

# Evaluation of the Legal Framework and Accounting Standards: A Study on Mobile Telecommunication Companies in Bangladesh

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## ABSTRACT

This present study analysis the application of legal framework and compliance with accounting standards of the selected mobile telecommunication companies in Bangladesh. In the analysis of the opinions of the respondents, it is evident that the most of the respondents think that the selected mobile telecommunication companies moderately apply legal framework for preparing the financial statements and the null hypothesis is accepted which means that there is no significant difference of opinions among the respondents regarding the application of legal framework for preparing the financial statements of the selected companies. It is also evident that most of the respondents think that the selected mobile telecommunication companies moderately comply with accounting standards for preparing the financial statement and the null hypothesis is rejected which indicates that there is significant difference of opinions among the respondents regarding the degree of compliance with accounting standards for preparing the financial statements of the selected mobile telecommunication companies.

**Keywords:** Accounting Standards, Mobile Telecommunication Companies, Legal Framework Evaluation, Bangladesh

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## INTRODUCTION

Mobile telecommunication companies have emerged as an important economic sector in present time and it is adding a lot in boosting up the economy of Bangladesh. The mobile telecommunication companies in Bangladesh are aiming at providing cost effective and quality services to the customer as customer satisfaction is most important for the survival and success of any company. Economic development depends on some basic elements and telecommunication is one of them. Modern telecommunication technology has developed

different forms of phones and mobile telecommunication is one of them. Grameenphone Ltd. is a public limited company and incorporated in Bangladesh in 1996 under the Companies Act, 1994. Grameenphone Ltd. started its various activities on 26th March, 1997. Grameenphone Ltd. was initially registered as a private limited company and subsequently was converted into a public limited company on 25th of June 2007. During November 2009, Grameenphone Ltd. listed its shares with both Dhaka and Chittagong Stock Exchanges (Annual Report of GPL, 2012.). Teletalk Bangladesh Limited was incorporated as a public limited company on 26th December 2004. The Company obtained the certificate of Commencement of Business from the Registrar of Joint Stock Companies and Firms on the same day. The Company is wholly owned by the Government of the Peoples' Republic of Bangladesh and represented by various ministries and Bangladesh Telegraph & Telephone Board (BTTB) presently called BTCL. Teletalk Bangladesh Limited started commercial launching of operation on 31 March, 2005 (Annual Reports of TBL, 2012). AIS use the business documents and procedures which are needed to prepare the different financial statements and other accounting reports for the satisfaction of the different stakeholders to take decisions. One of the most important purposes of AIS is to provide necessary information through preparing the different financial statements which help management control business operations and assist external users in making decision with respect to the business. Presentation of financial statements is regulated by legal framework and accounting standards in order to ensure the quality of the statements and to serve the needs of the users like present and potential investor, employees, lenders, suppliers and other trade creditors, customers, governments and their agencies and the public. Financial statements provide information to various interested users about the financial position, performance and cash flows in making economic decisions (Muttakin and Hossain, 2003). Accounting information produced by the AIS of the selected companies is used to meet the needs of decision makers for taking necessary decision. AIS provides information through preparing the different financial statements like income statement, balance sheet, owners' equity statement, cash flow statement and other statements according to management need which supports all levels of management such as operational level, middle level and top level management in taking effective decisions for achieving various purposes.

## **OBJECTIVES OF THE STUDY**

The objective of the study is to evaluate the degree of application of legal framework and the degree of compliance with IASs/BASs and IFRSs/BFRSs for preparing the different financial statements of the selected mobile telecommunication companies in Bangladesh.

