CHAPTER 5

DATA ANALYSIS & OBSERVATIONS
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5.0 INTRODUCTION

5.0.1 Definition of Analysis

In Webster’s third new International Dictionary, the word Analysis means “A detailed examination of anything complex case (novel, organisation, race..) made in order to understand its essential features.”

Finally, related definition on the word “Analysis” can be found in Collins new English dictionary where the word “analysis” is defined as “the division of physical or abstract whole, into its constituent parts to examine or determine their relationship.”

Accordingly, in this study, the word analysis is used to mean an examination of the nature and features of the companies’ accounting system schemes and the relationship among these companies.

5.0.2 Representation of the Companies

As mentioned earlier, only nineteen factories of car companie’s were selected.

The companies represent the nature of the problem under study. Each section survey has some unique features.

Characteristics of companies, the size, year of establishment, last assets-position etc, are shown table no. 1 as given below:
### Table No. 1

**Details of Companies Under Study**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Last Assets (Rials, Million)</th>
<th>No. of Staff</th>
<th>Year of Establishment</th>
<th>Date of Acceptance of Stock Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>IRAN KHODRO</td>
<td>855,000</td>
<td>11,411</td>
<td>1950</td>
<td>1989</td>
</tr>
<tr>
<td>2.</td>
<td>SAIPA</td>
<td>200,000</td>
<td>3497</td>
<td>1956</td>
<td>1993</td>
</tr>
<tr>
<td>3.</td>
<td>SAIPA DIZEL</td>
<td>12,300</td>
<td>650</td>
<td>1938</td>
<td>1991</td>
</tr>
<tr>
<td>4.</td>
<td>KHAVAR</td>
<td>162,000</td>
<td>1606</td>
<td>1947</td>
<td>1991</td>
</tr>
<tr>
<td>5.</td>
<td>PARS KHODRO</td>
<td>100,000</td>
<td>2254</td>
<td>1945</td>
<td>1997</td>
</tr>
<tr>
<td>6.</td>
<td>IRAN LILAND MOTOR</td>
<td>86,000</td>
<td>390</td>
<td>1951</td>
<td>—</td>
</tr>
<tr>
<td>7.</td>
<td>KHODRO SAZAN</td>
<td>25,000</td>
<td>660</td>
<td>1952</td>
<td>1996</td>
</tr>
<tr>
<td>8.</td>
<td>HIPCO</td>
<td>195,000</td>
<td>421</td>
<td>1960</td>
<td>—</td>
</tr>
<tr>
<td>9.</td>
<td>IRAN VANET</td>
<td>30,000</td>
<td>954</td>
<td>1958</td>
<td>1989</td>
</tr>
<tr>
<td>10.</td>
<td>MORATAB</td>
<td>41,000</td>
<td>782</td>
<td>1957</td>
<td>—</td>
</tr>
<tr>
<td>11.</td>
<td>ZAMYAD</td>
<td>112,000</td>
<td>1125</td>
<td>1951</td>
<td>1995</td>
</tr>
<tr>
<td>12.</td>
<td>SHAHAB KHODRO</td>
<td>18,000</td>
<td>490</td>
<td>1951</td>
<td>—</td>
</tr>
<tr>
<td>13.</td>
<td>RANIRAN</td>
<td>23,000</td>
<td>670</td>
<td>1970</td>
<td>—</td>
</tr>
<tr>
<td>14.</td>
<td>TERAKTOR SAZI IRAN</td>
<td>121,000</td>
<td>1635</td>
<td>1956</td>
<td>1994</td>
</tr>
<tr>
<td>15.</td>
<td>KERMAN MOTOR</td>
<td>17,000</td>
<td>270</td>
<td>1991</td>
<td>—</td>
</tr>
<tr>
<td>16.</td>
<td>MEGA MOTOR</td>
<td>21,000</td>
<td>723</td>
<td>1985</td>
<td>—</td>
</tr>
<tr>
<td>17.</td>
<td>KOMBAIN SAZY</td>
<td>98,000</td>
<td>941</td>
<td>1969</td>
<td>—</td>
</tr>
<tr>
<td>18.</td>
<td>KISH KHODRO</td>
<td>13,000</td>
<td>220</td>
<td>1995</td>
<td>—</td>
</tr>
<tr>
<td>19.</td>
<td>MOTOR SAZAN</td>
<td>27,000</td>
<td>450</td>
<td>1983</td>
<td>—</td>
</tr>
</tbody>
</table>
5.0.3 Hypothesis

Based on the studies and predetermined objectives, the following hypotheses are arrived at:

1. Whether incorporating inflation accounting would enhance the confidence of the investors.
2. Whether it would show real result to the companies.
3. Whether is it practicable to incorporate this concept in Accounting.
4. Whether Govt. of Iran would accept this.
5. Whether creditors and financial institutions would accept this.

And the research questions:

1. Should the accepted principles of universal accounting be re-considered?
2. Is it possible to create a new balance sheet by incorporating revised figures, considering the impact of inflation?

5.0.4 The Analysis

This chapter deals with the information collected from the various companies in the sample and analyses it in the context of the hypotheses formed for the purpose of research, apart from the testing of hypotheses.

This information is also useful for collecting significant findings, which provide useful guidelines for suggestions and recommendations.

As stated earlier, percentages are primarily used to analyse the information. A logical ordering has also been attempted.
In analysing the data, the order of presentation is as follows: The general nature of the accounting system is considered first. The perceptions of the designers and the user of the accounting system are considered next. The subsystem in the company comprising of a number of clearly demarcated functions integral to the main accounting system are considered next.

The accounting system in the company is examined thereafter. The analysis is concluded after considering the importance of accounting system to external agencies. Summary tables are given in the body of this chapter.

