PhD PROGRESS SEMINAR

ON

"FINANCIAL DATA DISCLOSURE PRACTICES IN VARIOUS UNIVERSITIES – A STUDY OF SELECT INDIAN AD FOREIGN UNIVERSITIES".

SUBMITTED BY

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Financial Data Disclosure Practices in Various Universities – A Study of Select Indian ad Foreign Universities.

Introduction

Most businesses have a goal of earning profit for stockholders. Thus, the financial statements of most businesses are designed to allow stockholders and others concerned with profitability a means to monitor the performance of the business in question.

Universities, colleges and other non-profit organizations ostensibly have an entirely different purpose. Universities and colleges, in particular, are institutions of higher learning established primarily to create and disseminate knowledge. Universities and colleges receive a significant portion of their funding from donors and governmental entities. These funds are often given with certain restrictions and conditions. Consequently universities use a system of fund accounting.

The primary purpose of fund accounting is to provide trustees, who are legally responsible for running universities, the information to monitor the funds that come into the institution and make sure that they are expended for their intended purpose.

Since the primary purpose of fund accounting systems is to ensure that funds provided by donors and government are expended in the manner they were intended, it has been difficult for stakeholders to look at a university or college's financial statements and get a true picture of the university's financial health. In the past, financial statements for universities were broken down into various fund groups. In effect, each fund group had its own financial statements and universities could move money between funds making and it difficult to understand whether universities had revenues in excess of expenses or whether expenses exceeded revenues. The Governmental Account Standards Board (GASB) governs the reporting of financial data for public universities and colleges. In 2002, public universities and colleges changed their financial statements so that they more closely resemble those in for profit businesses (GASB 34). The Financial Accounting Standards Board (FASB) governs private universities and colleges financial statements. FASB changed the way that private universities and colleges report financial data before 2002. The effect of the changes of GASB and FASB on the way universities and colleges report their financial data was to put it in a format that much more closely aligned for profit businesses. In fact, one might argue that this new reporting format is a reflection of the growing corporatization of universities, which are increasingly being run more and more like for profit enterprises. However, one of the benefits of the new reporting format is that it is now easier for faculty to understand the financial status of their institutions.

Historically, most universities and colleges have had some sort of a faculty budget oversight committee as part of faculty governance institutions. Many of the functions of these budget oversight committees have been taken over by collective bargaining agents at institutions where faculty members have opted to engage in collective bargaining. However, whether an institution

has collective bargaining or a traditional budget oversight committee, faculty at most institutions focus on the annual budget of the institution.

Often, looking only at a university or college's budget misleads faculty members. Budgets are normally based only on the current fund, and since universities have the ability to transfer money from one fund to another, looking at the current fund does not give a true picture of a university's finances. The figure below shows the structure of university and college funds.

Source: http://www.hawaii.edu/
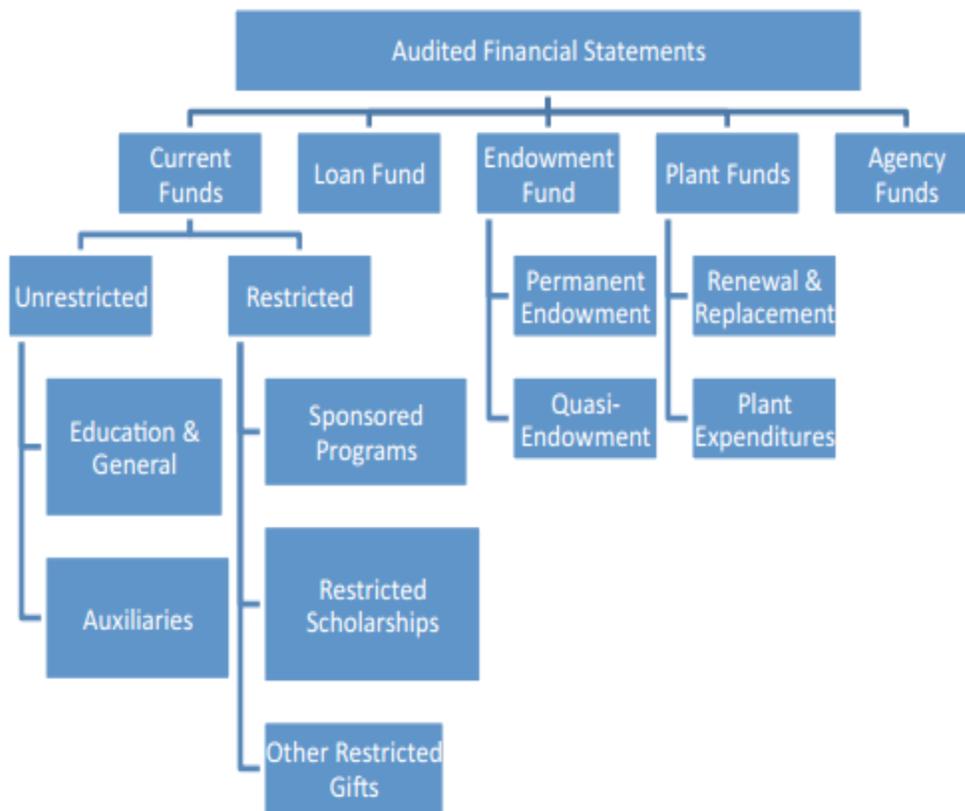
In addition, a budget is just a financial plan. However, institutions have no legal obligation to spend money in accordance with their budget. For example, a budget may show that money has been allocated for a certain number of faculty positions. However, in any given year a certain number of faculty members leave institutions, either to take jobs elsewhere or to retire. Consequently in any given year a certain number of positions that are budgeted are vacant. Therefore what a university or college budgets for faculty salaries and benefits is not necessarily, what they actually spend on salaries and benefits. Consequently, some percentage of budgeted positions either gets spent elsewhere or accumulates and becomes part of the university net assets (reserves).

