

Evaluation of Disclosures in Annual Report- A Study on the Listed Textile Companies in Bangladesh

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Abstract: *For a vibrant capital market it is necessary to have well informed decision making by the investors. The main source of such information is the annual report provided by a company. The study is an attempt to find whether the listed textile companies are making sufficient disclosures in their annual report. To measure the extent of disclosures, two un-weighted disclosure indices have been constructed. One of these is a 144 point index for the overall disclosures while the other is a 35 point index for the voluntary disclosures only. The required data have been collected from the secondary sources, i.e. the annual reports of the selected companies from year 2008 to 2011. The collected data have been analyzed by using statistical tools like mean, percentile and t-test. Computer aided statistical software SPSS 20 was used to calculate the results of the above mentioned tests. The study reveals that there are significant differences in disclosure practices among the sample companies. But the level of disclosures is not satisfactory as the average disclosure score is 45.3787 out of 144 which is only 31.51% of the total allocated score. Again, the average voluntary disclosure score is 5 out of 35 (14.29%) which is not satisfactory at all.*

Key Words: *Disclosures, Voluntary Disclosures, Textile, Disclosure index.*

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1. Introduction

Financial reporting is the communication of financial information useful for making investment, credit, and other business decisions (Chiappetta, Shaw & Wild, 2009). Such communications include general purpose financial statements such as income statements, balance sheets, equity reports, cash flow reports, and notes to these statements. It is the process of presenting financial data about a company's financial health, operating performance, and flow of its fund. Financial Statements and other related disclosures are usually presented in Annual Reports of the companies. Thus, it is of utmost importance from the view point of the companies to provide necessary information in their annual reports for both of their stockholders and stakeholders so that they can take well judged economic and other related decision regarding a specific company. Thus, the study has been undertaken to explore the present level of disclosure practices by the listed textile companies in Bangladesh.

2. Statement of the Problem

In Bangladesh most of the people, especially the investors are very little aware of the corporate disclosures. The practices of corporate disclosures here are not at a satisfactory level (Uddin et al. 2006). Nowadays, some companies are seen to be interested in practicing voluntary disclosures along with mandatory disclosure. In fact, in recent years, this practice has got much popularity in Bangladesh (Hossain et al. 2004). But to what extent such practices are being accomplished is a matter of question.

3. Objectives of the Study

The main objective of the study is to know about the level of mandatory and voluntary disclosure practices of the listed textile companies in Bangladesh.

The Specific objectives of the study are,

- ❖ To measure the level of mandatory and voluntary disclosures by the sample companies in their annual reports.
- ❖ To know whether there is any significant difference in mandatory disclosure practices among the selected listed companies in Bangladesh.

❖ To explore whether there is any significant difference in voluntary disclosure practices among the selected listed companies in Bangladesh.

4. Regulatory Requirements for Disclosures

What should be disclosed depends on the basic objectives of financial accounting and reporting. This is also related to the class of users. All that information, which meets the needs of users in serving all the objectives, should be disclosed. This also depends upon the environment prevailing in a country. In underdeveloped economics, companies only disclose the balance sheet, profit and loss account; auditor's report, and a few schedules and appendices. In developed economics, where the economic environment is predominant, besides the above, a president's letter, a five-year or ten-year summary highlighting additional financial information, such as turnover, capital investment, profit, dividend, important ratios, and the company's view about its future plans and prospects are also published. Further, in countries where the social environment dominates besides the economic one, information on value added, employees, customers, government, foreign exchange, etc. is also given in annual financial reports. Hence, it is difficult to prescribe the same 'medicine' for 'all patients'.

However, the following information will be useful to all categories of users in all countries:

1. The traditional financial statements, namely balance sheet, income statement, the statement of retained earnings, statement of cash flows, chairman's speech, director's report, auditor's report are usually included in the published annual reports of all the listed companies. This gives information on how the company has done in the past year, what its financial position was, and what the sources and uses of 'funds' were. This is regarded as the minimum information required to be supplied to external users.
2. Besides the above, the laws of the land and professional pronouncements also require the following information to be disclosed in Bangladesh many countries:

- Disclosure of accounting policies, including those on valuation of assets.
- Any changes in accounting policies on methods of valuation, methods of charging depreciation, determination of earnings, etc.
- Events occurring after the balance sheet date.
- Disclosure of segment-wise accounting information.
- Interim reports of the company's performance and financial position.
- Supplementary information on accounting adjustments for changes in prices.
- Accounting for foreign transactions.
- Future prospects of the company.