Wherever necessary, references are given in brackets in this chapter to question wise tables given in Annexure.

5.1 ANALYSIS OF QUESTIONNAIRE

Analysis of questionnaire, based on questionnaire submitted to the manager, directors and chief accountant or finance directors. (see Annexure 1 & 2 attached)

Following is the list of the questions that were submitted to the respondents.

1. Effect of the current system (Historical Accounting).
2. Whether it actually shows results.
3. Is it necessary to have an inflationary Accounting System?
4. Whether it is practicable to incorporate this concept of accounting.
5. Would Inflation Accounting enhance the confidence of the investors?
6. Whether it would show real results to the company.
7. Whether creditors and financial institutions would accept this.
8. Increase or decrease in net income?
9. Need to change the accounting staff of the company.
10. Increase or decrease in tax liability?
11. Increase or decrease in value of assets?
12. Effects on the decision-making process.
13. Effects on the control system.
15. Re-consideration of the accepted principles of universal Accounting.
16. To create a new balance sheet considering the impact of the inflation.
17. Whether Govt. of Iran will accept this.

The survey covered a sample of 42 managers, directors and chief accountants and finance directors. The response received from them are as follows:

5.1.1 Effect of the Current System

Table No. 2

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Contents</th>
<th>M.D.</th>
<th>Percent</th>
<th>C.A.</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Very effective</td>
<td>2</td>
<td>10%</td>
<td>1</td>
<td>4.5%</td>
<td>7%</td>
</tr>
<tr>
<td>2.</td>
<td>Effective</td>
<td>3</td>
<td>15%</td>
<td>2</td>
<td>9%</td>
<td>12%</td>
</tr>
<tr>
<td>3.</td>
<td>Satisfactory</td>
<td>2</td>
<td>10%</td>
<td>5</td>
<td>23%</td>
<td>17%</td>
</tr>
<tr>
<td>4.</td>
<td>Less effective</td>
<td>9</td>
<td>45%</td>
<td>12</td>
<td>54.5%</td>
<td>50%</td>
</tr>
<tr>
<td>5.</td>
<td>Not effective</td>
<td>4</td>
<td>20%</td>
<td>2</td>
<td>9%</td>
<td>14%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>20</td>
<td>100%</td>
<td>22</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Effect of the Current System
20% of the Manager directors, 9% chief accountants 14% cumulative percent perceived that the current Accounting system (Historical accounting) to be not effective, whereas 45% Manager director, 55% chief accountant, 50% cumulative percent perceived it to be less effective.

All of the respondents were in favour of refining the performance Accounting system to be effective. (see below figure no. 1)

**Figure No. 1 : Effect of the Current System**
5.1.2 Whether it Actually Show Results

5.1.2.1 Actual Results of Historical Accounting

Table No. 3

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Contents</th>
<th>M.D.</th>
<th>Percent</th>
<th>C.A.</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Very good</td>
<td>2</td>
<td>10%</td>
<td>1</td>
<td>4.5%</td>
<td>7%</td>
</tr>
<tr>
<td>2.</td>
<td>Good</td>
<td>3</td>
<td>15%</td>
<td>2</td>
<td>9%</td>
<td>12%</td>
</tr>
<tr>
<td>3.</td>
<td>Average</td>
<td>8</td>
<td>40%</td>
<td>7</td>
<td>32%</td>
<td>36%</td>
</tr>
<tr>
<td>4.</td>
<td>Less</td>
<td>7</td>
<td>35%</td>
<td>10</td>
<td>45.5%</td>
<td>41%</td>
</tr>
<tr>
<td>5.</td>
<td>Very less</td>
<td>0</td>
<td>00%</td>
<td>2</td>
<td>9%</td>
<td>4%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>20</td>
<td>100%</td>
<td>22</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Actual Results of Historical Accounting

35% of the Manager director, 45.5% chief accountant, 41% cumulative percent perceived that it actually shows the result of the current accounting system (historical accounting) to be less, where as 40% Manager directors, 32% chief accountants, 36% cumulative perceived it to be average.

All of the respondents were in favour of refining the performance accounting system. (see below figure no.2)
Figure No. 2

Actual Results of Historical Accounting

5.1.2.2 Actual Results of Inflationary Accounting

Table No. 4

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Contents</th>
<th>M.D.</th>
<th>Percent</th>
<th>C.A.</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Very good</td>
<td>5</td>
<td>25%</td>
<td>6</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>2.</td>
<td>Good</td>
<td>9</td>
<td>45%</td>
<td>10</td>
<td>45.5%</td>
<td>45%</td>
</tr>
<tr>
<td>3.</td>
<td>Average</td>
<td>3</td>
<td>15%</td>
<td>3</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>4.</td>
<td>Less</td>
<td>2</td>
<td>10%</td>
<td>1</td>
<td>4.5%</td>
<td>7%</td>
</tr>
<tr>
<td>5.</td>
<td>Very less</td>
<td>1</td>
<td>5%</td>
<td>2</td>
<td>9%</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>20</td>
<td>100%</td>
<td>22</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Actual Results of Inflationary Accounting
25% of the Manager directors, 27% chief accountants, 27% cumulative percent perceived actually the results of the accounting system. (Inflationary accounting) to be very good. Whereas 45% Manager directors, 45.5% chief accountants, 45% cumulative percent perceived it to be good.

