

**THE MINISTRY OF HIGHER AND SECONDARY SPECIAL
EDUCATION OF THE REPUBLIC OF UZBEKISTAN**

**TASHKENT FINANCIAL INSTITUTE
MASTER DEPARTMENT**

*Having the right to a manuscript
UDC:685.1*

BARAKAEV OTABEK OTAQULOVICH

**«AUDIT REPORTING LAG: IMPACT OF CORPORATE
GOVERNANCE CHARACTERISTICS»**

Specialty: 5A230902 – Audit (on branches)

DISSERTATION

for the conferment of the academic degree of Master

**Scientific advisor: Candidate of Science
in Economics, ass. Professor, B. Hakimov**

TASHKENT – 2015

	INTRODUCTION.....	3
CHAPTER I	THE MAIN THEORETICAL APPROACHES OF THE AUDIT REPORT TIMELINESS AND CORPORATE GOVERNANCE CHARACTERISTICS.....	12
1.1	Essence of audit and annual report and formation of Corporate Governance in Uzbekistan listed companies.....	12
1.2	Audit report timeliness in emerging capital markets.....	26
1.3	The impact of Corporate Governance characteristics to Audit report.....	33
	Conclusion Chapter I.....	48
CHAPTER II	HYPOTHESIS DEVELOPMENT AND MODELING OF THE AUDIT REPORT TIMELINESS IN UZBEKISTAN LISTED COMPANIES.....	50
2.1	Determinants of Audit Report delay in listed companies.....	50
2.2	Model specification and measurement of variables on factors that influence the timeliness of audit report	54
	Conclusion Chapter II.....	60
CHAPTER III	ANALYSIS OF FINDINGS AND DEVELOPMENT PROSPECTS OF THE TIMELINESS OF AUDIT REPORT.....	61
3.1	Descriptive and Multivariate analysis of association between the audit report lag with independent variables.....	61
3.2	Prospects of development of the corporate governance and audit report timeliness of Uzbekistan listed companies.....	73
	Conclusion Chapter III.....	76
	Conclusion.....	78
	List of References.....	82
	Appendix.....	89

Introduction

Substantiation and topicality of the subject of the Master's dissertational work. On April 24, 2015, the President of the republic of Uzbekistan issued Resolution No. PF-4720 “On activities directed at establishing modern corporate governance methods in joint-stock companies” which will be a basic measuring stick in increasing the prestige and economic potential of our country on the global scale. The resolution defines a range of clear objectives directed to achieve the goals of increasing the role of joint-stock companies in direct mobilization of foreign investment funds, provision of openness and attractiveness of companies for potential investors, applying modern corporate governance procedures and strengthening the role of stockholders in strategic management of companies. The objectives include¹:

- Profound analysis of international expertise and establishing modern company management strategies based on the international experience; enhancing efficiency of using investment funds, material and technical assets and human resources;
- Establishing joint-stock companies with participation of foreign capital, creating favorable conditions to attract foreign investments to joint-stock companies;
- Elaborating Corporate governance Code;
- enhancing openness of activities of joint-stock companies, publishing their auditing and financial reporting in international standards;
- it should be noted that all joint-stock companies shall publish annual financial reports and render external auditing in accordance with International Auditing Standards as well as International Financial Reporting Standards (IFRS);

So as it can be seen from above tasks and objectives, the role of modern

¹ The Decree PP-4720 of the President of Uzbekistan “On activities directed at establishing modern corporate governance methods in joint-stock companies” from April 24, 2015

corporate governance and audit reporting is very important, besides that for investors ontime annual reporting is one of primary factors in implementing these tasks and objectives.

Because timely reporting in emerging capital markets is very crucial, since information in these markets is relatively limited and has a longer time lag. Timely reporting will enhance decision-making and reduce information asymmetry in these markets.

One of the most important factors that affect the timeliness of information releases is the timeliness of the annual audit.

The determinants contributing to the delay in audit reports might not result the same conclusion for companies situated across the world. As the number of public listed companies keeps on increasing year by year, there is an important to expand the knowledge regarding this matter by focusing to new areas of study with the additional factors. A number of studies have been conducted in economically developed countries.

Timeliness of accounting information has become an important issue as a result of phenomenal changes in both modern technology and business practices worldwide, including practices of corporate governance (CG))(SEC(USA,) 2002a).

Corporate governance is defined as the system by which firms are directed and controlled (Cadbury, 1992). It affects the development and functioning of capital markets and exerts a strong influence on resource allocation due to it reduces shareholders' monitoring and auditing costs.

In above noted, corporate governance became an issue since many business scandals have happened in US and other countries. Corporate governance is a system about how a company is managed and controlled through the delegation from ownership to manager.

At the same time, despite certain difficulties in the development of Uzbekistan corporate governance, the level already achieved ensures the security of foreign investors' interests amid ongoing global economic

integration processes. At the same time, expanding access to global capital markets will in turn help improve the quality of corporate governance in Uzbekistan.

The Supervisory Board carries out overall management of the company, except for the issues referred by this Law to the exclusive competence of the general meeting of shareholders.

In a company with number of shareholders - owners of voting shares less than thirty people, the Charter of the Supervisory Board functions can be assigned to the general meeting of shareholders. In this case, the company's charter should include an indication of a certain person or organ of society, whose powers include the decision on holding a general meeting of shareholders.

To exercise control over financial and economic activities, the General Meeting of Shareholders in accordance with the charter of the company elected by the Audit Commission (Auditor).

Skill and qualification requirements to company auditor or auditing committee defined by the general meeting of shareholders of the company. The same person cannot be elected as member of auditing committee (auditor) for more than three consecutive terms.

Therefore, the results of the above mentioned give incentive for this study to investigate the supervisory board and existence of an audit committee as monitoring functions. Therefore, this study examines whether there is a negative relationship between supervisory board, and existence of an audit committee characteristics of post Uzbekistan's Corporate Governance Code (UCGC) should be taken into consideration.

Incorporating Corporate Governance characteristics into the analysis (*supervisory board, and existence of an audit committee*) might shed more light on the structure and dynamics of Audit reporting lag (ARL).

Research objective and subject. The object of the research is to gain useful insights on audit delay determinants among Uzbekistan listed companies. Specifically, the study tries to achieve the following two objectives:

1. To investigate the extent of ARL for companies listed in Uzbekistan capital market.
2. To examine the association between corporate governance (CG) characteristics (supervisory board and existence of audit committee) and ARL for companies listed in Uzbekistan capital market.

The subject of the research is examine the association between corporate governance (CG) characteristics (supervisory board and existence of audit committee) and ARL for companies listed in Uzbekistan capital market ҳисобланади.

The main purpose and tasks of the Master’s Dissertation– There are three main purposes of this study which are: first, to review the literature on audit report lag (ARL) and its determinants; second, to measure the extent of ARL in a developing country, Uzbekistan; and third, to empirically examine the impact of corporate governance (CG) characteristics on ARL in Uzbekistan.

In accordance with the goals the main tasks of the scientific work are:

- Explain economic description of timeliness of Audit Reporting and corporate characteristics;
- Determinations goals and objectives of timeliness of audit reporting;
- Development modeling of the timeliness audit reporting;
- Research the current situations of the timeliness audit reporting;
- Develop proposals to improve the timeliness audit reporting;
- Develop suggestions to improve the timeliness audit reporting.

The scientific novelty of the Master’s Dissertation are as follows:

- ✓ the first time used empirical evidence in Uzbekistan;
- ✓ the study included explanatory variables relating to CG characteristics, which have not previously been considered (i.e. supervisory board, existence of an audit committee);

- ✓ explained economic description of timeliness of Audit Reporting and corporate characteristics;
- ✓ determinations goals and objectives of timeliness of audit reporting;
- ✓ developed modeling of the timeliness audit reporting;
- ✓ researched the current situations of the timeliness audit reporting;
- ✓ developed proposals to improve the timeliness audit reporting;
- ✓ developed suggestions to improve the timeliness audit reporting.

The main issues and hypothesis of the Master's Dissertation. This paper is the first to examine CG characteristics in Uzbekistan as determinations of ARL. A multiple regression analysis is used, modeling ARL as a function of explanatory variables.

A regression model was used to test the association between the dependent variable of ARL and the independent variables: supervisory board and existence of an audit committee, company size, type of auditor, firm performance.

The hypothesized relationship between the independent variables and the audit delay, as well as the underlying rationale is discussed below:

➤ *H1*: There is a statistically significance negative association between supervisory board and ARL.

➤ *H2*: There is a statistically significance negative association between existence of an audit committee and ARL.

➤ *H3*: There is a statistically significance negative association between company size and ARL.

➤ *H4*: There is a statistically significance negative association between type of auditor and ARL.

➤ *H5*: There is a statistically significance negative association between firm performance and ARL.

Literature review (analyze) of Study. Timeliness of the financial statements is considered one of the important aspects that the users of

accounting information concern. Accounting researchers, regulatory bodies and professional agencies reflect the qualitative characteristic of financial accounting information (Knechel & Payne, 2001; Soltani, 2002). Prior studies have provided empirical evidence that audit timeliness is the most influential factor in the timeliness of financial statements (Owusu-Ansah, 2000; Leventis et al., 2005). Timely corporate financial reporting is an essential ingredient for a well-functioning capital market.

Undue delay in releasing financial statements increases uncertainty associated with investment decisions (Ashton et al., 1987). The importance of timely accounting information for operational reasons in general and capital markets in particular, cannot be over-emphasized.

Bamber et al. (1993) report that over 70 per cent of all companies wait until at least the annual audit report date before announcing earnings. This demonstrates the importance of a timely audit, earnings information, and the role of the annual audit in determining the timing of information releases. The importance of audit lag (AL) research is well recognized. AL affects the timeliness of accounting information, which is a key to promoting investors' confidence in capital markets (Ettredge et al., 2005). Regulators need to understand the determinants of AL before they can effectively implement rules to reduce it (Leventis et al., 2005).

The present study further enhances understanding on the determinants of audit report lag (ARL), which is imperative for three reasons. First, ARL, described in some research as "audit delay" (Johnson, 1998), which play an important role on the timeliness of conveying audit information to markets (Dopuch et al., 1986; Lai & Cheuk, 2005). The timeliness of the audit opinion disclosure is important in providing recent evidence about the ability of that qualified opinions to convey information to the capital market. ARL can also affect the timing of the company's public earnings announcement (Givoly & Palmon, 1982; Ashton et al., 1987) since evidence reported in these studies suggests that the majority of client firms (over 70 per cent) wait at least until the

audit report date to announce earnings. Hakansson (1977) explains that timeliness of public disclosures (e.g. audit opinions and earnings information) is important because delays compromise the ideal of equal access to information among investors. Delayed disclosure allows a subset of investors (primarily those with unusual detective abilities or wealth) to acquire costly private pre-disclosure information. These “well-informed” investors can then exploit (trade on) their private information at the expense of “less-informed” investors. This is why policy makers such as the Financial Accounting Standard Board (FASB, 1980) have voiced concern about the timeliness of public information disclosures [2]. Second, the timeliness of earnings information is also affected by ARL. Indeed, ARL have been suggested to be the single most important determinant of the timeliness of earnings announcements (Givoly & Palmon, 1982) which in turn, has been found to be associated with market reactions (Chambers & Penman, 1984). Third, it may provide insights for audit efficiency as proxied by the observable ARL. A better understanding of its determinants may provide insights into audit efficiency. Efficiency means the use of fewer inputs to obtain a given output, and ARL (i.e. the time required to complete the audit) is one proxy for audit inputs. Given the preference for timely disclosure discussed above, more efficient auditors should perform more timely audits. If factors beyond the auditor’s control are statistically controlled, ARL may provide evidence on the input side of audit efficiency. Thus, empirical evidence on ARL is very important because this lag is one of the few externally observable variables that are likely to be associated with audit efficiency (See Newton and Ashton, 1989 for a similar argument).

Given the importance of audit timeliness to investors, identifying the determinants of audit delay continues to attract the attention of researchers as illustrated in recent studies by Ettredge, Li and Sun (2006), Bonson-Ponte, Escobar-Rodriguez and Borrero-Dominguez (2008), Al-Ajmi (2008), Lee, Mande and Son (2008) and Afify (2009). Although Lee et al. (2008) suggest that audit committee may influence audit timeliness, they do not test the predicted

association. Afify (2009) documents that the voluntary establishment of audit committee reduces audit delay in Egypt. A comprehensive review of the literature on audit committee and financial reporting by Bédard and Gendron (2010) indicates that the association between audit committee and timeliness of financial reporting is rarely investigated.

The current paper examines determinants of ARL for companies listed on the Uzbekistan Stock Market. In general, in developing markets there may be limited availability of financial information beyond the financial statements. Users therefore rely significantly on the publication of the annual results of a company. It may also be important for users and regulators to understand the determinants of ARL (Leventis et al., 2005). Incorporating CG characteristics into the analysis (e.g. supervisory board, and existence of an audit committee) might shed more light on the structure and dynamics of ARL. Timeliness of financial reporting is one of the benchmarks the Organization for Economic Cooperation and Development (OECD) has established to determine the quality of a corporation's corporate governance practices.² The present study examines the timeliness of financial reporting of the Uzbekistan listed companies.

Methodology of the research is the literature on determinants of ARL motivated the author to investigate about the impact of CG characteristics and audit-related characteristics on ARL especially in emerging capital markets, such as the "Tashkent" Stock Exchange (TSE) for a sample (45 companies) of Uzbekistan listed companies. Further, the study includes explanatory variables relating to CG characteristics, which have not previously been considered (i.e. board independence, existence of an audit committee), that may shed more light on the structure and dynamics of the ARL.

Theoretical and practical significance of the research results. Issues on audit report delay are in not conclusive. Although there are several studies

² Discussions of these benchmarks may be found in several places, including OECD, OECD principles of corporate governance (1999), which was replaced by OECD, OECD principles of corporate governance (2004). also see OECD, OECD guidelines for multinational enterprises (2002); OECD, white paper on corporate governance in Russia (2002); OECD, methodology for assessing the implementation of the OECD principles on corporate governance (2006); OECD, white paper on corporate governance in south east Europe (2003);

have been conducted in different developed and developing countries, there are still a number of countries that have not been tapped to investigate the determinants of the audit report delay. This study is considered as the first study conducting the determinants of audit report delay among listed companies in Uzbekistan Stock Market. This study is conducted in different business environments in Uzbekistan. But still this study get benefit from the variables in the previous studies that are relevant to the developing capital markets such as supervisory board, existence of an audit committee. Thus, this study may extend the existing literature in explaining the audit report delay in Uzbekistan.

Organization of the Study. This remainder of the research is divided into three chapters. The first chapter, the main theoretical approaches of the audit report timeliness and corporate governance characteristics. This paper provides brief reviews of previous researchers according to determinants of audit report lag such as corporate governance characteristics (supervisory board and existence of an audit committee). Chapter 2 discusses design and modeling of the audit report timeliness in Uzbekistan listed companies in this study. Control variables (company size, type of auditor, firm performance). Research hypothesis are developed in this chapter as well. In Chapter 3, findings of the study, discussion of findings and development prospects of the timeliness of audit report are presented. Finally, conclusions, limitations of the study and recommendations for the future research.

CHAPTER I. THE MAIN THEORETICAL APPROACHES OF THE AUDIT REPORT TIMELINESS AND CORPORATE GOVERNANCE CHARACTERISTICS

1.1. Essence of audit and annual report and formation of Corporate Governance in Uzbekistan listed companies

In order to provide direct mobilization of foreign investments, enhance efficiency of performance of joint-stock companies, provide their openness and attractiveness for potential investors, apply modern corporate governance methods and enhance the role of stock holders in strategic management of stock holders President's Resolution No. PF-4720 dated April 24, 2015 was issued. Paragraph 9 of this Resolution stipulates elaboration and approval of a schedule of transfer of joint-stock companies to adopt external auditing practices in accordance with international auditing standards and publishing annual performance reports as per international financial reporting standards by the Committee for Enhancing Efficiency of Performance by Joint-stock Companies and Improving the Corporate governance System for 2015-2018, clearly defined importance of audit report in Uzbekistan.

