Chapter 1

Research Methodology

1.1 Introduction

Accounting is defined by American Accounting Association as ‘the process of identifying, measuring and communicating information to permit judgement and decisions by the users of accounts.’

Users of accounting can be classified into two categories:-

i. Internal Management.

ii. Outsiders.

It is expected that accounts should provide information to meet requirements of both of the above i.e. internal management and external users. Information requirements of outsiders are generally served through Financial Statements. ‘Financial Statements’ means the Balance Sheet as at the end of the accounting period and Profit and Loss Account for the accounting period along with schedules, notes and accounting policies followed to prepare these Statements.

Significance of Accounting

Accountancy is called as the language of business. It communicates financial information to various users by way of financial statements. The process of accounting is recording, classifying and summarizing. For analysis some tools are used. They are cash flow and funds flow statements, Ratio Analysis, Comparative and Common Size Statements.

1.2 Developments of Accounting Standards

Prior to the 1970s, few academics paid attention to the standard-setting process in accounting. Beginning in the 1970s, however, it became clear that standard setting was a fascinating process that had become intertwined with the economic self–interests of affected parties. Currently standard-setting boards or committees are active in a number of countries, including the United States,
United Kingdom, Australia, Canada, New Zealand, the Netherlands, Japan, India etc. Formal standard setting has had a longer history in Untied States than in any other country. As early as in 1932-34, the American Institute of Accountants (now known as the American Institute of Certified Public Accountants) collaborated with the New York Stock Exchange in the formulation of five “rules or principles” in Accounting. In 1959 the American Institute of Certified Public Accountants (AICPA) established the Accounting Principles Board (APB) with the objective of carrying on research so as to provide a solid conceptual basis for its opinions. In 1973 the Financial Accounting Standards (FASB) replaced the APB after the latter had issued 31 opinions and 4 statements. However FASB was not a committee of the AICPA. Now Accounting Standards Committee (ASC) was set up to lay down ‘standards’ which would produce greater uniformity in financial accounting practices. The ASC is now renamed as Accounting Standards Boards (ASB).

**Accounting Standards in India-**

The need for accounting standards specifically for the country’s economic environment was also felt in India. Recognizing the need to harmonize the diverse accounting policies and practices in India and keeping in view the international developments in the field of accounting, the Council of Institute of Chartered Accountants of India (ICAI) constituted the Accounting Standards Boards (ASB) in April, 1977.

**1.3 Need of study**

To standardize the diverse accounting policies and practices and with a view to eliminate to the extent possible, the non comparability of financial statements and to add reliability of financial statements, Accounting Standards are issued.

The need of Accounting Standards was recognized by The Institute Of Chartered Accountants of India and therefore, it constituted an Accounting Standards Board on 21\textsuperscript{st} April 1977.
The Board is continuously issuing accounting standards in various areas as applicable to business houses. At the same time, it also revises the existing Accounting Standards as per the need of changing scenario.

**Impact of Globalisation**

Due to globalization, many Multinational companies have started their operations in India. They are preparing their financial statements according to the provisions applicable to their native country. But at the same time, they are also required to file their returns in India for their operations in India. For that, they have to follow Accounting practices and policies prevalent in India.

Taking into account, the need of the hour, Accounting Standards Board (ASB) also tries to adopt International Accounting Standards/International Financial Reporting Standards. So far the Accounting Standards Board has issued Thirty Two Accounting Standards. They are:-

- AS-1 Disclosure of Accounting Policies
- AS-2 Valuation of Inventories
- AS-3 Cash Flow Statements
- AS-4 Contingencies and Events Occurring after the Balance Sheet Date
- AS-5 Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies
- AS-6 Depreciation Accounting
- AS-7 Accounting for Construction Contracts
- AS-8 Accounting for Research and Development
- AS-9 Revenue Recognition
- AS-10 Accounting for Fixed Assets
- AS-11 Accounting for the Effects of Changes in Foreign Exchange Rates
- AS-12 Accounting for Government Grants
- AS-13 Accounting for Investments
- AS-14 Accounting for Amalgamations
- AS-15 Accounting for Retirement Benefits in the Financial Statement of Employers
Many of these Accounting Standards are mandatory in nature and must be followed while preparing and issuing Financial Statements by the business houses. Ensuring the compliance is the responsibility of the management of the enterprise.