## **HYPOTHESES OF THE STUDY**

Researcher has developed and tests the following two hypotheses on basis of the objectives:

- Ho<sub>1</sub>: There is no significant difference of opinion among the respondents regarding the degree of application of legal framework for preparing the financial statement of the selected mobile telecommunication companies
- Ho<sub>2</sub>: There is no significant difference of opinion among the respondents regarding the degree of compliance with IASs/BASs and IFRSs/BFRSs for preparing the financial statement of the selected mobile telecommunication companies

## **METHODOLOGY OF THE STUDY**

At present six mobile telecommunication companies are working in Bangladesh and researcher has selected two mobile telecommunication companies for the research study such

as Grameenphone Ltd. (here in Company # 1) and Teletalk Bangladesh Limited (here in Company # 2). This study is based on the primary and secondary data. Secondary data have collected from the annual reports of the selected companies. Primary data have collected from the selected respondents group through structured questionnaire. Researcher has selected 195 respondents and these respondents consist of 60 Chartered Accountants (CA), 50 Cost and Management Accountants (CMA) 30 Teachers in Accounting (Acad.) and 55 Security Consultants (SC). Likert five point rating scale has used in this questionnaire for measuring the opinions of the respondents. The point on the rating scale measured the opinions of the respondents like greatly=5, moderately=4, slightly=3, neutral=2 and not=1. For analyzing the opinions of the related respondents and test of hypotheses researcher has used chi -square test. Researcher also reliability test for ensuring the reliability of collecting data.

## FINDINGS AND TESTING HYPOTHESES OF THE STUDY

A good number of legal frameworks are necessary for preparing and ensuring fair presentation of different financial statements which is prepared at the end of each accounting period and those are the output of AIS and its design because these regulatory bodies like The Companies Act, 1994, Securities and Exchange Ordinance, 1969, Securities and Exchange Rules, 1987, the Income Tax Ordinance, 1984 and the Local Authorities prescribe the reporting practice to be followed by the business organization and other enterprises also. Consequently, the design of the AIS and the functions of AIS are influenced by these regulatory bodies because AIS of any organization has to generate information required by these regulatory bodies for taking effective decisions. These regulatory bodies are given below:

### The Companies Act, 1994

The Companies Act, 1994 is the most important legal framework for the both listed and non-listed companies in Bangladesh. This Act provides basic requirements for accounting and reporting which are applicable to all companies of Bangladesh. The Companies Act, 1994, has replaced the Companies Act, 1913. It provides the important provisions regarding the preparation and presentation of different financial statements. The various sections of this Act cover the accounts and related matters are quoted from this Act and these provisions are given below:

Section 181 of the Company Act, 1994: Proper books of account should be maintained by every company keeping in view the following things-

- all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- all sales and purchases of goods by the company;
- the assets and liabilities of the company; and
- in the case of a company engaged in production, distribution, marketing, transportation, processing, manufacturing, milling, extraction and mining activities, such particulars relating to utilization of material, labour and other items of overhead cost.

In Section 182(1): The registrars or Government officer as authorized by the Government in this behalf have the authority to inspect the books of account and other books and papers of every company.

In Section 183(1): The board of directors of every company should be presented the audited balance sheet and profit and loss account in the annual general meeting.

In Section 184 (1): A former established report should be attached to every balance sheet by its Board of Directors in general meeting keeping in view the following rules -

- the state of the company's affairs;
- the amount, if any, which the Board proposes to carry to any reserve in such balance sheet;
- the amount, if any, which the Board recommends should be paid by way of dividend;
- material changes and commitments, if any, affecting the financial position of the company which has occurred between the end of the financial year of the company to which the balance sheet is related and the date of the report.

In Section 184 (2): Any changes taken place during the financial year should be maintained in the Board's report as it is material for the appreciation of the state of company's affairs by its members:-

- in the nature of the company's business;
- in the company's subsidiaries or in the nature of the business carried on by them; and
- generally in the classes of business in which the company has an interest.

In Section 185 (1): A summary of the property and assets and of the capital and liabilities of the company should be contained in a balance sheet of a company. It should give a true and fair view of affairs as at the end of the financial year. It is subject to the provision of this section in Part-I of Schedule XI and it approves of circumstances. General instruction of preparing balance sheet should be followed in this case.

In Section 185 (2): Every profit and loss account of a company should give a true and fair view of the profit and loss of the company for the financial year and it should strictly comply with the requirements of Part II of Schedules XI.