Financial entities by the external audit report concluded a contract with the organization and auditors to verify the financial information reporting forms the basis for evaluation of accounting corresponds to the accounting figures. Check the auditor in the process of collecting evidence and facts form the basis of the audit report, the final report on the results of this idea, the parameters of the client's financial report in accordance with the accounting information on the auditing of financial reporting and the conclusion on the basis of indicators will be published. Conducted an audit of financial information in the report of the protocol to reduce the level of risk it is important to have objective information. Auditors' Report Management System (audited entity management), taking into account the structure of such an auditor to check the information, and provide a more reliable control.

Joint-stock companies in the Republic of Uzbekistan as an independent external audit of their financial report on the examination is carried out first and foremost for the benefit of its shareholders. However, not only to the shareholders in accordance with the purpose of limiting the scope of the agents. Because of the involvement of borrowed funds due to the unique feature of the business in this area, in our opinion, the demand for audit services, joint-stock companies formed by the actual and potential shareholders and creditors. Information about the results of the joint-stock companies, primarily within the partnership groups that plan to buy shares in the future that are directly involved in the activity and its financial activities based on their interests and contribute to the analysis of the data users need. Many target groups of users interested in the financial report - the actual and potential customers, counterparties, shareholders of the joint-stock companies for the effectiveness of the final profit or loss of financial results, revenues and expenditures will be displayed. The importance of the reliability of joint-stock companies is reduced. However, this social capital adequacy, liquidity and constant maintenance and inspection commission also applies to managers. Thus, the efficiency of the financial results of its joint-stock companies, and will be subject to compulsory audit.

Joint-stock companies will affect the financial results of the external and internal factors. Therefore, they should study and analysis of economic indicators using the system. The main objective of the system of indicators of financial results of the joint-stock companies, reflecting their processes carried out in the same activity is a comprehensive and integrated assessment of the results. The activities of joint-stock companies, their system of accounting and financial reporting requirements and other requirements of enterprises and companies are different. Therefore, the income and expenses of joint stock companies are seen as indicators of financial activity. It should be noted that the income and expenses are included in the financial results of the joint-stock companies. This joint activity of the specific features associated with asset and liability management methods adopted.

A technique of formation of revenues and expenses of joint-stock companies created by items related to the structure and contents of the report. No.1 joint-stock companies with international financial reporting standards (IAS), "Financial reports" on international financial reporting standards №33 (IAS) "direct action", the international financial reporting standard №2 (SMEs) "payments on shares" in accordance with the standards The reports on the financial situation and the gross income of joint stock companies, dividend payments, and include issues such as the distribution of the net profit.

As a result, the financial statements prepared in accordance with international accounting standards and the national standards, the financial results of the gross income of the report on the form of joint-stock companies is a model of the formation of economic indicators. This model income groups classified according to their sources of income and expenses related to the ratio between the two groups formed on the basis of principles.

Mandatory audit customer business entities. The owner of a business entity to select the auditors, as well as the participants (shareholders) of the general meeting shall be agreed with.

Audit of the national standards of the Republic of Uzbekistan (NSA) No. 70, "the audit report and the auditor's opinion on the financial statements," according to the standard: "Auditors' report - the head of the economic entity, the owner of participants (shareholders) to be submitted to the general meeting of the audit, accounting account beyond the established procedures of the legal proceedings, as well as detailed information on the financial reports of human rights violations as a result of the audit and the auditor's opinion and other information, which is considered the basis for the creation of the document "as described. The major issue in this definition only undertaking introduced the report. According to the structure of the audit report consists of 3 parts:

- 1.Introduction.
- 2.Analytical part.
3. Final part.

International audit standards on these issues is carried out taking into account the 2 Standard. According to International Financial Reporting Standard No. 700-audit audit report; The agreement of the international auditing standard 800-Special audit on the audit report on standards are taken into account. These standards are also highlighted in the audit report consists of 3 parts. Including paragraphs, the scale of the audit paragraphs and paragraphs.

Paragraph audit firm and audit of the entity to whom the audit report to be submitted to the address, his name should be displayed.

Paragraph scale audit of the audit and its results be reflected in the implementation of the procedures, and they are audit evidence. The following should be reflected in the audit report:

1. The sums of financial reporting and control tests based on evidence;
2. To evaluate the accounting principles used in the preparation of financial statements;
3. The preparation of the financial report on the subject, the head of a major evaluation of results;
4. The financial evaluation of the overall presentation of the report.

The conclusion on the basis of international auditing standards, the auditor's report is given great attention to the external module. Currently, the audit reports and make certain there is a need to determine the order. Therefore, the sequence of the external audit and the possibility of obtaining accurate and reliable information to develop a positive impact on the effect of the external audit.

In addition, an external audit on the results of the client's internal control system to check the status of the process should include the following information:

- The internal control system of the cost of compliance with the scale and nature of the activities of general economic entity;
- The audit of the internal control system detected during the description of the economic scale and serious nature of the subject ineligibility.

Economic status of the entity's accounting and financial report on the results of the inspection should include the following information:

- The conclusion of accounting and financial reporting to evaluate compliance with the established procedure;
- The audit identified during the preparation of accounting and financial reporting serious violations in the formation of the established order of description.

The economic entity during the financial and economic operations by the results of checks on compliance with the law should include the following information:

1. The entity's assessment of the financial and economic operations in compliance with the law;
2. Business entity to be identified during the audit of financial and economic operations carried out serious declaration of ineligibility of the legislation
3. The payment of taxes and other obligatory payments and consider the results of checks on the accuracy of information should include the following:
 - Created and submitted to the relevant authorities of the cost of taxes and other obligatory payments correctness;
 - Taxes and other obligatory payments to the facts of violation of the established procedure of calculation and payment, when determining the tax base beyond description.

The assets include assets based endorses the results of the inspection and integrity that they must include information about the availability and integrity. External audit examination revealed the final part of the auditor's recommendations related to the prevention of human rights violations and deviations, as well as on improving the efficiency of financial-economic activity of the undertaking should include proposals and suggestions. This is the conclusion of the audit reports for the efficient functioning of organizations and

their internal standards (rules) in the formation of these modules use the opportunity to improve the planning of the audit work.

The annual report is the most important document through which companies communicate with the users including audit report. For a proper assessment of the usefulness of the annual report it is therefore important to identify the objectives of financial reporting. Most of the academic and professional efforts to define the objective of financial reporting started in the US. The American Accounting Association (AAA, 1936), for example, suggested that the primary objective of financial statements is the expression, in financial terms, of the utilisation of economic resources of the enterprise and resultant changes in the position of the interests of creditors and investors. Also in the US the Accounting Principles Board of the American Institute of Certified Public Accountants (AICPA, 1970) referred to financial statements as “giving information which will be useful in estimating the earnings potential of a company”. Later, The Trueblood Report in 1973 concluded that the basic objective of financial statements is to provide information useful to investors and creditors for making economic decisions, that is, for predicting, comparing, and evaluating potential cash flows to them in terms of amount, timing, and related uncertainty (AICPA, 1973).

In the UK, The Corporate Report (annual report) (ASSC, 1975, p. 28) concluded that: "The fundamental objective of corporate reports is to communicate economic measurements of and information about the resources and performance of the reporting entity useful to those having reasonable rights to such information". During the last decade the UK's ASB (1999) in its conceptual framework concluded that "the objective of financial statements is to provide information about the financial position, performance and financial adaptability of an enterprise that is useful to a wide range of users in making economic decisions."

It is evident from the above that the purpose of financial reporting is to provide information to users for decision making. However, it is not universally

agreed who those users are. For example, the American Accounting Association (1936) and AICPA (1973) identify creditors and investors as the users whilst The Corporate Report (1975) assumes that there are seven user groups and ASB (1999) identifies seven user groups which are generally similar to those identified by The Corporate Report (1975). The following section, therefore, discuss the available empirical evidence to find out who the users of the annual report are.

The purpose of this section is section is to discuss both normative and empirical evidence identifying the users of annual reports. For simplicity purposes the evidence will be discussed in chronological order. First, Stone (1967) argues that several "interested" groups have been cited in the literature as users of financial reports. These include management, employees, customers, stockholders, suppliers, and the general public. He suggests that all these groups have a legitimate interest in the activities of a corporation, although clearly some groups are more affected by these activities than others. Further, he argues that while the corporation is not legally obligated to report directly to all these groups, it certainly can be argued that a moral obligation does exist. Second, Buzby (1974) argues that there are many potential user classes with direct or indirect interest in financial accounting information. Present and potential owners, creditors, employees, financial analysts, government, labour unions and socially-oriented action groups are cited by Buzby (1974) as examples.

Third, The Corporate Report (ASSC, 1975) defines users of corporate reports as those having reasonable right to information concerning the reporting entity. The report considers such rights to arise from the public accountability of the entity whether or not supported by legally enforceable powers to demand information. A reasonable right to information is said to exist where the activities of an organisation impinge or may impinge on the interest of the user group; and where the provision of such information is not in conflict with practical consideration of cost and confidentiality. The Corporate Report (ASSC, 1975) goes on to suggest seven groups having reasonable right to

information and whose information needs should be recognised by corporate reports. These user groups are the equity investor, the loan creditor, the employee, analyst-adviser, business contact, the government and the public. These user groups have broadly been adopted by the International Accounting Standards Committee (IASC, 1989) in their conceptual framework and the Accounting Standards Board (1999).

Fourth, Gray et al. (1984) suggest that while accountability and information disclosure by corporations has historically developed in response to those with a direct financial investment, in recent years there has been increasing acknowledgement that since finance providers, (i.e. shareholders, bankers, lenders, creditors), are not the only group affected by the actions of a corporation, there is an obligation to report to a wider audience which includes employees, trade unions, consumers, government agencies and the general public Making Corporate Reports valuable (ICAS, 1988), on the other hand, suggested that corporate reporting should aim to communicate directly with four user groups, namely the equity investor, the loan creditor, the employee and business contact groups. The ICAS Report, (1988) excludes the analyst-adviser group, the government and the public suggested by the Corporate Report (ASSC, 1975) because these groups do not have a direct right to information from the reporting entity. While the report admits that the analyst-adviser group certainly use external reports (along with other information) it suggests that they do so as agents for other groups. As far as the other two groups are concerned, the ICAS Report, (1988; section 4.9) considers that "in corporate reporting we should not be seeking specifically to meet the information needs of government or public (other than in their capacities as investors, loan creditors and business contacts)".

Formation of Corporate Governance in Uzbekistan. According to the President of the Republic of Uzbekistan, I.A. Karimov, a cardinal change the of the system of corporate governance principles and approaches, manufacturing, foreign trade and the introduction of advanced international

standards of corporate management of the investment process will require serious attention³. Therefore, an effective system of corporate governance by the head of the state economy, special attention is paid to how to be important to prosperity.

A whole range of clear tasks are stipulated in President's Resolution No. PF-4720 dated April 24, 2015 in order to apply modern corporate governance methods and to enhance the role of stock holders in the strategic management of joint-stock companies:

1. The following shall be defined as principal directions of developing the system of corporate governance:

- ✓ profound analysis of international experience and apply modern corporate governance methods based on that analysis, enhancing efficiency of use of production, investment, material and technic and human resources;

- ✓ establishing joint-stock companies with participation of foreign capital, creating comfortable conditions for mobilization of direct foreign investments to joint-stock companies;

- ✓ priority to the creation of joint stock companies with foreign capital, creating favorable conditions for the involvement in joint-stock companies of foreign investment;

- ✓ a fundamental reorganization of the management structure of joint-stock companies, with a view to the elimination of outdated, obsolete units and positions, the introduction of new, corresponding to modern international standards and requirements of the market economy;

- ✓ enhancing the role of shareholders, including minority shareholders, the strategic management of the company, to ensure effective control over the activities of administrative staff;

³ President of the Republic of Uzbekistan Islam Karimov at the meeting of the Cabinet of Ministers of the results of the 2014 socio-economic development in the country and the most important priorities of economic program for 2015. Topic of the meeting "In 2015, the implementation of major structural changes in the economy, and to continue the process of modernization and diversification of private property and private business opportunities at the expense of - the priority task".

✓ training and professional development of managerial staff on the basis of cooperation with leading foreign educational institutions, as well as to attract highly qualified foreign managers for management positions in joint-stock companies.

2. Committee on enhancing the efficiency of joint stock companies and improving the corporate governance system formed by Resolution of the President of the Republic of Uzbekistan from March 31, 2015 № PF-2327, shall establish tight control over the completion of up to 1 October 2015 the restructuring process of these joint-stock companies..

3. Standard organizational structure of the company, developed on the basis of in-depth study of the organization of management in leading foreign companies shall be approved.

Committee on enhancing the efficiency of joint stock companies and improving the corporate governance system shall:

✓ within three months, together with the State Committee of the Republic of Uzbekistan on privatization, de-monopolization and development of competition, other concerned agencies and supervisory boards of joint stock companies to provide bringing organizational structures of joint stock companies in accordance with the standard structure, according to their industry-specific;

✓ in the three months to certification of the administrative board of joint stock companies with state share for their knowledge of modern methods and principles of corporate governance, management and marketing, possession of information and communication technologies and their use in the production management system;

✓ the results of appraisal to take measures to bring to the vacant post of the new, modern-minded, highly qualified executives, corresponding to modern requirements, as well as foreign managers.

5. Adopt the Committee's proposal to increase the efficiency of joint stock companies and improve the corporate governance system for the establishment,

with the leading educational institutions in Germany and other developed countries Research and Education Center of corporate governance on the basis of the abolished Graduate School of Business with responsibility for methodical implementation of organizational forms and modern corporate governance practices, as well as training and retraining of administrative staff in this area in accordance with international requirements and standards.

Cabinet within a month shall make, within due procedures, a decision on the organization of the Scientific-Educational Center of corporate governance by defining its objectives, functions, structure, admission quota of listeners, as well as measures to ensure the effective operation of the center.

7. Such procedures shall be adopted according to which from July 1 2015:

- ✓ decision on appointment of the head of executive body of a joint-stock company is made based on competitive selection in which foreign managers can participate;

- ✓ in cases of appeal of stock holders including minority ones to economic courts regarding violation of their rights and legal interests they shall enjoy delay for payment of state fees with due coverage of such fees by the guilty party.

8. Committee on enhancing the efficiency of joint stock companies and improving the corporate governance system, together with other interested ministries and agencies, based on the successful experience of Germany and other developed countries, until August 1, 2015 to develop and approve the Corporate Governance Code, providing for in a single document, international practice:

- ✓ recommendations for implementing best practices in corporate governance, including the definition of the development strategy and objectives in the long term, the internal control system and mechanisms for effective interaction with the executive body of shareholders and investors;

- ✓ introduction of standard organizational structure, taking into account the scale, the industry and the activities of joint stock companies;

✓ increasing the transparency of the joint-stock companies, the publication of information on the basis of international auditing standards and financial reporting.

9. It shall be noted that:

✓ From July 1, 2015 in the names of joint-stock and other business entities are not allowed to use the word "state", regardless of the state share in their authorized capital;

✓ for 2015 - 2018 years of all joint stock companies will be transferred to the publication of the annual financial statements and conduct of its external audit in accordance with International Standards on Auditing and International Financial Reporting Standards.

✓ Committee on enhancing the efficiency of joint stock companies and improving the corporate governance system shall until July 1, 2015 approve the schedule of publication of the annual financial statements of joint stock companies in accordance with international standards.

The experience of reforming the transition economy countries has confirmed that privatization and incorporation, promoting the generation of a class of real business owners and the introduction of effective methods of corporate governance for the privatized property, are the important ways for implementing a smooth transition from administrative-planned economy to the market economy model.

The international experience evidences that the ownership relations, based on corporate governance principles, in the form of corporate property are considered to be one of principal types of conducting effective business activity in the developed market economy countries. In these countries, the people wishing to conduct jointly business activity as a unified legal entity, associate in a certain corporation or joint-stock company, and thus have possibility to dispose of the property on the basis of corporate governance principles.

In Uzbekistan, the introduction of the corporate governance system into practice is carried out in the period of implementing economic reforms on

privatization and denationalization as well as on incorporation of the state property enterprises. According to analysts, the corporate governance development in Uzbekistan (*Vohidov, 2004*) has a positive influence on the effective capital distribution and the development of the financial markets, the activation of the foreign investments attraction process. Today, the corporate governance has gained a wide spread occurrence in the form of open and closed joint-stock companies, limited liability companies, state joint-stock companies, concerns, corporations, associations, holding companies etc.