At the same time, auditors have to confirm that all mandatory Accounting Standards are followed by the enterprise when he carries out the attest function.

There are also certain provisions in the Companies Act, 1956 and Income Tax Act, 1961 which state that while preparing financial statements certain accounting standards are to be followed. Statutorily these standards are required to be implemented by the management.

Section 145 of the Income Tax Act specifies the use of accounting standards to be followed by any class of assessees or in respect of any class of
income. Similarly, Section 211 (3C) specifies accounting standards to be followed by companies.

With the use of Accounting Standards, confusing variations in accounting treatment is reduced significantly. Similarly, there is certain important information which is not required to be disclosed by law but Accounting Standards compel it to be disclosed. Comparison of financial statements of different companies is possible only because of Accounting Standards.

In last 7-8 Years the numbers of Accounting Standards have increased significantly and accordingly, it has also affected the preparation of financial statements by the companies. There are significant changes in reporting formats of financial statements of Companies as well in disclosure of policies.

Therefore I decided to study in detail the development of Accounting Standards and its impact on preparation and reporting of financial statements of certain selected Companies in Nashik.

1.4 Objectives of Study
To study the procedure for issuing of Accounting Standards.

i. To study various Accounting Standards Issued by Accounting Standards Board of the Institute of Chartered Accountants of India.

ii. To study the reporting requirements of Accounting Standards as applicable to Large Scale Companies.

iii. To observe the changes in financial statements and disclosure of information due to development of Accounting Standards

iv. To take review of the profile of Large Scale Companies in Nashik and their financial reporting.

v. To critically examine the financial reporting procedure of Multinational Companies with reference to selected companies.

vi. To analyse the impact of globalisation on financial reporting and policy.

vii. To take review of the problems faced by Large Scale Companies while implementing Accounting Standards in their companies.
viii. To find out problems relating to financial reporting and also find out the solutions.

1.5 Hypotheses of the present study

After observing the role of Accounting Standards in the preparation of financial statements, following hypotheses have been adopted for the present study.

1. Accounting Standards play very important role in financial reporting of Large Companies.
2. The Multinational Companies have to make appropriate changes in their financial reporting and disclosures due to Accounting Standards.

1.6 Research Methodology.

Research can be defined as the systematic design, collection, analysis and reporting of data. Again referring to the Oxford dictionary research is defined as, ‘systematic investigation into study of materials and sources, etc in order to establish facts and reaching new conclusion’. Effective research involves five steps as shown in the following chart:

**Chart No.1.1 – Steps in Research**

- Defining the Problem and Research
  - Objectives
    - Developing the Research Plan
      - Collection of Information
        - Analysis of Information
          - Presentation of Findings
This introduces the research strategy of the study and provides a comprehensive explanation of basic assumptions made concerning its scientific philosophy. Furthermore, the scientific methods of study applied throughout the research process are fully described. This study is a research work conducted in the public limited companies located at Nashik from 2003-04 to 2008-09.

According to Ackoff (1999), the product of scientific inquiry is a body of information and knowledge that enables people to better control the environment in which they live. This philosophy of having both epistemic utility (new knowledge) and practical utility (to better control the environment) as outcomes from science is very typical of applied sciences, like social sciences. In social sciences, according to Yin (1994), there are five alternative research strategies: experiment, survey, archival analysis, history and case study. Each research strategy represents a different way of collecting and analysing empirical evidence, and each has its own advantages and disadvantages. Yin (1994) continues that the three relevant conditions: (a) the type of research question, (b) the control an investigator has over actual behavioral events and (c) the focus on contemporary as opposed to historical phenomena, should be considered when making decisions on research strategy. The review of these conditions for this study is as follows:

(a) The type of research question is primarily “how”, since the purpose of the study is to analyse accounting standards as implemented by the public limited companies. According to Niiniluoto (1992), research aiming at knowledge that is useful for design activity may be called design science - which is a typical research approach in economics and especially management disciplines (e.g., Olkkonen, 1993). The research question would lead the study to be of an explanatory nature, as the purpose is to provide an explanation of the studied phenomena in complex business systems. However, the study not only provides explanations, but also gains a deep understanding about the various situations. Systematic thinking is a dominant characteristic of this research. The scientific contribution of research to society, according to Neilimo and Näsi (1980),
distinguishes business studies primarily as descriptive or normative. This study is considered to be a normative research, although it also involves much descriptive analysis.

(b) The role of the researcher in this study is to actively participate in the preparing of financial statements. Eisenhardt (1989) also states that the case study method is a research strategy that is intended to focus on understanding the dynamics present within individual settings. An action-oriented approach brings the human being into the focus of analysis, and therefore makes the explanatory model more teleological.

As the researcher is personally involved in the studied phenomenon, the knowledge that is created through the research process cannot be independent from the subject (the researcher). The research objects are thus being perceived subjectively, although the research material also consists of some quantitative data that is primarily objective.

(c) This study is focused on a contemporary phenomenon and the research problem is extremely relevant for companies. According to Clark (1976), the main strength of action research is that it combines discovery and implementation in one process. Thus, the action research approach can be effectively used to combine a practical action and science at the same time. According to Coghlan and Brannick (2001), action research also involves a collaborative problem-solving relationship between researcher and client aimed at both solving a problem and generating new knowledge. In this study there are altogether 5 different companies where the accounting standards are implemented. All these have been selected for in-depth study where the researcher was personally involved and where the research was fully conducted in parallel with the action. The experiences and learning processes from those projects are used as the main method of evidence in this thesis. Thus, the research obviously represents the empiricist view of epistemology.
The action research approach has its roots back in the mid-1940s when Kurt Lewin and his associates developed theories on social psychology and group dynamics. In those days, they conducted several action research projects in different social settings. The basic idea in action research is that it is an approach to research that aims at both taking action and creating knowledge or theory about that action. The importance of this research method has substantially increased over the last decades in social sciences. According to Coghlan and Brannick (2001), inside the generic term, action research, many experimental paradigms can be identified, each of which has its own distinctive emphasis. Over the years various research traditions inside the action research approach have developed among scholars. This study complies with traditional action research.

Gummesson (2000) makes a comprehensive synthesis of the main characteristics of the traditional action research method within research in management. The list of characteristics is presented in Table 2 where an additional column has been added to present the appearance of that particular feature in this study.

**Table 1.1: The characteristics of action research and their appearance in the study**

<table>
<thead>
<tr>
<th>Key characteristics of action research</th>
<th>The corresponding appearance in this study</th>
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<tr>
<td>(1) Action researchers take action.</td>
<td>(1) The researcher was not merely observing how standards were developing, but he was personally involved in watching implementation o the same and also actively working on the same.</td>
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</table>
(2) Action research always involves two goals: solve a problem for the client and a scientific contribution. (2) The aim of study is two-fold: (a) to find out the implementation of IAS and also note its impact on financial position due to these developed IAS and (b) to simultaneously contribute to science by building new theory for the existing body of knowledge about the implementation of developed IAS.

(3) Action research is interactive. (3) The implementation of process changes in companies accounts requires extensive interaction between all the parties involved, including the researcher. Therefore, the actual research process was continuous interaction with all the parties involved.

(4) Action research aims at developing a holistic understanding. (4) The first pre-requisite in implementing the IAS is always to understand them in detail and then its implementation to current financial statements.

(5) Action research is fundamentally about change. (5) The starting point of the study was changes in the accounting policies due to development of IAS. The focus was on studying the impact on the financial position of the reporting units.