All the respondents were in favour of refining the performance accounting system to be good. (see below figure no. 3)

**Figure No. 3**

*Actual Results of Inflationary Accounting*
5.1.3 Necessity to have an Inflationary Accounting System

Table No. 5

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Yes</th>
<th>Percent</th>
<th>No</th>
<th>Percent</th>
<th>Cannot say</th>
<th>Percent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager director</td>
<td>12</td>
<td>60%</td>
<td>5</td>
<td>25%</td>
<td>3</td>
<td>15%</td>
<td>20</td>
</tr>
<tr>
<td>Chief Accountant</td>
<td>13</td>
<td>59.5%</td>
<td>8</td>
<td>36%</td>
<td>1</td>
<td>4.5%</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>59.75%</td>
<td>13</td>
<td>31%</td>
<td>4</td>
<td>9.5%</td>
<td>41</td>
</tr>
</tbody>
</table>

Necessity of Inflationary Accounting System

The positive responses that were received indicated that 59.75% of the Manager director, chief accountants or Finance directors were of the view that inflationary accounting system is necessary. (see below figure no. 4).

Figure No. 4

Necessity of Inflationary Accounting System
5.1.4 Whether it is practicable to incorporate this concept of Accounting

Table No. 6

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Manager director</td>
<td>15</td>
</tr>
<tr>
<td>Chief Accountant</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>32</td>
</tr>
</tbody>
</table>

Practicable Concept Accounting

The positive responses of Manager director are 15, which is 75 percent and the positive responses of chief accountants are 17, which is 77 percent and the total is 76 percent.

Therefore, from the above, it is clear that it is practicable to incorporate this concept of Accounting. (see below figure no 5)

Figure No. 5

Practicable Concept Accounting
5.1.5 Inflation Accounting would enhance the confidence of the investors

Table No. 7

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Yes</th>
<th>Percent</th>
<th>No</th>
<th>Percent</th>
<th>Cannot say</th>
<th>Percent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager director</td>
<td>14</td>
<td>70%</td>
<td>4</td>
<td>20%</td>
<td>2</td>
<td>10%</td>
<td>20</td>
</tr>
<tr>
<td>Chief Accountant</td>
<td>16</td>
<td>72%</td>
<td>3</td>
<td>14%</td>
<td>3</td>
<td>14%</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>71%</td>
<td>7</td>
<td>17%</td>
<td>5</td>
<td>12%</td>
<td>42</td>
</tr>
</tbody>
</table>

Inflation Accounting

The responses of Manager directors are positive in the case of 14, which is 70 percent and the responses of chief accountants which are positive in the case of 16, which is 72 percent and the total is 71 percent.

Therefore, from the above, it is clear that inflation Accounting would enhance the confidence of the investors. (see below figure no. 6)
### 5.1.6 Whether it would show real result to the company

#### Table No. 8

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Manager director</td>
<td>15</td>
</tr>
<tr>
<td>Chief Accountant</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
</tr>
</tbody>
</table>

**Result to the Company**

The positive responses of Manager director are 15, which is 75 percent and the positive responses of chief accountant are 16, which is 72.5 percent and the total is 74 percent.

Therefore, from the above it is clear that whether it would show real result to the company. (see below figure no. 7)

#### Figure No. 7

Result to the Company
5.1.7 Whether Creditors and Financial Institutions would accept this

Table No. 9

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Yes</th>
<th>Percent</th>
<th>No</th>
<th>Percent</th>
<th>Cannot say</th>
<th>Percent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager director</td>
<td>12</td>
<td>60%</td>
<td>5</td>
<td>25%</td>
<td>3</td>
<td>15%</td>
<td>20</td>
</tr>
<tr>
<td>Chief Accountant</td>
<td>13</td>
<td>59%</td>
<td>6</td>
<td>27%</td>
<td>3</td>
<td>14%</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>59.5%</td>
<td>11</td>
<td>26%</td>
<td>6</td>
<td>14.5%</td>
<td>42</td>
</tr>
</tbody>
</table>

Acceptibility of Creditors and Financial Institution

The favourable responses of Manager director are 12, which is 60 percent and the favourable responses of chief accountant are 13, which is 59 percent and the total is 59.5 percent.

Therefore, from the above it is clear that creditors and financial institutions would accept this. (see below figure no. 8)

Figure No. 8

Acceptibility of Creditors and Financial Institution
5.1.8 To Increase or Decrease Net Income

Table No. 10

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Responses</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Incr-</td>
<td>Percent</td>
<td>Decre-</td>
<td>Percent</td>
<td>Cannot</td>
<td>Percent</td>
</tr>
<tr>
<td></td>
<td>ease</td>
<td></td>
<td>ease</td>
<td></td>
<td>say</td>
<td></td>
</tr>
<tr>
<td>Manager director</td>
<td>5</td>
<td>25%</td>
<td>12</td>
<td>60%</td>
<td>3</td>
<td>15%</td>
</tr>
<tr>
<td>Chief Accountant</td>
<td>6</td>
<td>27%</td>
<td>13</td>
<td>59%</td>
<td>3</td>
<td>14%</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>26%</td>
<td>25</td>
<td>59.5%</td>
<td>6</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

Increase or Decrease Net Income

The responses of Manager director is 12 which is 60 percent and the negative responses of chief accountant is 13 which 59 percent and the total is 59.5 percent. This data-after adjustment - causes to change the data of net income. and accordingly shows the decrease in net income. (see below figure no.9)

Figure No. 9 : Increase or Decrease Net Income
5.1.9 Need to change the Accounting Staff of the Company

Table No. 11

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Yes</th>
<th>Percent</th>
<th>No</th>
<th>Percent</th>
<th>Cannot say</th>
<th>Percent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager director</td>
<td>11</td>
<td>55%</td>
<td>8</td>
<td>40%</td>
<td>1</td>
<td>5%</td>
<td>20</td>
</tr>
<tr>
<td>Chief Accountant</td>
<td>12</td>
<td>55%</td>
<td>8</td>
<td>36%</td>
<td>2</td>
<td>9%</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>55%</td>
<td>16</td>
<td>38%</td>
<td>3</td>
<td>7%</td>
<td>42</td>
</tr>
</tbody>
</table>

Need to change the accounting staff of the company

The positive responses of Manager directors are 11, which is 55 percent and the positive responses of chief accountants are 12, which is 55 percent and the total is 55 percent.