Budgets also depend on making projections regarding enrollment, and assumptions about raises and the general rate of inflation. Changing any of these assumptions can drastically alter a budget. Finally, almost all budgets are balanced, and this creates the impression that universities spend revenue that they take in. This is far from true for most universities. In general, most universities and colleges will have balanced budgets and yet in most years they will have revenues that are substantially in excess of expenses.

To get a true picture of a university's finances, one must look at the actual financial statements, which represent the actual revenues and expenses of a university. Evaluating a university's finances by looking at its budget would be the equivalent of evaluating the performance of a for-profit company by looking at its business plan.

In a for-profit business, revenues come into the business through the sale of goods and services. In the process of producing goods and services, firms incur costs. The difference between revenues and costs represents the firm's profit or loss. This profit or loss is one of the primary indicators of how the firm is performing. Non-profit organizations, such as universities and colleges, take in revenue in the form of tuition fee, donations and governmental support. In the process of carrying out the mission of their institution, universities incur expenses. The difference between the revenues that come into a university and its expenses is known as a change in net assets. If a university takes in more revenue than it expends, there is a positive increase in net assets (i.e. net income). Conversely, if the expenses exceed the revenues there is a decrease in net assets (i.e., a net loss). Increases or decreases in net assets are one of the prime indicators of how a university or college is performing financially.

Financial data is reported either as a stock or flow. A stock means measurement takes place in rupees without respect to time. For example, the amount of money in your savings account is a stock. Flows are measurements that have a time dimension. For example, income is a flow because it is measured as a certain number of dollars per year.

The names of the financial statements differ slightly between public and private institutions but essentially universities and colleges all have three main financial statements. First there is a balance sheet. Most public universities or colleges refer to their balance sheet as the statement of net assets. Private universities and colleges refer to their balance sheet as a statement of financial position. The second financial statement is an income statement. Most public universities and colleges refer to their income statement as a statement of revenues, expenses and changes in net assets. Private colleges and universities refer to their income statement as a statement of activities. The third major financial statement is the statement of cash flows.

REVIEW OF LITERATURE

1. David Coy, Mary Fischer and Teresa Gordon, (2001)[1] the new paradigm is needed to address changes in society and in the environment of higher education in the US and other Western-style countries during the last three decades of the twentieth century. Numerous scandals and other dubious affairs involving even the most senior public officials has brought about an erosion of public confidence, and led to widespread demands for improved accountability by public officials and institutions. Comprehensive disclosures on the condition and performance of institutions would move college and university external reporting beyond decision usefulness and towards true public accountability.

2. Morton Nelson, William Banks and James Fisher, (2003)[2] Canadian university disclosures have been tracked from 1988 to 2000 using the modified accountability disclosure (MAD) index developed by Coy et al. (1993a, 1993b) in their study of New Zealand universities. During the first eight years of the period under investigation there was very little change in accountability disclosures. However, for the periods ending in 1997 through 2000, there has been a statistically significant annual improvement. This paper examines the reasons for these changes as indicated in the interviews with the presidents, or their designations, of Canadian universities. Factors include increased fund raising by the universities, and pressures by the public and governments for universities to become more accountable while a change in accounting pronouncements appears to have had little effect.

3. Keith Dixon, David Coy, (2007)[3] Where members of governing bodies of universities stand in relation to their institution's annual reports is discussed in the broader context of trends in university governance. Data were collected from members of the governing councils of New Zealand's eight universities using questionnaire surveys in 1993 and 2001. During this interval, a marked improvement in the quality of these institutions' reports occurred. Issues explored include information used to govern and the equivocal roles of council members juxtaposed as they are between university participants and stakeholders. They are cast as strategic decision makers, holders of university senior management and other participants to account, and annual report publishers, and so publicly accountable persons. Findings include that annual reports provide valuable information for members to make decisions and hold their universities accountable; and that some shortcomings discerned by members in report qualitative characteristics and contents persist, despite seeming to be within the discretion of councils to address. Speculations about why this might be so are advanced, including for further investigation; and other suggestions for further research are put forward.