(6) Action research requires an understanding of the ethical framework, values and norms within the context of the research. (6) The researcher has more than ten years experience in accounting field and has basically seen the development of the IAS. Thus, the researcher was very familiar with the accounting context and the challenges.
(7) Action research can include all types of data gathering methods.

(7) There are many sources of research material in the study, including observations, documents, archives and surveys. Both qualitative and quantitative methods are used in this study. These are described in more detail later.

(8) Action research requires a pre-understanding of the business context.

(8) The researcher has more than ten years experience in working within the same field and has basically seen the development of IAS. Thus, the researcher was very familiar with the accounting context and the

(9) Action research should be conducted in real time (though retrospective AR is also acceptable).

(9) The observation process was continuously on since 1998. For research topic, again detailed study was conducted during 2003 to 2009 as a part of the research topic. All research material was collected and most analysis was performed made during this time period; that is, most of the learning took place at the time.

(10) Action research represents the hermeneutic paradigm, although elements from the positivistic paradigm may be included.

(10) The study does not aim to test any existing theories nor to follow a deductive reasoning logic – which is typical of positivism. The purpose is to create a new contribution to the existing body of knowledge. This study is an inductive, theory building case study research. Therefore, it represents more the hermeneutic research paradigm than pure positivistic thinking.

**Practical inference and technical norm**

The reasoning of this thesis directly follows the logic of practical
inference (or the practical syllogism of Aristotle), which is an alternative approach to the more traditional, deductive theoretical inference used in the natural sciences. In the social sciences, where human action cannot be explained causally by laws, but must be understood intentionally, the applications of practical inference are very useful (Von Wright, 1963). The basic foundation in practical inference is that a human being assumes the end of an action and considers how and by what means it is to be attained. According to Von Wright (1972), scientific practical inference as a schema of explanation plays a comparable role in the social sciences as that of nomological deductive explanation in the natural sciences. In theoretical inference, both premises and conclusions are declarative sentences, whereas in practical inference the conclusion is always an action (Haaparanta and Niiniluoto, 1986).

Von Wright's concept of a technical norm can be used as a scientific foundation to constitute new knowledge in design sciences where research results should provide some kinds of rules of action, or normative statements (Niiniluoto, 1993). According to Von Wright (1965), a technical norm is a factual statement about the relation between means and ends, the philosophical foundation being based on the practical inference. A technical norm provides normative rules that extract an obligation to behave in a certain way from the pursuit of this interest as an end (Von Wright, 1965). In general terms, the technical norm can be stated as follows:

“If you want \( A \), and you believe that you are in situation \( B \), then you ought to do \( X \)”. 

According to Olkkonen (1993), this scientific reasoning is very typical of management research, which aims at providing managers normative rules for complex business situations. There are basically two opposite approaches in applied sciences of using the reasoning of technical norms. The first approach searches for a means \([X]\), which should lead to an end \([A]\) in a certain situation \([B]\). This approach, obviously, follows the logic of inductive reasoning, and according to Olkkonen (1993) is characteristic of design sciences. According
to the other approach, research is meant to find an end [A], when a means [X] is done in a certain situation [B]. Here, the scientific reasoning is based on deductive logic. This approach is often applied in predictive sciences (Olkkonen, 1993). This study belongs to design sciences and clearly follows the inductive reasoning logic.

**Defining the Problem and the Research Objective**

An old adage says, “A problem well-defined is half solved”. The problem and the objectives have been enumerated earlier. The research has adopted different types of applied research to arrive at logical conclusions. Qualitative research methodology has primarily been used to reporting aspect of different companies. This is based on empirical data wherein facts are utilized to test the hypothesis. The research is also exploratory in nature with the primary aim of treding on areas hitherto not formally explored.

**Research design**

Research design particularly describes the knowledge creation process and methods applied in detail (Yin, 1994). It can also be understood as an action plan for the whole research process. The research design of this study complies with the traditional action research methods according to which the research process is understood as a cycle that consists of a pre-step and three core step activities: planning, action and fact-finding (Lewin, 1973).