In preparing financial statements and annual report a company must follow the accounting standards, Companies Act 1994, Security and Exchange Commission Ordinance 1969 and Rules 1987, Income Tax Ordinance 1984 and Bangladesh Industrial Enterprise (Nationalization) Order 1972.

5. Literature review

Jahur and Riyadh (2000) in their article 'Rules and Regulations Influencing the Public Annual Accounts of Listed Companies in Bangladesh-An Evaluative Study' –stated present rules and regulations influencing the Published Annual Accounts of listed companies in Bangladesh. They evaluated the reporting practices of listed companies whether they follow the regulatory guidelines. The authors examined annual report of different economically important industries. Concentration was given to discuss existing legal aspect including some important provisions influencing the reporting practices. Researchers showed disappointing scenario regarding non-compliance by listed companies.

Williams (2001) argues that published annual reports are used as a medium for communicating both quantitative and qualitative corporate information to shareholders, potential shareholders (investors) and other users. Although publication of an annual report is a statutory requirement, companies normally voluntarily disclose information in excess of the mandatory requirements.

Company management recognizes that there are economic benefits to be gained from a well-managed disclosure policy.

Ali (2002) explored the relationship between corporate governance and financial disclosures. In the article “Corporate Governance Financial Disclosure” he showed that the corporate governance reporting is important for the shareholders and other stakeholders to assess the true nature of the risk and uncertainties in the reporting period of financial statements. He pointed out that reporting of non-compliance with accounting standards is part of corporate governance reporting. He reported as per International Accounting Standards (IAS), a complete set of financial statements includes: (a) a balance sheet (b) an income statement (c) a cash flow statement (d) a statement showing either changes in equity or changes in equity other than those arising from capital transactions with owners and distributions to owners (e) accounting policies and other explanatory notes to the financial statements, (f) if any firm do not present all the statements mentioned above or if any firm’s footnotes (explanatory notes) do not have all disclosures prescribed by the Accounting Standards, such non-compliance should be reported as part of corporate governance reporting. Then a special committee constituted by the board should monitor presentation of financial statements and compliance with Accounting Standards.

Ahmed and Ali (2006) in the article titled “The Legal and Institutional Frame work for Corporate Financial Reporting Practice in South Asia” –examined the legal and institutional environment for corporate financial reporting practices in three South Asian countries of the South Asian Association for Regional Co-operation (SAARC), namely Bangladesh, India and Pakistan. This paper also explored the possibility of regional harmonization in financial reporting. It observed that the three countries share similar social, political, economic and other environmental factors. Greater similarities were observed in areas of financial reporting requirements in company law, minor differences were found in the areas of SEC law and the standard-setting process among the countries. The researcher concluded that the prevailing similarities should facilitate regional accounting harmonization.

Haque and Khan (2007) in the article titled “Corporate Disclosure through Director Report –Compliance of the Companies Act, 1994” studied the important issues regarding corporate disclosure through director’s report. They determined the degree of compliance of the information needed to be presented in the director’s report after analyzing annual reports of a sample of 54 companies. Among them only 8% companies provided 67%, 35% companies provided 44%, 8% companies provided 33% and 4% companies provided 22% information in the director report required as per the Companies Act, 1994.

Financial reporting aids the investors to make investment decision while lending agencies take credit decisions on the basis of information provided in the annual reports of companies. It also assists in cash management by providing information about future cash inflows and outflows. Financial reporting contains details of assets, liabilities and change in equity. Thus, meeting legal requirements in preparing financial statements is a must which can be more useful if additional information regarding various issues is included (Hossain, 2010).

In Bangladesh, most of the prior research studies in disclosure area highlighted on a particular issue of voluntary reporting such as disclosure on corporate governance, voluntary disclosure on human resource, reporting on green awareness issues, particularly environmental disclosure, a very few studies on social reporting and a few work on making comparison between financial voluntary disclosure and mandatory one (Ahmed and Akhter, 2007). Thus, there is a scope to study the extent of mandatory and voluntary disclosures in the annual reports of the listed companies in Bangladesh. This research aims to mitigate the research gap in the field of comparative analyses of both mandatory and voluntary disclosure practices of different companies.

6. Methodology of the study

6.1 Introduction

Data of the study were drawn from the annual reports of the listed textile companies for the period starting from 2008 to 2011. The study adopted the disclosure index method for the measurement of the extent of disclosure made by the sample companies. The level

of disclosure is measured by selecting items that are disclosed in annual reports and giving each textile company a score based on the number of disclosures actually made. Than the mean scores of period 2008 to 2011 have been taken for comparison.