4. Helen H Kang, Sidney J Gray, (2008)[4] this study examines factors associated with the voluntary disclosure practices of the top 200 emerging market companies in respect of information about Intangible Assets (IA). Using a disclosure index based on the Value Chain Scoreboard™ (Lev, 2001), narrative sections of annual reports are analyzed. The findings support the applicability of Lev's framework. Further, the extent of IA disclosure is associated with leverage, adoption of IFRS/US GAAP, industry type, and price-to-book ratio. Contrary to prior research, firm size and ownership concentration are not found to be significant. Country-specific factors such as economic policy and legal system are also found to be significantly associated with IA voluntary disclosure levels.

5. Gallego, Garcia & Rodriguez, (2009)[5] The findings obtained emphasize that university websites mainly disclose information on teaching and research activities and on governing bodies; to a lesser extent, they reveal information on their social responsibility and strategic aspects; and finally, the volume of financial information disclosed remains quite small, mainly including their budgets. Furthermore, the universities with lower levels of leverage disclose more information online, whereas those with higher volumes of debt are more reluctant to reveal their internal situation on the Internet.

6. Juniati Gunawan, Hadrian Djajadikerta and Malcolm Smith,(2009)[6] This study examines the extent of corporate social disclosures (CSD) in Indonesian listed companies' annual reports for the years 2003 to 2006. Content analysis methods were employed and descriptive analysis conducted to explore the quantity and quality of this disclosure. The findings show that 'human resources' information is the information most disclosed, while 'sustainability' is the least disclosed information in the companies' annual reports. Documentation of information disclosed in the annual reports is mostly positive and descriptive in nature, rather than negative and quantitative. The results provide insight into the extent and nature of CSD in Indonesia.

7. Bogdan Victoria, Pop Cosmina Madalina, Scorţe Carmen,(2009)[7] it can be revealed that at half of the year 2008, a large number of Romanian listed companies only made mandatory or advisory disclosure available on their own websites. Moreover, these companies still show a preference for traditional means of communication. It can be confirmed that among the companies analyzed, there is still an attachment to traditional paper-based ways of communication. This is shown both in contents, form or tools used for communication on websites. The results above mentioned by us speak for themselves. From our point of view these companies seem to consider the web as a ―information deposit rather than a dynamic means of communication. We consider that this situation could be caused by a lack of external stimuli, due to the lack of regulation on website disclosure. Due to the above mentioned facts we have also found a poor voluntary disclosure practice of financial and non-financial information, among BSE listed

companies explained mainly by conservatism, extreme confidentiality and a lack of modern knowledge in the Romanian financial reporting system**.**

8. Abhigyan**,** (2010)[8] It could be said that although companies are more or less complying with the Accounting Standards even though uniform accounting policy is desirable. Accounting standards are essential to the efficient functioning of the economy because decisions about the allocation of the resources rely heavily on the credible, concise and understandable financial information, but still some modifications are required. Indeed, India has been "adapting" international accounting standards. Only in a few areas did the Indian standards differ from IFRS. There again, IFRS could, in some cases, change its standards on par with India or India could change its own. Giving examples of the few areas where India and IFRS differed, Mr. Manoharan said that Indian companies had to, by law; charge a specified minimum depreciation to its profits, while the international practice was to let the companies decide on the rates of depreciation depending upon the economic value of the asset. Another example, India treats redeemable preference shares as part of capital, whereas elsewhere in the world it is debt. From this long duration it can be seen that the harmonization process is complex, which needs it's time to be accepted and manifested. It seems to us that the process was slow, full of disagreements and conflicts between the actors involved. However, important agreements were made in the past.

9. Lina Dagiliene, Violeta My kolaitiene, (2015)[9] Since in Lithuania, social responsibility reporting is not compulsory, in their annual performance reports universities are focusing on the areas which appear essential for them. There is a lack of uniform reporting and so the disclosures of different universities are not comparable. Also, not each and every area is always reflected in the reports. Mostly discussed are Economics and Social areas, while Environmental and Educational are not reflected at all in some universities. The results can be used for comparing reporting practices among different universities and countries, and also for further improving sustainability reporting.

10. Alberto Romolini Silvia Fissi Elena Gori, (2015)[10] the research gives an overview of sustainability reporting in universities by evaluating the quality level of their disclosure. The results confirm previous research by highlighting the necessity to improve sustainability reporting. Moreover, the results show there are differences between universities that are connected to the peculiarities of each country. They also enable us to draw up an initial classification of universities. The paper provides one of the first in-depth studies of sustainability reporting quality for universities included in the GRI database.

