Is Timeliness of Corporate Financial Reporting Related to Accounting Variables? Evidence From Istanbul Stock Exchange

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Abstract

Financial reports are intended to meet the needs of decision makers. Accordingly, timeliness is identified as one of the characteristics of information in financial reporting. To accomplish this objective, financial reports must be available on time to inform decision making. Therefore, financial reports should be published as soon as possible after the end of the accounting period. The usefulness of financial statements is impaired if they are not made available to users within a reasonable period after the reporting date. A company should be in a position to issue its financial statements timely. Ongoing factors such as the complexity of an entity's operations are not sufficient reason for failing to report on a timely basis. More specific deadlines are dealt with by legislation and regulations in many jurisdictions. Because of the fact that the timing of corporate disclosures and the variables associated with this issue have attracted the attention of a number of researchers in recent years. This study examines the relationship between the the timeliness of corporate financial reporting and accounting and auditing related variables of listed non financial companies in Istanbul Stock Exchange for the year 2009 by using chi-square analysis for both consolidated and seperate audited financial statements. The results reveal that, for seperate audited financial statements timeliness of the financial statements are related with the sign of net income, sign of ROA, current ratio and the audit opinion, for consolidated audited financial statements, timeliness of the financial statements are related with the sign of total equity/ total assets and cash flow from operations/interest expense.

Key Words: Timeliness, financial reporting, Turkey, accounting variables, chi-square analysis

1.Introduction

Financial statements are a structured representation of the financial position and financial performance of an entity. The objective of financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. Financial statements also show the results of the management's stewardship of the resources entrusted to it (IAS 1). With the increasing complexity of business operations and the growth of the investment community, investors are making greater demands for more relevant and more timely information. The usefulness of published corporate reports depends on their accuracy and their timeliness. Timeliness as one of the qualitative attributes or characteristics of useful information or relevant disclosure has been first considered by the American Accounting Association (AAA, 1954 and 1957). The conceptual framework of financial reporting of accounting standard setters worldwide (e.g. the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB)) recognizes timeliness as one of the characteristics which determines the relevance of accounting information. Users need timely information to enable them make apromptly review to decide whether tocommit or continue to commit their capital in a company. Delays in disclosing timely information on the preparers' part would result in greater market inefficiency. (Ismail & Chandler, 2004)

Regulatory agencies around the world have set statutory maximum time limits within which public companies are required to issue audited financial statements to shareholders and other external users and file them with concerned regulatory bodies. Turkey, Capital Markets Board (CMB) was published “Communiqué on the Principles of Financial Reporting in Capital Markets, Serial: XI, No: 29” in 2008. The purpose of this Communiqué is to determine the rules, procedures, and principles regarding the financial reports to be drawn up by enterprises in order to ensure that sufficient and accurate information are disclosed to the public on a timely basis as well as prepared and submitted to the relevant authorities. According to this Communiqué, companies shall submit their annual financial reports and the related independent audit reports to the Board and the stock exchange,

a) Within ten weeks following the end of the accounting period where there is no obligation to prepare consolidated financial statements.

b) Within fourteen weeks following the end of the accounting period where there is an obligation to prepare consolidated financial statements.

This paper empirically examines the relationship between timing of financial reporting and several company financial and auditing related characteristics in a developing country, Turkey.

This paper is organized as follows. In the next section, a review of the literature will be presented. Section 3 explains the data (variables employed), research design and methodology while the results are presented in Section 4. Finally, Section 5 gives the conclusion.

2. Literature Review

Several studies on the timeliness of corporate reporting have been undertaken in various countries. Givoly & Palmon (1982) find an improvement in the timeliness of annual reports of 210 companies listed on the New York Stock Exchange (NYSE) over a period of 15 years from 1960 to 1974. They focus on the abbreviated audited annual reports published in the earnings digest of *The Wall Street Journal* ahead of the full annual report. Corporate size and complexity of operations are used to explain timeliness. Reporting delays appear to be more closely associated to industry patterns and traditions rather than to the company attributes studied. It is however, found that bad news tend to be delayed and that the degree of market reaction to early and late announcements is differential. Late announcements appear to convey less new information than earlier reports. They report that time lags decreased over time. Sales as a proxy of size is found to be negatively related to the timeliness of annual reports.