In Section 189: Every balance sheet and profit and loss account or income and expenditure account should be signed on behalf of the Board of Directors-

- in the case of banking company, by the manager, or managing agent, or managing agent, if any, and, where there are more than three directors of the company, by at least three of those directors or, where there are not more than three directors, by all the directors;
- in the case of any other company, by its managing agent, manager or secretary, if any, and by not less than two directors of the company one of whom should be the managing directors where there is one.

In Section 213 (1): Every auditor of a company shall have a right of access at all times to the books and accounts and vouchers of the company, whether kept at the head office of the company or elsewhere and shall be entitled to require from the officers of the company such information and explanation as the auditor may think necessary for the performance of his duties as auditors.

In Section 213 (3): The auditor should make a report to be presented in the annual general meeting of the company on the accounts examined by him, and on every balance sheet and profit and loss account and on every other document declared by this Act to be part of or annexed to the balance sheet or profit and loss accounts which are laid before the company in general meeting during his tenure of office and the report shall state whether, in his opinion and to the best of his information and according to the explanation given to him, the said accounts give the information required by this Act in the manner so required and give a true and fair view-

- in the case of the balance sheet, of the state of the company's affairs as at the end of its financial year;
- in the case of the profit and loss account, of the profit or loss for its financial year.

Section (4): The auditor's report shall also state-

- whether he has obtained all the information and explanation which to the best of his knowledge and belief were necessary for the purposes of his audit;
- whether, in his opinion, proper books of account as required by law have been kept by the company so far as appears from his examination of those books and proper returns adequate for the purposes of his audit have been received from branches not visited by him;
- whether the company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns.

In Bangladesh, the preparation and presentation of financial statements of listed and unlisted company are regulated by the Companies Act, 1994. From the analysis of annual reports and opinions of the company executives it is evident that the selected companies follow the provisions of the Companies Act, 1994 for preparing and presenting the different financial statements for the interested users shown in the annual report.

### **Securities and Exchange Ordinance 1969 and Rules 1987**

Securities and Exchange Ordinance 1969 and Rules 1987 are necessary for preparing the different financial statements of the listed companies in the stock exchange. The International Organization of Securities Commission (IOSCO) is the apex body of all securities commissions in the world and Bangladesh Securities and Exchange Commission (BSEC) is a member of the International Organization of Securities Commission (IOSCO). The Securities and Exchange Commission (SEC) of Bangladesh regulates accounting and disclosure requirements of financial reporting practices of listed companies. The profit and loss account/income statements and balance sheet are the major financial statements, according to the Companies Act, 1994 whereas the Securities and Exchange Commission Rules 1987 included the cash flow statements and notes to the accounts as an integral part of the financial statements in addition to profit and loss account and balance sheet. The Securities and Exchange Rules 1987 require listed companies to follow International Accounting Standards (IASs) and International Standards on Auditing (ISAs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) (Hossain, 2010). According to section 1(2) the financial statements of an issuer of a listed security shall be prepared in accordance with the requirements laid down in the schedule and the International Accounting Standards as adopted by the ICAB (Amended SEC/Sec-7/SER-1987/03/132dated, 22.10.1997). According to section 1(3) the financial statements of an issuer of a listed security shall be audited by a chartered accountant in accordance with the International Standards of Auditing as adopted by the ICAB and the report of the auditors shall be in Form "B" annexed to the schedule (Amended SEC/Sec-7/SER-1987/03/132dated, 22.10.1997). The financial statements of an issuer of listed companies should be prepared in accordance with the requirements laid down in the Schedule and IASs. The financial statements shown in the annual report prepared by the listed companies of stock exchange should be audited by a partnership firm of chartered accountants in accordance with the International Standards on Auditing applicable in Bangladesh. Securities and Exchange Ordinance 1969 and Securities and Exchange Rules, 1987 are mandatory for listed companies in Dhaka and Chittagong stock exchange. From the analysis of annual reports it is evident that the Company # 1 follows the provision of Bangladesh Securities and Exchange Commission (BSEC). The Company # 1 prepares the different financial statements at the end of every accounting period for the interested stakeholders and submitted to the Stock Exchange and Bangladesh Security and Exchange Commission (BSEC) timely and the Company # 2 is not listed in the Stock Exchange.