The different steps in the research cycle of this study are labelled (1) pre-understanding, (2) planning and action, (3) fact-finding and analysis and finally (4) theory building.

**These phases are described as follows:**

1. The **Pre-understanding phase** is primarily to increase the researcher’s understanding of the topic in practical context. This research phase starts with structuring the research problem and underlying research questions. This is followed by a review of the literature based on which a tentative ‘a priori’ specification of research constructs are derived.
(2) The **planning and action phase** includes both the preparation of financial statements and implementation of IAS for every company. In practice, there are large numbers of companies implementing IAS. This research phase starts with the study of selected companies financial statements along with notes disclosed. Depending on the companies line of business, implementation may differ. This is also reflected in the scope of the process implementation. In summary, the implementation of changes is carried out during this phase. The research data is collected simultaneously.

(3) The **fact-finding and analysis phase** covers the detailed analysis of findings and research data from the implementation project. The analysis is done in two steps. The first review is carried out at the researcher’s end. The second, more detailed analysis is done along with the preparers of financial statements. If there is not enough evidence to draw conclusions from the findings, more in-depth cases are selected for further-analysis.

(4) The **theory-building phase** is primarily to draw research conclusions and to create a new theory for the existing body of knowledge. First, the phase still continues the analysis of research data for further validating of the findings. This is done by using data taken from the companies that were part of the in-depth analysis. Second, it presents the research conclusions and links them to the theory. The purpose is to present a new model for selecting the right implementation. Third, the research phase discusses the utilization of the new theory.

**Developing the Research Plan**

The second stage of the research was developing the most efficacious plan for gathering required information. Designing a comprehensive research plan entails decisions on aspects such as sources for data collection, approaches
for research, research instrument, surveys of the focus groups and experiments. The broad elements of the research plan of the researcher were as follows:

1. Earmarking sources of data collection.
2. Sampling design.
3. Collection of data.
4. Analysis of data.
5. Presentation of the findings.

Sources of Data
A major emphasis was laid towards collection of primary data to include observational and questionnaire method. It was important to obtain firsthand information to present a realistic appraisal of the situation. The following sources of data were explored:

Primary Data
The primary data was collected primarily by the following means:

(i) Annual Reports of the Companies selected for study
(ii) By observation.
(iii) Administration of questionnaire to the respondents
(iv) Experience survey that is, personal interview.
(v) Personal noting of the research during studies.

Secondary Data

(i) Reference books.
(ii) Encyclopedia, Dictionary
(iii) Journals, periodicals and newspapers.
(iv) Internet, website

The present study is an exploratory in nature of particular companies selected for study. The study is designed to be empirical one based on the survey method. This research study addresses the development of Accounting Standards and its impact on financial reporting. This study is an attempt to study whether
the accounting standards have been really implemented by the corporate and impact of development of the accounting standards on the reporting as well as financial position of the reporting unit.

Financial Statements of all the companies for last 6 years were studied. The number of companies was commensurate to reach conclusion. It is pertinent to mention here that the companies selected were studied in detail.

**Research material**

Explorative study typically combines data collection methods such as interviews, questionnaires and observations. In this thesis, the research material also consists of a number of sources including both qualitative and quantitative data. The main conclusions, however, are clearly drawn based on qualitative data analysis. Therefore, this study fundamentally represents the hermeneutics research tradition.

The research material includes (1) personal observations and notes, (2) interviews and presentations, (3) standard documents i.e. published financial statements of the companies, (4) key operational performance measures.

**Collection of Data**

Highlights of the methodology adopted in collection of data for the research work is given as follows:

**Observation and Noting**

The researcher effectively utilized his experience of 10 years of service in the College. Being deeply interested in the subject right from beginning the researcher has been keenly observing development of accounting standards and reporting by public limited companies accordingly. During the course of this research, the researcher strengthened his observation techniques keeping into view well laid out objectives of the research with clear-cut parameters.
Administration of Questionnaire

The following aspects were essential elements of the administration of questionnaire for the target population:

(i) **Pilot Survey** - Prior to administering the questionnaire a pilot survey was conducted with the sample questionnaire. Keeping into view the response pattern and the difficulties faced by the sample respondent the questionnaire was suitably modified.