11. Singh and Gite, Apeejay, (2015)[11] there is a greater variation in the disclosure scores of private sector companies. Most of the companies in Life Insurance Industry are giving

information related to corporate governance in different places in their annual reports. Only some of the companies are giving a separate corporate governance and sustainability report. It is suggested that LIC being an alone public company has to be more attentive and concerned on some heads of the corporate governance so that LIC should be able to face the competition given by the private life insurance companies in fair and transparent manner.

12. Suhaiza Ismail, NurBarizah Abu Bakar, (2015)[12] Malaysian public universities have not fully complied with the minimum disclosure requirements and more importantly, the degree of accountability information disclosure is lower. Additionally, although established universities group is better off in terms of accountability information disclosure it is reported to have lower degree of compliance to the minimum disclosure requirements.

13. Philip Brown, Wenwen Zhan, Qiyu Zhang, (2016)[13] results confirm the belief that better-governed firms make more frequent disclosures to the market. We also find greater disclosure in common law relative to code law countries. However firms with better governance in both code and common law countries make more frequent disclosures. We measure market transparency by the timeliness of prices. In contrast to single country studies, results show, for the 23 countries collectively, better corporate governance is associated with less timely share prices. This would suggest that a firm substitutes better corporate governance for transparency. We are thus led to the conclusion that even if information is disclosed more frequently by better-governed firms, it does not necessarily follow that information is reflected in share prices on a timelier basis.

14. Shahrul Nizam Ahmad & Mohamad Yazid Isa &Afiruddin Tapa, (2016)[14], This study examines the existence of a formal risk management structure or framework in the Malaysian public universities. This is a preliminary investigation using websites as indicators, on the state of enterprise risk management implementation in Malaysian public universities. Based on the data gathered from a total of 20 public universities, this study found that most of them do have a formal risk management structure in place and some of them have even appointed a specific person (risk officer) specializing in handling the ERM activities of the universities. This paper would provide the foundation for more advanced research in the ERM implementation in nonprofit organizations.

15. Daniela Sangiorgi, Benedetta Siboni, (2017)[15] the research found a significant amount of IC disclosure in SRs. Also, university top managers demonstrated an awareness of benefits deriving from IC managing and reporting practices, both for

decision-making processes and to respond to stakeholder's needs. The current paper contributes to IC literature by providing an assessment of IC voluntary disclosure practices in Italian universities, analyzing reports other than the annual report (which is the only document media analyzed by research so far). Furthermore, while previous research has focused on IC disclosure, the current study investigates the motivations for IC managing and provides insights into the benefits deriving from IC reporting in universities.

Research Gap:

Nowadays, most studies on the disclosure of financial information in universities have focused on surveys and interviews which can give microscopic view of few observed case studies/universities. However, to the extent of researchers knowledge very few previous research has been carried out based on data disclosed on the Internet, which is a potential disclosure mechanism that has many advantages (for instance, the public can access the information fast and easily).

Therefore, the present work assumes significance as it is based on assumption that the universities, as institutional receptors of public funds, should implement a policy of transparency and disclosure of activities financed by those funds and that websites can be an appropriate tool to implement this policy. This work is expected to contribute to the existing literature by studying the degree of utilization of websites by Indian universities in order to meet this transparency policy and by analyzing which factors influence the achievement of a higher economic-financial transparency in the disclosure online.

Scope of the Study:

The present study is confined to financial data of Indian and Foreign universities. The study relates to the period of 8 years that is from 2010-11 to 2016-2017. Although, the universities were established decades back, there was a lack of compatibility in the methods of preparation of accounts during the period. Only 20 Indian and foreign universities were selected for the study.

Only 10 Indian universities which have been consistently displaying their accounts through their websites since 2010-2011 to the latest year 2016-2017 are selected for the study. Another top 10 foreign universities, based on the ranking are selected.

Research Methodology

The study is an attempt to examine and identify major strengths and weaknesses in disclosure practices of Universities in India and abroad. The research methodology designed to achieve these objectives.

The collection of the data is purely based on secondary sources taken from various universities' annual financial reports and financial data which disclosed in university websites. All universities which disclosed their financial data are included in the study.

Top universities are selected for detailed investigation among the foreign universities in order to check the benchmarking in universities. Initially, no financial data have been published in the annual financial reports by universities in India. However, after the amendment from the UGC for Implementation of Accounting Standards in Educational Institutions given by the Joint Secretary (A & HE), MHRD, issued the format for the presenting financial reports to all the central universities as on 7th February 2012, Lt No: 8-2/2012-UIA. After the amendment from the UGC 12 Indian universities initially came forward to publish the financial data through their own websites. Since two universities have published only for two financial years, they are not taken for the study.