Therefore, there is a need to change the accounting staff of the company.

(see below figure no. 10)
5.1.10 To Increase or Decrease Tax Liability

Table No. 12

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Responses</th>
<th></th>
<th>Percent</th>
<th></th>
<th>Percent</th>
<th>Cannot say</th>
<th>Percent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increases</td>
<td></td>
<td></td>
<td>Decrease</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager director</td>
<td>4</td>
<td></td>
<td>20%</td>
<td>13</td>
<td>65%</td>
<td>3</td>
<td>15%</td>
<td>20</td>
</tr>
<tr>
<td>Chief Accountant</td>
<td>5</td>
<td></td>
<td>23%</td>
<td>15</td>
<td>68%</td>
<td>2</td>
<td>9%</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td></td>
<td>21%</td>
<td>28</td>
<td>67%</td>
<td>5</td>
<td>12%</td>
<td>42</td>
</tr>
</tbody>
</table>

Increase or decrease taxes

The responses of Manager director are 13 which is 65 percent and the negative responses of chief accountant 15 which is 68 percent and the total is 67 percent. Therefore, inflation accounting system represent the real data of net income and decrease in taxes. (see below figure no. 11)
### 5.1.11 Increase or Decrease in value of Assets

#### Table No. 13

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Increase</th>
<th>Percent</th>
<th>Decrease</th>
<th>Percent</th>
<th>Cannot say</th>
<th>Percent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager director</td>
<td>5</td>
<td>25%</td>
<td>10</td>
<td>50%</td>
<td>5</td>
<td>25%</td>
<td>20</td>
</tr>
<tr>
<td>Chief Accountant</td>
<td>6</td>
<td>27%</td>
<td>14</td>
<td>64%</td>
<td>2</td>
<td>9%</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>26%</td>
<td>24</td>
<td>57%</td>
<td>7</td>
<td>17%</td>
<td>42</td>
</tr>
</tbody>
</table>

Increase or decrease assets

The response of Manager director is 10 which is 50 percent in favour of decrease and those of the chief accountant is 14 which is 64 percent and the total is 57 percent. Therefore, implementing inflationary accounting system presents the data which is realistic according to the economic condition. The result of this adjusted data leads to the decrease in the value of assets. (see below fig no. 12)

**Figure No. 12**

Increase or decrease assets
5.1.12 Effects on the Decision-making Process

Table No. 14

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Contents</th>
<th>M.D.</th>
<th>Percent</th>
<th>C.A.</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Very effective</td>
<td>8</td>
<td>40%</td>
<td>8</td>
<td>36%</td>
<td>38%</td>
</tr>
<tr>
<td>2.</td>
<td>Effective</td>
<td>9</td>
<td>45%</td>
<td>8</td>
<td>36%</td>
<td>40%</td>
</tr>
<tr>
<td>3.</td>
<td>Satisfactory</td>
<td>2</td>
<td>10%</td>
<td>3</td>
<td>13.5%</td>
<td>12%</td>
</tr>
<tr>
<td>4.</td>
<td>Less effective</td>
<td>1</td>
<td>5%</td>
<td>2</td>
<td>9%</td>
<td>7%</td>
</tr>
<tr>
<td>5.</td>
<td>Not effective</td>
<td>-</td>
<td>0%</td>
<td>1</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>20</td>
<td>100%</td>
<td>22</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Effects of the Decision-making Process

40% of the Managing director, 8 out of 20, and 45% out of Manager director 9 out of 20 think that it has effect on the decision-making process.

36% chief accountant, 8 out of 22 and 36% chief accountant 8 out of 22 think has effect on decision-making process.

Cumulative to 38 percent it is very effective and cumulative to 40 percent it is effective.

All the respondents think that inflationary accounting will have favourable effect on the decision-making process. (see below figure no. 13)
Figure No. 13

Effects on the Decision-making Process

5.1.13 Effects on the Control System

Table No. 15

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Contents</th>
<th>M.D.</th>
<th>Percent</th>
<th>C.A.</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Very effective</td>
<td>9</td>
<td>45%</td>
<td>9</td>
<td>41%</td>
<td>43%</td>
</tr>
<tr>
<td>2.</td>
<td>Effective</td>
<td>7</td>
<td>35%</td>
<td>8</td>
<td>36%</td>
<td>35.5%</td>
</tr>
<tr>
<td>3.</td>
<td>Satisfactory</td>
<td>2</td>
<td>10%</td>
<td>2</td>
<td>9%</td>
<td>9.5%</td>
</tr>
<tr>
<td>4.</td>
<td>Less effective</td>
<td>1</td>
<td>5%</td>
<td>1</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>5.</td>
<td>Not effective</td>
<td>1</td>
<td>5%</td>
<td>2</td>
<td>9%</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>20</td>
<td>100%</td>
<td>22</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Effects to the Control System
45% of the Manager directors, 9 out of 20, and 35% out of Manager director 7 out of 20 feel that it has an effect on the control system.

41% chief accountant, 9 out of 22 and 36% chief accountant 8 out of 22 think that it has an effect on the control system.

Cumulative to 42 percent it is very effective and cumulative to 40 percent it is effective. All the responses expected it to share effect on of control system. (see below figure no. 14)

**Figure No. 14**

Effect of the Control System

5.1.14 Need for the Training Programmes

Table No. 16

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Chief Accountant</td>
<td>18</td>
</tr>
</tbody>
</table>

Need for the training programmes
The responses of the chief accountant is 18 which is 81.5 percent.