(ii) **Preparation of the questionnaire** - Two questionnaires were prepared details of which are given in Chapter 11 titled ‘Analysis of the Research Data and Interpretation’. Questionnaire 1 was administered for the members preparing the Financial Statements and. Questionnaire 2 was aimed at the auditors of the companies who have to verify the compliance of the accounting standards by the companies while preparing and publishing the financial statements. The questionnaires were simple wherein 80% of the questionnaire was so structured so as to elite specific response from the respondents. A small percentage of the questionnaire was open ended which too was kept simple and easy to analyse. If the respondent could not answer a particular question or for that matter wanted to adopt an option not mentioned in the list then there was a provision to do so. The questions were presented in a logical sequence, were attractive and it was ensured that the printing was legible and on a good quality of paper. The respondents were provided extra space to express their opinion and other matters not covered relating to the research topic.

(iii) **Administration of the Questionnaire** - Largely, the questionnaires were administered personally to the target population the primary aim being to afford a greater interaction with the respondents i.e. CFOs or Accounts Manager and Auditors. This also gave an opportunity to these personnel to seek clarifications. The questionnaires were either sent by mail or given in person. Wherever feasible the researcher ensured a personal interaction with the respondents.

(iv) **Experience Survey** - This has been an ongoing process in the service span of the researcher. Knowledge of senior Chartered Accountants with rich experience was tapped to enlighten the researcher.
(v) **Secondary Data**- The researcher carried out a comprehensive and wide-ranging research which was aided by material available from libraries and internet, though limited documented work is available in India on the subject. General information on Standards and accounting procedures is available but scant information as relevant to the study is available on specific issues.

**Questionnaire preparation and sample testing**

The interview schedule was semi structured. Most of the questions were of descriptive type. Therefore interview cum discussions were arranged for Accounts Managers, CFOs as well as the persons preparing financial statements. The similar process was carried for auditors of companies. While interviewing accounts manager process of implementation of accounting standards was done. Impact of development of accounting standards was also discussed at length with concerned authorities.

**Questionnaire**

The questionnaires were prepared after careful and comprehensive study to cover all aspects of accounting standards. The questions asked were mainly opinion questions in order to solicit the answers from the accounts manager and auditors. While framing the questionnaires care was taken to see all questions relevant to the study were asked. Thereafter structured questionnaires were formulated for the study. Accounts manager is the prime respondent for the interview. The questionnaires were administered by the interview method. There were personal discussions with the related people. It was necessary to create a rapport with the respondent first to get them to open out and give truthful replies about their enterprise situation for the research purpose. The questionnaire is framed in six sections.

I. Information about the respondents
II. General information about the company and industry
III. Present and past situation of the applicability of accounting standards
IV. Development of IAS and its impact on reporting as well financial position of the company.

V. Opinion statement of respondents

VI. Vision statement of respondents

**Section – I-** This section gave us a complete personal profile of the respondent. As the study is accounting and reporting at management level of Companies, it gave us complete structures of the particular strata of accounts managers. It covered all personal aspects and background of the management category. It gives us a complete idea of the maturity levels of respondent entering into accounting management due to “management education”. This data was very vital as we could place the management level people.

**Section – II-** This section portrays the organization profile of respondent. It gave us general information about the industrial unit. This section provides information about the organization structure, the sector of activity, year of establishment, the size of the enterprise, product manufactured, nature of market, product location of the enterprise and problems faced while carrying on the accounting function.

**Section-III-** The third section deals with present and past situation of the application of accounting standards. It mainly aims at finding out the acceptance of accounting standards by the companies, accounting in accordance with the standards and reporting and disclosure thereof. It studies the role of the accounting standards in finalization and reporting of financial position of the company.