Techniques:

There are two main approaches to measuring disclosures in annual reports. The first approach is by content analysis, which is a method of codifying the content or text of a piece of writing into categories based on chosen criteria (Weber, 1988). "Form oriented" analysis counts words or specific references; and "meaning oriented" analysis focuses on analyzing the underlying themes (Smith and Taffler, 2000). This method is often applied to a particular disclosure, for example social and environmental disclosures, and conclusions drawn about the importance of the item using these disclosures as a proxy. The second approach is the use of disclosure indices which calculate an index score as an indication of the extent of disclosure of certain preselected items (Marston and Shrives, 1991). Those items are usually selected by prior research and empirical analysis.

Items in the index can be weighted to take into account that some items might be considered more important than others. However, if items are weighted, it is advisable to calculate un-weighted scores to see the effect of the weighting. The method has been in wide use since the 1960s, and has persisted over time despite the acknowledged deficiency that it can be subjective (Marston and Shrives, 1991).

The concept of a **Disclosure Index (DI)** has been used in a significant body of prior research to investigate the quality of disclosures in annual reports of public sector agencies.

The **Modified Accountability Index (MAD)** was thus developed from the accountability literature, analysis of annual reports, and practitioner advice. The index was initially used in New Zealand (Coy et al., 1994), but has subsequently been externally validated using data from Australian (Nelson et al., 1997a), Canadian (Banks and Nelson, 1994) Scottish (Fisher et al., 1996) and English, Welsh and Northern Ireland universities (Banks et al., 1997).

Both a weighted disclosure index and an unweighted disclosure index are usually used to determine disclosure level. Researchers such as Wallace et al. (1994), Cooke (1991 and 1992), Karim (1995), Hossain et al (1994), Ahmed and Nicholls (1994), and Hossain (2000 and 2001), adopted a dichotomous procedure in which an item scores one if disclosed and zero if not disclosed and this approach is conventionally termed the unweighted approach. The weighted disclosure approach (used by for example by Barrett, 1977, and Marston, 1986), involves the application of weights above zero but less than one to items of information which are disclosed (zero is the weight for non-disclosure). Previous experiences also show that the use of unweighted and weighted scores for the items disclosed in the annual reports and accounts can make little or no difference to the findings (Coombs and Tayib, 1998). Thus, unweighted disclosure index methodology has been adopted. In this case, the key fact is whether or not a university discloses an item of information in the annual report. If a university discloses an item of information in its annual report, then '1' is awarded and if the item is not disclosed, then '0' is awarded.

Thus, the unweighted disclosure method measures the total disclosure (TD) score of a university as additive (suggested by Cooke, 1992) as follows:

$$TD = \sum_{i=1}^{n} di$$

Where, d = 1 if the item is disclosed = 0 if the item is not disclosed n = number of items. The fundamental theme of the unweighted disclosure index is that all items of information in the index are considered equally important to the average user. The following statistical measures of central value and variation have been applied to study the disclosure levels in this study: Arithmetic mean of Disclosure scores

- The arithmetic mean is a single value and a measure of central tendency within the range of data that is used to represent all of the values in the series. It has been calculated by applying the formula –

$$\text{Arithmetic Mean} = \frac{\text{Sum of all values}}{\text{Number of values}}$$

$$i.e \quad X = \frac{\sum X}{N}$$

- **Coefficient of Range**
  Coefficient of range is a relative measure of dispersion corresponding to ranges and has been obtained by applying the formula –

$$\text{Coefficient of range} = \frac{\text{Maximum disclosure score} - \text{Minimum disclosure score}}{\text{Maximum disclosure score} + \text{Minimum disclosure score}}$$

- **Standard Deviation**

  The standard deviation measures in absolute terms variability in the disclosure score from the mean and has been obtained by applying the formula

$$\text{Standard deviation, } \sigma = \sqrt{\frac{\sum\left(X-\overline{X}\right)^2}{N}}$$

- **Coefficient of Variation**

  Coefficient of Variation is a relative measure of dispersion corresponding to standard deviation and is considered better than standard deviation in problems where variability of one series of data is required to be compared against variability in another data series. It has been calculated by applying the formula –

$$\text{Coefficient of variation} = \frac{\text{Mean}}{\text{Standard Deviation}}$$

$$\text{i.e. C.V.} = \frac{\overline{X}}{\sigma}$$

  A comparison of the results of these statistical techniques over the study period will help in analyzing if there has been any improvement or deterioration in the mean levels as well as any increase or decrease in the variation among the disclosure practices of Indian and foreign Universities in their annual reports.

Limitations of the Study:

1. The present study is confined to financial data of Indian and Foreign universities.
2. The study relates to the period of 8 years that is from 2010-11 to 2016-2017.
3. Only 20 Indian and foreign universities were selected as a sample size.

