dividend <u>Expenditure</u> (vii) Receiving of services Score = 7 4. Details in regard to Associates <u>Outstanding at year end</u> (i) Loans and advances recoverable (ii) Amounts payable (iii) Guarantees given to third parties by the company (iv) Amount recoverable (v) Sale of goods (vi) Finance income/commission/dividend (vii) Other miscellaneous income <u>Expenditure</u> (viii) Purchases of goods (ix) Other-expenditure Score = 9 5. Details in regard to Fellow Subsidiaries <u>Outstanding at year end</u> (i) Loans and advances</p>	
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			<p>recoverable (ii) Amounts payable (iii) Guarantees given to third parties by the company (iv) Amount recoverable (v) Sale of goods (vi) Finance income/commission/dividend (vii) Other miscellaneous income <u>Expenditure</u> (viii) Purchases of goods (ix) Other-expenditure Score = 9 6. Details in regard to Key Management Personnel (i) Managerial remuneration Score = 1 Total score: 9+5+7+9+9+1=40</p>	
17	Grasim Industries Ltd	<p>1. Names of Subsidiaries 2. Names of Joint Ventures 3. Name of Associate 4. Names of Key Management Personnel 5. Names of Relatives of Key Management Personnel 6. Name of Enterprise where significant influence exists</p>	<p>1. Details in regard to Subsidiaries (i) Sale and services (ii) Interest and other income received/receivable (iii) Purchases of goods/payment for other services (iv) Finance provided (v) Repayment against finance provided (vi) Interest paid (vii) Dividend received (viii) Sale of fixed assets (ix) Purchase of fixed assets <u>Outstanding balances as on 31st March</u> (x) Investments (debentures) (xi) Debtors (xii) Loans and advances (xiii) Creditors Score = 13 2. Details in regard to Joint Ventures (i) Purchases of goods/payments for other services <u>Outstanding balances as on 31st March</u> (ii) Debtors (iii) Guarantees and collaterals Score = 3 3. Details in regard to Associate</p>	

			<p><u>Outstanding balances as on 31st March</u> (i) Loans and advances Score = 1 4. Details in regard to Key Management Personnel (i) Interest and other income received/receivable (ii) Purchases of goods/payment for other services <u>Outstanding balances as on 31st March</u> (iii) Loans and advances Score = 3 5. Details in regard to Relatives of Key Management Personnel (i) Interest and other income received/receivable (ii) Purchases of goods/payment for other services Score = 2 6. Details in regard to Enterprise where significant influence exists (i) Purchases of goods/payment for other services <u>Outstanding balances as on 31st March</u> (ii) Loans and advances Score = 2 Total score: 13+3+1+3+2+2= 24</p>	
18	Mahindra & Mahindra Ltd	<p>1. Names of Subsidiaries 2. Names of Associates 3. Names of Joint Ventures 4. Names of Key Management Personnel</p>	<p>1. Details in regard to subsidiaries <u>Purchases</u> (i) Goods (ii) Fixed assets (iii) Services <u>Sales</u> (iv) Goods (v) Fixed assets (vi) Services <u>Investments</u> (vii) Purchase (viii) Sales/redemption (ix) Share application money (Net) <u>Deputation of employees</u> (x) From related parties (xi) To related parties (xii) Provisions for</p>	