6.2 Selection of the Sample Companies

There are twenty listed textile companies which are listed both in Dhaka Stock Exchange and Chittagong Exchange from where fifteen “A” category companies have been selected as the other companies were not listed on or before 2008. All these fifteen companies as listed below are selected as sample for the study.

Name of the sample textile companies are: Apex Spinning Ltd., Anlima Yarn Ltd., Beximco Synthetics Ltd., Delta Spinners Ltd., Dulamia Cotton Mills Ltd., H.R. Textile Ltd., Makson Spinning Ltd., Metro Spinning Ltd., Mithun Spinning Ltd., Prime Textile Ltd., Safko Spinning Mills Ltd., Saiham Textile Mills Ltd., Sonargaon Textile Mills Ltd, Square Textile Limited and Tallu Spinning Mills Ltd.

In fact, sample covers the whole population of the study which ensures the characteristics of population in full.

6.3 Secondary Data Sources

The whole study is based on secondary data. All the relevant data were collected from the companies’ annual reports for the year 2008 to 2011.

6.4 Construction of Un-weighted Disclosure Index

In order to measure and analyze the extent of disclosure in the annual reports of the listed textile companies a Un-weighted Disclosure Index (UDI) was constructed having a common base containing 144 (**Appendix I**) items of information (both mandatory and voluntary items), which were presented under 9 headings. The nine heading are Company Profile Items (CPI), Accounting Policy Items (API), and Balance Sheet Items-Assets (BSIA), Balance Sheet Items –Liabilities (BSIL), Income Statement Items-Cr. (ISIC), Income Statement Items –Dr. (ISID), Projections and Budgetary Disclosure (PBD), Ratios, Statistics and Other Details (RSD) and Measurement and Valuation Method (MVM). The annual reports of the listed companies under study

were analyzed to determine the extent to which they contained the items of information included in the disclosure index. In constructing the UDI dichotomous scoring, each of the 144 score items was used (disclosure = 1, non-disclosure =0). Hence, the maximum possible score attainable by a firm was 144 with minimum theoretical score of 0 (Hossain 2010).

6.5 Construction of Un-weighted Disclosure Index for Voluntary Disclosures:

For voluntary disclosure index un-weighted method has also been applied. The items have been chosen from the NAA Committee Report about voluntary disclosures.(Porwal, 2001). Un-weighted Disclosure Index (UDI) was constructed having a common base containing 35 (**Appendix-II**) items of information (voluntary items), which were presented under 4 headings. The four heading are Disclosure of Community Development, Disclosure of Human Resource Development, Disclosures of Physical Resource and Environmental Contribution and Disclosures of Product and Service. The annual reports of the listed companies under study were analyzed to determine the extent to which they contained the items of information included in the disclosure index. In constructing the UDI dichotomous scoring, each of the 35 score items was used (disclosure = 1, non-disclosure =0). Hence, the maximum possible score attainable by a firm was 35 with minimum theoretical score of 0.

6.6 Hypotheses:

Hypothesis I: H_0 : The variation in disclosures in annual report among the listed companies is not significant.

Hypothesis II: H_0 : The variation in voluntary disclosures in annual report among the listed companies is not significant.

7. Scope of the study

The study focuses on the financial reporting practices of the listed textile companies in both DSE and CSE. The study covers only listed companies in stock exchange not the whole textile industry. The listed textile companies mainly produce polyesters yarn, drawn yarn, cotton yarn, knitting and finishing textile products.

8. Limitations of the Study

The study has the following limitations

- The study does not reflect the overall textile industry.
- The study covers only the listed textile companies but inclusion of other non-listed companies could make the study more meaningful.
- Determinants of disclosures are not identified in this study but the exploration of it could make the study more valuable.

9. The Textile Industry of Bangladesh

Textile Industries have been an extremely important part of Bangladesh's economy for a very long time for a number of reasons. The textile industry is concerned with meeting the demand for clothing, which is a basic necessity of life. It is an industry that is more labor intensive than any other in Bangladesh, and thus plays a critical role in providing employment for people. Currently, the textile industry accounts for 45% of all industrial employment in the country and contributes 5% of the total national income. However, although the industry is one of the largest in Bangladesh and is still expanding, it faces serious problems, principally because the country does not produce enough of the raw materials necessary, unfavorable trade policies, and inadequate incentives for expansion. As a result, Bangladesh's textile industry relies heavily on imports, and the country does not earn as much foreign exchange from its textile industry as it should. (BTMA)

9.1 Growth Potential in Textile:

Table: 4 Growths in Primary Textile Sector (Spinning)