### The Income Tax Ordinance, 1984

The Income Tax Ordinance, 1984 is important for listed and non-listed company and it greatly influences the presentation and disclosure in annual financial report of any business organization at the every accounting period. Subject to the rules and orders of the Government regulating the terms and conditions of service of persons in public services and posts, appointment of income-tax authorities shall be made in accordance with the provisions of this Ordinance. Many small businesses would not keep their books of accounts properly to pay income tax but large organizations are liable to keep proper books of accounts according to law to meet the legal obligation of the income tax law. So, accounting procedures and reporting is greatly influenced by income tax law. The various accounts of every company both public and private must be audited by professional chartered accountant before submission of return of income (Hossain, 2010). National Board of Revenue is the regulator of Income Tax Ordinance 1984. The huge amount of revenues comes from direct tax of Bangladesh government and it is very important for developing the economy. There are some limitations in Income Tax Ordinance, 1984. It is true that tax is one of the vital issues of any business or businessmen. The businessmen choose that system of accounting which will provide tax benefit. Ultimately it affects the preparation of correct accounts. For these reason the interested users do not get correct and sufficient information from financial statements. According to contents of the Companies Act, 1994 of Bangladesh every company should prepare its different financial statements at the end of each financial year for the various interested users. Again to determine the liability and finalize the tax matters these financial statements along with the auditor's report are to be submitted to tax authority. Every company prepares its annual reports including the different financial statements in accordance with some accounting principles and assumptions. But in some cases contents of prevailing tax law in our country as applied by the tax authority create barriers in preparation of correct financial statements of a company for the interested users (Hossain, 2007). Researcher made an opinion survey on the respondents regarding the degree of application of legal framework for preparing the financial statements of the selected companies. In order to see whether there is significant difference of opinions among the respondents regarding the application of legal framework for preparing the financial statement of the selected companies a null hypothesis has been developed and  $\chi^2$  test and ANOVA test have been conducted to test the null hypothesis.

$H_{01}$ : There is no significant difference of opinions among the respondents regarding the degree of application of legal framework for preparing the financial statements of the selected companies.

**Table 1:** Table showing the opinions of the respondents regarding the degree of application of legal framework for preparing the financial statements of the selected companies

	Respondent Groups								$\chi^2$	Sig.
	CA		CMA		Acad.		Total			
Types of Opinions	No.	%	No.	%	No.	%	No.	%	6.336	0.387
Greatly Applied	30	50.00	22	44.00	11	36.67	63	45.00		
Moderately Applied	28	46.67	26	52.00	16	53.33	70	50.00		
Slightly Applied	00	00	02	4.00	01	3.33	03	2.14		
Neutral	02	3.33	00	00	02	6.67	04	2.86		
Not Applied	00	00	00	00	00	00	00	00		
Total	60	100	50	100	30	100	140	100		

(Source: Opinion Survey)



Table # 1 shows the opinions of the respondents regarding the degree of application of legal framework for preparing the financial statements of the selected companies and it is evident that 45.00% of the respondents opine that the selected companies greatly apply legal framework, 50.00% of the respondents think that the selected companies moderately apply legal framework, 2.14% of the respondents opine that the selected companies slightly apply legal framework, 2.86% of the respondents are neutral and none of the respondents opine that the selected companies does not apply legal framework. Majority of the respondents opine that the selected companies moderately apply legal framework for preparing the financial statements. In order to see whether there is any significant difference of opinions among the respondents regarding the application of legal framework for preparing the financial statement of the selected companies  $\chi^2$  test has been conducted. It is found that the value of  $\chi^2$  is 6.336 which is significant at 0.387 levels. So, the null hypothesis is accepted which means that there is no significant difference of opinions among the respondents regarding the application of legal framework for preparing the financial statement of the selected companies. From the foregoing discussion it is evident that the selected companies follow the provisions of legal framework for preparing the financial statements. In order to find out the difference between groups and within groups researcher has conducted ANOVA test and the results are given in the following Table:

**Table 1.A:** Table showing the results of ANOVA test regarding degree of application of legal framework for preparing the financial statements of the selected companies

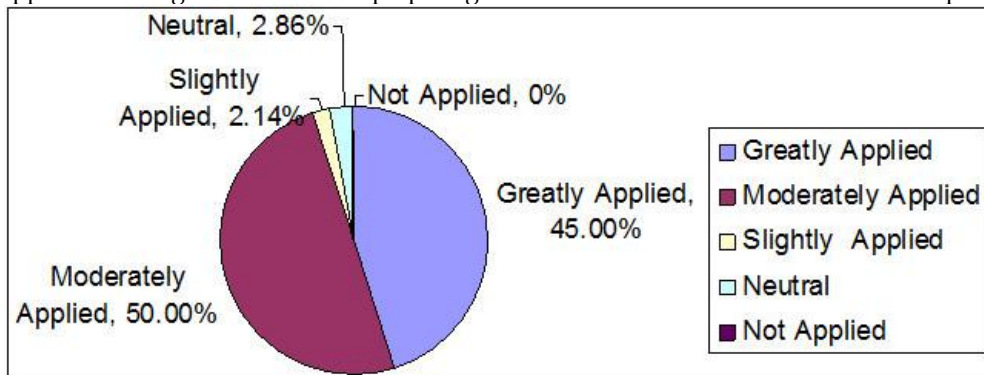
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.152	2	0.576	1.283	0.281
Within Groups	61.533	137	0.449		
Total	62.685	139			

(Source: Opinion Survey)

From the above Table it is evident that there is no significant difference of opinions on the degree of application of legal framework for preparing the financial statements of the selected companies among the different respondents groups. The following Pie-chart clearly presents the opinions of the respondents regarding the degree of application of legal framework for preparing the financial statements.

**Pie-chart # 1**

Presentation through Pie-chart of the opinions of the respondents regarding the degree of application of legal framework for preparing the financial statements of the selected companies



Source: Opinion Survey

The aforesaid Pie-chart shows that the respondents have expressed the opinions of the respondents regarding the degree of application of legal framework for preparing the financial statements of the selected companies as 45.00% greatly, 50.00% moderately, 2.14% slightly and 2.86% neutral. From the above Pie-chart it is evident that the majority of the respondents opine that the selected companies moderately apply the legal framework for preparing the different financial statements of the selected companies.

## ACCOUNTING STANDARDS

Accounting standards are essential for preparing and presenting the different financial statements because those standards ensure the quality of accounting information. Accounting standards are guiding philosophy that shows the right path to the professional accountants in preparing the financial statements. In fact, accounting standards are a set of norms and rules that direct how to treat different financial transactions and their disclosures. Accounting standards give an opportunity to the accounting profession to have a universal form for preparing the different financial statements and those enable the users to make a comparative study of financial transactions that helps form sound decisions. It is comprised of certain purposes which are vital to bridge the gap between financial statements and its various users. In addition, accounting standards are set with a view to minimizing the scope of personal judgments and establishing a correct measure of values that help the accountants and other users in every sphere of their activities. The purpose of accounting standards is to create a sense of confidence among the users regarding proper accounting practices for producing the relevant and reliable accounting information So that the users can face and solve any accounting transactional problem being ensured of the guidelines it provides (Basu and Das, 2006). So, accounting standards are material to the selected companies for preparing and presenting the transparent financial statements to the interested users. In Bangladesh, Institute of Chartered Accountants of Bangladesh (ICAB) is the proper authority to adopt International Accounting Standards as Bangladesh Accounting Standards. ICAB is a national professional Accounting Body in Bangladesh, established under the Bangladesh Chartered Accountants Order, 1973. The different accounting standards adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) influence the disclosure of accounting information produced by AIS of any organization. Adequate disclosure of accounting information is essential for the interested users to take sound decisions. Appropriate AIS helps the adequate disclosure of accounting information and it depends on the accounting standards. Adherences to the sufficient accounting standards are necessary to the consistent preparation of different financial statements of any organization. The absence of consistency and conformity with a standard makes it impossible to compare the financial condition and results of operation of different organizations. Standards ensure the conformity of meaning and ideas of various financial statements made both in domestic and international sphere. If there are no accounting standards, the users will be confused to analyze financial statements in a meaningful way. Accounting standards regulate the whole process of accounting practice in a disciplined way and its absence may really hamper the whole process of accounting practice. From the analysis of annual reports and opinions of executives of the selected companies it is evident that the selected companies follow the provisions of IAS/BAS 1, 2, 7, 8, 12, 16, 17, 18, 21, 23, 24, 32, 34, 37 and 38 respectively and the selected companies also follow the provisions of International Financial Reporting Standards (IFRSs) / Bangladesh Financial Reporting Standards (BFRSs) for providing accounting information through preparing the different financial statements. A good number of accounting standards help prepare and present the credible financial statements for the interested users. In the absence of sufficient accounting standards, the preparation and presentation of meaningful financial statements is impossible. It is also evident that the selected companies follow a large number of accounting standards for preparing and presenting the different financial statements. Researcher made an opinion survey of the respondents regarding