			<p>diminution in value of other assets written back</p> <p><u>Finance</u></p> <p>(xiii) Inter corporate deposits given</p> <p>(xiv) Inter corporate deposits refunded by parties</p> <p>(xv) Interest received</p> <p>(xvi) Dividend received</p> <p>(xvii) Dividend distributed</p> <p>(xviii) Security deposits accepted</p> <p>(xix) Guarantees and collaterals given</p> <p><u>Other transactions</u></p> <p>(xx) Other income</p> <p>(xxi) Other expenses</p> <p>(xxii) Reimbursement received from parties</p> <p>(xxiii) Reimbursement made to parties</p> <p>(xxiv) Advance given by group company</p> <p>(xxv) Advance refunded by group company</p> <p><u>Outstandings</u></p> <p>(xxvi) Payable</p> <p>(xxvii) Receivable</p> <p>(xxviii) Inter corporate deposits given</p> <p>(xxix) Guarantees and collaterals given</p> <p>(xxx) Provision for diminution in value of other assets</p> <p>(xxxi) Provision for doubtful debts/advances</p> <p>(xxxii) Share application money</p> <p>Score = 32</p> <p>2. Details in regard to Associates</p> <p><u>Purchases</u></p> <p>(i) Goods</p> <p>(ii) Fixed assets</p> <p><u>Deputation to personnel</u></p> <p>(iii) To related parties</p> <p>(iv) Provision for diminution in value of other assets written back</p> <p><u>Finance</u></p> <p>(v) Inter corporate deposits refunded by parties</p> <p>(vi) Interest received</p> <p><u>Other transactions</u></p>	
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			<p>(vii) Other income (viii) Reimbursements received from parties (ix) Reimbursements made to parties (x) Advance refunded by group company <u>Outstandings</u> (xi) Receivable (xii) Inter corporate deposits given (xiii) Provision for diminution in value of other assets (xiv) Provision for doubtful debts/advances Score = 14 3. Details in regard to Joint Ventures <u>Purchases</u> (i) Goods <u>Sales</u> (ii) Goods (iii) Services <u>Other transactions</u> (iv) Other income (v) Reimbursements received from parties <u>Outstandings</u> (vi) Payable (vii) Receivable Score = 7 4. Details in regard to Key Management Personnel <u>Finance</u> (i) Interest received <u>Outstandings</u> (ii) Payable (iii) Managerial remuneration (iv) Dividends (v) Stock options (vi) Loan refunded by Key Management Personnel Score = 6 Total score: 32+14+7+6= 59</p>	
19	Tech Mahindra Ltd	<p>1. Names of Promoter companies 2. Names of Subsidiaries 3. Names of Fellow subsidiaries</p>	<p>1. Details in regard to Promoter companies (i) Reimbursement of expenses (ii) Income from services and management fees (iii) Dividend paid (iv) Debit/credit balances</p>	

		4. Names of Key Management Personnel	<p>outstanding as on March 31st Score = 4</p> <p>2. Details in regard to Subsidiaries</p> <p>(i) Reimbursement of expenses (ii) Income from services and management fees (iii) Interest on loan (iv) Subcontracting cost (v) Investment (vi) Dividend paid (vii) Loan given/repaid (viii) Debit/credit balances outstanding as on March 31st Score = 8</p> <p>3. Details in regard to Fellow Subsidiaries</p> <p>(i) Reimbursement of expenses (ii) Income from services and management fees (iii) Debit/credit balances outstanding as on March 31st Score = 3</p> <p>4. Details in regard to Key Management Personnel</p> <p>(i) Salary and perquisites Score = 1</p> <p>Total score: 4+8+3+1= 16</p>	
20	Siemens Ltd	<p>1. Name of Holding Company</p> <p>2. Names of Subsidiaries</p> <p>3. Names of Fellow Subsidiaries</p> <p>4. Names of Whole-time directors</p>	<p>1. Details in regard to Holding Company</p> <p>(i) Sales to and other recoveries from related parties (ii) Purchases/other services from related parties (iii) Dividend paid to related parties (iv) Purchase of fixed assets/capital work-in-progress from related parties <u>Outstanding balances</u> (v) Debtors (vi) Creditors Score = 6</p> <p>2. Details in regard to Subsidiaries</p> <p>(i) Sales to and other recoveries from related parties (ii) Purchases/other services from related parties (iii) Interest income from related parties</p>	

			<p>(iv) Dividend received from related parties</p> <p><u>Outstanding balances</u></p> <p>(v) Debtors</p> <p>(vi) Creditors</p> <p>(vii) Inter corporate deposits</p> <p>Score = 7</p> <p>3. Details in regard to Fellow subsidiaries</p> <p>(i) Sales to and other recoveries from related parties</p> <p>(ii) Purchases/other services from related parties</p> <p>(iii) Interest income from related parties</p> <p>(iv) Dividend paid to related parties</p> <p>(v) Purchase of fixed assets/capital work-in-progress from related parties</p> <p><u>Outstanding balances</u></p> <p>(vi) Debtors</p> <p>(vii) Creditors</p> <p>(viii) Inter corporate deposits</p> <p>Score = 8</p> <p>4. Details in regard to Whole-time Directors</p> <p><u>Managerial remuneration</u></p> <p>(i) Salaries</p> <p>(ii) Perquisites</p> <p>(iii) Commission</p> <p>(iv) Performance linked incentive</p> <p>(v) Entitlement to stock linked compensation plan</p> <p>(vi) Contribution to provident fund</p> <p>(vii) Contribution to superannuation fund</p> <p>Score = 7</p> <p>Total score: 6+7+8+7= 28</p>	
21	Hindalco Industries Ltd	<p>1. Names of Subsidiaries</p> <p>2. Name of Associate</p> <p>3. Names of Joint Ventures</p> <p>4. Name of Trust of the company</p> <p>5. Name of Key Management Personnels</p>	<p>1. Details in regard to Subsidiaries</p> <p>(i) Sales and conversion</p> <p>(ii) Services rendered</p> <p>(iii) Interest and dividend received</p> <p>(iv) Purchase of materials</p> <p>(v) Services received</p> <p>(vi) Investments, deposits, loans, and advances Made during the year</p> <p>(vii) Investments, deposits, loans, and advances as on</p>	