Years	No. of Mills	Spindle Capacity	Growth in No. of Mills	Growth in Spindle Capacity
1995	84	1,701,823	10.52%	19.56%
2000	116	2,289,280	38.09%	34.52%
2001	145	2,352,310	25.00%	2.75%
2002	163	3,390,026	12.41%	44.11%
2003	174	3,419,504	6.75%	0.87%
2004	197	3,931,624	13.22%	14.98%
2005	230	4,937,353	16.75 %	25.58%
2006	260	5,500,000	8.7%	11.39%
2007	283	6,000,000	8.85%	9.09%
2008	341	7,200,000	20.0%	20.0%
2009	350	7,600,000	2.6	5.6%

Source: Bangladesh Textile Mills Association (BTMA)

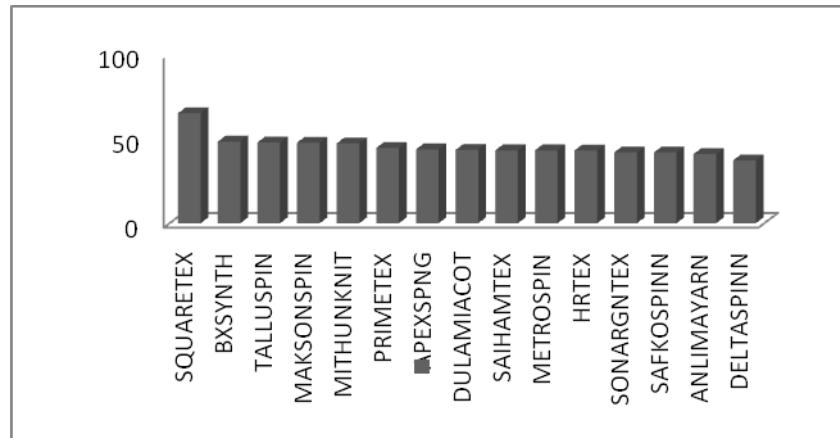
The textile industry in Bangladesh has grown in an unplanned manner and a critical demand-supply gap has arisen for both yarn and fabric. The crisis will naturally deepen unless appropriate backward linkages, the incorporation of the fundamental steps in the textile industry all through to the RMG industry, can be built to meet the rapidly approaching challenges in the global textile market. As the population is growing and the standard of living is increasing in Bangladesh, the demand for textiles is increasing rapidly. This presents an urgent need to dramatically increase capacities in spinning, weaving, knitting, and dyeing, printing, and finishing sub-sectors. This will require the adoption of the most modern and appropriate technology to ensure quality products at competitive prices.

10. Descriptive Analysis of Findings

10.1 Mandatory Disclosures:

Table: 5 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Disclosure	15	37.28	65.26	45.3787	6.25805
Valid N (list wise)	15				



Graph # 1 firm-wise average disclosure score of the listed textile companies under study

From the above table-5 (Found by analysis through SPSS) it is found that the highest disclosure in annual report is 65.26 out of

144 while the lowest is 37.28. It is also revealed from the graph-1 that Square Textile has provided the highest disclosure in annual report and Delta Spinning provides the lowest. The mean disclosure index is 45.3787 with a standard deviation of 6.25805. In order to test our null hypothesis # 1 to see whether there is significant variation in disclosure score among listed textiles firms, we conducted *t test*.

Table: 6 One-Sample Test

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Disclosure	28.084	14	.000	45.37867	41.9131	48.8443

Accordingly our null hypothesis is-

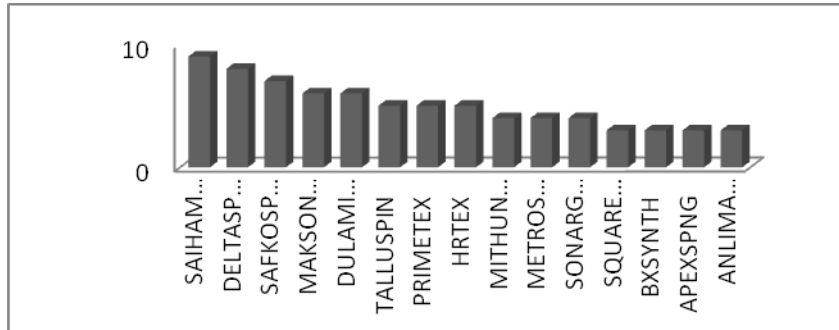
Ho1 # The variation in disclosures in annual report among the listed companies is not significant.