It is important to note that the concept of corporate governance itself is rather new to Uzbekistan⁴. The term “corporate governance” was first used in the documents of the Central Bank of the Republic Uzbekistan, establishing norms of adequate corporate governance in commercial banks. Later, within the framework of the project of Asian Development Bank (ADB) “Corporate Governance Reforms in Uzbekistan” in 2001 the state of things in this sphere was analyzed and the recommendations on how to develop corporate governance principles at the state property enterprises were suggested.

Formation of a basis of corporate governance in the country has begun with establishing corporate legislation, first of all, with enacting necessary laws regulating the corporate relations. These laws basically determined the mechanism of governing and functioning business corporations as well as the mechanism of interaction between governing bodies and stakeholders. Thus, the Law “On Joint-Stock Companies and Protection of Shareholders’ Rights” has established the particular mechanism, considering the national specificity, of governance and control of the joint-stock company on the basis of one of the corporate governance models known in the world.⁵

A number of stages of corporate governance development in Uzbekistan can be highlighted on the basis of examining the measures undertaken, the purposes achieved.

⁴ Ashurov.Z. Russian on International Cross-industry Research Bulletin “Perspectives of Innovations, Economics and Business” 2009.

⁵ The corporate governance system of Uzbekistan is built on the basis of German corporate governance model.

The first stage was passing during 1996-2002. In this period a formation of legislative base establishing, first of all, the mechanism of governing corporate enterprises and of internal control was under way. In addition, this stage was distinctive with that, in this period, the statutory acts clearly regulating the activity of supervisory and executive bodies of the joint-stock company, the mechanism of contracting system of hiring chairmen of the joint-stock companies, the procedure of handing over the state shareholding to the state attorneys and management companies for trust management were approved by the respective resolutions⁶ of the government. At this stage the bases of functioning securities market and of expanding foreign investors' participation in the national stock market were also formed.

The second stage covers the period from 2003 to 2007. This stage started with an adoption of the Decree of President I.Karimov "On Measures for Cardinal Increasing Share and Value of the Private Sector in Economy of Uzbekistan" in 2003, and was characterized with cardinal increase of a role of the private sector and its value in the national economy, with radical improvement of the corporate governance system in the country. The stage, basically, is distinguished by fixing a minimum authorized capital for open joint-stock companies in an amount equivalent to 50 thousand US dollars. At this stage the corporate governance principles have gained the complex reflection. Adoption of new regulations, amendment of laws in force undertaken at this stage have developed the interrelations, rights and obligations of the government and private proprietors, shareholders and executive bodies; specified the distribution of power and functions between management, supervisory board and auditing committee.

Adoption of a "Securities Market Development Program for 2006-2007" in 2006 became the important event of the second stage of corporate governance development. This program provided for carrying out measures on the further

⁶ Resolution of the Cabinet of Ministers of the Republic of Uzbekistan as of 22.08.1998 "On Measures for Improving Governing System of Joint-Stock Companies"

development of a primary securities market by means of full privatization of the enterprises and establishing new joint-stock companies, on accelerated development and expansion of the scales of a secondary securities market.

As a result of the measures undertaken a number of statutory and legal acts, called to improve and strengthen corporate governance system at legislative level in Uzbekistan, were developed in the following aspects:

- more strict requirements to the minimum authorized capital for the closed joint-stock companies were established;

- a post of corporate consultant, performing the functions of control over observance of the corporate legislation, to be appointed by and accountable to the supervisory board was introduced in the joint-stock company;

- legal immunity of the minority shareholders and investors were improved on the basis of approximating the norms of the national legislation to the international standards;

- obligatory information disclosure by the all parties of a securities market was established;

- a date of approval of annual business plans by the supervisory boards of the joint-stock companies not later than the 1st of December of the previous fiscal year was specified (*Tolipov, 2007*).

The third stage has been passing since 2008 to present time, and it is supposed to be the beginning of transition to a new modern era of corporate governance development in the joint-stock companies as the level of their capitalization increases to 400 thousand US dollars. At present, the process of increasing capitalization level of some joint-stock companies and transforming others to the other organizational-legal forms are in progress.

1.2. Audit report timeliness in emerging capital markets

The timely publication of companies' financial information depends on the time taken to complete the audit. The audit report delay is a particularly critical factor in emerging and newly developed capital markets where the

audited financial statements in the annual report are the only reliable source of information available to investors (Leventis et al, 2005).

Establishing the confidence of investors requires reliable and timely accounting information. In emerging capital markets, the audited financial statements in the annual report are likely to be the only reliable source of information available to the market. There is inevitably a gap between the end of the financial year and the dissemination of the audited financial statements but minimizing that gap would enhance market efficiency. Regulators need to understand the causes of the audit report delay before they can legislate effectively to reduce it.

Audit report lag is a problem that crosses frontiers but previous research has focused largely on developed capital markets (Walker & Johnson, 1996). Subsequently, timeliness of financial statements is the focus of an increasing amount of attention by accounting researchers and regulatory bodies (Knechel & Payne, 2001). Managers are expected to prefer a minimal audit report delay (Johnson, 1998). Auditors are expected to perform assurance services without lags, within the constraints imposed by professional codes and ethics. The issue of timely reporting has received attention in US markets with the announcement of phased reductions in reporting time limits from 90 days after the financial year end to 60 days by 2005 (SEC, 2002).

ARL play an important role on the timeliness of conveying audit information to markets (Dopuch et al. 1986; Fields and Wilkins 1991; Loudder et al. 1992). In this study used new mechanism for ARL and timeliness. (Figure 1.1). The predominant focus of prior literature has been on the developed markets in North America (e.g. USA by Givoly and Palmon, 1982; Chambers and Penman, 1984; Ashton et al., 1987; Atiase et al., 1988; Bamber et al., 1993; Henderson and Kaplan, 2000; Ettredge et al., 2005; Behn et al., 2006, and in Canada by Ashton et al., 1989; Newton and Ashton, 1989; Kinney and McDaniel, 1993;



Figure 1.1. Role of ARL on the timeliness of conveying audit information to markets⁷

Schwartz and Soo, 1996; Knechel and Payne, 2001; Lee et al., 2008); in Europe (e.g. France by Soltani, 2002; Owusu-Ansah and Leventis, 2006); and in Oceania (Davies and Whittred, 1980; Carslaw and Kaplan, 1991; Lai and Cheuk, 2005). Some emerging markets have, however, been studied, including China by Haw et al. (2003), in Hong Kong by both Ng and Tai (1994) and Jaggi and Tsui (1999), in Zimbabwe by Owusu-Ansah (2000), in Bangladesh by both Imam et al. (2001) and Karim et al. (2006), in Malaysia by Ahmad and Kamarudin (2003), in Pakistan by Hossain and Taylor (1998), in Greece by Leventis and Weetman (2004), Leventis et al. (2005) and Owusu-Ansah and Leventis (2006), and in Russia by Mohamad (1995) and El-Banany (2006).

In general, these studies use public domain data about companies; although some studies have access to audit firms' data. Client characteristics are the largest among independent variables; however the effect of CG characteristics, as independent variables, on ARL was not examined. Therefore, this literature motivated the researcher to establish the current study, especially after issuing the CG' code in Uzbekistan.

⁷ Made by author

Robert W. McGee (2008) did study the timeliness of financial reporting in the Russian energy sector. Researcher compared Russian and non-Russian company data for the year 2005. The researcher conducted Russian companies take more than two months longer to issue their financial statements than do non-Russian companies, which make their shares less desirable in the international marketplace. The information is not as fresh if its release is delayed by 149 days, which is the average delay. That is 89 percent longer than it takes non-Russian companies to issue their financial statements.

Otabek Barakaev(2011) investigated the extent of audit report lag (ARL) for companies listed in Russia capital market and to examine the association between corporate governance (CG) characteristics (board independence and existence of audit committee) and audit ARL for companies listed in Russia capital market for a sample (62 companies) of Russian listed companies. The ARL for each of the 62 listed sample companies ranged from a minimum interval of 50 days to a maximum interval of 174 days, and Russian listed companies take approximately three months on average. Regression analyses indicate that board independence significantly affect ARL. But on the other hand existence of an audit committee has insignificant affect on ARL. Also, one control variable (type of auditor) significantly affected ARL.

This study of Russian companies listed on the RSM represents the initial comprehensive examination of ARL, and it is consider the first study to provide a thorough examination of the association between CG characteristics and ARL.

Ahmad and Kamarudin (2003) did a study of audit delay and the timeliness of financial reporting for 100 companies listed on the Kuala Lumpur Stock Exchange during the period 1996-2000 that had an audit delay of more than 100 days where the standard deviation for audit delay was 36 days. They found the audit delay to be most significant for companies that (1) are not in the financial industry, (2) receive other than unqualified audit opinions, (3) have a year-end other than December 31, (4) are audited by non-Big-Five firms, (5) have negative earnings, and (6) have higher risk.

Afify (2009) conducted a study involving 85 companies listed on the Cairo Stock Exchange. The study found that audit delay was significantly affected by (1) board independence, (2) duality of the CEO, (3) the existence of an audit committee, (4) company size, (5) industry, and (6) profitability. Ownership concentration had no significant impact on audit delay.

A study of audit delay in Spain found that companies having the least delay were in industries that were subject to regulatory pressure such as the financial and energy sectors. The size of the company relative to the industry sector also had a significant correlation to the length of audit delay. Audit firm, regulatory change and qualifications did not have a significant correlation to audit delay.

According to the various conceptual frameworks discussed before, timeliness is one of the qualitative characteristics of useful information. To be useful, information must be provided to the users as soon as possible otherwise it loses its value. In some cases the period is even longer. Although in most cases the period is within that prescribed by law, the presence of more timely information such as press releases may mean that by the time the annual report is published the information is already useless.

One way of directly finding out the usefulness of information has been to test the reaction of capital markets to the publication of the annual reports. Ball and Brown (1968) investigated whether the information initially announced in the Wall Street Journal and subsequently published in annual reports was used by investors. Actual earnings were compared with these estimates and two portfolios were formed. Firms whose actual earnings exceeded "expected" earnings (called a positive forecast error) were in one portfolio and firms whose actual earnings were less than expected (a negative forecast error) were in another portfolio. These portfolios were formed twelve months prior to the actual release of the earnings number to test whether the foreknowledge of actual earnings would enable an investor to earn superior returns. Their results indicated that stocks with positive forecast errors tended to outperform the

market and the stocks with negative forecast errors tended to do worse than the market. Of even more interest, Ball and Brown (1968) found that much of the movement in security prices occurred early in the year, well in advance of the actual release of the year's income. In fact, Ball and Brown (1968) could find little price reaction by the time the actual earnings were released, implying that delays in issuing these numbers caused them to be almost entirely discounted by the time they were issued. The implication of this early study is that the annual reports are of little value if they are not timely.

Another study, this time in the UK, on the implication of timeliness was performed by Firth (1981) who examined the information content of annual reports and accounts in the United Kingdom. In addition, he investigated the information content of preliminary announcements, annual general meeting and half-yearly reports. His results indicate that, on average, the week of preliminary announcement gives the highest weekly level of information. He argues that although the earnings announcements are anticipated to a large extent by the stock market, the actual release of the figures still results in substantial additional information being given. He also found that the release of annual reports and accounts and the release of the interim results also has higher levels of information content than that of the average week. He further argues that although some items in the annual reports and accounts are known in advance from the preliminary announcement, the additional detail contained in annual reports and accounts clearly has substantial incremental value.

Cready and Mynatt (1991), in the US, also examined and interpreted the security market's response around annual report release dates. Their results indicate an increase in the number of transactions, weaker evidence of an increase in volume of shares traded, and the absence of any sizeable price response at annual report dates. They interpret their results as evidence that (1) at their release, annual reports are informative to investors in making investment decisions; and (2) annual reports appear to provide a social benefit to investors. Cready and Mynatt (1991), however, conclude, via simulation that any price

change accompanying the annual report is on average very small in terms of an observable one-day effect in the time period immediately surrounding the annual report release date. Furthermore, they also concluded that their failure to detect much of a volume response along with an estimated increase in the number of transactions of between four and five transactions per report may suggest that only a very small number of investors find annual reports informative.

Another UK-based study which tested the information content of financial disclosure was undertaken by Rippington and Taffler (1995). They examined four major releases of information. These were the preliminary announcement (PA), annual reports and accounts (ARA), annual general meeting (AGM) and interim reports. Their results show that both the preliminary announcement and interim statements convey substantial amounts of new information whereas the AGM and ARA appear to convey relatively little information. Rippington and Taffler (1995) argue that their results, on face value basis, appear to confirm the lack of value of the annual report and accounts to market participants as an information source in aggregate.

To explore the issue of the information content of annual reports further, Rippington and Taffler (1995) matched 29 firms with large annual report and accounts outlier residuals with similar number of firms but low residuals. All financial press comments relating to annual reports and accounts information event was carefully reviewed for mention of potentially price sensitive items. An average of 1.34 such items were identified per company, 60% relating to the chairman's statement and balance sheet, compared with just one such item for the control group. Rippington and Taffler (1995) concluded that despite the problems associated with such a subjective analysis, they appear to have some evidence consistent with information of substance being provided in the annual reports and accounts of at least some firms.

To summarise the discussion in this section, it may be argued that the issue of whether information contained in annual reports is useful to market participants is unresolved either in the UK or in the international context.

According to the evidence based on the UK data, Firth (1981) indicates that annual reports have some incremental value whilst Rippington and Taffler (1995) found that annual reports have very little information content. In the US context, Ball and Brown (1968) indicated that annual reports have very little information content whilst Beaver (1968) and Cready and Mynatt (1991) both indicate that annual reports have some incremental value for the market participants.

1.3 The impact of Corporate Governance characteristics to Audit report

Although an increasing amount of research has focused on the relationship between CG structure and the disclosure and performance of the firm, there is no empirical work to examine the impact of CG characteristics on ARL. As noted earlier, new explanatory variables, CG characteristics, have been introduced to see whether these can explain the AL in developed and developing countries. Kapardis and Psaros (2006) reported that CG is not a new phenomenon and it has been addressed by various authoritative committees such as Cadbury Report (1992), Greenbury (1995), Hampel Report (1998), Turnbull Report (1999) and Higgs (2003). Indeed, Mertzanis (2001) noted that the effort to reform CG began in the USA as early as the 1970s. Consequently, while CG is anything but a new area of enquiry, it has taken on greater international significance since the mid-1990s, in particular, for developing economies (including that of Uzbekistan).

Indeed, despite the importance of CG, there is surprisingly little professional guidance on which factors to consider in assessing the strength of CG when developing an audit strategy. However, for auditors, the adoption by their clients of a perspective that goes beyond the audit committee and a monitoring approach may reduce the client's overall business risk and in turn may potentially affect subsequent audit risk assessments. For example, a strong monitoring function would provide greater assurance that controls are operating effectively, which should reduce the assessed control risk (AICPA, 1988, 1995,

1997). Further, in the case where a client's governance structure has effectively implemented a strong monitoring as well as a strong strategic perspective, there is the potential for both a more efficient (e.g. less extent of tests of details) and a more effective (greater assurance of the integrity of the financial statements) audit (Cohen et al., 2002), and hence effect on ARL.

The term "corporate governance" is currently becoming ever more popular among Uzbekistan companies. This has come about thanks to the Uzbekistan business community's realization that it must integrate into the global economy and, as a consequence, adopt the achievements of foreign practice in company management issues.

Today, the subject of corporate governance no longer seems as removed from reality or as foreign to us. Uzbekistan business development has approached the stage when elements of corporate governance are becoming both necessities and something of vital importance to company owners. Creating internal structures and procedures based on principles of fairness, transparency, accountability and responsibility has been a difficult task, whose accomplishment requires constant work on the part of the company and its shareholders on improvements in corporate governance.

As cooperation between the company and its shareholders, professional equity market participants and state regulators expands, the responsibility of corporation's management and board of directors for their decisions also grows.

As practice shows, boards of directors are primarily formed out of the company's "own" people in Uzbekistan – managers, corporate executives and other people whose relations are closely knit to the shareholders. On the one hand, this approach fills shareholders with an at-times false confidence in their company's proper management by "tested" people. On the other hand, there exists a serious problem in ensuring the objectivity of judgments made by such board members, about whether they really do adopt decisions that correspond to company interests as a whole, as well as to those of all of its shareholders.

Foreign experience of corporate governance is moving along the path of electing people to the board of directors who not only have strong professional reputations, but also are independent of the company – first and foremost, from its top management. In Europe, this category of board members is called external or non-executive directors, while in the United States the term is independent directors. In Uzbekistan, the term “Supervisor board” has become more widespread.