Abdulla (1996) provides empirical evidence on the attribute of the timeliness annual reports of 26 Bahraini companies. He examines the association between time lag and a set of five determinants. The results show a significant negative relationship between timeliness of publication and firm’s profitability, size, and distributed dividends. However, the relationship between timeliness and industry membership is found to be insignificant and the coefficient of the debt-equity ratio variable, those significant did not have the expected sign.

Owusu-Ansah (2000) reports on the results of an empirical investigation of the timeliness of annual reporting by 47 non-financial companies listed on the Zimbabwe Stock Exchange and the factors that affect timely reporting by these companies. The results of a descriptive analysis indicate that 98% of the companies in the sample reported promptly to the public. A two-stage least squares regression identifies company size, profitability and company age as statistically significant explanators of the differences in the timeliness of annual reports issued by the sample companies. Furthermore, the empirical data indicate that audit reporting lead time is significantly associated with the timeliness with which sample companies release their preliminary annual earnings announcement, but not with the timeliness of their audited annual reports.

Ahmad (2003) investigates the timeliness of corporate annual reporting in three South Asian countries, namely, Bangladesh, India and Pakistan. Based on a large sample of 558 annual reports for the year 1998, it is found that around 90 % of the companies’ balance sheet end date falls in June and December in Bangladesh, March in India, and June and September in Pakistan. A multivariate regression analysis indicates that financial year-end date is a significant determinant in each country. The size of the audit firm, as measured by the factor loading of audit fees, number of reporting entity audited by an audit firm and international linkage, indicates large audit firms take significantly less time in India and Pakistan. Profitability and corporate size are significant determinants only in Pakistan.

There is no statistical evidence to support monitoring hypothesis, as proxied by Zmijeski's financial condition index. The second stage regression results suggests that only audit lag is significantly associated with the time taken by companies to submit their annual reports to the Stock Exchange and to hold the annual general meeting in each country. The results suggest that timeliness can be improved by reducing the delays in verifying the year-end accounts.

Ismail & Chandler (2004) examines the timeliness of quarterly financial reports published by companies listed on the Kuala Lumpur Stock Exchange (KLSE). In addition, their study extends prior research by determining the association between timeliness and each of the following company attributes – size, profitability, growth and capital structure. An analysis of 117 quarterly reports ended on 30 September 2001 reveals that all, except one company reported within an allowable reporting lag of two months. However, a large number of companies were making the most of the time given to announce their quarterly reports. The study also provides evidence that there is a significant association between timeliness and each of the four company attributes, and the association is in the hypothesised direction.

Owusu-Ansah & Leventis (2006) reports on the results of an empirical investigation of the factors that affect timely annual financial reporting practices by 95 non-financial, group companies listed on the Athens Stock Exchange. The analysis indicates that 92% of the companies reported early (relative to the 161-day regulatory deadline), 3% reported on the 161st day and 5% reported late. A multivariate regression analysis suggests that large companies, service companies and companies audited by the former Big-5 audit firms have shorter final reporting lead-time. Our tests provide strong empirical evidence to suggest, however, that companies in the construction sector, companies whose audit reports were qualified and companies that had a greater proportion of their equity shares directly and indirectly held by insiders do not promptly release their audited financial statements.

Conover, Miller, & Szakmary (2008) examine financial reporting lags, the incidence of late filing, and the relationship between reporting lags, firm performance and the degree of capital market scrutiny. They use a large sample of firms spanning 22 countries over a eleven-year period. A focal point of our analysis is whether the incidence of late filing, and the relations between reporting days and other variables differ systematically between common and code law countries. Relative to U.S. firms, they report that the time taken and allowed for filing is usually longer in other countries and that the statutory requirement is more frequently violated. Timely filing is found to be less frequent in code law countries. Poor firm performance and longer reporting lags are more strongly linked in common law countries. They also find that whereas greater capital market scrutiny and more timely filing are related, there is less support for a relationship between the level of debt financing and timely filing in code law countries.

