ABSTRACT

Financial reporting is done by every business and organization to assess its financial performance. It is an indicator of how well or poor a company has performed in a particular financial year. Financial reporting involves preparation of financial reports or financial statements and then studying the overall performance of a company. Financial reporting may be defined as communication of published financial statements & related information from a business enterprise to third parties (external users) including shareholders, creditors, customers’ governmental authorities & the public. It is the reporting of the accounting information of an entity (individual, firm, company, government enterprise) to a user or group of users. A sound corporate financial reporting system is the cornerstone of a well-functioning market economy and the bedrock of a healthy financial system. The Asia-Pacific capital markets have experienced rapid growth over the last decade, with many of the emerging markets as key players in the global economy.

Corporate financial reporting is a means for an organization to communicate its past actions and proposed future plans to its owners, investors or as well as to the society, as they are either the present or the potential stakeholders in businesses. It is the process of communicating both financial and non-financial information relating to the resources and performance of a company. The aim of corporate financial reporting is to provide reports that are consistent and comparable, so that the investors can take decisions in an informed manner. In the recent past, a number of instances have come to the force, where loopholes in the traditional financial reporting system have been exploited to provide misleading information to the investors, while hiding the real financial position of the companies. There are number of scandals take place such as Enron, Satyam computers etc. The issue of corporate reporting for greater transparency has come up in the wake of such scandals and due to the process of globalization. The inability to understand and deal with financial data is a severe handicap in the corporate world.

Thus, keeping in mind such situation, need is felt to find out the rules and regulations for corporate financial reporting that are common and global, which gives the light to develop the new trends in the field of corporate financial reporting. The issue of complexity is one of the most important aspects in financial reporting, and financial instruments are among the most complex on which to report clearly. New financial
reporting mechanisms, such as International Financial Reporting Standards (IFRS), Extensible Business Reporting Language (XBRL) etc. have been developed with a view to providing relevant and reliable information to the stakeholders which are not apply till now around the world. So there is a need to develop and adopt the standards and rules regarding corporate financial reporting. The present study was undertaken to address the comprehensive overview of corporate financial reporting, its emerging dimensions and their effect on corporate world in emerging capital markets.

Present work is divided into eight chapters. First chapter gives brief description of corporate financial reporting practices, qualitative characteristics in general. It also covers the basic framework, patterns, and waves of corporate financial reporting. Chapter two presents qualitative review of specific studies conducted on corporate financial reporting worldwide covering wide area of issues e.g., nature, motives, emerging issues and their effects, various techniques to analyse etc. and quantitative analysis of more specific studies. Third chapter covers legal environment in terms of legal and accounting framework of corporate financial reporting in selected countries of Asia – Pacific region. The forth chapter covers the quality of corporate financial reporting in selected countries. In chapter fifth, an attempt has been made to identify the implementing issues for comparison between International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) and local GAAP. The sixth chapter portrays detailed description of the concept, nature, need, benefits and challenges in eXtensible Business Reporting Language (XBRL). In chapter seventh, an attempt has been made to explore the stakeholders’ perceptions for practices of corporate financial reporting. Finally, chapter eight gives concluding remarks and attempts to develop an action plan for smooth and efficient functioning of the system.

Brief description of whole study is as follows. The study is an addition to the existing knowledge on the subject. The findings of the study would be beneficial to the multiple groups of stakeholders. Firstly, the study will be beneficial to the Government, its regulatory authorities and institutions in formulating policies / strategies for improving the over-all business and investment environment in emerging capital markets. Secondly, it may help the corporates willing to take advantage of global standards and new upcoming dimensions. Lastly, it is hoped that the study would open new vistas of research for academicians, researchers and students working in the area of financial reporting in general.