Supervisor board. After gaining independence the Republic of Uzbekistan has built its own national corporate governance system. In this, it used the model of Corporate Governance System applied by Germany, one of the most developed countries in Europe as a guideline. The aforementioned Resolution by our President stipulates profound study of the German model with consequent application. So let us briefly touch upon the German model and the role of the Supervisory Board in it.

The German model. Ownership structure in Germany. Due to legal and historical reasons, in Germany, banks exercise ownership rights not only with their own shareholdings but also with the proxy voting rights they received from their customers (Charkham, 1995). The underdeveloped financial market in Germany’s earlier industrialisation resulted in companies relying more on debt finance (from the bank) (Charkham, 1995) than on shareholders funds as in the case of the UK and the US. Banks subsequently became shareholders along the years when the company they lent money to couldn’t repay the debt and had nothing else to offer other than shares (Charkham, 1995). As outlined below it was also made possible by legal and historical reasons, as:

the practice was not precluded by law in Germany (Roe, 1994), and as a long-term relational type of credit provider of the company, banks understood the type of business and the industry of the company, and therefore, were well-prepared to become shareholders (Charkham, 1995).

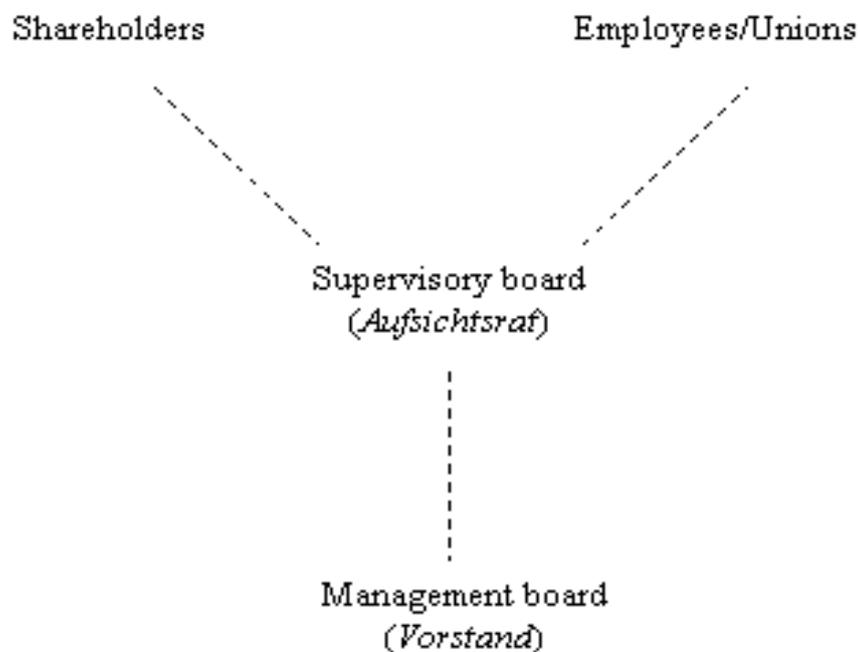
Apart from banks’ own shareholdings, at most times, banks are also acting as proxies for private shareholders due to the fact that German shares are

mainly in bearer form and German shareholders generally lodge that instrument with banks to do all the necessary work (Charkham, 1995: 38). This has effectively transferred the de facto voting rights of private shareholders to the banks.

Illustration of the German model. The major characteristics of the German corporate governance model include two-tier board and co-determination systems (Wei, 2003). In Germany, big publicly listed companies (AG (*Aktiengesellschaft*)) are required by law to have two-tier boards with employee representatives on the board (Charkham, 1995) which is the core building block of the co-determination system.

The board structure of the German type of two-tier board is illustrated in **Figure 1.2**.

Shown in Figure 1.2, the two-tier board is composed of the management board (*Vorstand*) and the supervisory board (*Aufsichtsrat*). In this system, the management board is appointed by the supervisory board (Proctor and Miles, 2002) rather than by shareholders as in the case of the UK and the US.



Source: adapted from (Charkham, 1995: 18)

Figure 1.2. Two-tier Board Structure in Germany

Additionally, the management board runs the company and its powers and duties are derived, in the main, from statute (Proctor and Miles, 2002). The average size of the management board is about 5 to 7 members (Theisen, 1998: 261).

A comparison of the definitions presented above reveals fundamental differences in the view of what the notion of corporate governance should encompass. Some definitions focus on the interaction between firms and markets in connection with issues of agency and accountability. Other definitions emphasise the interaction between firms and societies and refer to the relationships between shareholders, managers, employees and communities. This difference becomes most apparent when comparing Anglo-American definitions with the German definition of corporate governance. In contrast to Anglo-American definitions that primarily emphasise shareholder rights, the German definition embraces an orientation towards all stakeholders, taking into account also the needs of customers, employees and the general public. In the academic literature, these differences in definition and emphasis are widely regarded as the result of historical trajectories of national developments.

Summarising the definitions, corporate governance refers to the relationships between a corporation's managers and shareholders, based on the foundation that the board of directors acts as the shareholders' agent and ensures that the corporation is managed in the shareholders' interest.

Figure 1.2 also shows that, the *supervisory board* as the main monitoring body (Theisen, 1998) has a more complex composition. The supervisory directors are usually appointed by shareholders (usually banks) and employees depending on the types of the company, and according to Proctor and Miles (2002) after World War II, it became mandatory to include employee representatives in the supervisory board in the iron, coal, and steel industries. According to the German Co-determination Act 1976, employee representatives are appointed by employees (Proctor and Miles, 2002) and by and large, employee representatives usually are trade union members (Hopt, 1998). Co-

determination effectively renders employee representatives the right to participate in supervising the management board on behalf of employees.

The legal size of supervisor boards depends on the number of employees of a corporation and is between 12 and 20 members (Theisen, 1998: 261). According to Hopt (1998), the supervisory board is also a relationship board as it remains a 'convenient tool' to institutionalise its network which originated historically from its relationship building with the banks.

The standard view in empirical finance, and in practice, is that the degree of supervisory board is closely related to its composition. The board is presumed to be more independent as the number of outside directors increases proportionately. Indeed, CG in America has increasingly shifted toward "independent" boards with a majority of outside (independent) directors (John & Senbet, 1998). It has been suggested that management has incentives to exercise discretion over the timeliness of reporting (Givoly & Palmon, 1982). One major role of boards is its control functions. Outside (independent) non-executive directors (IND) are perceived as a tool for monitoring management behavior, resulting in more voluntary disclosure of corporate information (Chen & Jaggi, 2000). The work of Fama and Jensen (1983) provided valuable insights that the larger the proportion of INDs on the board, the more effective it will be in monitoring managerial opportunism. Forker (1992) found that a higher percentage of IND on boards enhanced the monitoring of the financial disclosure quality and reduced the benefits of withholding information.

Cohen et al. (2002) argued that in the case where a client's governance structure has effectively implemented a strong monitoring as well as a strong strategic perspective, there is the potential for both a more efficient (e.g. less extent of tests of details) and a more effective (greater assurance of the integrity of the financial statements) audit.

Returning to the Uzbekistan CG, Chapter 7 of the Law of the Republic of Uzbekistan on «Stock Holding Companies and Protection of Rights of Stockholders» (LOSHCPOSHR) stipulates Boardies of the Company and they

are General Meeting of Stockholders, Supervisory Board and Executive Body of the Company (LOSHCPOSHR. Article 57). General Meeting of Stockholders is the supreme management body of the company (LOSHCPOSHR. Article 58).

In below **Figure 1.3** typical organizational structure of the Uzbekistan companies.

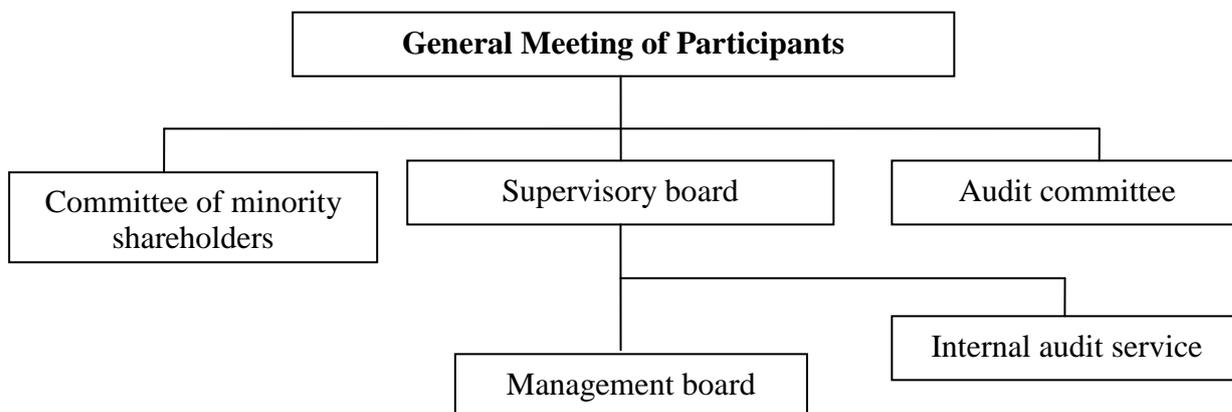


Figure 1.3. Board of Structure in Uzbekistan (new type)⁸

Company Supervisory Board. The Supervisory Board carries out overall management of the company, except for the issues referred by this Law to the exclusive competence of the general meeting of shareholders.

In a company with number of shareholders - owners of voting shares less than thirty people, the Charter of the Supervisory Board functions can be assigned to the general meeting of shareholders. In this case, the company's charter should include an indication of a certain person or organ of society, whose powers include the decision on holding a general meeting of shareholders.

By decision of the general meeting of shareholders, members of the Supervisory Board of the company during the performance of their duties may be paid remuneration and (or) compensation of expenses related to the execution of the functions of members of the Supervisory Board. The amount of such

⁸ Appendix №1 to the Decree PP-4720 of the President of Uzbekistan “On activities directed at establishing modern corporate governance methods in joint-stock companies” from April 24, 2015

remunerations and compensations shall be determined by the general meeting of shareholders. (LOSHCPOSHR. Article 74).

The competence frame of the Supervisory Board.

The competence frame of the Supervisory Board include:

- ✓ identify priority activities of the Company;
- ✓ the convening of annual and extraordinary general meetings of shareholders of the Company, except in cases provided by part eleven of Article 65 of this Law;
- ✓ prepare the agenda of the general meeting of shareholders;
- ✓ determination of the date of the general meeting of shareholders;
- ✓ to determine the date of formation of the company's shareholders register for notification of the general meeting of shareholders;
- ✓ Adding to the general meeting of shareholders, provided the second paragraph, the first part of Article 59 of this Law;
- ✓ increase the authorized capital by increasing the nominal value of shares or by placing additional shares within the number and types of authorized shares, if in accordance with the charter of the company or decision of general meeting of shareholders is the right granted to the supervisory board of the company;
- ✓ Organization establish the market value of the property;
- ✓ Electing (appointing) members of management (except chairman), prematurely terminating their authority if in accordance with the Company articles of association such rights are given to the company Supervisory Board;
- ✓ the appointment of a corporate consultant, if the introduction of this position is provided by the company charter;
- ✓ approval of the annual business plan of the company if the company's charter approval of the annual business plan is not within the competence of the Supervisory Board or entrusted to it by the general meeting of shareholders. This Company's business plan for the following year must be approved at a

meeting of the Supervisory Board no later than 1st of December of the current year;

- ✓ the establishment of the internal audit and the appointment of its employees, as well as listening to his reports on a quarterly basis;

- ✓ access to any documents relating to the activities of the executive body of the company, and receive them from the executive body for the discharge of the supervisory board duties. These documents may be used by the Supervisory Board and its members exclusively for official purposes;

- ✓ making a decision to conduct an audit, the external auditor and the determination of the maximum amount of payment for services of audit organization, if it is not within the competence of the general meeting of shareholders;

- ✓ giving recommendations on the amount paid to the members of the Audit Commission (Auditor) of the Company remuneration and compensation;

- ✓ giving recommendations on amount of dividend on shares and its payment procedure;

- ✓ use of the reserve and other funds;

- ✓ opening representative offices and the establishment of branches of the company;

- ✓ the creation of subsidiaries and affiliated companies of the Company;

- ✓ transactions involving the Company in commercial and non-profit organizations in the manner prescribed in legislation;

- ✓ decisions on redemption of corporate bonds.

As per decision of the General Meeting of Shareholders or as per Articles of Association of the Company the following may be incorporated into the competence frame of the Company Supervisory Board:

- ✓ Settling issues related to increasing charter fund (charter capital) of the company as well as making amendments to the company articles association by increasing the company charter fund (charter capital);

✓ as per Article 34 of this Law defining the prices of shares of the company (to be placed to the stock exchange market);

✓ making decisions to issue corporate bonds of the company including bonds interchangeable for company stocks;

✓ making a decision regarding issuance of conclusion of bonds of the company;

✓ making decision of repurchasing corporate bonds of the company;

✓ establishing an executive body of the company, electing (appointing) its chairperson, prematurely terminating chairperson's authority;

✓ defining the amount of service fees and compensations payable the executive body of the company;

✓ approving annual business-plan of the company.

The competence frame of Company Supervisory Board may include authority to settle other issues in accordance with law documents of the Republic of Uzbekistan and Articles of Association of the company.

Matters referred to the competence of the Supervisory Board cannot be delegated to the executive body. (LOSHCPOSHR. Article 75).

Electing members of the Company Supervisory Board.The members of the Supervisory Board elected by the general meeting of shareholders in the manner provided in this Act and the Charter of the company for one year.

Persons elected to the Supervisory Board may be re-elected indefinitely.

Members of the collegial executive body and the sole company can not be elected to the supervisory board.

The members of the Supervisory Board can not be persons employed under an employment agreement (contract) in the same society.

Requirements to be met by persons elected to the supervisory board of the company may be established by statute or a decision approved by the general meeting of shareholders.

The quantitative composition of the Supervisory Board is determined by the charter company.

For public companies with the number of shareholders more than five hundred the number of members of the Supervisory Board may not be less than seven members, and for companies with a number of shareholders more than one thousand - less than nine members.

Election of members of the Supervisory Board elected by cumulative voting.

In case of cumulative voting the number of votes held by each shareholder is multiplied by the number of persons to be elected to the supervisory board of the company and the shareholder may cast all such votes for one candidate or distribute them among two or more candidates.

Persons who earned the most votes shall be considered to have been elected to the Company Supervisory Board.

The representative office of the State is a member of the Supervisory Board, he will not be elected (re-elected) by the general meeting of shareholders.(LOSHCPOSHR. Article 76).

Chairman of Company Supervisory Board. Chairman of the Supervisory Board shall be elected by the members of the Supervisory Board from its membership by a majority vote of the members of the supervisory board, unless otherwise provided by the charter company.

The Supervisory Board shall be entitled to re-elect its Chairman by a majority vote of the members of the supervisory board, unless otherwise provided in the company charter.

Chairman of the Supervisory Board shall organize its work, convene meetings of the Supervisory Board and presides over them, organizes meetings, taking minutes, chairing the general meeting of shareholders, unless otherwise provided in the company charter.

In the absence of the Chairman of the Supervisory Board of the Company, its functions are performed by one of the members of the Supervisory Board. (LOSHCPOSHR. Article 77).

Meeting of Company Supervisory Board. The meeting of the Supervisory Board shall be convened by the Chairman of the Supervisory Board on his own initiative or at the request of a member of the Supervisory Board, the Audit Commission, the executive body of the company, as well as other persons specified by the company charter. The procedure of convening and holding the meeting of the supervisory board of a company is determined by the charter.

The quorum for a meeting of the Supervisory Board is determined by the charter of the company, but must be at least seventy-five per cent of the elected members of the Supervisory Board.

In the case where the number of members of the Supervisory Board becomes less than seventy five percent of the amount stipulated by the charter, the company is obliged to convene an extraordinary (extraordinary) general meeting of shareholders to elect a new Supervisory Board. The remaining members of the Supervisory Board shall be entitled to make a decision only on convocation of such extraordinary (extraordinary) general meeting of shareholders.

Decisions at a meeting of the Supervisory Board shall be adopted by a majority vote of those present, unless this Law, the charter of the Company determining the procedure of convening and holding the meeting of the Supervisory Board provide otherwise. In addressing issues at the meeting of the Supervisory Board, each member of the Supervisory Board shall have one vote. The decision on the matters referred to in the second and fourth parts of Article 18 of this Law shall be adopted unanimously by the Supervisory Board.