Therefore, there is a need for training programmes. (see below figure no. 15)

![Chief Accountant]

**Figure No. 15**

**Need for the training programmes**

**5.1.15 Re-consideration of the Accepted Principle of Universal Accounting**

**Table No. 17**

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Responses</th>
<th>Yes</th>
<th>Percent</th>
<th>No</th>
<th>Percent</th>
<th>Cannot say</th>
<th>Percent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager director</td>
<td></td>
<td>18</td>
<td>90%</td>
<td>0</td>
<td>0%</td>
<td>2</td>
<td>10%</td>
<td>20</td>
</tr>
<tr>
<td>Chief Accountant</td>
<td></td>
<td>19</td>
<td>86%</td>
<td>0</td>
<td>0%</td>
<td>3</td>
<td>14%</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>37</td>
<td>88%</td>
<td>0</td>
<td>0%</td>
<td>5</td>
<td>12%</td>
<td>42</td>
</tr>
</tbody>
</table>

**Universal Principle of Accounting**

The favourable responses of Manager directors are 18, which is 90 percent and the favourable responses of chief accountants are 19, which is 86 percent and the total is 88 percent.
Therefore, there is a need for re-consideration of the accepted principles of universal accounting. (see below figure no. 19)

![Figure No. 16](chart.png)

Universal Principle of Accounting

5.1.16 Is it necessary to create a New Balance-sheet considering the Impact of the Inflation

Table No. 18

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Manager director</td>
<td>19</td>
</tr>
<tr>
<td>Chief Accountant</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>39</td>
</tr>
</tbody>
</table>

Impact of the inflation on new balances-sheet

The positive responses of Manager directors are 19, which is 95 percent and the positive responses of chief accountants are 20, which is 91 percent and the total is 93 percent.
Therefore, there is a need to create a new balance-sheet considering the impact of the inflation. (see below figure no. 17)

![Figure No. 17: Impact of the Inflation New Balance Sheet](image)

5.1.17 Whether Government of Iran will accept this

Table No. 19

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Responses</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>Percent</td>
<td>No</td>
<td>Percent</td>
<td>Cannot</td>
<td>Percent</td>
<td>Total</td>
</tr>
<tr>
<td>Manager director</td>
<td>3</td>
<td>15%</td>
<td>10</td>
<td>50%</td>
<td>7</td>
<td>35%</td>
<td>20/100%</td>
</tr>
<tr>
<td>Chief Accountant</td>
<td>5</td>
<td>23%</td>
<td>12</td>
<td>54%</td>
<td>5</td>
<td>23%</td>
<td>22/100%</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>19%</td>
<td>22</td>
<td>52%</td>
<td>12</td>
<td>29%</td>
<td>42/100%</td>
</tr>
</tbody>
</table>

Acceptance of Govt. of Iran

The negative responses of Manager directors are 10, which is 50 percent and the negative responses of chief accountants are 12, which is 54 percent and the total is 52 percent.
Therefore, Govt. of Iran will not accept this. (see below figure no. 18)

![Bar chart](image)

**Figure No. 18**

Acceptance of Govt. of Iran

5.2 ANALYSIS OF PERSONAL INTERVIEWS

In the process of collecting data, personal interview was another important source of gathering information. The interface provided an insight into the perception of the accounting system, the positive and negative aspects and the suggestions. The same is summarised in the following manner.

2. Inflationary accounting system.
3. Need for an inflationary accounting.
5. Which way is practicable?
6. Collective financial statements (history and inflation).
7. Opinions of investors and their views.
9. Opinions of the clear sighted chartered accountant.
11. Opinion of the, IAS.No.15., ISA.No.29.
12. The effects of inflationary accounting on net income.
14. The effects of inflationary accounting on assets.

5.2.1. Current Accounting System

After interviewing the Manager directors, Chief accountants and Finance directors and auditors, I found that they felt that the performance of current accounting system to be untrue, in inflation and needs to be modified.

The accounting system is an important part of the company.

It reflects the success or the positive response of the company and not the failures.

The general opinion of the persons interviewed was that the system should not just consider promotability, but should also cater for new system, counselling system, potential development etc. and they expressed the need for the re-consideration current accounting system.
5.2.2 Inflationary Accounting System

Most of the persons interviewed were of the notion that the present accounting is not much effective. Supporters of inflationary accounting believe that changes in prices make it difficult to measure the financial statements.

Re-real Prices are rarely fixed and it can create new financial statements, balance sheet etc.

The general opinion of the interviewed was that the inflationary accounting system is much effective.

5.2.3 Need for an Inflationary Accounting

All the interviewed persons expressed them need for a re-consideration of current accounting system.

Supporters of historical price method believe that the accountant’s duty is presenting data, which is completely clear and based on the cautious principle in business.

So many years this method is supported yet. The fundamental problem in all of these activities, in history accounting system, is to present current and useful information for users.

Generally, in present conditions, we can introduce that traditional accounting, in practice. It has relevance in presenting information in historical prices method.

Today, accounting on the historical basis has been accepted as a manner and each kind of deviation from it, is considered as a custom-breaking.
So far, foundation of accounting is on the basis of historical price cost and related practical methods have resisted against much criticism.

The general opinion of the interviewed is that there is a need for reconsideration.

5.2.4 Five Ways Inflationary Accounting

In other words, the reflection of inflation effects which is necessary for accounting, is accepted. The accounting system should reflect what is inside it. To reflect this information, accountants have announced the following five methods:

1. Historical price
2. Constant money accounting
   Adjustments on the basis of general price-level (Fixed dollar).
3. Replacement price
4. Present value of future cash
5. Current cost accounting

The two preceding methods, generally are called value at current price.