			<p>31st March (vii) Guarantees and collateral securities given <u>License and lease arrangements</u> (viii) License fees (ix) Deposits <u>Outstanding balance as on 31st March</u> (x) Debit balances (xi) Credit balances Score = 11 2. Details in regard to Associate (i) Investments, deposits, loans, and advances made during the year (ii) Investments, deposits, loans, and advances as on 31st March Score = 2 3. Details in regard to Joint Ventures (i) Sales and conversion (ii) Interest and dividend received (iii) Purchase of materials (iv) Services received (v) Investments, deposits, loans, and advances as on 31st March (vi) Debit balances Score = 6 4. Details in regard to Trust of the company (i) Beneficiary interest in the trust Score = 1 5. Details in regard to Key Management Personnels (i) Managerial remuneration (including perquisites) Score = 1 Total score: 11+2+6+1+1= 21</p>	
22	I-Flex Solutions Ltd	<p>1. Name of Principal Shareholder and its Affiliates 2. Name of Promoter company and its Affiliates 3. Names of</p>	<p>1. Details in regard to Principal Shareholder and its Affiliates <u>Income</u> (i) Sale of products (ii) Sale of services (iii) Interest on bank deposits <u>Expenses</u> (iv) Bank charges <u>Other Transactions</u></p>	

		<p>Subsidiaries 4. Names of Joint Ventures and Associates 5. Names of Other Entities where company has significant influence 6. Names of Key Managerial Personnel</p>	<p>(v) Dividend paid Score = 5 2. Details in regard to Promoter company and its Affiliates <u>Income</u> (i) Sale of products (ii) Sale of services <u>Expenses</u> (iii) Purchase of software (iv) Professional fees (v) Other expenses <u>Assets</u> (vi) Sundry debtors Score = 6 3. Details in regard to Subsidiaries <u>Income</u> (i) Sale of products (ii) Sale of services (iii) Interest on loan <u>Expenses</u> (iv) Provision for doubtful debts (v) Reimbursement of expenses <u>Assets</u> (vi) Sundry debtors (vii) Unbilled debtors (viii) Loan outstanding (ix) Interest accrued on loan to subsidiaries (x) Other advances <u>Liabilities</u> (xi) Accounts payable (xii) Deferred revenue Score = 12 4. Details in regard to Joint Ventures and Associates <u>Income</u> (i) Sale of products (ii) Sale of services <u>Expenses</u> (iv) Professional fees (v) Rent <u>Assets</u> (vi) Sundry debtors <u>Liabilities</u> (vii) Deferred revenues Score = 8 5. Details in regard to Other Entities where company has significant influence <u>Assets</u> (i) Loan outstanding</p>	
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			<p>(ii) Loan to trust/employee <u>Other transactions</u> (iii) Dividend paid Score = 3 6. Details in regard to Key Managerial Personnel <u>Expenses</u> (i) Rent (ii) Remuneration <u>Assets</u> (iii) Advance rent (iv) Deposit rent <u>Other transactions</u> (v) Dividend paid Score = 5 Total score: 5+6+12+8+3+5= 39</p>	
23	Jaiprakash Associates Ltd	<p>1. Names of Subsidiary companies 2. Names of Associate companies and Joint Ventures 3. Names of Key Management Personnel 4. Names of Relatives of Key Management Personnel</p>	<p>1. Details in regard to Subsidiary companies <u>Income</u> (i) Contract receipts (ii) Sale of cement (iii) Dividend received (iv) Machinery hire charges (v) Rent <u>Expenditure</u> (vi) Contract expenses (vii) Lease rent (viii) Service charges <u>Outstandings – Receivables</u> (ix) Advances to suppliers, mobilisation advances, security deposits and debtors <u>Payables</u> (x) Mobilisation and machinery advances, unsecured loans, security/earnest money and creditors Score = 10 2. Details in regard to Associate companies <u>Expenditure</u> (i) Technical consultancy (ii) Security and medical services (iii) Rent <u>Outstandings – Receivables</u> (iv) Advances to suppliers, mobilisation advances, security deposits and debtors <u>Payables</u> (v) Mobilisation and machinery advances, unsecured loans,</p>	