Decisions taken by the Supervisory Board without the participation of a representative of the state, as well as to veto, not enforceable.

Voice one member of the Supervisory Board of the company to another member of the supervisory board is not allowed.

The company's charter may provide for full voting chairman of the Supervisory Board by the Supervisory Board when making decisions in the case of equality of votes of the members of the Supervisory Board.

At the meeting of the Supervisory Board shall be kept. Minutes of the meeting of the Supervisory Board shall be completed not later than 10 days after the meeting. The minutes of the meeting shall include:

- ✓ time and place of the meeting;
- ✓ persons present at the meeting;
- ✓ agenda of the meeting;
- ✓ Questions put to the vote, the voting results;
- ✓ decisions.

Minutes of the meeting of the Supervisory Board shall be signed by participating in the meeting of the Supervisory Board, who are responsible for the correctness of the protocol.

Decisions of the Company supervisory board may be approved unanimously by all members of the board by external voting (survey voting).

On the day when minutes of the meeting of the Company Supervisory Board are signed it is submitted to executive body of the Company for execution. If the Supervisory Boards makes a decision to convene a General Meeting of Shareholders this decision is submitted the executive body on the day of meeting of the Supervisory Board. (LOSHCPOSHR. Article 78).

Existence of an audit committee. The expectation that audit committees exercise an active monitoring of the company financial reporting process is well established and this role has been confirmed by many CG codes and professional pronouncements over the last 10-15 years (Song and Windram, 2004).

In a recent work Davidson et al. (2005) reported that prior published literature indicates that the effectiveness of an audit committee is dependent, in part, on the extent to which the committee is independent, its frequency of meetings and its size. Both the published literature and governance reports suggest that audit committees should consist exclusively of non-executive or independent directors (Menon and Williams, 1994; Blue Ribbon Committee – BRC, 1999; ASX, 2003). This is supported by research that demonstrates a

relationship between audit committee independence and a higher degree of active oversight and a lower incidence of financial statement fraud (Jiambalvo, 1996; McMullen and Raghundan, 1996).

The academic literature and recent CG pronouncements recognized the pivotal role of audit committees in financial reporting. The Cadbury Report (1992), in the UK, highlighted the audit committee as a central mechanism for ensuring good financial reporting and internal control. In the USA, the BRC (1999) made specific recommendations on how to improve the effectiveness of audit committees.

Chapter 12 of Law of the Republic of Uzbekistan on «Stock Holding Companies and Protection of Rights of Stockholders». stipulates that “as bodies controlling performance of the company Auditing Committee, Internal Auditor Service, Auditing organization and corporate adviser of the company are mentioned.

Auditing Committee (Auditor). To exercise control over financial and economic activities, the General Meeting of Shareholders in accordance with the charter of the company elected by the Audit Commission (Auditor).

Skill and qualification requirements to company auditor or auditing committee defined by the general meeting of shareholders of the company. The same person cannot be elected as member of auditing committee (auditor) for more than three consecutive terms.

The competence of the Auditing Commission is determined by this Law and the charter of the company.

The procedure of the Audit Committee of the Company determined by the position approved by the general meeting of shareholders.

As per written request of the auditing committee (auditor) persons in charge of administrative functions in the company must provide all data about finance-economic performance of the Company to the Auditing Committee (Auditor).

Members of the Audit Committee of the Company may not simultaneously be members of the supervisory board, as well as working in the same company on the basis of labor agreement (contract).

Auditing of Company's finance-economic performance for one year or any other approved period is carried out by initiative of the Company Supervisory Board or as per demand of voting shareholder(s) with no less than five per cent of company shares by preliminary notification of the company supervisory board.

As per results of auditing finance-economic performance of the Company the auditing committee shall compile a resolution in which:

Evaluation of reliability of data included into the reports and other financial documents of the Company; and

Information about facts of violation of running accounting and reporting procedures as well as violation of legislative documents during finance-economic activities of the company must be provided.

Auditing Committee (auditor) submits resolution about existence of transactions with affiliated parties and/or existence of large-scale contracts as well compliance of company procedures to conclude such transactions with relevant law documents and company's internal documents to the attention of the Meeting of the Company Supervisory Board on a quaterly basis. The resolution which shall include information defined in Paragraph 8 of this Article is presented to the attention of the Annual General Meeting of Shareholders. (Article 107 of LOLOSHCPOSHR).

The audit committee is expected to provide assistance in resolving conflicts with management and to lead to some improvement in overall audit quality (Karamanou and Vafeas, 2005). Hence, this decreases ARL.

The audit committee is now being viewed as a principal player in the effort to implement governance reforms and to rebuild public confidence in financial reporting.

As a result of these new measures and responsibilities, there will also be changing relationships between management, the audit committee, and the external auditor. According to Lambe (2005), perhaps three particular priorities for audit committees stand out:

- (1) effective oversight of management and financial reporting;
- (2) strengthening communication between management and the external auditor (and effective monitoring of the external auditor); and
- (3) independence and knowledge.

Conclusion chapter I

The purpose of this chapter was to discuss the usefulness of the annual report. The chapter started with a discussion of the objectives of financial reporting and concluded that there was a general consensus that the objective of financial reporting was to provide users with information useful for decision making. A discussion of accounting literature on the nature of the users of annual reports indicated that some studies suggest that annual reports are used by shareholders and creditors only whilst others suggest that there are many users of annual reports. However, most studies suggested that annual reports have many users.

The chapter then went on to discuss whether the information needs of the users are similar or different. The evidence is conflicting. Some studies suggest that information needs are substantially similar whilst others suggest that information needs are different. The studies arguing that information needs are similar were criticised on the grounds that they investigated a narrower range of user-groups. Those studies which argued that the information needs were different, suggest that the differences in the levels of understanding among the users may contribute to the differences in information needs.

It was argued that in the UK the lack of understanding of the full annual report by most private shareholders had been recognised by the 1985 Companies Act which gives an option to listed companies to send an abridged version of the

annual report if the shareholder so wishes. The reason for the change in law was because the privatisation policies adopted in the 1980's led to an increase in number of private shareholders with little or no understanding of accounting information. It was therefore, thought that an abridged version would be less confusing and therefore, better understood by the private shareholder.

The chapter then evaluated the usefulness of the annual report in terms of understandability. It was concluded that the annual report was less well understood by the private investors. Timeliness of annual report was also discussed as a way of assessing the usefulness of the annual report. It was suggested that the lack of timeliness of the annual report makes it less useful. Evidence was provided from the market reaction studies which supported the notion that timeliness was an important attribute in the usefulness of the annual report. The final section examined the studies that have been conducted through the survey of users to find out whether they use the annual report.

CHAPTER II. HYPOTHESIS DEVELOPMENT AND MODELING OF THE AUDIT REPORT TIMELINESS IN UZBEKISTAN LISTED COMPANIES

2.1. Determinants of Audit Report delay in listed companies

The time spent to prepare the audit is the factor determining the timely published financial information. The audit report delay is a particularly important factor in emerging and newly developed capital markets where the audited financial statements in the annual report are the only reliable source of information available to investors (Leventis et al, 2005).

Conceptually, timeliness denotes a quality of: (i) 'being available at a suitable time' or (ii) 'being well-timed' (Gregory & Van Horn, 1963: 576). The key variable in timeliness is the delay in release of annual reports. Gregory & Van Horn (1963) defined delay as 'the length of time between the cut-off point (the time no transactions are accepted for inclusion in the particular report) and the distribution of reports to users.' Delay, in this study, is described as reporting lead time. Reporting lead time is defined here as the length of time a company takes after its financial year-end to release its financial information to the public.

Following Dyer & McHugh (1975), three reporting events for each sample company were specified as: (i) audit report date, (ii) preliminary earnings announcement date, and (iii) final report date (the date on which an annual report is filed with the ZSE). A reporting lead time is the number of calendar days between a sample company's financial year-end and the day on which each of the three reporting events occurred.

An audit reporting lead time (AUDRLT) is the number of calendar days between a sample company's financial year-end and the date of its external auditor's report. The audit report dates were taken from the annual reports of each sample company and were used to compute the AUDRLT for each company.

A preliminary earnings reporting lead time (PRERLT) is the number of days between each sample company's financial year-end and the earliest date on.

A final reporting lead time (FINRLT) is the number of calendar days between a sample company's financial year-end and the date on which its audited annual report is received by the ZSE. The dates on which the annual reports are received by the ZSE are presumed to be the dates on which they have been released to the public in this study. These dates were taken from the inhouse library of the ZSE. The ZSE has a custom of writing the dates on which annual reports of listed companies are received on their front covers. The FINRLT for each company was computed from these dates. The PRERLT and FINRLT are post-audit reporting lead times (Post-AUDRLT).

The level of reliable and timely accounting information available is the same level of confidence the investors build. In other words, as much as the investors establish confidence is as much as reliable and timely accounting information available. In emerging capital markets, the audited financial statements in the annual report are likely to be the only reliable source of information available to the market. There is inevitably a gap between the end of the financial year and the dissemination of the audited financial statements but minimizing that gap would enhance market efficiency. Regulators need to understand the causes of the audit report delay before they can legislate effectively to reduce it.

Audit report delay has become a global problem; all the developed and developing capital markets are suffering, but previous research has focused largely on developed capital markets (Walker & Johnson, 1996). Several studies have provided empirical evidence that audit timeliness is the most influential factor in the timeliness of financial statements (Owusu-Ansah, 2000). All the same, Timeliness of financial statements is the focus of an increasing amount of attention by accounting researchers and regulatory bodies (Knechel & Payne, 2001). Managers are expected to prefer a minimal audit report delay (Johnson,

1998). Auditors are expected to perform assurance services without lags, within the constraints imposed by professional codes and ethics. The issue of timely reporting has received attention in US markets with the announcement of phased reductions in reporting time limits from 90 days after the financial year end to 60 days by 2005 (SEC, 2002).

This research tries to investigate the effects of five variables on factors that influence the timeliness of audit report. Those variables are supervisory board, existence of an audit committee, company size, type of auditor, industry, firm performance. Whereas, the dependent variable is audit report delay in Uzbekistan listed companies. Figure 2.1 below shows the theoretical framework model.

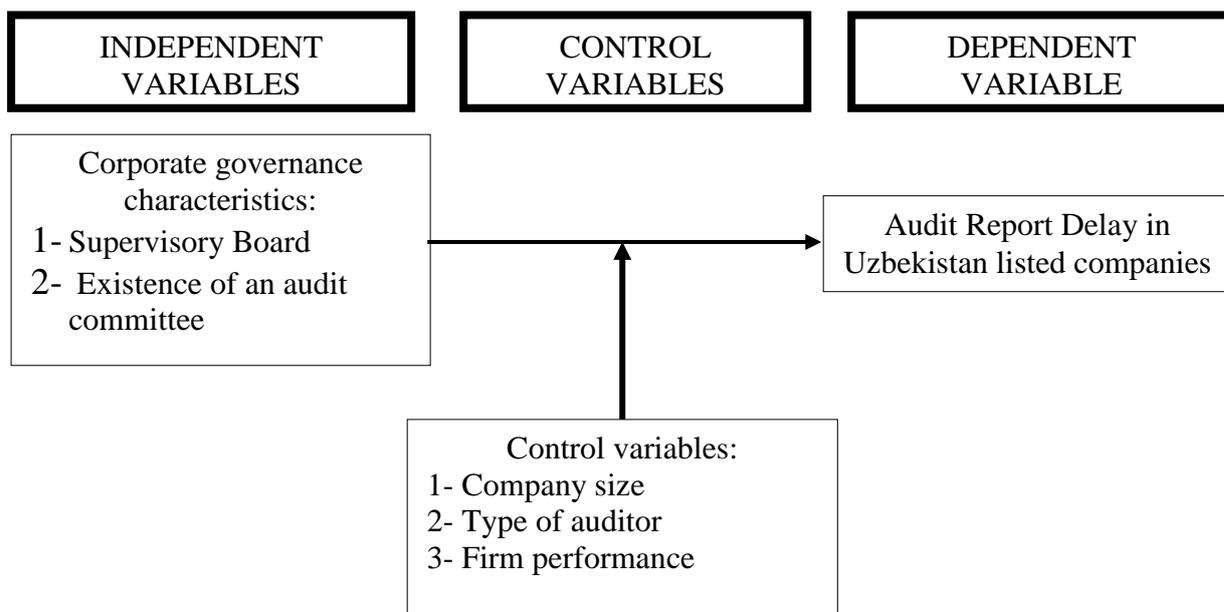


Figure 2.1 Determinants of Audit Report Delay⁹

Data Collection. Population and sample selection. In this study, the population frame will include all the public listed companies in Uzbekistan Stock Exchange Market (UZSE). Listed company whose shares are traded on an official stock exchange. It must adhere to the listing requirements of that exchange, which may include how many shares are listed and a minimum earnings level.

⁹ Made by author

According to UZSE there were 140 companies listed in both main board and second board of UZSE as at 31 December 2013 (1-Appendix). From the population of 140 companies, 59 companies do not have annual reports for the ended year 2013, 36 companies are further eliminated due to incomplete or ambiguous data. The final sample represents 45 companies listed on the main board and second board of Uzbekistan Stock Markets as described in Table 2.1.

Table 2.1

Sample selection process

	Number of companies
Number of companies available in the UZSE database in 2013	140
Less: Unavailable audit report date	36
Less: Unavailable annual report	59
Number of companies of audit report lag sample	45

A sample was selected of all the listed companies in the Uzbekistan Stock Market which were 45 companies due to the small sample size. However, in order to balance the number of companies in different groups of industry, all the listed companies have been taken into deeply consideration. Annual reports for the year ended 2013 for the sample companies are examined. The sample period is chosen because in order to get the most recent data and to have more companies involve in the sample studied.

Procedures. In this study, data will be collected in one way which is companies' annual reports (secondary data) available at http://www.uzse.uz/new/listing/listing_companies_uz.asp for the year 2013 and each web sites of companies(2-3 Appendix). While seeking for secondary data, it will save time and costs of acquiring information. These sources of secondary data provide a lot of information for research and problem solving (Sekaran, 2003). Data about dependent variable was gathered from audit report and data

about independent variables and control variables were gathered from balance sheet, income statement and corporate governance report.

2.2. Model specification and measurement of variables on factors that influence the timeliness of audit report

Model specification. This paper is the first to examine CG characteristics in Uzbekistan as determinations of ARL. A multiple regression analysis is used, modeling ARL as a function of explanatory variables. Besides, using variables which are found related to ARL in prior research as control variables, the researcher includes CG characteristics as additional variables.

A regression model was used to test the association between the dependent variable of ARL and the independent variables: supervisory board and existence of an audit committee, company size, type of auditor, firm performance.

$$\text{ARL} = \beta_0 + \beta_1 (\text{SBNDs}) + \beta_2 (\text{ACEXIST}) + \beta_3 (\text{SIZE}) + \beta_4 (\text{AUDTYPE}) + \beta_5 (\text{PROFIT}) + \varepsilon$$

Table 2.2 shows the explanation of the explanatory variables and the expected relationship. The hypothesized relationship between the independent variables and the audit delay, as well as the underlying rationale is discussed below.

Measurement of Variables

Measurement of Audit Report Delay (ARL) (Dependant Variable). For the purpose of this study, the number of days between the date of the financial statement and the date of the auditors' report was used to measure the audit delay.

Measurement of Independent Variables. All independent variables used for the purpose of this study are defined and measured as follows.

Corporate governance characteristics variables

Supervisory Board (SBNDs). Supervisory Board is measured by two variables. The first is the proportion of outside directors to total directors. The

second is the average tenure of directors (executives and non-executives) as compared to the average tenure for the sector. The combined code specifies nine years as the maximum serving period for non-executive directors (NEDs). In

Table 2.2:

Explanations of Explanatory Variables and the Expected Effect on Audit Delay¹⁰

Variable name	Definition	Measurement expected	Expected relationship with ARL	Source of data	
Dependent variable					
ARL	Audit report lag	Represents the number of days elapsing between the end of the fiscal year and the completion of the auditor for the current year for each individual firm			
Independent variables					
<i>Corporate governance variables</i>	SBNDs	Proportion of supervisory directors	The proportion of non-executive directors to total number of directors is number of non-executive directors on the board divided by the total number of directors (supervisory board and management board) on the board at the year end	Negative	Charter
	ACEXIST	Existence of an audit committee	Dummy variable, 1 if the firm has an audit committee, 0 otherwise	Negative	Annual report
<i>Control variables</i>	SIZE	Company (client) size	Natural log of year-end total assets	Negative	Annual report
	AUDTYPE	Type of auditor	Dummy variable, 1 if auditor is one of the former Big-4 audit firms, 0 otherwise	Negative	Annual report
	PROFIT	Profitability	Net income to year-end total assets	Negative	Data Streams

¹⁰ Made by author

this study compares the average tenure of the company's NEDs and their sector's counterpart. If the company directors serve on the board longer than the sector's average, their independence may be compromised.