Monetary value and the use of it for recording monetary narratives is an unquestionable principle for assessment of activities, and their reflection in financial statements and the use of it as a measurement unit in times of inflation should be adjusted.

The general opinion of the interviewed is that the five ways inflationary accounting system is better.
5.2.5 Which Way is Practicable?

Views of interviewed, were that the current value price system or current cost accounting and constant money accounting or adjustment on the basis of general price level (fixed dollar) is much effective than other method.

The purpose of investment in a company is gaining profit in a period of accounting along with the maintance of initial capital. In inflationary conditions, the initial capital may change according to the change of prize. Therefore, there are three methods for the maintainance of initial capital.

5.2.6 Collective Financial Statement (History and Inflationary)

All of the interviewed were of the notion that, to necessitate companies supply compound financial statement accounting. The same is summarised in the following manner:

1. Operational profit, that is stated in terms of fixed monetary unit or current value.
2. Gain or loss of purchasing power of monetary items.
3. Increase or decrease in the value of assets that result in profit or loss.
4. Effects of general inflation.
5. Current value of assets and properties.

Also, any change in the methods of assessing decreasing values of assets, in order to conclude before and after the inflation adjusting should be introduced after proper consideration.
5.2.7 **Opinions of Investors and Their Views**

Most of the interviewed were of the notion that the present accounting system, in inflationary situation is not suitable for investment.

Alterations of general level of price, wanted or unwanted have effects on all the decisions related to investment.

General opinion of the interviewed is that it is unsuitable for investment.

5.2.8 **Opinion of Creditors and Financial Institutions**

All the interviewed were of the notion that, in the inflationary situation, risk is high.

Because the assets are priced according to the past year, also liabilities that are for current assets, they damage the structural relations and meaningful financial statement and make it difficult to analyses the consequences.

General opinion of creditors and opinion of financial institution is that it is not suitable.

5.2.9 **Opinion of the Clear Sighted Chartered Accountant**

The chartered accountants and auditors say that performance accounting system needs to be clearly defined by the company.

There should be a development system and use the inflationary accounting.

Presently, the contents of the confidential reports about the financial statements are divulged within inflationary accounting in the company.
Hence, there is a need felt for openness in the evaluation process. The purpose of the inflationary accounting system should be clearly understood and used.

General opinion of the chartered accountants is that there should be inflationary accounting in the company.

5.2.10 Opinion and Views of the International Accounting Standard

Most of the interviewed were of the notion that the International Accounting is much effective on the accounting system.

They accept the basis of International Accounting Standard.

While financial information is sometimes provided using the various methods for reflecting the changing prices described before, either in primary or supplementary financial statements, there is not yet an international consensus on the subject. Consequently, the international accounting standards committee believes that further experimentation is necessary before consideration can be given to requiring enterprises to prepare primary financial statements using a comprehensive and uniform system for reflecting changing prices.

Meanwhile, evolution of the subject would be assisted if enterprises that present primary financial statements on the historical cost basis also provide supplementary information reflecting the effects of price changes.

There is a variety of proposals as to the items to be included in such information, ranging from a brief income statement item to extensive income
statement and balance sheet disclosures. It is desirable that there be an internationally established minimum of items to be included in the information.

General view of the international accounting standard is that it is effective.

5.2.11 Opinion of the IAS, N.15 and IAS No. 29

All of the interviewed, expressed their views on basic International accounting standard IAS No. 15 as follows.

Prices change over time as the result of various specific or general economic and social forces. Specific forces such as change in supply and demand and technological changes may cause individual prices to increase or decrease significantly and independently of each other.

In addition, general forces may result in a change in the general level of prices and therefore in the general purchasing power of money.

In most companies financial statements are prepared on the historical cost basis of accounting without regard to either or changes in the general level of price or to change in specific price of assets held. Except to the extent that property, plant and equipment may have been revalued or inventories or other current assets reduced to net realisable value. The information required by this standard is designed to make users of enterprises financial statements aware of the effects of changing price on the results of its operations. Financial statements, however, whether prepared under the historical cost method or under a method that reflects
the effects of changing prices, are not intended to indicate directly the value of the enterprise as a whole.

Financial information intended as a response to the effects of changing prices is prepared in a number of ways.

One way shows financial information in terms of general purchasing power. Another way shows current cost in place of historical cost, recognising changes in specific prices of assets. A third way combines features of both these methods.

Underlying these responses are two basic approaches to the determination of income. One recognises income after the general purchasing power of the shareholder’s equity in the enterprise has been maintained. The other recognises income after the operating capacity of the enterprise has been maintained, and may or may not include a general price level adjustment.

The general purchasing power approach involves the restatement of some or all of the items in the financial statement for changes in general price level. Proposals on this subject emphasise that general purchasing power restatements change the unit of account but do not change the underlying measurement bases. Under this approach, income normally reflects the effects, using an appropriate index, of general price level changes on depreciation, cost of sales and net monetary items and is reported after the general purchasing power of the shareholder’s equity in the enterprise has been maintained. (see Annexure No. 4)
In a hyperinflationary economy, financial statements, whether they are based on a historical cost approach or a current cost approach are useful only if they are expressed in terms of the measuring unit current at the balance sheet date. As a result, this standard applies to the primary financial statements of enterprises reporting in the currency of a hyperinflationary economy. Presentation of the information required by this standard as a supplement to understated financial statement is not permitted. Furthermore, separate presentation of the financial statements before restatement is discouraged. The financial statements of an enterprise that reports in the currency of a hyperinflationary economy, whether they are based on a historical cost approach or a current cost approach, should be stated in terms of the measuring unit current at the balance sheet date. The gain or loss on the net monetary position should be included in net income and separately disclosed.