the degree of compliance with accounting standards for preparing the financial statements of the selected companies. In order to see whether there is any significant difference of opinions among the respondents regarding the degree of compliance with accounting standards for preparing the financial statements of the selected companies the researcher has developed a null hypothesis and conducted  $\chi^2$  test and ANOVA test to validate the null hypothesis.

H<sub>02</sub>: There is no significant difference of opinions among the respondents regarding the degree of compliance with accounting standards for preparing the financial statements of the selected companies.

**Table 2:** Table showing the opinions of the respondents regarding the degree on compliance with accounting standards for preparing the financial statements of the selected companies

	Respondent Groups								$\chi^2$	Sig.
	CA		CMA		Acad.		Total			
Types of Opinions	No.	%	No.	%	No.	%	No.	%		
Greatly Complied	22	36.67	13	26.00	04	13.33	39	27.86	16.447	0.012
Moderately Complied	35	58.33	36	72.00	20	66.67	91	65.00		
Slightly Complied	00	00	00	00	02	6.67	02	1.43		
Neutral	03	5.00	01	2.00	04	13.33	08	5.71		
Not Complied	00	00	00	00	00	00	00	00		
Total	60	100	50	100	30	100	140	100		

Source: Opinion Survey

Table # 2 presents the opinions of the respondents regarding the degree on compliance with accounting standards for preparing the financial statement of the selected companies and it is found that 27.86% of the respondents opine that the selected companies greatly comply with accounting standards, 65.00% of the respondents think that the selected companies moderately comply with accounting standards, 1.43% of the respondents comment that the selected companies slightly comply with accounting standards, 5.71% of the respondents are neutral and none of the respondents opine that the selected companies do not comply with accounting standards. Majority of the respondents comment that the selected companies moderately comply with accounting standards for preparing the financial statements. In order to see whether there is any significant difference of opinions among the respondents regarding the degree of compliance with accounting standards for preparing the financial statement of the selected companies the researcher has conducted  $\chi^2$  test. It is found that the value of  $\chi^2$  is 16.447 which is significant at 0.012 levels. So, the null hypothesis is rejected which means that there is significant difference of opinions among the respondents regarding the degree of compliance with accounting standards by the selected companies. From the foregoing discussion it is evident that the respondents are not unanimous regarding the compliance with accounting standards for preparing the financial statements. In order to find out the difference between groups and within groups researcher has conducted ANOVA test and the results are given in the following Table:

**Table 2.A:** Table showing the results of ANOVA test regarding the degree on compliance with accounting standards for preparing the financial statements of the selected companies