McGee & Yuan (2011) compare the timeliness of financial reporting in Republic of China, United States and European Union (EU). Their study also compares timeliness data on the basis of audit firm to determine whether companies audited by one of the Big-4 firms are more timely in their financial reporting. Results indicate that Chinese companies took significantly longer time to report financial results than either the EU or US companies. EU companies took significantly longer time to report financial results than US companies. Companies that are not timely in their financial reporting practices find it more difficult to attract capital. Their corporate governance practices are also seen less than ideal, which has a negative effect on a company's reputation within the financial community. Thus, Chinese companies that are slow in reporting their financial results may suffer negative consequences in terms of reputation and ability to raise capital.

3. Data & Research Design

In this section, in order to test the the relationship between the timeliness and variables, sample size, data, research design and methodology of the study are explained.

3.1. Sample Size

This paper examines the relationship between the timeliness of corporate financial reporting between the accounting variables. Our sample consists of 178 manufacturing companies listed in Istanbul Stock Exchange (ISE) as of December, 31st, 2009. Financial institutions are excluded because their financial statements have different aspects and also these companies are subject to special regulations.

Since there are different reporting obligations relating to timeliness for separate and consolidated financial statements, in this study both seperate audited and consolidated audited financial reports of manufacturing companies listed on Istanbul Stock Exchange were examined for the year 2009. Financial statements of 178 companies, 111 consolidated audited and 67 seperate audited, are gathered as of December, 31st, 2009. The distribution of the financial statements can be seen in Table 1.

Table 1 : Number of Financial Statements

	Number	**Percentage**
Consolidated Audited Financial Statements	**111**	**% 62**
Seperate Audited Financial Statements	**67**	**% 38**
Total	**178**	**%100**

In Turkey, the Istanbul Stock Exchange (ISE) allows companies to issue the yearly financial reports within 10 weeks following the end of the accounting period where there is no obligation to prepare consolidated audited financial statements and within 14 weeks following the end of the accounting period where there is obligation to prepare consolidated audited financial statements. According to regulations, for the year 2009, the deadline for issuing financial statements for companies which prepare consolidated audited financial statements is April, 9th ,2010 [99 days after the accounting period (December ,31st, 2009)] and March, 12th, 2010 [71 days after the accounting period for companies which prepare separate audited financial statements. Consequently consolidated financial statements must not be published later than 99 days and separate financial statements must not be published later than 71 days after financial year end. Since there are two different regulations for seperate and consolidated financial statements, the model is tested for two groups seperately. In this study, timeliness is defined as the number of days between publication the date of financial statements and the last date for publication of financial statements which is determined by ISE (99 days for the consolidated financial statements and 71 days for the seperate financial statements).

Timeliness = Publication date of financial statements – 99 days (for consolidated audited financial statements)

Timeliness = Publication date of financial statements – 71 days (for seperate audited financial statements)

After examining the publication dates of the financial statements and calculating timeliness as stated above, timeliness of publication financial statements are divided into 3 categories as shown in Table 2 and Table 3.

Table 2 : The Distrubition of Categories of Seperate Audited Financial Statements

Category	**mber of Companies**	**:centage**	**neliness**	
1	12	18 %	20-39 days	**Max: 39 days**
2	15	22 %	4-19 days	
3	40	60 %	0-3 days	**Min: 0 days**
TOTAL	**67**	100 %		**Mean: 7 days**

As shown in Table 2, 18 percent of the companies published its financial statements 20-39 days earlier (the earliest group) with the maximum timeliness being 39 days early than the last date which is determined by ISE. About 22 percent of the companies published its financial statements 4-19 days earlier (early group) than the last date for publication of financial statements. And finally about 60 percent of the companies published its financial statements 0-3 days earlier (on time group) than the deadline of the publication with the minimum timeliness being 0 days, which means a company released its financial statements exactly on the March, 12th , 2010 (71 days after the financial year-end. It can be also seen from table the average timeliness for these companies is 7 days. It can be said that these companies publishes its financial statements 7 days before March, 12th , 2010 on avarage.