In order to see whether there is significant difference in variation in disclosures in annual report among the listed companies we conducted *t test* i.e. using SPSS Software we conducted Paired Sample *t test*. We have found that the result is significant at 5% level. Thus, the null hypothesis is rejected which means there are significant variations in disclosures in annual report among the listed companies.

10.2 Voluntary Disclosures:

Table: 7 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Voluntary Disclosures	15	3.00	9.00	5.0000	1.88982
Valid N (list wise)	15				



Graph # 2 Firm-wise average voluntary disclosure score of the listed textile companies under study

From the above table-7 (Found by analysis through SPSS) it is found that the highest disclosure in annual report is 9 out of 35 while the lowest is 3. It is also revealed from the graph that Saiham Textile has provided the highest disclosure in annual report and Beximco Synthetic, Apex Spinning and Anlima Yarn provided the lowest. The mean disclosure index is 5.00 with a standard deviation of 1.88982.

In order to test our null hypothesis # 2 to see whether there is significant variation in disclosure score among listed textiles firms, we conducted *t test*.

Table:8 One-Sample Test

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Voluntary Disclosures	10.247	14	.000	5.00000	3.9535	6.0465

Accordingly our null hypothesis is-

Ho2 # The variation in voluntary disclosures in annual report among the listed companies is not significant.

In order to see whether there is significant difference in variation in voluntary disclosures in annual report among the listed companies we conducted *t test* by using SPSS Software. We have found that the result is significant at 5% level. Thus, the null hypothesis is rejected which means there are significant variations

in voluntary disclosures in annual report among the listed companies.

11. Summary of Findings:

The key findings of the study can be summarized as,

- The present level of disclosures by the companies studied is not satisfactory at all as the average disclosure score is 45.3787 out of 144 which is only 31.51%
- The present level of voluntary disclosures by the companies studied is very poor as the average disclosure score is 5.00 out of 35 which is only 14.29%
- There is a significant difference in disclosure practices among different companies.
- There is a significant difference in voluntary disclosure practices among different companies.
- Details of accounting policies including those on valuation of assets, any changes in accounting policies on methods of valuation, methods of charging depreciation, determination of earnings, etc. are needed to be disclosed in annual report but the current level of such disclosures is not satisfactory.

12. Recommendations:

Based on the finding the following recommendation can be suggested:

- All textile companies should disclose more items in annual reports which are very much important so that the existing shareholders and potential investors can make informed and well-judged decision in this regard.
- Companies should provide more voluntary disclosures like environmental disclosure as these companies have serious effects on environment.
- The textile companies should follow the provisions of Companies Act, 1994, SEC rules and IASs/IFRSs as adopted in Bangladesh, and other relevant Laws in the industry in preparing their annual reports.
- Companies should disclose accounting policies including those on valuation of assets, any changes in accounting policies on methods of valuation, methods of charging depreciation, determination of earnings, etc. in their annual report so that the

users may get a transparent view on the companies' accounting policies.

- The regulatory authorities might use the findings of the study to find whether the listed companies are complying with the regulations.
- On the basis of the findings of the study the regulatory authorities should ask the poor complying companies for explanations.
- The regulatory authority should be more strict in monitoring the compliances by the companies for disclosures
- Accounting standards adopted by ICAB should be mandatory and compliances with such standards should be monitored by both the BSEC and ICAB.
- Ethical Codes of Conduct as prescribed by the ICAB should be strictly followed by professional accountants and auditors. Any deviation should be carefully examined.
- Since, the level of voluntary disclosures is very poor, BSEC might provide some incentives for the companies having significant voluntary disclosures.
- The Income Tax Authority might allow tax credit for the companies which will meet a certain level of disclosure requirements in their annual reports.

13. Conclusion

Annual Report of a company provides information which is used by the potential users in making business and economic decisions. It is the process of presenting financial and other data about a company's financial health, operating performance, flow of its fund and other relevant issues. It also gives the investors of the capital market and managers to predict about company. Every company has to provide sufficient disclosures in its annual report to make the capital market vibrant. Keeping these in mind an attempt has been taken in this study to measure the level of disclosures-both mandatory and voluntary in the annual reports of the listed textile companies in Bangladesh. Though, the present level of disclosure practices is not satisfactory, it is expected from the listed companies that they will provide more information in near future as the BSEC has become very strict in this regard in recent time. It is also believed that if the companies provide

sufficient disclosure it would play important role in making well judged economic decisions. In this regard the recommendations provided in this study may be applied by the competent authorities to ensure sufficient disclosures by the listed companies in Bangladesh. At the end the study leaves scope for further studies regarding the issues like, 'A Comparative analysis regarding financial disclosures among the SAARC countries', 'Role of Corporate Governance in Financial Reporting', 'Compliance with IAS/IFRS (BAS/BFRS) and its impact on capital market efficiency', 'Factors influencing the reluctance of the investors in using financial disclosures'