Organization of the Study

Chapter –I Introduction-Objectives- Methodology- Review of Literature.

This study is divided into six (6) chapters including the introduction chapter. The **First chapter** being introductive in nature deals with objectives of the study, methodology and chapterization. The chapter also contains review of literature on the subject and the areas for further research.

Chapter-II Financial Disclosure Practices – A Conceptual Framework

In this chapter, the need and importance of disclosure practices is presented and an attempt is made to discuss the attributes of the information disclosed, to bring out the major aspects of disclosure practices.

Chapter –III Pattern of Sources and Applications of Funds in Universities in India.

In this chapter, the data pertaining to the pattern of sources and application of funds were studied. It takes a detailed view of various items of revenue and expenditure of the university. The surplus or deficit in each year of the study has been recorded.

Chapter –IV Practices of Financial Data Disclosures in Select Universities

In this chapter, data pertaining to the financial disclosure in annual accounts of the select universities has been analyzed. This analysis has been made on the basis of the Item-wise, University-wise.

Chapter –V A Comparative analysis of Disclosures in Indian and Foreign Universities and Also to find out the relevance of IFRS.

In this chapter, the comparative analyses were carried to make the comparison, to find out the commonality and the difference between Indian and Foreign universities regarding the financial data disclosures. And also a comparison done to know whether there is any relevance of IFRS with Foreign universities.

Chapter –VI Summary and Conclusions

This chapter brings out the summary of the study, the findings and conclusions drawn and the suggestions thereon.

Item-wise Disclosure in Annual Financial Reports

In all forty-four (44) items are taken, for analysis of Item-wise disclosure by the universities. For each item included in the "Index of Disclosure", the percent of disclosure of that item by the universities is obtained by dividing the number of universities disclosing that particular item by the total number of companies over which the item is applicable.

Item-wise disclosure along with Mean disclosure, standard deviation and coefficient of variation is presented in the following tables.

Disclosure on Background Information

Table No: 1 Mean index Disclosure for background Information.

Items	N	Disclosed Items	Mean Score	%	SD	COV
Parliamentary Act	20	20	1	100	0	0
Objectives	20	20	1	100	0	0
Functions & Activities	20	20	1	100	0	0

Source: Compiled from Annual Financial Reports

Based on the above table, there are three items under this category with parliamentary act, objectives, functions and activities which are fully disclosed with a Mean score of 1. The statement of objectives indicates the formal expression of mission and vision of the universities. It is considered as crucial information as it reflects the mission and true objectives of the reporting entity. Similarly, information regarding the functions and activities that are carried out by the universities throughout the year also has been disclosed by all universities annual reports. It shows a positive scenario as the universities are reporting all activities and programmes that they have carried out during the period.

Disclosure on Significance of Accounting Policies.

Table no: 2 Mean Index Disclosure on Significance of Accounting Policies information.

Items	N	Disclosed Items	Mean Score	%	SD	COV
Basis for preparation of Accounts	20	20	1	100	0	0
Revenue Recognition	20	13	0.65	65	0.48	0.75
Fixed Assets and Depreciation	20	20	1	100	0	0
Retirement Benefits	20	18	0.9	90	0.30	0.34
Sponsored Projects	20	10	0.5	50	0.51	1.02
Fellowship and Scholarships	20	16	0.8	80	0.41	0.51
Income-Tax	20	18	0.9	90	0.30	0.34
Contingent Liabilities and Commitment	20	20	1	100	0	0

Source: Compiled from Annual Financial Reports.

From the above table, based on the information regarding significance of accounting policies, the mean index score for three items that is basis for preparation on accounts, fixed assets and depreciation, contingent liabilities and commitments are 1. As it results that all the three items are well disclosed. On the other hand, the retirement benefit and Income-tax gives a Mean score of 0.9 as a result it is clearly shows that the maximum disclosure has been made with this item with SD 0.30, and COV 0.34. The fellowship & scholarships, information clearly states that the mean score is 0.8 with SD 0.41 and COV 0.51, some universities are not disclosing total information about Revenue Recognition with mean score 0.65, SD 0.48, COV 0.75. The only one item which discloses the least score of 0.5 is for Sponsored projects with SD 0.51, COV 1.02.

Disclosure on Report on Government Assistance

Table No: 3 Mean Index Disclosure for Government Assistance Items

Items	N	Disclosed Items	Mean Score	%	SD	COV

Grant	20	19	0.95	95	0.224	0.235
Loan	20	19	0.95	95	0.224	0.235
Guarantee	20	0	0	0	0	0

Source: Compiled from Annual Financial Reports.