5.2.12 Effect on Yield

Views of the interviewed, were of notion that the use of present accounting system has different effect on yield in the company.

In evaluating according to accounting methods, it is assumed that if capital cost is considered in present finished price of goods, profit is very low.

If economic situation is inflationary, amortization costs do not create possible replacement of fixed amortized capital. Thus, when fraction of amortization for replacement of fixed capital is subtracted, pure return can be negative.
5.2.13 Effect on Net Income

Most of the interviewed were of the notion that the present accounting system, decreases the net income of the company, depended on regulating of budget, determining of strategies related to policy of announcing of dividend and analysing of financial commitment.

General opinion on effects of net income is low.

5.2.14 Effects on Taxes

All of the interviewed, were of the notion that the present accounting system decreases the taxes in the company.

On the other hand, when the net income decreases, the taxes will also decrease.

Tax depending on the income, in the inflationary situation, companies pay dividends from profits.

General opinion is that are taxes will decrease.

5.2.15 Effect on Assets

Views of the interviewed, were of notion that the present accounting system does not show real assets.

The interviewed believe that in the inflationary situation, appropriated profit and proposed dividend should be paid from assets.
General opinion is that present accounting system does not show real assets.

5.3 FINDING

5.3.1 The Specifications of Investigative Findings

In general, investigative findings or findings obtained from investigations have three major specifications as follows:

1. Innovation

Finding obtained from investigation must be new. This factor kept us to distinguish innovative activities from production activities and endeavours. The production of a TV set is valuable even if it was completely similar to TV production in another place. But what we seek in investigations are viewpoints that are employed with the others, but it is not necessary that a new person exactly take up same ideas.

2. Defensible

The second specification of investigative findings is its logical sense or whether it is defensible. The method and manner of findings helps in isolating in extent of logical reasons to documents.

Defensible also means abundant are of one’s findings by others. After we have successfully proved the investigative findings, every one can use it as a principle or fact without presence or permission of chief investigator.
In this stage, these findings become independent of their creator. For this reason, investigative findings are different from opinions that are independent for the possessor of the ideas.

3. Availability

The third specification is that scientific findings shall be available. We expect that investigators try to inform the others about investigation results. It is very important that investigators understand what is important in investigation is not discoveries but how the world get influenced by the discoveries.

5.3.2 Finding of the Historical Accounting

Finding on the basis of information gathered from the historical accounting:

1. Recently there has been a great change in accounting and definitions and concepts.

2. All the respondents were in favour of refining and modifying the present system of current accounting of historical accounting; because they thought that it is less effective. Therefore, accounting should adopt a new system on a re-consideration of this system.

3. What has been stated, was a representation of opinions on the use of historical price idea. It seems that with notice of existing facts in the commercial world and non-conformity of traditional accounting with the fact and reality, specially in the inflation and instability situation of increasing prices, the accountants must find a solution.
4. All the respondents about the historical accounting system say that it does not actually show the result.

5. The fundamental problem concerning each accounting system is presentation of useful information related to the described system of accounting. This is the main role that accounting in its new concept and scope that has to play.

6. Historical price in the inflationary situation can not reflect inflation effects and historical accounting can not present information with high quality and for this reasons there have been suggested some views.

7. Purpose of historical accounting system is for providing information for investors and users so that it can help them in decision-making.

8. Monetary unit in the historical system and the use of it for recording monetary narrative is an unquestionable principle for assessment of activities and their reflection in financial statements unit at inflation time is doubtful.

9. Accounting on the historical basis has been accepted as a manner and each kind of deviation from it is considered as a custom-breaking. So far, foundation of accounting on the basis of historical price cost and related practical methods has resisted much criticism.

10. All of the companies, with the intensity and weakness in different degrees are affected by inflation. For this reason, much criticism is
made about accounting on the basis of historical price; criticism, that arises from inflation and price change.

11. That the structure of historical accounting in relation of financial value aspect of properties is not correct, and the recorded values in account-books are away from the truth.

12. Supporters of historical price method believe that the accountant's duty is of presenting data, which is completely clear and based on the conservative principle in business. Many years have passed and this method is supported yet.

5.3.3 Finding of the Inflationary Accounting

Finding on the basis of information gathered from the inflationary Accounting system:

1. Most of the respondents were not in favour of this historical Accounting system as it was not much effective, because the change in prices made this system difficult to measure the financial position, but when prices are fixed, it can measure the financial position, new statement, balance sheet etc.

2. All the respondents were convinced of the need for inflationary accounting system, because the fixed prices helped the company to give useful information to users by historical price method. Secondly, this will give the clear picture based on the principles of the business.
3. Scientifically and academically, the subject of inflation does not draw sufficient attention and its economic effects do not get attention. On the other hand, the inflationary effect over accounting items and financial statements, all the times have theoretically interesting features and we challenging.

4. There are five ways of inflationary accounting as follows:
   a) Historical cost.
   b) Fixed monetary, adjustment on the basis of general price-level (fixed dollar).
   c) Current value or current price.
   d) Replacement price.
   e) Present value of future cash.

5. The discounting is about the present value of future cash flows because it explains whether decrease of purchasing power about the liability should be easy to calculate or not.

6. For reflecting the inflation effects, accounting system should present information with high quality.

7. Inflationary accounting can be, reflection of the inflation’s effect that has a surrounding effect on accounting in preparing information for making decision. It is revealing what is within, in the accounting system and with financial affairs and events without reducing and altering them in a real and accurate way.
8. Collective financial statements. This finding was supported by the interviewed, because, they say that it will help in terms of fixed monetary unit.