Above mentioned in 75- article of the Law «**Stock Holding Companies and Protection of Rights of Stockholders**», competence frame of Supervisory Board affect the assessed level of inherent and control risks, thereby affecting the nature, timing, and extent of audit work. Based on above discussion, the following hypothesis is formed:

H1: There is a statistically significance negative association between supervisory board and ARL.

Existence of an audit committee (ACEXIST). For the companies which have their audit committee used '1', and which hasn't got audit committee used '0'.

A more recent experimental study by Sharma et al. (2007) manipulated CG strength as strong, moderate and weak to test the impact on risk, audit planning and testing. The manipulations related to both board and audit committee characteristics, the latter including audit committee composition, meeting frequency and interaction with the external auditors. The study found that the client's CG structure influences auditors' assessments of both control risk and audit risk, planned audit hours and the level of substantive testing (Stewart and Munro, 2007). Based on above discussion, the second following hypothesis is formed:

H2: There is a statistically significance negative association between existence of an audit committee and ARL.

Control variables

Company size (SIZE). Total assets are the total value of resources owned by businesses. The size of a company can be measured in a number of ways, such as capital employed, turnover, number of employees and company's market value. There is no overriding theoretical reason to select on rather than another. In this study, the total asset of the company is used to measure the

company size. Therefore, the total assets of each company will be gathered from the latest published annual reports. The amount of fixed assets added with current assets will equal to the amount of company's total assets.

There are several studies which have found that there is a significant association between the size of the company and the AL in both developed and developing countries.

There are some justifications why company size could be negatively related to the extent of AL. Larger companies may be hypothesized to complete the audit of their financial reports earlier than smaller companies for a variety of reasons. First, it has been argued that the larger companies may have stronger internal controls, which in turn should reduce the propensity for financial statements errors to occur and enable auditor(s) to rely on controls more extensively and to perform more interim work (Carslaw and Kaplan, 1991, p. 23). Second, larger companies have the resources to pay relatively higher audit fees to perform soon after the year end of the financial year. Third, larger companies may be monitored more closely by investors, trade unions and regulatory agencies, and thus face greater external pressure to report earlier.

Therefore, researchers such as Davies and Whittred (1980), Ashton et al. (1989) and Carslaw and Kaplan (1991) argued that to reduce uncertainty about performance that might reduce the share price, the larger firms tend to complete their audit work as soon as possible in order to release their annual reports. Fourth, large firms are also more likely to have advanced accounting systems and better internal controls and they are also more likely to have formal policies and procedures that will lend themselves to timely completion. Finally, larger companies may be able to exert greater pressures on the auditor to start and complete the audit in time (Carslaw and Kaplan, 1991).

Owusu-Ansah and Leventis (2006) empirically investigated the effects of both company-specific and audit-related factors on timely financial reporting practices of group companies listed on the Athens Stock Exchange (ASE). The results of their descriptive analysis indicate that 92 per cent of the companies are

prompt reporters. A multivariate regression analysis suggests that large companies are prompt reporters.

In current study, log of total assets has been used as the measures of company size. Total assets have commonly been used to measure size in previous studies of AL (Ashton et al., 1989; Davies and Whittred, 1980; Newton and Ashton, 1989). The researcher includes the log of total assets (SIZE) to control for the effect of size as this has been found to be negatively associated with ARL. Based upon the results of prior studies, the third hypothesis to be tested is:

H3: There is a statistically significance negative association between company size and ARL.

Type of auditor (AUDTYPE). For purpose of study, types of auditor are divided into two groups which are Big Four (BIG4) and Non Big Four. The Big Four audit firms assigned as '1' while for non Big Four assigned as '0'.

There are several studies which have examined empirically the relationship between the characteristics of the audit firm (size of audit firm or international link of the audit firm) and AL (Carslaw and Kaplan, 1991; Gilling, 1977). Whereas Gilling (1977) found a significant positive relationship between the audit delay and the size of the auditing firms, Garsombke (1981), Carslaw and Kaplan (1991) and Davies and Whittred (1980) found no significant association between the audit firm size and audit delay.

It is more likely that the larger audit firms have a stronger incentive to finish their audit work quicker in order to maintain their reputation. Otherwise, they might lose the reappointment as the auditor of their client companies in the coming year(s). As the larger and better known audit firms have more human resources than smaller firms; it has been argued that these audit firms may be able to perform their audit work more quickly than smaller audit firms (Hossain and Taylor, 1998). This suggests that auditors who are employed by small audit firms spend a longer time on auditing listed companies. Small audit firms may not have focused on procedures and strategies to minimize audit time, while big

firms may have the advantage of using presumably more efficient audit technologies (Newton and Ashton, 1989; Leventis et al., 2005). In the current study, the auditors are classified into two groups-Big 4, and other firms. Accordingly, the researcher also expects ARL to be inversely related to audit firm size. Based on above discussion, the following hypothesis is formed:

H4: There is a statistically significance negative association between type of auditor and ARL.

Firm performance (PROFIT). According to Owusu- Ansah(2000), profitability is explained to influence a company's timely reporting behavior. Companies declared profit considered take less time in auditing financial statement compared with declared losses. Therefore, companies that declared profit will not facing with audit report lag because audit work will be completed as quickly as possible. Profit will be measured by return on total assets.

Prior research has found that firms that experience losses experience longer ARLs (Bamber et al., 1993; Schwartz and Soo, 1996). The expected role of a reporting loss on AL is suggested for several reasons. First, where a loss occurs, companies may wish to lag the bad news. If the company experiences losses, management may wish to lag in releasing the corporate annual report in order to avoid the discomfort of communicating it as it is "bad news". It has been argued that a company with a loss may request the auditor to schedule the start of the audit later than usual. On the other hand, companies having higher profitability may wish to complete the audit of their accounts as early as possible in order to quickly release their audited corporate annual reports to convey the "good news". Second, there may be greater perceived auditor business risk for audits of companies reporting losses. Furthermore, losses are often associated with complex audit issues such as inventory obsolescence or recoverability of assets, also requiring additional substantive evidence collection. Third, companies with income that is lower than expected may spend additional time verifying reported results or searching for unrecorded income. Fourth, an auditor may proceed more cautiously during the audit process in

response to a company loss if the auditor believes the company's loss increases the likelihood of financial failure or management fraud (Carslaw and Kaplan, 1991). Based on above discussion, the following hypothesis is formed:

H5: There is a statistically significance negative association between profitability and ARL.

Conclusion chapter II

The purpose of this chapter was to develop seven hypotheses, which are to be tested in chapter III. The chapter began with the discussion of the theoretical framework which can be used as a basis for linking company characteristics and publishing delay. The theories discussed are agency theory, theory of constraints and signalling theory. The five hypotheses developed relate to supervisory board, existence of audit committee, company size, type of audit company and profitability. The following chapter discusses the research method used.

The purpose of the current chapter was to describe the various steps taken from data gathering through to the testing of the hypotheses. The chapter started by describing the sample used to answer the two objectives set in the introduction of the thesis. This was followed by describing the nature and measurement of the independent characteristics investigated. The chapter then described the hypotheses testing and statistical tests used. The aspects discussed include the hypotheses testing approach, statistical tests and conditions, the univariate and multivariate tests. The regression models used were then presented. The next chapter presents and discussed the results of the association between company characteristics and audit delay.

CHAPTER III. ANALYSIS OF FINDINGS AND DEVELOPMENT PROSPECTS OF THE TIMELINESS OF AUDIT REPORT

3.1. Descriptive and Multivariate analysis of association between the audit report lag with independent variables

Descriptive Analysis. Descriptive analyses of the variables are presented in Table 3.1. The overall result of this study indicates that the total interval of time between balance sheet date and the date of audit end is on averages 92 days (standard deviation of 28.822 days). The ARL for each of the 45 listed sample companies ranged from a minimum interval of 34 days to a maximum interval of 171 days. This means that Uzbekistan listed companies take approximately more than three months on average beyond their balance sheet dates before they are finally ready for the presentation of the audited financial reports to the shareholders.

Table 3.1:

Descriptive Analysis for Sample Companies listed in UZSE in 2013¹¹

Variables	<i>N</i>	Minimum	Maximum	Mean	Std. Deviation
<i>Dependent variable</i>					
ARL(days)	45	34.00	171.00	92.000	28.822
<i>Independent variables</i>					
SBNDs	45	0.28	0.82	0.565	0.091
ACEXIST	45	0.00	1.00	0.911	0.288
SIZE (Assets)UZS'000	45	1 283 768	15 135 096 380	1 212 722 175	2 886 952 197
AUDTYPE	45	0.00	1.00	0.311	0.468
PROFIT	45	0.001	0.292	0.069	0.073

Many researchers investigated the publishing delay in many developed and developing countries around the world. In the UK, the Companies Act 1985

¹¹ Made by author

requires that companies should deliver to the Registrar of Companies are CA, 1985 financial statements within six months. In August 2002, the Securities and Exchange Commission passed new disclosure rules making shorter the period by which public companies must publish their financial statements. Among the rules are requirements to accelerate the filing of 10-Q quarterly financial statements from the 45 days to 35 days from the end of the quarter and 10-K annual reports from the current 90 days to within 75 days of fiscal year end (John, 2002).

Similarly in France, there is a legal requirement to publish financial statements within 180 days and the audited annual report to be submitted no later than 15 days prior to the firms' annual general meeting (AGM). In Australia, the Australian Stock Exchange (ASE) specifies a maximum period, whereby firms have to file their annual reports within 120 days after the financial year-end. Dyer and McHugh (1975) investigated the publishing delay from 1965 to 1971 of Australian companies. Their findings revealed that the average publishing delay period was between 82 to 92 days. A year later, Curtis (1976) examined the publishing delay of annual reports of 204 New Zealand companies. He reported that the average publishing delay was 83 days.

Also in New Zealand Gilling (1977) found the average publishing delay to be between 53 and 70 days. Other studies based on the Australian data also include Whittred (1980) and Whittred and Zimmer (1984) who reported publishing delays of 62 days and 82 to 86 days respectively. Simnett et al (1995) also investigated the publishing delay in Australia between 1982 and 1989. Their findings revealed a publishing delay of between 79 and 94 days. Publishing delay has also been investigated extensively in US. First, Givoly and Palmon (1982) examined the relationship between the information content of the accounting report and its timeliness using a sample of 210 US firms during the period 1960-1974. They observed an improvement in timeliness of the annual earnings announcement over the period, down to a median delay of 37 days in 1974. Their study also indicates that bad news tends to be delayed. In their

concluding remarks, the authors also recommend re-examination of the adequacy of the 90-day deadline with a view to shortening it.

Second, Bamber et al., (1993) found that the publishing delay on average was 40 days in the US. Third, Kinney and McDaniel (1993) using a matched pair research design reported a publishing delay of 50 to 68 days. Fourth, Schwartz and Soo (1996) reported a publishing delay of 62 days over a five year period from 1988 to 1993. Finally, in the last ten years Knechel and Payne (2001) and Cullinan (2003) all concluded that the US publishing delay was 42 days.

In Canada, for example, Ashton et al. (1987) reported a publishing period of 62.53 days based on 465 companies annual reports. In a similar study, Ashton et al. (1989) reported a publishing delay of 64 days and found a publishing period of 51 to 53 days on average.

In a related study Gilling, (1977) investigated the same issue of audit delay in New Zealand and found that the average publishing delay was 53-70 days. In the same vein, Carslaw and Kaplan (1991) also in New Zealand reported a publishing delay between 87 to 95 days. Not surprisingly the number of studies on publishing delay based on developing countries is very few and started much later than those on developed countries. Ng and Tai (1994), for example, investigated the issue of publishing delay in Hong Kong. They found that the average publishing delay was 109 days. Jaggi and Tsui (1999) also on Hong Kong reported a publishing delay of 105 to 106 days. Abdulla (1996), on Bahraini found an average publishing delay of 59 to 64 days. In 2000, Owusu-Ansah reported an average publishing delay of 62 days in Zimbabwe. Finally, Imam et al (2001) found an average publishing delay of nearly six months in Bangladesh.

Most countries took more time to issue audit report as compared to Uzbekistan. For example, a study Ansah and Leventis (2006) on companies listed in Greece which is extended from the study done by Levintis et al. (2005) show increased in days taken to issue audit report with a mean delay of 113

days. Studies in Bangladesh (Iman et al.2001), Pakistan (Hossain and Taylor, 1998) and Hong Kong (Jaggi and Tsui, 1999) also indicated the same result where time taken to issue audit report is more than 97 days compared with this result.

Supervisory Board is 57 percent, it follows the requirement that their number should comprise at least one-fourth of the total number of members of the board of directors. The legal concept and application of board independence is primarily aimed at regulating board member's participation in decisions that involve related party transactions, while there is a much wider range of significant issues that require an independent judgment by board members. The use of independent directors generally improves the dynamics of the board of directors' work and its ability to make informed decisions in the best interest of all shareholders and the company. In particular, independent board members are expected to enhance the monitoring function of the board. This is especially important in an environment like Uzbekistan where the relationships between managers, controlling shareholders and board members are often very close and respective responsibilities sometimes confused. In Uzbekistan board members are still largely selected by controlling shareholders and therefore likely to be under their influence, even if they qualify as independent directors. 45 companies that are 91 percent of sample companies have an audit committee. Traditional views on the role and function of an audit committee have recently been challenged. Yet a number of Uzbekistan companies, aspiring to attract foreign portfolio investors, have voluntarily set up audit committees. It seems from study results, that over the period 2013, an audit committee in Uzbekistan listed companies has increased. UZSE companies listed in year 2013 have total assets in range of UZS 1.3billion and UZS 15 135 billion with a mean of UZS 1 212 billion. 45 of companies have December financial year-end and 31 percent were audited by Big 4 audit firm. Percentage of Big 4 is smaller, and this also not good result as like expectation. Examination companies' profitability is about 6.9 percent. It is law measurement. If study analyzes all 140 Uzbekistan

listed companies, it may be not same result and for the future researcher should be analysis all listed companies for getting good result.

Correlation Analysis. A correlation coefficient is a statistical measure of the degree to which changes to the value of one variable predict change to the value of another. In positively correlated variables, the value increases or decreases in tandem. In negatively correlated variables, the value of one increases as the value of the other decreases.

Correlation coefficients are expressed as values between +1 and -1. A coefficient of +1 indicates a perfect positive correlation: A change in the value of one variable will predict a change in the same direction in the second variable. A coefficient of -1 indicates a perfect negative correlation: A change in the value of one variable predicts a change in the opposite direction in the second variable. Lesser degrees of correlation are expressed as non-zero decimals. A coefficient of zero indicates there is no discernable relationship between fluctuations of the variables.

To examine the correlation between independent variables, Pearson product moment correlation coefficients (r) were computed. A correlation matrix of all the values of r for the explanatory variables along with the dependent variables was constructed and is shown in Table 3.2 . From the correlation matrix as shown in Table 3.2, SBNDs is the only variable which significantly ($p < 0.01$) affects LgARL. As expected, the negative sign indicates shorter delay for companies receiving other than executive and non executive directors. Some of the explanatory variables have correlation with each others, for example, SIZE (lgAsset) and AUDTYPE which has correlation coefficients of 0.597. Both variables should be positively related to each other in most situations. That is, as any company possesses the more total assets, it is high likely to be audited by the Big 4 audit companies.