			<p>security/earnest money and creditors Score = 5 3. Details in regard to Key Management Personnel <u>Expenditure</u> (i) Salaries and other amenities etc <u>Outstandings - Payables</u> (ii) Mobilisation and machinery advances, unsecured loans, security/earnest money and creditors Score = 2 4. Details in regard to Relatives of Key Management Personnel <u>Expenditure</u> (i) Salaries and other amenities etc <u>Outstandings – Payables</u> (ii) Mobilisation and machinery advances, unsecured loans, security/earnest money and creditors Score = 2 Total score: 10+5+2+2= 19</p>	
24	Hero Honda Motors Ltd	<p>1. Name of Enterprise in which the company has control 2. Names of Parties in respect of which the company is a joint venture 3. Names of Key Management Personnel 4. Names of Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence</p>	<p>1. Details in regard to Enterprise in which the company has control (i) Lease rental expenses (ii) Dividend received (iii) Intercompany deposits given (iv) Intercompany deposits repaid (v) Interest received on intercompany deposits (vi) Expenses recovered <u>Balance outstanding at the year end</u> (vii) Receivables Score = 7 2. Details in regard to Parties in respect of which the company is a joint venture (i) Remittance of dividend (ii) Royalty (iii) Export commission (iv) Model fees (v) Technical guidance fee (vi) Purchase of raw materials. Components and</p>	

			<p>spares (vii) Dividend paid (viii) Sale of fixed assets <u>Balance outstanding at the year end</u> (ix) Receivables (x) Payables Score = 10 3. Details in regard to Key Management Personnel (i) Managerial remuneration Score = 1 4. Details in regard to Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence (i) Purchase of raw materials and components (ii) Purchase of fixed assets (iii) Sale of components etc (iv) Sale of fixed assets (v) Intercorporate deposits given (vi) Intercorporate deposits repaid (vii) Interest received on inter corporate deposits (viii) Payment towards rent and other services (ix) Donation <u>Balances outstanding at the year end</u> (x) Receivables (xi) Payables Score = 11 Total score: 7+10+1+11= 29</p>	
25	UltraTech Cement Ltd	<p>1. Name of Holding Company 2. Names of Subsidiaries 3. Names of Fellow Subsidiaries 4. Names of Key Management Personnel</p>	<p>1. Details in regard to Holding Company (i) Sale of goods (ii) Purchase of goods (iii) Transfer of fixed assets (iv) Rendering of services <u>Outstanding balance as on March 31st</u> (v) Debtors (vi) Creditors (vii) Other liabilities Score = 7 2. Details in regard to Subsidiaries (i) Sale of goods (ii) Purchase of goods (iii) Interest and other</p>	

			<p>income received/receivable <u>Outstanding balance as on March 31st</u> (iv) Loans and advances (v) Debtors Score = 5 3. Details in regard to Fellow Subsidiaries (i) Receiving of services <u>Outstanding balance as on March 31st</u> (ii) Loans and advances Score = 2 4. Details in regard to Key Management Personnel (i) Receiving of services <u>Outstanding balance as on March 31st</u> (ii) Loans and advances (iii) Director sitting fees Score = 3 Total score: 7+5+2+3= 17</p>	
26	Container Corporation of India Ltd	<p>1. Names of Key Management Personnel: Directors of the company 2. Names of Joint Ventures</p>	<p>1. Details in regard to (I) Whole-time Directors (i) Remuneration paid (ii) Loans and advances receivable (II) Nominated (iii) Sitting fee Score = 3 2. Details in regard to Joint Ventures Score = 0 Total score: 3+0= 3</p>	