As per the report on government assistance, all universities reported on the grant received in their annual reports as per the selected study period. However, the disclosure index mean score for the item Grant and Loan is 0.95, SD is 0.224, COV is 0.235 as all selected sample were disclosing this item and for item guarantee the index mean score is 0, as there is no information regarding this item. Hence, this has resulted in an equal average disclosure index for the overall report on government assistance category. As mentioned earlier, although universities funding is mainly from the government and it is categories into 3 parts outline in the above table. The universities may not be receiving the assistance; hence the unfavorable result for the mean index score for guarantee could be explained.

Disclosure on Financial Performance Analysis

Table No: 4 Mean Index Disclosure for Financial Performance Analysis Items

Items	N	Disclosed Items	Mean Score	%	SD	COV
Assets	20	20	1	100	0	0
Sources of Finance	20	20	1	100	0	0
Reserves	20	12	0.6	60	0.50	0.83
Long-term Liabilities	20	15	0.75	75	0.44	0.59
Sales/ Income or Gross Profit Analysis	20	6	0.3	30	0.47	1.56
Profit /Loss (or) Surplus/Deficit	20	12	0.6	60	0.50	0.83
Investments	20	19	0.95	95	0.22	0.23

Source: Compiled from Annual Financial Reports.

Table No 4, reports the disclosure index mean scores of items under Financial Performance Analysis category. There are two items which are fully disclosed the information regarding assets and Sources of Finance. These disclosure items are vital for stakeholders in the assessing the continuity and financial viability of the reporting entity (Dixon et.al, 1991). Information on investments is well disclosed at 0.95, with SD 0.22, COV 0.23 and information regarding Long term liabilities are disclosed at 0.75, SD 0.44, COV 0.59. However, only 12 universities are disclosing the Profit /Loss (or) Surplus/Deficit information and Reserves (Mean Index score of 0.6, SD 0.50 COV 0.83).

Comparison of disclosure level between Indian and Foreign Universities

In further assessing the disclosure level of universities annual reports, a comparison of the mean disclosure index for Indian and Foreign Universities groups were carried out. Table No 5 below

presents the mean disclosure index of each of the seven categories of the disclosure information of the two groups of universities.

Table No: 5 Extent of Disclosure level between Indian and Foreign Universities

Category	Indian Universities (10) Mean	Foreign Universities (10) Mean	TOTAL	%
Corporate Information	0	10	10	50
Background of University	10	10	20	100
Chairman/ Vice-Chancellor's Report	10	10	20	100
Report on Government Assistance	9	8	17	85
Financial Performance Analysis	10	10	20	100
Performance Analysis	10	10	20	100
Financial Statements	10	10	20	100
Overall Disclosure	0.7375	0.85	0.90	0.90

Source: Compiled from Annual Financial Reports.

From the table no 5 above, it shows that there is no corporate information regarding Indian Universities and it is clearly shows that all other factors categorized for disclosures gives full disclosures in Indian universities and foreign universities, were as only 17 out of 20 universities discloses the information regarding the Report on Government Assistance under Indian and foreign universities, which contributes about 85%. It also shows that the foreign universities have been disclosing greater information than Indian universities as he overall index mean score for foreign universities. The Indian universities group seemed to have outperformed the foreign universities group in terms of disclosure level for Report on Government Assistance. This result reflects a positive direction in the disclosure practices in the Indian Universities. Apparently, the Indian universities are entitled to greater amount of funding from the Government than others. Hence, is expected from these universities to disclose more information on how to received funds have been utilized and how the society could have benefits from it. Likewise, for the other categories both the groups have an index score of 1 as all universities have provided relevant information in their respective annual reports.

Disclosure of Overview Items

Table 6: MAD- Index on Disclosure of Overview Items

Items	N	Disclosed Items	Mean Score	%	SD	COV
Statement of Objectives	20	19	0.95	95	0.224	0.235
Descriptive Reports/Schedules	20	20	1	100	0	0
Financial Review	20	15	0.75	75	0.444	0.592
Accounting Policies	20	20	1	100	0	0
Directories Information/ Auditor's Report	20	20	1	100	0	0

Source: Compiled from Annual Financial Reports.

The above table presents the Index mean score for each item under the overview category. It shows that all the three out of five overview items scored a favorable mean index score with descriptive reports / schedules, accounting policies, directories information / auditor's report items have the mean index score of one each which indicates that all the universities disclosed the information in annual reports. Surprisingly, not all universities offer the statement of objectives information in their annual report (Mean score is 0.95).Financial review is the only item which contributes about 75% with mean score 0.75, SD 0.444 and COV 0592.

Disclosure of Financial Performance Items

Table 7: MAD- Index on Disclosure of Financial Performance Items

Items	N	Disclosed Items	Mean Score	%	SD	COV
Operating Statement	20	10	0.5	50	0.513	1.026
Depreciation	20	20	1	100	0	0
Budget Information	20	0	0	0	0	0
Unit Cost per Student	20	0	0	0	0	0
Statement of Cash flow	20	14	0.7	70	0.47	0.672
Research Grants	20	15	0.75	75	0.444	0.592
Overhead allocation	20	11	0.55	55	0.51	0.928

Source: Compiled from Annual Financial Reports.

