



A Comparative Study of Financial Reporting Practices of Selected Fmcg Companies in India

Prof. Sunil B. Trivedi

M.Com. Gold medallist, M.Phil, Ph.D.-Pursuing, Ph.D. Research Scholar, Calorx Teachers' University, Ognaj, Ahmedabad.

Prof. (Dr.) Kapil K. Dave

M.Com., M.Phil., Ph.D., LL.B. D.T.P., Assistant Professor, Bhavan's Commerce College, Dakor Ph.D. Guide, Calorx Teachers' University, Ognaj, Ahmedabad.

ABSTRACT

Corporate Reporting Practice is one of the major practices governed by different laws, regulations and standards and performed by companies established and working in India. It includes mandatory as well as voluntary reporting and disclosure. On internet, such significant financial information must be disclosed for the interest of shareholders, Government, Potential investors, Research Scholar, NGOs and other stakeholders. XBRL is one of the business reporting languages. Here in this research paper author has made emphasis on different kinds of reporting practices followed by FMCG Companies in India.

KEYWORDS : Corporate Financial Reporting, Disclosure, XBRL, Mandatory and Voluntary, Corporate Social Reporting etc.

INTRODUCTION: In India, there are several laws regarding accounting and reporting practices to be in compliance with corporate entities. Business reporting is one of the major operations of the company. Mandatory form of reporting is compulsory for disclosure whereas Voluntary form of reporting is not compulsory however for satisfaction of stakeholders and users of financial reports, they are recommended by regulating bodies like ICAI, RBI, SEBI, Companies Act, 1956 & 2013 (new) etc. Let's check the significance of social and financial reporting in India.

Corporate Financial Reporting – A Concept:

American Accounting Association (1972) stated that "Financial disclosure connects communication of published financial statements and related information from an enterprise to third parties including shareholders. Creditors, customers, government agencies. And the public financial disclosure is the communication of accounting information of an entity (Industrial Firm, company, Government Enterprise) to a user or group of users.

American Accounting Association (1977) – defines disclosure as "The movement of information from private domain (i.e. inside information) to public domain."

Concept of FMCG:

FMCG stands for Fast Moving Consumer Goods. Products which have quick turnover is said to be an FMCG product. FMCG is the second largest sector in India. It leads global business and domestic products markets. FMCG products are also known as "ME TOO" products. E.g., Vicks Inhaler, Shampoo, Soap & Detergents, Hair oil, Talc, Toothpaste, Toothbrush, Fenyle, Battery Cell, Bornvita, Maggi etc.

Literature Review:

Chandra (1974): examined the consensus on the value of informational items included in the annual reports between those who attest the annual reports (public accountants) and those who use such reports (security analysts). Using a questionnaire containing 58 items, responses were obtained from the said group on a 5- point scale. In the study, the following three hypotheses were tested for each informational item.

H₁ There is no significant difference between the value of information to security analysts as perceived by accountants, and the value of information to security analysts for equity investment decisions.

H₂ There is no significant difference between the perceptions of accountants and the security analysts on the value of information for equity investment decisions.

H₃ There is no significant difference between the value of information to security analysts as perceived by accountants and the value of information to accountants for equity investment decisions.

Out of 58, above hypotheses were rejected, respectively, for 35, 40 and 2 informational items. Based on these results, the study had concluded that there was a lack of consensus between accountants and security analysts regarding the value of information disclosed in annual reports; that security analysts attached greater importance to information items than accountants; that the accountants, generally, did not value information for equity investment decisions in the same way as security analysts; and that in their dual role as preparers and users of information, accountants tend to have similar value preferences.

2.Banerjee (2005): examined environmental accounting and reporting practices of 60 companies for the financial year 2002-03. Based on analysis, the study concluded as follows: disclosure of environmental information was not significant with only a few companies showing their awareness to disclose quantitative information voluntarily; there is an improvement in the environmental disclosure on environmental auditing.

RESEARCH METHODOLOGY:

Title of the article: "A Comparative study of Financial Reporting Practices of selected FMCG Companies in India."

Research Objectives:

To assess the corporate financial reporting practices of the sample companies.

To focus on Disclosure practices of the said companies.

To measure compulsion of Financial reporting in India.

For the recent study, only secondary data have been used. Annual reports are the core source for the data collection. This study based on the following research hypothesis:

Ho: There is no significant difference in average disclosure of selected FMCG Companies in India.

H1: There is significance difference in average disclosure of selected FMCG Companies in India.

The study is based on 5 financial years. i.e., 2010-11 to 2014-15.

Limitations of the study:

The study is based only on Secondary data.

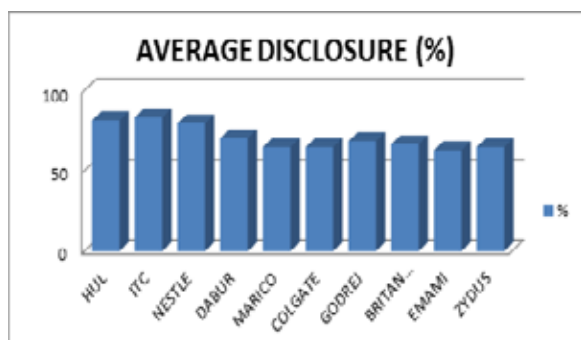
The study is limited to 5 years.

3. The study is only regarding FMCG Companies.

4. The study is based only on 10 FMCG Companies.

Testing of Hypothesis:

COMP.	HUL	ITC	NESTLE	DABUR	MARICO	COLGATE	GODREJ	BRITANNIA	EMAMI	ZYDUS
F.D.										
TOTAL	44	45	43	38	35	35	37	36	34	35
%	81.48	83.33	79.63	70.37	64.81	64.81	68.52	66.67	62.96	64.81



REFERENCES:

1. Bhattacharyya D. K.,(2009) *Research Methodology*, Excel Books, New Delhi, 2nd Edition.
2. Japee Gurudatta (2013) *Corporate Financial Reporting*, Sheth Publication.
3. Shah B.S.(2014) *Corporate Financial Reporting*,B.S.Shah Publications
4. Vasal V. K. (2005) *Corporate Reporting In India*, N.C. Publication
5. Trivedi S.B. (2012) *"A Comparative study on Segment Reporting Practices of Selected FMCG Companies in India"* Dissertation M.Phil. (Commerce), S.P.Uni.
6. www.google.co.in.
7. www.ask.com.

DESCRIPTIVE STATISTICS	
STATISTICAL PROPERTY	OUTPUT
Mean	70.739
Standard Error	2.450717
Median	67.595
Mode	64.81
Standard Deviation	7.749847
Sample Variance	60.06012
Kurtosis	-1.17131
Skewness	0.824686
Range	20.37
Minimum	62.96
Maximum	83.33
Sum	707.39
Count	10
Largest(1)	83.33
Smallest(1)	62.96
Confidence Level (5.0%)	0.158014

Statistical Inference:

As P Value is less than Significance Level (0.05), null hypothesis is accepted and alternate hypothesis is rejected. There is significance difference in average disclosure of the sample companies in India.

Conclusion: Reporting Practices are equal in nature of mandatory disclosure whereas different in nature of voluntary reporting. There is significant difference regarding the same.