**Section –IV-** This Section is mainly for studying the development, revision and addition of accounting standards and their impact on the accounting, auditing and reporting by the companies. Impact with respect to change in accounting of a
particular transaction, change in disclosure, change in profitability and change in position as on Balance Sheet Date are the main issues covered in this section.

Section –V- This Section is mainly for studying opinion of management level people on various issues relating to IAS. These questions reveal the issues faced by them due to taking up and implementing the standards. Questions consisted of opinion statements of management level staff of the companies. The questions asked were aimed at to get information about the levels of attitude towards the implementation of accounting standards in the industry. The attitude of the management plays an important role on the implementation. This question reveals the importance of accounting standards to the finance and accounts section of the companies.

Section-VI- The questions in the last section were diverse. They studied the managerial view about the accounting standards, their opinion on implementation, revision, development and impact on their work. It also covered difficulties faced by them and vision statements like finding out the future of IAS, future plans of the company w.r.t. implementation of IFRS. Hence the questionnaire has been able to solicit almost all information to make qualitative study of the research area.

Sample Selection and Pre-testing

The researcher has selected five public limited companies situated at Nashik. The companies were selected on random basis and those too covering different types of industry. As compliance of Indian Accounting Standards is mandatory in nature, companies have to follow those standards. So sample size selected for study was sufficient to draw conclusions. On the basis of this researcher prove, how IAS are implemented in Companies as well how they have affected reporting along with their development and how reporting by the corporate sector has improved accordingly.
Questionnaire was put to test by administering to the respondents selected study regions for research. During the testing of questionnaire, the questions were checked to find its suitability in terms of language, construction of the questionnaires and the logical flow of questions, which would help the respondent to answer it and thus help in fulfilling the objective of the study. During this process the researcher found the need for modifying certain questions, further some questions had to be asked by the probing method as the direct question could not bring forth the real answer. Several ideas were put forth at the pre testing stage, which was the essential requirement for the study and had not been considered at the time of construction of the questionnaire. The necessary questions were then added or modified accordingly. This pre-testing exercise helped in getting ideas for formulating the plan for the fieldwork operation for the entire study.

**Analysis of Data**

The data was analyzed in detail from which facts emerged as relevant to the study. The data was first tabulated and thereafter it was analyzed according to the objectives and hypothesis. The response to each question was analyzed in detail and separately. The aim and objectives behind addressing this questionnaire to the respondents were enumerated and thereafter the analysis was carried out. He has also given out his deductions and reasons thereof. The analyzed data so formulated was made the basis for interpretations and conclusions.

**Processing of Data**

Using Excel programme, the data for 5-6 years of all the companies was put in a spreadsheet. This helped to compare data of a company. Similarly, accounting policies and compliance of accounting standards was also put in excel sheet so that comparison of data of different years of the same company should be possible.
**Presentation of the Findings**

On the basis of the analysis of the information findings have been presented in a separate chapter. Based on the findings, a separate chapter entitled `topics for further research` has been included in the Thesis.

### 1.7 Scope

The aim of the study was to make a realistic appraisal of development of Indian Accounting Standards (IAS) and the impact of development of accounting standards on reporting by the public limited companies i.e. large scale units. The scope for the study is gigantic. The accounting standards issued by Institute of Chartered Accountants of India are covered by the study. The financial statements prepared and published by the public limited companies for last 5-6 years were taken for the same. Five companies were selected for the same namely:-

- Perfect Circle India Ltd.
- Gabriel India Ltd.
- Ashoka Buildcon Ltd.
- EPC Industrie Ltd.
- Haldex India Ltd.

### 1.8 Limitation of the Study

The following aspects can be called as the limitations of the study:

1. The study covers Accounting standards as issued and applicable upto March, 2009.
2. The study of changes in reporting is limited to companies selected for study and whatever information obtained for research that is considered according to the objectives of research. The Analysis and conclusions is based on such information.