According to Menard (2002), collinearity (or multicollinearity) was tested in order to obtain mulitrative regression diagnostic because the relationship between one and other independent variables may cause a problem in the

Table 3.2:**Pearson Correlation Matrix between Variables¹²**

Variables	SIZE					
	LgARL	SBNDs	ACEXIST	(LgAsset)	AUDTYPE	PROFIT
LgARL	1	-0.075	-0.071	0.407**	0.440**	-0.132
SBNDs	-0.075	1	0.248	0.124	0.006	-0.083
ACEXIST	-0.071	0.248	1	0.226	0.210	-0.110
SIZE (Lg Asset)	0.407**	0.124	0.226	1	0.597**	-0.223
AUDTYPE	0.440**	0.006	0.210	0.597**	1	-0.460**
PROFIT	-0.132	-0.083	-0.110	-0.223	-0.460**	1

** . Correlation is significant at the 0.01 level.

regression model. Many studies (i.e. Hossain and Taylor, 1998; Jaggi and Tsui, 1999 and Leventis et al. 2005, used correlation test and Variable Inflation Factor (VIF) to check multicollinearity problem. Table 3.2 shows the result of Pearson correlation test. Kaplan (1982) suggests that multicollinearity may be a problem when the correlation between independent variables is 0.90 or above. However, Emory (1982) considered more than 0.80 to be problematic. Rule of thumb stated that intercorrelation among the independents above 0.70 signals a possible problem (Anderson et al. 1996). The highest value of correlation is 0.597 which is between company size and audit type indicating that multicollinearity does not pose a problem under this study because there is no above then 0.70.

Another method to measure multicollinearity is variable inflation factor (VIF). VIF can be used in order to detect the multicollinearity problems. (Gujarati, 1999). If the value above than 10 ($VIF > 10.00$), it shows that multicollinearity problem exist (Neter et al. 1985). Based on Table 3.3, as the VIF value for all the variables are less than 10. Therefore, no multicollinearity problems exist in this study.

¹² Made by author

Table 3.3: Variable Inflation Factor (VIF)¹³

Independent Variables	VIF
SBNDs	1.095
ACEXIST	1.127
SIZE	1.618
AUDTYPE	1.936
PROFIT	1.289

Multivariate Analysis

Multivariate statistics includes all statistical techniques for analyzing two or more variables of interest, or if you like two or more dependent variables

The correlation coefficient is a number between -1 and 1 that determines whether two paired sets of data (such as those for *height* and *intelligence* of a group of people) are related. The closer to 1 the more ‘confident’ we are of a positive linear correlation and the closer to -1 the more confident we are of a negative linear correlation (which happens when, for example one set of numbers tends to decrease when the other set increases as you might expect if you plotted a person’s age against the number of toys they possess).

When the correlation coefficient is close to zero there is no evidence of any relationship.

Confidence in a relationship is formally determined not just by the correlation coefficient but also by the number of pairs in your data. If there are very few pairs then the coefficient needs to be very close to 1 or -1 for it to be deemed ‘statistically significant’, but if there are many pairs then a coefficient closer to 0 can still be considered ‘highly significant’.

The standard method that statisticians use to measure the ‘significance’ of their empirical analyses is the ***p-value***. Suppose we are trying to determine if the relationship between height and intelligence of people is significant; then we

¹³ Made by author

start with the ‘null hypothesis’ which, in this case is the statement ‘height and intelligence of people are unrelated’. The p -value is a number between 0 and 1 representing the probability that this data would have arisen if the null hypothesis were true. In medical trials the null hypothesis is typically of the form that ‘the use of drug X to treat disease Y is no better than not using any drug’.

The calculation of the p -value is based on a number of assumptions that are beyond the scope of this discussion, but people who need p -values can simply look them up in standard statistical tables. The tables (or Excel) will tell you, for example, that if there are 100 pairs of data whose correlation coefficient is 0.254, then the p -value is 0.01. This means that there is a 1 in 100 chance that we would have seen these observations if the variables were unrelated.

A low p -value (such as 0.01) is taken as evidence that the null hypothesis can be ‘rejected’. Statisticians say that a p -value of 0.01 is ‘highly significant’ or say that ‘the data is significant at the 0.01 level’

A competent researcher investigating a hypothesized relationship will set a p -value in advance of the empirical study. Typically, values of either 0.01 or 0.05 are used. If the data from the study results in a p -value of less than that specified in advance, the researcher will claim that their study is significant and it enables them to reject the null hypothesis and conclude that a relationship really exists.

In their book *The Cult of Statistical Significance* Ziliak and McCloskey expose a number of serious problems in the way p -values have been used across many disciplines. Above all, their main arguments can be summarised as:

- Statistical significance (i.e. the p -value) is arbitrarily set and generally has no bearing on what we are really interested in, namely impact or magnitude of the effect of one or more variables on another.

- By focusing on a null hypothesis all that we are ever considering are existential questions, the answers to which are normally not interesting. So, for example, we might produce a very low p -value and conclude that road deaths

and temperature are not unrelated. But the p -value tells us nothing about what we are really interested in, namely the nature and size of the relationship.

- Statisticians often wrongly assume that the p -value (which remember is chance of observing the data if the null hypothesis is true) is equivalent to the chance that the null hypothesis is true given the data. So, for example, if they see a low p -value of say 0.01 they might conclude that there is a 1 in a 100 chance of no relationship (which is the same as a 99% chance that there is a relationship). This is, in fact, demonstrably false it is an example of one of the most pernicious and fundamental fallacies of probability theory that permeates many walks of life (called the *fallacy of the transposed conditional*).

- In those many studies (notably medical trials) where the null hypothesis is one of ‘no change’ for some treatment or drug, the hypothesis comes down to determining whether the arithmetic mean of a set of data (from those individuals taking the treatment/drug) is equal to zero (supposedly representing status quo). In such cases, we have the paradox that, as we substantially increase the sample size, we will inevitably find that the mean of the sample, although approximately close to and converging to zero, will be significantly different from zero, even when the treatment genuinely has no effect.

- The choice of what constitutes a valid p -value is arbitrary. Is 0.04 radically different from 0.05. A treatment or putative improvement that yields a p -value that just misses the 0.05 target may be completely rejected and one that meets the target may be adopted.

Regression analysis reports the model is significant ($p < 0.05$) with R^2 equals to 0.270 and adjusted R^2 of 17.7 percent and F ratio is 2.887 (Table 3.4). This indicates that 17.7 percent of the total variance in audit delay is explained by this set of 5 variables. The other 82.3 percent is explained by factor other than these 5 variables. The discussions for the result are as follows.

This study shows 3 variables are significant, the rest hypothesis and other control variables are not significant at all. One reason is might be due to sampling limitation.

Generally, the regression results are shown in Table 3.4. The findings support H1 and provide evidence that CG characteristic (Supervisory board) is significantly associated with ARL.

Table 3.4

Regression results^{a 14}

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
SBNDs	-0.224	0.093	-0.059	-2.411	0.030
ACEXIST	-0.219	0.174	-0.182	-1.256	0.217
SIZE (LgAsset)	-0.039	0.016	-0.259	-2.486	0.045
AUDTYPE	0.261	0.140	0.354	1.860	0.071
PROFIT	-0.302	0.125	-0.064	-2.412	0.023
$R^2=0.270$, Adjusted $R^2= 0.177$, $F=2.887$, $Sig= 0.026^b$					

a. Dependent variable: Lg ARL

b. Predictors: SBND, ACEXIST, SIZE(LgAsset), AUDTYPE, PROFIT.

H₁ predicts a negative association between supervisory board and ARL. The regression results for the model are shown in Table 3.4. The findings support this hypothesis and provide evidence that supervisory board is significantly associated with ARL. This may mean that the monitoring role of the more independent board can have a positive impact on financial disclosure quality and more efficient and effective audit, and hence reduce the ARL.

It was found support for a insignificant association between existence of an audit committee (H₂) and ARL at 5 per cent level.

H₂ expects a negative association between existence of an audit committee and ARL. The findings support this hypothesis and provide evidence that existence of an audit committee is not significantly associated with ARL. This is because, 91% of Uzbekistan`s listed companies exist an audit committee,

¹⁴ Made by author

according to the results of descriptive analysis given above. So, this variable could be unreasonable for the Uzbekistan`s listed companies. The future researches shouldn`t use that variable for testing the audit report lag.

According to control variables, the author found support to H3, H5 and provide evidences that company size, profitability is significantly associated with ARL. This is in line with the results of most prior studies.

The negative effect of size (H_3) on ARL in Uzbekistan is consistent with the prediction in the literature, implying that large Uzbekistan companies are prompt reporters compared to their smaller counterparts. These results could be that because large companies in Uzbekistan are affiliated with multinational corporations, and so they tend to have access to modern technology and are able to produce their accounts on a timely basis.

Another explanation is that large companies tend to have strong internal control systems and efficient audit committees, and as result auditors spend less time in conducting compliance and substantive tests. These results corroborate the conclusions in Dyer & McHugh (1975); Davies & Whittred (1980); Givoly & Palmon (1982); Frost & Pownall (1994); and Abdulla (1996).

Contrary with expectation, it was found not support for a insignificant association between type of auditor (H_4) and ARL at 5 per cent level (Table 3.4), this result opposite with the literatures linking type of auditor and ARL (Jaggi and Tsui, 1999; Leventis et al., 2005; Owusu-Ansah and Leventis, 2006).

In above descriptive analyses known, Uzbekistan, which is 31% of the listed companies "big four" auditing firms to audited. Therefore, it is less percent throughout Uzbekistan companies, after over 50 %, we have to do significance test again.

Finally, the negative relationship between ARL and profitability variable was found to be significant at the 5 per cent level. The negative sign of the PROFIT variable in both models suggests that successful companies (those with good news) report more promptly relative to their counterparts with poor operating results (those with bad news). This result is not surprising given the

tendency of stock markets to reward profitable companies more than they reward unprofitable ones. Profitable companies, therefore, have the incentive to inform the public of their superior performance by releasing their annual reports quickly. A complementary view is that because companies reporting losses are viewed relatively as risky, auditors tend to do more substantive tests to avoid any potential future legal suit. This, in turn, prolongs a client company's reporting lead time. While the negative relationship between profitability and timely reporting found in this study is consistent with the conclusions in Curtis (1976), Lawrence (1983), Whittred & Zimmer (1984) and Abdulla (1996), it contradicts those reported in Dyer & McHugh (1975) and Garsombke (1981).

In conclusion, this study provides evidence to show that ARL for Uzbekistan companies is affected by CG mechanism, specifically, supervisory board. And also control variables company size and profitability are significantly associated with ARL. The results of this study provide useful information for stakeholders (especially investors and regulators).

Additional Analyses. According to above given analyses there are shown that the existence of an audit committee is more unreasonable to the Uzbekistan's listed companies. That is because, an audit committees exist about all Uzbekistan's listed companies, and this variable could merely impact on

Table 3.5

Coefficients^{a 15}

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
SBNDs	-0.224	0.093	-0.059	-2.411	0.030
SIZE (LgAsset)	-0.039	0.014	-0.259	-2.586	0.041
AUDTYPE	0.261	0.140	0.354	1.860	0.071
PROFIT	-0.342	0.105	-0.064	-2.512	0.021
$R^2=0.267$, Adjusted $R^2= 0.194$, $F=3.643$, $Sig= 0.013^b$					

a. Dependent variable: Lg ARL

b. Predictors: SBND, SIZE(LgAsset), AUDTYPE, PROFIT.

¹⁵ Made by author

result of this study. As above mentioned reasons, the audit report lag issue is analyzed with four variables excluding the existence of an audit committee. On the following given tables could be shown the results of reanalyzing.

As it's obviously shown on the table 3.5, adjusted R^2 is 19.4 percent; base on pervious analysis indicator was 17.7 percent. The result of additional analysis shows there is no existence of an audit committee variable, the scope of adjusted R^2 models enlarged. As result, it is very positive result as expected. Comparing one more the significantly, the most important indicator is also very good result reaching from 0.026 to 0.013. As a result this shown the study becomes very strongly significant. The rest of variables' influence and significance to ARL are not changed (Table 3.5)

3.2. Prospects of development of the corporate governance and audit report timeliness of Uzbekistan listed companies

The formation of a national model of corporate governance depending on their economic and political position in the country's, and shares ownership structure, financing sources, as well as emerging financial relations, level of production and intervention in economic activities.

The work of the government structures and the evaluation of various models, each model has its own strengths and weaknesses are important to understand that. Each of these systems can also be effective if they either manage them with the same social, legal, cultural and socio-economic system in harmony with nature.

Main principles of corporate governance in Uzbekistan are stipulated in the Law «On joint-stock companies and protection of shareholders' rights». In addition, a number of Presidential decrees and Government resolutions have been adopted aiming to improve corporate governance in joint-stock companies.

In general, the main features of the development of a national model of corporate governance as necessary to show the following:

1. Redistribution of property of the corporation in a continuous process

2. Many insiders (managers and large shareholders) control of the corporation's assets and financial flows associated with specific motivation.

3. In corporate governance lack of the traditional external mechanical or an unusual role of (bankrupt securities market, the market for corporate control).

Corresponding to the various groups of participants in the areas of corporate relations, but they have different interests in other areas.

Subjects of Joint-stock companies related linked with the development of the technological and financial development. Positive changes in improving the system of corporate governance, the impact of corporations in strategic planning and management of their activities.

The national model of corporate governance to be an effective market economy, together with the rule of law, economic regulation of an effective system of state securities in the labor and goods markets, the opportunity for foreign investors to take profits out of the country and the currency conversion will be required.

In the future, the creation of such a corporate basis of the production process, to improve it in the future development of the economy express, used in the development of these practices is the main store in the world market.

During this period, the production of an independent not small business entities, but they are representing the largest financial and industrial structure at the corporate offices on the basis of work. Based on the relationship of social life in two directions:

- relations on the basis of socio-economic relations based on ownership;
- organizational and economic relationship based on mutual economic relations through the creation of agricultural production must be carried out methodical management of the proceedings.

In terms of the market economy and economic relations, corporate governance and economic management activities can be seen in the way.

Independent of the national economy and investment in the production of stable development of the economic crisis and the use of investment funds,

corporate governance major role. Corporations, institutional structures of society and the economy is a specific socio-economic and organizational structure.¹⁶

Corporate governance, the development of the forces of production, modern production technology entrepreneurship in market economy conditions are applied in optimal conditions. Therefore, the theoretical and methodological development of corporate governance should be present during the formation of the market economy.

Any innovation, corporate governance, including corporate governance, although there is a difference between the past, it was known in the past and controls adapted to the requirements of the market economy based on new feature development.

Formation of corporate management, development, integration, and this is certainly a positive impact on the company's financial activities. Including timely and quality reports. The above analysis (descriptive, correlation and regression) shows that the results of the study of the influence of corporate audit report of the supervisory board of the rule as it significance, then further elaborated monitoring of the code of corporate governance is important to give special attention to the large number of members. In addition, the audit committee is one of the most important factors of corporate governance to improve the availability and quality of work is of practical importance. This committee has been established as required by law in the country, so we have effective and practical work in this direction

Locally in a market, which is, now a broad spectrum of the world, the assets of the enterprise is growing from year to year. This, as mentioned above, is the largest in the company 's internal control effectiveness will be higher as a strong financial reports and annual reports will help you out. Therefore, together with the reports of international standards, the decoding is one of today's pressing issues. Because local audit company, the adequacy of the preparation of

¹⁶ Karimov I.A. "The global financial and economic crisis, ways and measures to overcome it in the conditions of Uzbekistan". – T.: Uzbekistan, 2009

international standards, the report is still insufficiency but the international audit firms (Big 4) came into the market in the developing countries. 45 analysis, only about 31% of the company, including the service of these four companies. However, when we analyze all the companies with reduced this figure to approximately 4-5 times. Therefore, the results of our regression analysis shows that this factor insignificantly associated with ARL.

Companies in Uzbekistan since the level of profitability is growing, and it is reflected in the review of the above Descriptive analysis.

Thus financial reports to the terms of the above factors is the direct reduction. In addition, factors are not covered by in this study, and it is necessary to examine the impact of the ARL.

Conclusion chapter III

The main objective of this chapter was to present the results of the extent of publishing delay in Uzbekistan and investigate whether the delay is associated with seven company specific characteristics (supervisory board and existence of an audit committee, company size, type of auditor, firm performance). The results of the descriptive statistics showed that the mean publishing delay is 92 days. It was suggested that the publishing delay was average compared to the audit delay reported in other countries.