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Appendix-I
Disclosure Index

Number	Un-weighted Index of Disclosure	SCORE OBTAINED		TOTAL	
A.	Company Profile Items				
1	Name of the Firm -				1
2	Corporate headquarters				1
3	Date of Incorporation				1
4	Year of incorporation as a limited liability company				1
5	Year of listing on the DSE				1
6	Audit firm(s)				1
7	Corresponding figure of preceding period				1
	SUB TOTAL				7
B.	Accounting Policy Items				
1	Basis of accounting				1
2	Subsequent events after the balance sheet date				1
3	Consolidation Policy (if any)				1
4	Reporting currency				1
5	Methods of Revenue recognition				1
6	Changes in Accounting policy and their cumulative effects				1
7	Basis of measurement (historical or other)				1
8	Method of calculating EPS				1
9	Changes in Accounting Estimates				1
10	Disclosure of monetary impact of any change in Accounting policy				1
11	Changes in accounting principles				1
12	Information about compliance with BAS				1
	SUB TOTAL				12

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C.	Balance Sheet Item (Assets)				
1	Details about quick assets				
i.	Cash in hand (including foreign currency)			0.5	
ii.	Balance with Bank			0.5	
					1
2	Development and prepaid expenses (if capitalized)				1
3	Cash and cash equivalents				1
4	Information on disclosure of investment items				
i.	Treasury bills – 1			0.1	
ii.	National investment bonds - 1			0.1	
iii.	Prize bonds			0.1	
iv.	Debenture			0.1	
v.	Other bonds – 1			0.1	
vi.	Shares			0.1	
vii.	Debenture and bonds			0.1	
viii.	Gold			0.1	
ix.	Worthless stock			0.1	
x.	Other investments			0.1	
					1
5	Information relating to investment				
i.	Cost of marketable securities			0.2	
ii.	Market value of marketable securities			0.2	
iii.	Investments accounted for using the equity method			0.2	
iv.	Portfolio investment			0.2	
v.	Valuation basis			0.2	
					1
	Information relating fixed assets				
6	Classification of Fixed assets				1
7	Cost				1
8	Market				1
9	Revaluation amount				1
10	Basis for valuation				1

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11	Information as to other assets – Commission on brokerage on shares and debentures				1
12	Information relating to – Preliminary formation and organization expense (if it is capitalized)				1
13	Non financial assets (classified)				1
14	Information about security of loan				1
15	Loan taken by directors and officers				1
16	Loans and advances to customers				1
17					
i.	Classification amount			0.33	
ii.	Doubtful amount			0.33	
iii.	Bad amount			0.34	
					1
18	Information as to intangible assets –				
i.	Goodwill			0.34	
ii.	Other intangible assets			0.33	
iii.	Amortization policy			0.33	
					1
	SUB TOTAL				18
D.	Balance sheet Item (Liabilities)				
1	Details shareholders interest				
i.	Issued Capital			0.5	
ii.	Shareholder's equity or paid up capital			0.5	
					1
2	Information as to –				
i.	Provisions			0.25	
ii.	Provision for taxation			0.25	
iii.	Provision for loans and interest suspense account			0.25	
iv.	Provision for bad and doubtful investment			0.25	

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					1
3	Information as to-				
i.	Statutory reserve			0.25	
ii.	Revaluation Reserve(if not capitalized)			0.25	
iii.	Surplus profit and loss account			0.25	
iv.	Gratuity and benevolent fund			0.25	
					1
4	Information as to:				
i.	Commitments - Directors (classified)			0.5	
ii.	Commitments - Contingent Liabilities			0.5	
					1
5	Details about-				
i.	Borrowing from banks in Bangladesh			0.25	
ii.	Borrowing from agents, financial institutions and banks outside Bangladesh			0.25	
iii.	Secured borrowing amount			0.25	
iv.	Unsecured borrowing			0.25	
					1
6	Information about-				
i.	Nature and amount of security given			0.34	
ii.	Other commitments			0.33	
iii.	Other borrowed fund			0.33	
					1
7	Information as to principal deposits- Pension or insurance fund				1
8	Information about - long term Debt with security				1
9	Information about – Mortgages on assets against loan				1
10	Information as to-				
i.	Particular of redemption of long term debt			0.5	