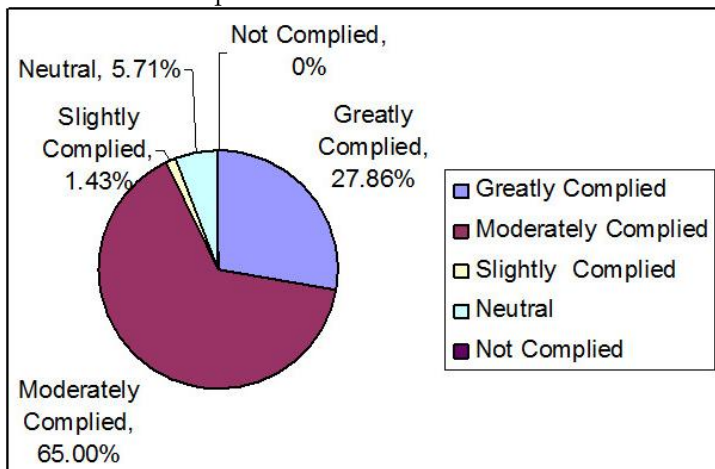
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.737	2	2.368	4.983	0.008
Within Groups	65.113	137	0.475		
Total	69.850	139			

Source: Opinion Survey

From the above Table it is found that there is significant difference of opinions on the degree on compliance with accounting standards for preparing the financial statements of

the selected companies among the different respondents groups. The following Pie-chart clearly presents the opinions of the respondents regarding the degree on compliance with accounting standards for preparing the financial statements.

**Pie-chart 2:** Presentation through Pie-chart of the opinions of the respondents regarding the degree on compliance with accounting standards for preparing the financial statement of the selected companies



Source: Opinion Survey

The above Pie-chart shows that the respondents have expressed the opinions regarding the degree on compliance with accounting standards for preparing the financial statement of the selected companies as 27.86% greatly, 65.00% moderately, 1.43% slightly and 5.71% neutral. From the above Pie-chart it is evident that the majority of the respondents think that the selected companies moderately comply with accounting standards for preparing the financial statements of the selected companies.

### TEST OF RELIABILITY

The reliability test is used to find out the reliability of the results of the opinions of the respondents regarding the application of legal framework and compliance with accounting standards for preparing the financial statements of the selected companies. The Chronbach’s Alpha test has been used to test reliability and the results are given below:

**Table 3:** Table showing the Cronbach Alpha test results of the opinions of the respondents regarding the application of legal framework and compliance with accounting standards for preparing the financial statements of the selected companies:

Mean	Variance	Std. Dev.	Alpha Value
8.5214	1.6902	1.3001	0.8717

Source: Opinion Survey

For the purpose of testing reliability of results researcher has conducted the Cronbach Alpha test regarding the application of legal framework and compliance with accounting standards for preparing the financial statements of the selected companies. The result shows that the value of Alpha is above 0.7. So, it is evident that the reliability is ensured.

## CONCLUSION

Accounting Information System covers a broad area in corporate world. The sound AIS is crucial for providing relevant and reliable information for the interested users to take desirable decision about business entity. AIS produce information for the users and the users of accounting information desire that the management publish annual reports at the end of every accounting period that should be certified properly by the professional accountants so that the quality of the information presented in the financial statements is improved. The regulatory framework gives guideline to the selected companies for preparing and presenting the different financial statements for the satisfaction of the interested users and proper decision making. The Companies Act 1994, the Securities and Exchange Rules 1987, Income Tax Ordinance, 1984, the provision of accounting standards and other applicable laws in Bangladesh influence the practice of AIS of the selected companies. The present study focuses the degree of application of legal framework and compliance with accounting standards for preparing the different financial statements of the selected companies. From the foregoing analysis it is apparent that majority of the respondents think that the selected companies moderately apply legal framework for preparing the financial statements and the null hypothesis is accepted and majority of the respondents think that the selected mobile telecommunication companies moderately comply with accounting standards for preparing the financial statements and the null hypothesis is rejected. The transparency of financial statements shown in the annual reports issued by the selected companies should be ensured. The various users of financial statements are decision oriented so the preparation of the financial statement must be more carefully done so that it can help effective decision making process.

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