Secondly, increase or decrease in the value of assets and profit and loss can be ascertained. Effect of inflation can be worked out.

9. In the fixed monetary unit method changes in price make it difficult to access the financial statements.

Since, when the prices are fixed, accounting by showing the historical price of the financial statement that reveal the amount are beneficial for the future. But the prices are rarely fixed.

10. The creditors and the financial institutions think that the assets and the liabilities are priced according to past year, and it has an effect on the decision-making of the creditors and financial institutions.

11. The main object of inflationary accounting was, preparing useful data, supplying the information offered by audit historical accountings for guiding the manager and other users of financial statements, to specify the financial abilities of company, specifying the income of interest, make the distribution policies and specify the financial classify.
12. The International Accounting standard is much effective because the results are positive. They disclose the study and the survey of the accounting system and the problems and how to solve them.

13. The opinion regarding the statements number 15, issued by International Accounting Standard: This is about the inflationary situation in an economy. It is good and useful for survey.

Statement number 29 issued by International Accounting Standard. This is about the hyperinflation in regard to the items in the financial statements. It relates to the survey, present and alternative. Taxes, dividends etc. It is good and useful for survey.

14. If economy is inflationary, amortization costs do not create possibility of replacement of fixed mortized capital. Thus, when a fraction of amortization for replacement of fixed capital in accounting prices is subtracted, pure return can be negative.

15. In the economy only understanding the financial affairs is insufficient but also they should be able to prepare the financial reports so that it could be understandable for the other people. It should be based on the reality too.

5.3.4 Findings of the Companies

Finding on the basis of information gathered from the companies under study:
1. The car factories of companies are going for expansion because of rising inflation.

2. Still Iranian car factories are more highly dependent on internal funds, and different products have been introduced in the car market of Iranian companies.

3. In the present inflationary situation, the price changes and comparison of financial statements has created significant problems in the companies.

4. It was observed that depreciation is a large balance sheet item, which is treated as a main source of internal funds.

5. Level of prices is not fixed. There are changes in the prices. This change affects the decision-making of the investors regarding investment in the company. Therefore, the investors think that there is a risk in investing. Therefore, it is not suitable.

6. The chartered accountants say that the performance accounting should be clear, because at present the contents are concealed, and there is a need for openness, and it should be clearly understood and used by everybody.

7. The effect on yield: Inflation has the different effect on the yield because of evaluating and accounting methods. The capital cost is increased and therefore accounting profit is low.
8. The effect on net income: There is a decrease in the net income. To stop this decrease the following points are important: 1) Assessing of investment in a different way proper. 2) Selection of source of income. 3) Alteration in the level of price etc.

9. Taxes depend upon the profits. When the net income (profits) decreases the taxes will also decrease and dividend will also decrease and vice versa.

10. Changes in net income have an effect market value assets of the company in the long run.

11. Determining of strategies related to apportionment of dividend or in analyses of financial commitments or in assessing of investment or selection of source and way of financial providing or investment are in the context of general level of prices.

12. Balance sheets that are now offered by the car companies in stock market of Iran-Tehran, have no logical relation between the numbers and also their calculations are not reliable.

.4 TESTING OF HYPOTHESIS

Hypothesis 1

The first hypothesis is, whether incorporating inflation accounting would enhance the confidence of the investors.
After dealing with the information collected from the companies in the sample and analysis in the context of this hypothesis, most of the opinions were of the notion that the present accounting system in the inflationary situation is not suitable for investment.

General opinion of the investors and their view is that it is unsuitable for investment.

Therefore, use of the inflationary accounting and a presentation of correct data in the financial statement gives confidence to the investors.

**Hypothesis 2**

The second hypothesis is, whether it would show real result to the companies.

According to this study, it deals with the information collected from the companies in the sample and analysis in the context of this hypothesis.

All were of the opinion that the historical accounting system does not actually show result, but all the respondents were in favour of refining performance of inflationary accounting system to be good.

Therefore, when the performances are refined, it will show good result to the companies.

**Hypothesis 3**

The third hypothesis is, whether is it practicable to incorporate this concept in accounting.
It has been observed during the analysis and study that opinion about the practicability was that the value current price system, and adjustment on the basis of general price-level (fixed dollar) is much more effective than other methods.

Generally, in the present condition, we can introduce that accounting in practice because it has tendency to present information in historical price method.

Therefore, it is practicable to incorporate this concept in accounting.

**Hypothesis 4**

The fourth hypothesis is, whether Govt. of Iran will accept this.

After analysis of data regarding this hypothesis general opinion about the acceptance and change in accounting system by Govt. of Iran is that it is not possible.

Because inflationary accounting accepts need of the readiness. Audit Organization (AO) is formally responsible for regular national accounting standard, but about the changing price accounting is does not say anything.

Therefore, Govt. of Iran will not accept this.

**Hypothesis 5**

The fifth hypothesis is, whether creditors and financial institutions would accept this.

After dealing with the information collected from the companies in the sample and analysis in the context of this hypothesis, most of the respondents were of the notion that, in the inflationary situation, the risk is high.
Presently, the financial statements prepared in the basis of historical accounting do not provide the clear and needed information for the creditors and financial institutes.

Hence, there is a need felt for openness in the evaluation process, because purpose of the inflationary accounting system should be clearly understood and used, and so inflationary accounting system helps to clear financial statement and is understandable and accepted by creditors and Financial Institutions.
REFERENCES:


5. ‘The Statements’ of Accounting Guidelines, No. S.1 to 18, Issued by Accounting Guidelines Setting Committee Audit Organization, Islamic Republic of Iran.