APPENDIX-2

Scores of 2005

Serial No.	Name of companies	Score
1	Reliance Industries Ltd	53
2	Oil & Gas Corporation Ltd	5
3	Tata Consultancy Services Ltd	35
4	Bharti Airtel Ltd	46
5	Infosys Technologies Ltd	16
6	Wipro Ltd	27
7	Reliance Communications Ltd	13
8	ITC Ltd	37
9	Indian Oil Corporation Ltd	16
10	Bharat Heavy Electricals Ltd	13
11	Hindustan Lever Ltd	49
12	Steel Authority of India Ltd	6
13	Satyam Computer Services Ltd	28
14	Tata Steel Ltd	49
15	Bajaj Auto Ltd	47
16	Maruti Udyog Ltd	5
17	Grasim Industries Ltd	22
18	Mahindra & Mahindra Ltd	49
19	Tech Mahindra Ltd	10
20	HCL Technologies Ltd	10
21	ACC Ltd	22
22	Cipla Ltd	6
23	Siemens Ltd	28
24	Gujarat Ambuja Cements Ltd	31
25	Hindalco Industries Ltd	24
26	I-Flex Solutions Ltd	33
27	Ranbaxy Laboratories Ltd	26
28	Jaiprakash Associates Ltd	21
29	ABB Ltd	18

30	Hero Honda Motors Ltd	21
31	Ultra Tech Cement Ltd	17
32	Container Corporation of India Ltd	9

Scores of 2004

Serial No.	Name of the company	Scores
1	Reliance Industries Ltd	57
2	Oil & Gas Corporation Ltd	8
3	Bharti Airtel Ltd	26
4	Infosys Technologies Ltd	17
5	Wipro Ltd	22
6	ITC Ltd	57
7	Indian Oil Corporation Ltd	15
8	Bharat Heavy Electricals Ltd	13
9	Hindustan Lever Ltd	62
10	Steel Authority of India Ltd	6
11	Satyam Computer Services Ltd	30
12	Tata Steel Ltd	60
13	Bajaj Auto Ltd	40
14	Maruti Udyog Ltd	49
15	Grasim Industries Ltd	27
16	GAIL (India) Ltd	13
17	Mahindra & Mahindra Ltd	67
18	Tech Mahindra Ltd	15
19	HCL Technologies Ltd	44
20	ACC Ltd	25
21	Cipla Ltd	5
22	Siemens Ltd	26
23	Gujarat Ambuja Cements Ltd	38
24	Hindalco Industries Ltd	25
25	I-Flex Solutions Ltd	33
26	Ranbaxy Laboratories Ltd	30
27	ABB Ltd	19

28	Hero Honda Motors Ltd	23
29	Container Corporation of India Ltd	7

Scores of 2003

Serial No.	Name of the company	Scores
1	Reliance Industries Ltd	62
2	Bharti Airtel Ltd	22
3	Infosys Technologies Ltd	15
4	Wipro Ltd	22
5	ITC Ltd	34
6	Bharat Heavy Electricals Ltd	10
7	Hindustan Lever Ltd	63
8	Steel Authority of India Ltd	5
9	Satyam Computer Services Ltd	30
10	Tata Steel Ltd	47
11	Bajaj Auto Ltd	36
12	Maruti Udyog Ltd	50
13	Grasim Industries Ltd	16
14	Mahindra & Mahindra Ltd	74
15	HCL Technologies Ltd	30
16	Siemens Ltd	26
17	Gujarat Ambuja Cements Ltd	43
18	Hindalco Industries Ltd	20
19	I-Flex Solutions Ltd	34
20	Ranbaxy Laboratories Ltd	23
21	ABB Ltd	16

Scores of 2002

Serial No.	Name of the company	Scores
1	Reliance Industries Ltd	52
2	Bhart Airtel Ltd	36
3	Infosys Technologies Ltd	15
4	Wipro Ltd	18

5	ITC Ltd	27
6	Bharat Heavy Electrical Ltd	9
7	Hindustan Lever Ltd	66
8	Steel Authority of India Ltd	6
9	Satyam Computer Services Ltd	9
10	Tata Steel Ltd	43
11	Bajaj Auto Ltd	29
12	Maruti Udyog Ltd	28
13	Grasim Industries Ltd	20
14	Mahindra & Mahindra Ltd	69
15	HCL Technologies Ltd	30
16	Siemens Ltd	16
17	Gujarat Ambuja Cements Ltd	44
18	Hindalco Industries Ltd	20
19	I-Flex Solutions Ltd	16
20	Ranbaxy Laboratories Ltd	27
21	ABB Ltd	19

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