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ii.	Current portion of long term debt			0.5	
					1
11	Information about – non current interest bearing liabilities				1
12	Information relating to – Income tax payable				1
13	Details as to –				
i.	Liabilities and subsidiary companies			0.25	
ii.	Proposed dividend			0.25	
iii.	Prepaid deferred tax at the end of the period			0.5	
					1
14	Information as to –				
i.	Bill payable			0.5	
ii.	Interest payable			0.5	
					1
15	Information about – Trade and other payable				1
	SUB TOTAL				15
E.	Income statement Items (Cr.)				
1	Details as to –				
i.	Interest and similar income			0.33	
ii.	Interest income from debentures			0.33	
iii.	Interest on bill and Treasury bills			0.34	
					1
2	Income from balances with banks/financial institutions				1
3	Details about – Dividend income				1
4	Information as to – Investment income				1
5	Details as to – Gains less losses arising from investment securities				1
6	Information as to –				

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i.	Profit from ordinary activities			0.25	
ii.	Profit from operations			0.25	
iii.	Profit from invested shares			0.5	
					1
7	Information as to –				
i.	Gains less losses arising from dealing securities			0.25	
ii.	Gains arising from dealing securities			0.25	
iii.	Gains on foreign currency transaction			0.25	
iv.	Gains less losses arising from dealing in foreign currencies			0.25	
					1
8	Information about –				
i.	Non financial income			0.5	
ii.	Income from non financial assets			0.5	
					1
9	Information on income from rent, taxes, insurance, license fees, royalties and other income				1
	SUB TOTAL				9
F.	Income statement Items (Dr.)				
1	Information as to –				
i.	Salaries, allowances and fees			0.2	
ii.	Stationary, postage, stamp etc. and general administrative expenses			0.2	
iii.	Printing and advertisement expenses			0.2	
iv.	Internet, Telegram, Telephone and Communication expenses			0.2	
v.	Fees and commission expenses			0.2	
					1
2	2. Information as to – Legal expenses				1

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3	3. Information as to – Taxes on income				1
4	4. Information as to –				
i.	Chairman and directors Remuneration			0.5	
ii.	Auditors fees			0.5	
0					1
5	Information as to –				
i.	Dividend paid for the period			0.5	
ii.	Appropriation against profit on dividends			0.5	
					1
6	Information as to –				
i.	Provision for classified loans and advances			0.2	
ii.	Provision for gratuities			0.2	
iii.	Provision for diminution value of investment securities (if any)			0.2	
iv.	Provision for decline in value of trading securities and other			0.2	
v.	Bad and doubtful provisions on loan and provision for bad and doubtful debts against adversely classified and advances			0.2	
					1
7	Information as to –				
i.	Appropriation against profit on statutory reserve			0.5	
ii.	Appropriation against profit on general reserve			0.5	
					1
8	Details as to –				
i.	Depreciation of fixed assets and amortization expenses			0.2	
ii.	Repair expenses of machinery			0.2	
iii.	Repair expenses of furniture			0.2	
iv.	Repair expenses of buildings			0.2	
v.	Depreciation on repairs and			0.2	

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	maintenance				
					1
9	Information as to –				
i.	Interest expenses and similar charges			0.5	
ii.	Tax expenses for the period			0.25	
iii.	Taxes, including deferred taxes			0.25	
					1
10	Disclosure as to –				
i.	Extraordinary items – Loss on expropriation of car engine			0.2	
ii.	Extraordinary items – Insurance proceeds from earthquake disaster settlement			0.2	
iii.	Losses arising from dealing securities			0.2	
iv.	Foreign currency translation and hedging			0.2	
v.	Other operating expenses			0.2	
					1
11	Information about –				
i.	Amount expended on human resource			0.25	
ii.	Loss from sale of or dealing with non-banking assets			0.25	
iii.	Allowances for doubtful debts			0.25	
iv.	Charitable donations			0.25	
					1
	SUB TOTAL				11
G.	Information useful to projections and budgetary disclosure				
1	Disclosure as to loss on sale on investment				1
2	Disclosure as to profit on sale on investment				1
3	Disclosure as to loss on				1

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	unusual items				
4	Disclosure as to provision for diminution in the value of investment				1
5	Information as to proposed capital expenditure in future				1
6	Information about offer of new services				1
7	Information about labor management relationship				1
8	Information about number of days in strike by the employers (yearly)				1
9	Information about bank issuing bonus shares				1
10	Information about pension and retirement plans				1
11	Information about employees social welfare scheme				1
12	Information about number of cases filed for recovery of loan				1
13	Information about cash inflow				1
14	Information about cash outflow				1
15	Information relating to sale of property and other assets				1
16	Information relating to transfer of research and development				1
17	Inflation adjusted accounts				1
18	Information about Tax refunds receivable				1
	SUB TOTAL				18
H.	Ratios, Statistics and other Details				
	Information about ratios indicating profitability				
1	Return on capital employed				1
2	Return on share holders'				1