Of the seven items under the financial performance category as shown in the above table, only one item is well disclosed. On the other hand, the maximum disclosed information is Research grants, statement of cash flow (Mean score is 0.7, SD 0.44, COV 0.59), followed by Overhead allocation and operating statement (Mean score is 0.5, SD 0.513, COV 1.026). There are two items, that is budget information and unit cost per student information is not disclosed.

Disclosure of Financial Conditions Items

Table 8: MAD- Index on Disclosure of Financial Conditions Items

Items	N	Disclosed Items	Mean Score	%	SD	COV
Unrestricted Funds	20	20	1	100	0	0
Restricted Funds	20	20	1	100	0	0
Current Liabilities	20	20	1	100	0	0

Source: Compiled from Annual Financial Reports.

Based on above table, the mean index score for items under Financial Conditions category, all the information regarding unrestricted funds, restricted funds and Current Liabilities are well disclosed. All the three items under financial conditions are well disclosed with mean score 1.

MAD-Index: The Disclosure Practice by Category

Table no 9: MAD Index- Mean Index Score by Category

Category	Number of Items	N	Disclosed Items	Mean Score	SD	COV
Background Information	3	20	60	1	0	0
Significance of Accounting Policies	8	20	135	0.8437	0.96	1.14
Report on Government Assistance	3	20	38	0.6333	0.30	0.48
Financial Performance Analysis	7	20	104	0.7428	0.83	1.12
Comparison of disclosure level between Indian and Foreign Universities	8	20	147	0.9187	0.58	0.63
Overview	5	20	94	0.94	0.47	0.50
Financial Performance	7	20	70	0.50	1.23	2.47
Financial Conditions	3	20	60	1	0	0
Overall	**44**	**20**	**708**	**0.8045**	**2.137**	**2.65**

Source: Compiled from Annual Financial Reports.

From the above table, it is clear that the information regarding background Information, financial conditions were well disclosed with a mean score of 1. Followed by the Comparison of disclosure level between Indian and Foreign Universities with mean score of 0.915, SD 0.58, COV 0.63, then the information regarding the significance of accounting policies were 0.84, SD 0.96, COV 1.14, Financial Performance Analysis mean score is 0.74, SD 0.83, COV 1.12, followed by report on government assistance is 0.63, SD 0.30, COV 0.48. Overview items mean score is 0.94, SD 0.47, COV 0.50, followed by financial performance mean score is 0.50, SD 1.23, COV 2.47. The overall disclosures disclose 44 items with a mean score of 0.83, SD 2.137, COV 2.65.

University – Wise Disclosures

University	AU	CUHP	CUK	JNU	JMI	CUR	NMU	ICFAI	UKATU	NLSIU
Total Items	44	44	44	44	44	44	44	44	44	44
Disclosed Items	**34**	**33**	**38**	**35**	**34**	**33**	**35**	**31**	**35**	**35**
Mean	0.7727	0.75	0.8636	0.7954	0.7727	0.75	0.7954	0.7045	0.7954	0.7954
Standard Deviation	0.4239	0.438	0.3471	0.408	0.4239	0.438	0.408	0.4615	0.408	0.408
Covariance	0.5486	0.584	0.4019	0.5129	0.5486	0.584	0.5129	0.655	0.5129	0.5129

University – Wise Disclosures

University	CALU	CAMU	OXDU	STANU	YU	HARU	USURR	RFU	AU	VU
Total Items	44	44	44	44	44	44	44	44	44	44
Disclosed Items	**39**	**37**	**39**	**37**	**36**	**38**	**36**	**35**	**33**	**35**
Mean	0.8863	0.8409	0.8863	0.8409	0.8181	0.8636	0.8181	0.7954	0.75	0.7954
Standard Deviation	0.321	0.3699	0.321	0.3699	0.3901	0.3471	0.3901	0.408	0.438	0.408
Covariance	0.3621	0.4399	0.3621	0.4398	0.4768	0.4019	0.4768	0.5129	0.584	0.5129

List of universities:

INDIAN UNIVERSITIES

S.No	Name of the University
1	Assam University
2	Central University of Himachal Pradesh
3	Central University of Kashmir
4	Jawaharlal Nehru University
5	Jamia Millia Islamia University
6	National Law School Of India University
7	University of Rajasthan
8	North Maharastra University
9	UKA Tarasadia University
10	ICFAI University

FOREIGN UNIVERSITIES

1	California University
2	Cambridge University
3	Harvard University
4	Oxford University
5	Stanford University
6	Villanova University
7	Yale University
8	University of Surrey
9	Rockfeller University
10	Auburn University

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