From the correlation matrix as shown, SBNDs is the only variable which significantly ($p < 0.01$) affects LgARL. As expected, the negative sign indicates shorter delay for companies receiving other than executive and non executive directors. Some of the explanatory variables have correlation with each others, for example, SIZE (lgAsset) and AUDTYPE which has correlation coefficients of 0.597. Both variables should be positively related to each other in most situations. That is, as any company possesses the more total assets, it is high likely to be audited by the Big 4 audit companies.

Finally, the regression results also showed that there are two independent variables and three control variables tested under this study to determine

whether these variables influence audit report lag to be increase. Based on the result of this study, it can be concluded that there three variables are a significant influence on audit report to be delay.

Conclusion

Dynamically developing economic reforms undertaken by the President of the Republic is very positive that we can know the exact model based on the results of the analysis above

This study provides empirical evidence relating to the ARL of companies listed on the UZSE in the year 2013, through identifying the impact of CG characteristics on ARL. The analysis of sample companies listed on UZSE shows that the mean of ARL is 92 days. The ARL for each of the 45 listed sample companies ranged from a minimum interval of 34 days to a maximum interval of 171 days and Uzbekistan listed companies take approximately three months on average.

It shows that our audit reports timeliness measurements, same with even in the most developed countries United States and Russia.

Therefore, it is very important for company to issue audit report as soon as they can with more than three months as required by the Uzbekistan Stock Exchange Market (UZSEM). Listed companies requested by UZSE and other regulatory bodies to publish their audited accounts within a specified period after the end of their accounting year. Although in Uzbekistan, listed company need to submit their audited financial statement more than three months as required by requirement, however, some companies still unable to adhere with that requirement. It can be seen from this study where maximum days taken by some companies to complete audited annual report are 171 days which exceed 3 months (90 days) required.

There are 2 independent variables and 3 control variables tested under this study to determine whether these variables influence audit report lag to be increase. Based on the result of this study, it can be concluded that there three variables are a significant influence on audit report to be delay.

The results indicate that corporate governance characteristics variable - supervisory board (H1) significantly affect ARL. But existence of an audit committee (H2) was found not to be significantly associated with ARL. Also,

two control variables significantly affected ARL (the company size (H3) and firm performance (H5)), but type of auditors (H4) was found not to be significantly associated with ARL.

Summary of this study can be seen on Table 4 below.

Table 4

Summary of the Results (in alternative form)¹⁷

Hypotheses	Results
H1: Supervisor Board companies take significantly less time to complete the audit of financial statements	Supported
H2: Existence of an audit committee companies take significantly more time to complete the audit of financial statements	Not Supported
H3: Auditors of bigger companies take significantly less time to complete the audit of financial statements	Supported
H4: Big Four(BIG4) auditors take significantly more time to complete the audit of financial statements	Not Supported
H5: Auditors of profitable companies take significantly less time to complete the audit of financial statements	Supported

After existence of audit committee variable are dropped, we can observe the positive changing of the analysis`'s result. Therefore, it is seen that adjusted R² increases significantly. Also, in this study the main reason of the failing hypothesis H4 is that for holding qualitatively work of the Big Four Audit Companies takes long time to check their reports compared to usual.

Scope and Limitations of the Study

¹⁷ Made by author

This study has been conducted with several limitations such as:

1. Owing to a lack of data on CG characteristics, the study employed only proportion of supervisory of the board, and existence of an audit committee to measure CG practices in publicly listed firms.

2. The findings of this study may be generalized after taking into consideration certain limitations. This study will consider the annual reports for a single year. Further research can be undertaken to measure audit lag longitudinally to determine whether the trend of audit lag has improved over time.

3. Although the sample companies from Uzbekistan is reasonable, further research can be undertaken with a larger sample. This might be useful with respect to the stability of the regression equation.

4. Like most prior studies (Ashton et al., 1989; Ahmed, 2003; Lee et al., 2008), the current research also adopts a single mechanism focus in that it investigates the time taken to release annual corporate reports. Other timely information sources such as public announcements of earnings and publication of web-based annual reports are not considered. In recent years, some large firms in Uzbekistan have begun public announcements of earnings and releasing abbreviated web-based annual reports prior to holding the annual general meeting.

The above mentioned limitations have narrowed down the scope of the research and hopefully, the output result could be useful.

Recommendation for Future Research

1. To improve the predictive model of ARL, further research should include additional corporate governance variables. For example, such corporate governance variables may include the, ownership concentration, duality of CEO, family ownership, managerial ownership, effectiveness of audit committee, the role of internal audit in supporting external auditing, and foreign listing.

2. Future studies could concentrate on the relationship between CG quality and ARL; through develop an instrument to compute a CG index that could be applied for all publicly listed firms in USM.

3. Further research could concentrate on boards of directors' and audit committees' influence on ARL over a longer period. Other measures of these variables could also be developed, such as their experiences and their activities.

4. Further research could concentrate on the impact of ownership structure on ARL.

5. Future studies couldn't use existence of audit committee in Uzbekistan listed companies.

I think, to develop a code of corporate governance to be adopted soon, even better than if will take consideration the above analysis and proposals. In particular, the role of the Supervisory Board and their number increases again, the functions of the audit committee identified with the international corporate governance functions of audit committees, the quality of local audit companies improve the quality of international audit work, studying international experience, international audit standards and international standards for financial reporting to improve their skills, enhancing the role of the International Big-4 audit organizations and their local organizations linked to the relations between the use of their experience. Consequently, the country created the modern model of corporate governance, it will be the role and increasing foreign interest and confidence in our partners, will invest even larger. This, in itself, increase the country's social and economic potential, increases the welfare of the population, the increase in the global ranking of the country.

List of References

I. The Laws of the Republic of Uzbekistan

1. The Constitution of the Republic of Uzbekistan “Uzbekistan” T; 2011
2. The Law of the Republic of Uzbekistan on “Accounting” of August 30 , 1996
3. The Law of the Republic of Uzbekistan on “Auditing Activity” of May 26, 2000
4. The Law of the Republic of Uzbekistan on “Stock Holding Companies and Protection of Rights of Stockholders” of May 6, 2014

II. The Decrees and Resolutions of the President of Uzbekistan I.

Karimov and the Cabinet of Ministers

5. The Resolution of the President of Uzbekistan of April 4, 2007, no.PP-615 “On Measures for the Further Changing and Development of the Auditing Activity”
6. The Resolution of the President of Uzbekistan of April 10, 2007, no.PP-618 “On Measures for the Further Changing and Development of the Corporate Governance in Join Stock Companies”
7. The Decree PP-4720 of the President of Uzbekistan “On activities directed at establishing modern corporate governance methods in joint-stock companies” from April 24, 2015

III. The Decrees of Cabinet of Ministers and other normative- legal documents

8. The Decree 365 of the Cabinet of Ministers of September 22, 2000, "Improve the activity of Auditing and implementation of the significance of auditing conduct"
9. The Decree 215 of the Cabinet of Ministers of October 16, 2006, “On measures the effective management of the state share in charter capital of companies and to provide the necessary level of state property is taken into consideration"

10. The Decree 176 of the Cabinet of Ministers of July 2, 2014, "On Measures for Further Development of the of the Corporate Governance in Join Stock Companies"

11. National Accounting Standards of Uzbekistan and review it: NAS-1 "Accounting policy and financial report" -T., 1999

12. The Command 140 of Ministry of Finance of December 27, 2002, " Forms of financial reports and filling rights of it"

IV. Works of the President of the Republic of Uzbekistan

13. Karimov I.A. "The global financial-economic crisis, ways and measures to overcome it in the conditions of Uzbekistan" Uzbekistan. T: 2009

14. Karimov I. A. "Uzbekistan on the threshold of the 21st century: Threat of Security Condition and Guarantee of Progress" Uzbekistan. T.:2000.

15. Karimov I. A. "In 2015, the implementation of major structural changes in the economy, and to continue the process of modernization and diversification of private property and private business opportunities at the expense of - the priority task".-T., "Halq So'zi", January 18, 2015

V. Textbooks and Educational books

16. Abdulla, J.Y.A. (1996). The timeliness of Bahraini annual reports. *Advances in International Accounting*, 9.

17. Afify, H. A. E. (2009). Determinants of audit report lag: Does implementing corporate governance have any impact? Empirical evidence from Egypt. *Journal of Applied Accounting Research*, 10(1), 56-86.

18. Ahmad-Zaluki, N. A. and Wan-Hussin, W. N. (2010). Corporate governance and earnings forecasts accuracy. *Asian Review of Accounting*, 18(1), 50-67.

19. Ashton, R. H., Graul, P. R. & Newton, J. D. (1989), Audit delay and the timeliness of corporate reporting, *Contemporary Accounting Research*, Vol. 5, No. 2.

20. Bamber, E.M., Bamber, L.S. and Schoderbek, M.P. (1993). Audit structure and other determinants of audit report lag: an empirical analysis. *Auditing: A Journal of Practice and Theory*, 12 (1).
21. Beaver, W.H. (1968). The information content of annual earnings announcements, empirical research in accounting: selected studies. *Journal of Accounting Research*, 6.
22. Bédard J. and Gendron, Y. (2010). Strengthening the financial reporting systems: Can audit committees deliver? *International Journal of Auditing*, 14(2), 1-37.
23. Carslaw, C.A. and Kaplan, S.E. (1991). An examination of audit delay: further evidence from New Zealand. *Accounting and Business Research*, (Winter).
24. Chambers, A.E. and Penman, S.H. (1984). Timeliness of reporting and stock price reaction to earnings announcements. *Journal of Accounting Research*, 22.
25. Curtis, J. K. (1976), Relations between timeliness of corporate reporting and corporate attributes *Accounting and Business Research*, Vol. 6, No. 25.
26. Davies, B. & Whittred, G. P. (1980), The association between selected corporate attributes and timeliness in corporate reporting: further analysis, *Abacus*.
27. Dimitropoulos, P. E. and Asteriou, D. (2010). The effect of board composition on the informativeness and quality of annual earnings: Empirical evidence from Greece. *Research in International Business and Finance*, 24(2), 773-784.
28. Dopuch, N., Holthausen, R. and Leftwich, R. (1986). 'Abnormal risk stock returns associated with media disclosures of "subject to" qualified audit opinions'. *Journal of Accounting and Economics* (June).
29. Dyer IV, J.C. and McHugh, A.J. (1975). The timeliness of the Australian annual report. *Journal of Accounting Research*, (Autumn).

30. Enrique Bonsón-Ponte, Toms Escobar-Rodríguez & Cinta Borrero-Domínguez, Empirical Analysis of Delays in the Signing of Audit Reports in Spain, 12 INT'L J. AUDITING 129-140 (2008).
31. Field, L. and Wilkins, M. (1991). 'The information content of withdrawn audit qualifications: new evidence on the value of "subject to" opinions'. *Auditing: A Journal of Practice and Theory* (Fall).
32. Givoly, D. & Palmon, D. (1982), Timeliness of annual earnings announcements: some empirical evidence, *The Accounting Review*, Vol. 57, No. 3.
33. Henderson, B. C. & Kaplan, S. E. (2000), An examination of audit report lag for banks: a panel data approach, *Auditing: A Journal of Practice and Theory*, Vol. 19, No. 2.
34. Hossain, M. A. & Taylor, P. (1998), An examination of audit delay: evidence from Pakistan, Working Paper, University of Manchester.
35. Jaggi, B., & Tsui, J. (1999). Determinants of Audit Report Lag: Further Evidence from Hong Kong. *Accounting and Business Research*, Vol. 30 No. 1.
36. Jaggi, B., Leung, S. and Gul, F. (2009). Family control, board independence and earnings management: Evidence based on Hong Kong firms. *Journal of Accounting and Public Policy*, 28(4), 281-300
37. Johnson, L. E. (1998), Further evidence on the determinants of local government audit delay, *Journal of Public Budgeting, Accounting and Financial Management*, Vol. 10, No. 3.
38. Kinney, W. R. & McDaniel, L. S. (1993), Audit delay for firms correcting quarterly earnings, *Auditing: A Journal of Practice & Theory*, Vol. 12, No. 2, pp. 135– 142.
39. Knechel, R. W. & Payne, J. L. (2001), Additional evidence on audit report lag, *Auditing: A Journal of Practice and Theory*, Vol. 20, No. 1.
40. Kross, W. and Schroeder, D.A. (1984). An empirical investigation of the effect of quarterly earnings announcement timing on stock returns. *Journal of Accounting Research*, 22 (1).

41. Laksmana, I. (2008). Corporate board governance and voluntary disclosure of executive compensation practices. *Contemporary Accounting Research*, 25(4), 1147-1182.
42. Leventis, S., Weetman, P., & Caramanis, C. (2005). Determinants of Audit Report Lag: Some Evidence from the Athens Stock Exchange. *International Journal of Auditing*, 9.
43. Li, J., Pike, R. and Haniffa, R. (2008). Intellectual capital disclosure and corporate governance structure in UK. *Accounting and Business Research*, 38(2), 136-159.
44. Loudder, M., Khurana, I., Sawyers, R., Cordery, C, Johnson, C, Lowe, J. and Wunderle, R. (1992). 'The information content of audit qualifications'. *Auditing: A Journal of Practice and Theory* (Spring).
45. Newton, J. D. & Ashton, R. H. (1989), The association between audit technology and audit delay, *Auditing: A Journal of Practice and Theory*, Vol. 8 Supplement.
46. Ng, P. H. and Tai, Y. K. (1994). 'An empirical examination of the determinants of audit delay in Hong Kong'. *British Accounting Review*, 26.
47. OECD, white paper on corporate governance in Russia (2002).
48. OECD, OECD Principles of Corporate Governance (1999).
49. OECD, improving transparency of related party transactions in Russia (2005).
50. Owusu-Ansah, S. (2000), Timeliness of corporate financial reporting in emerging capital markets: empirical evidence from the Zimbabwe Stock Exchange, *Accounting and Business Research*, Vol. 30, No. 3.
51. Raja Adzrin Raja Ahmad & Khairul Anuar Kamarudin, Audit Delay and the Timeliness of Corporate Reporting: Malaysian Evidence, MARA University of Technology, Shah Alam, WORKING PAPER, 2003.
52. Robert W. McGee, Timeliness of financial reporting in the Russian energy sector, Andreas School of Business, working paper series, Barry University, MIAMI shores, fl 33161 USA, April 2006

53. Robert W. McGee ed., Olga Lazareva, Andrei Rachinsky & Sergey Stepanov, A Survey of Corporate Governance in Russia, in *Corporate Governance in Transition Economies* 315-349, 2008
54. Schwartz, K. B. & Soo, B. S. (1996), The association between auditor changes and reporting lags, *Contemporary Accounting Research*, Vol. 13, No.5
55. Schwartz, K. B. & Soo, B. S. (1996), The association between auditor changes and reporting lags, *Contemporary Accounting Research*, Vol. 13, No.2
56. SEC (2002), Final Rule: Acceleration of periodic report filing dates and disclosure concerning website access to reports. Release 33-6128. Sekaran, U. (2003) *Research Methods for Business: A Skill Building Approach*, Fourth Edition.
57. Soltani, B. (2002), Timeliness of corporate and audit reports: Some empirical evidence in the French context, *The International Journal of Accounting*, Vol. 37.
58. Standard & Poor's, *Country Governance Study: Corporate Governance Infrastructure in Russia: The Lack of Rule of Law Is the Major Obstacle to Improvement* (2004).
59. Tolipov K. " Background of Formation of a Corporate Governance System at the Enterprises and the Perspectives of Its Development in Uzbekistan", *Upravleniye Predpriyatiem (Enterprise Management)*, No.1(2007)
60. Uljabaev K. (2004)" Corporate Governance in Uzbekistan: Problems and Solutions", *Proceedings of scientific and practical conference "Corporate Governance: Formation and Development in Conditions of Demonopolisation"*, Tashkent
61. Vohidov M. (2004) "Development of Corporate Governance in the Republic of Uzbekistan", *Social Sciences of Uzbekistan*, No.4
62. Walker, K. B. & Johnson, E. N. (1996), A review synthesis of research on supplier concentration, quality and fee structure in non-U.S. market for auditor services, *The International Journal of Accounting*, Vol. 31, No. 1.

63. Whittred, G.P.(1980). The timeliness of the Australian annual report: 1972-1977. Journal of Accounting Research, 18.

VI. Internet sites

64. www.lex.uz

65. www.mf.uz

66. www.iaisweb.org

67. www.cbu.uz

68. www.uzreport.uz

69. www.edu.uz

70. www.nationmaster.com

71. www.uzse.uz

72. www.iasplus.com