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	Equity				
3	Return on equity funds				1
4	EPS				1
5	DPS				1
6	Earning yield				1
7	Dividend yield				1
8	Rate of return on investment				1
9	Return on total assets				1
10	Debt – equity ratio				1
11	Debt to total capital ratio				1
12	Debt to total assets ratio				1
13	Proprietary ratio				1
14	Capital gearing ratio				1
15	Interest coverage ratio				1
16	Dividend coverage ratio				1
17	Total coverage ratio				1
18	Cash flow coverage ratio				1
	Information relating to statistics and other details				
19	Comparative income statement (at least 1 year)				1
20	Comparative balance sheet (at least 1 year)				1
21	Cash budgeting projection up to 5 years				1
22	Extent of dependence on a few customers				1
23	Review of the year and prospects for the future (discussion of the factors which will influence bank's next year performance)				1
24	Forecast of next year earnings				1
25	Statement of the firm's objectives and policies				1
26	No of shareholders and share held by them				1
27	Information on number of employees				1
	SUB TOTAL				27

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I.	Information useful to measurement and valuation method				
1	Amount of depreciation				1
2	Fixed assets valuation method				1
3	Basis of overall valuation				1
4	Method used in calculating depreciation				1
5	Depreciation policy				1
6	Consistency of method rate of depreciation				1
7	Rate of depreciation				1
8	Gains and losses on disposal of property				1
9	Pension costs and retirement plans				1
10	Estimated useful life and change in estimate (if any)				1
11	The reason for change in method and rate of depreciation				1
12	The monetary impact on profit				1
13	The tax effect for the change				1
14	Consistency of useful lives of assets				1
15	Disclosure of significant financial transactions				1
16	Disclosure about related party transactions				1
17	Accounting policy adopted for the recognition of revenue				1
18	Method adopted to determine the stage completion of transactions				1
19	Disclosure of significant category of revenue recognized during the period				1
20	The nature and amount of commitments to extent credit				1

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	that are irrevocable				
21	The nature and amount of contingent liabilities and commitments arising from off balance sheet items				1
22	Disclosure of maturity date of liabilities				1
23	Disclosure of significant concentration of assets and liabilities and off balance sheet items in terms of geographical areas, customer or industry groups				1
24	Disclosure of significant net foreign currency exposure				1
25	Other concentration risks				1
26	Disclosure about appropriation of retained earnings				1
27	Disclosure of secured liabilities and the carrying amount of the assets pledged as security				1
	SUB TOTAL				27
	GRAND TOTAL				144

Appendix-II
Voluntary Disclosure Index

Disclosure Items		Score Achieved		Total
		2011	2010	
A. Disclosure of Community Development (CD):-				
CD	Donation to Charity			1
CD	Sponsorship to sports and culture			1
CD	Welfare of Children			1
CD	Anti-drug Campaign			1
CD	Poverty alleviation scheme			1
CD	Freedom Fighters' welfare			1
CD	Employment generation			1
CD	Woman development			1
CD	Merit and talent development			1
CD	Rural development			1
CD	Research and Development for country			1
CD	Establishment of Bridges			1
CD	Anti-drug Campaign			1
	Sub Total			13
B. Disclosure of Human Resource (HR):-				
HR	Training seminar and workshop			1
HR	Credit facilities under various loan policies			1
HR	Staff welfare fund			1
HR	Library for employees			1
HR	Employee family welfare			1
HR	Good working environment			1

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HR	Employee recreation			1
HR	Number of the employees in the company			1
HR	Employees recruitment procedure			1
HR	Group insurance policy			1
HR	Employee satisfaction survey			1
HR	Internship Program			1
HR	In housing training			1
	Sub Total			13
C. Disclosure of Physical Resources and Environment Contribution				
PE	Training on environment and social management course			1
PE	Tree plantation (Greening)			1
PE	Donation to Farakka Committee			1
PE	Smoking free area			1
	Sub Total			4
D. Disclosure of product and service (PS):-				
PS	Product quality			1
PS	Packing			1
PS	Advertising			1
PS	Warranty provisions			1
PS	Product safety			1
	Sub Total			5
	Grand Total			35