Table 3 : The Distrubition of Categories of Consolidated Audited Financial Statements

Category	mber of Companies	rcentage	neliness	
1	28	25 %	30-60 days	**Max: 60 days**
2	31	28 %	8-29 days	
3	52	47 %	0-7 days	**Min: 0 days**
TOTAL	**111**	100 %		**Mean: 16 days**

As shown in Table 3, 25 percent of the companies published its financial statements 30-60 days earlier (the earliest group) with the maximum timeliness being 60 days early than the last date which is determined by ISE. About % 28 percent of the companies published its financial statements 8-29 days earlier (early group) than the last date for publication of financial statements. And finally about %47 of the companies published its financial statements 0-7 days earlier (on time group) than the deadline of the publication with the minimum timeliness being 0 days, which means a company released its financial statements exactly on the April, 9th , 2010. It can be also seen from table the average timeliness for these companies is 7 days. It can be said that these companies publishes its financial statements 16 days before April, 9th, 2010 on avarage.

3.2. Data

The data for each of the 178 companies were taken from Istanbul Stock Exchange Public Disclosure Platform (PDP). It is an electronic system through which electronically signed notifications required by the capital markets and ISE regulations are publicly disclosed. Within the framework of Capital Markets Board of Turkey's (CMB) "Communiqué Regarding Principles of Submitting Electronically Signed Information, Documents and Notifications to the Public Disclosure Platform", all information and documents to be publicly disclosed must be sent to the PDP. (http://www.kap.gov.tr/yay/English/ek/KapHakkinda.aspx . Data collected for eleven variables which are suggested to be important are displayed in Table 4.

Table 4 : Definitions of Variables

Timeliness	**:** The number of days between publication the date of financial statements and the last date for publication of financial statements which is determined by ISE. It is coded as 1,2,3.
Total Equity / Total Assets	**:** Set equal to 1 if the company has a positive ratio, otherwise 0
Sign	**:** Sign of Net Income of Company, set equal to 1 if firm declares profit, otherwise 0
ROA	**:** Return on Asset, Earnings Before Interest and Tax divided by Total Assets, set equal to 1 if firm has a positive ROA, otherwise 0
ROE	**:** Return on Equity, Earnings Before Tax divided by Total Equity set equal to 1 if firm has a positive ROE, otherwise 0
CA_CL	**:** Current Ratio; Current Assets divided by Current Liabilities, set equal to 1 if firm has current ratio greater than 1, otherwise 0
CFFO _I	**:** Cash Flow From Operations divided by Interest Expense, set equal to 1 if firm has positive ratio, otherwise 0
ISE 100	**:** set equal to 1 if the company is listed on ISE 100 index, otherwise 0
BIG 4	**:**1 If a BIG 4 is the audit firm, and otherwise 0 (Big 4 Audit Companies: PricewaterhouseCoopers, Deloitte Touche Tohmatsu, Ernst &Young, KPMG)
OPINION	**:** set equal to 1 if the audit opinion of the company is unqualified, otherwise 0
GROWTH	: Growth rate of total assets of the company, set equal to 1 if it is positive, otherwise 0

3.3.Research Design

The following research questions (RQ) are examined in this paper.

RQ1: Is there a relationship between the sign of TE/TA Ratio and timeliness?

RQ2: Is there a relationship between the sign of the net income of the company and timeliness?

RQ3: Is there a relationship between the sign of ROA of the firm and timeliness?

RQ4: Is there a relationship between the sign of ROE of the firm and timeliness?

RQ5: Is there a relationship between current ratio of the firm and timeliness?

RQ6: Is there a relationship between the sign of CFFO/ I ratio of the firm and timeliness?

RQ7: Is there a relationship between being listed on ISE 100 and timeliness?

RQ8: Is there a relationship between the type of audit firm (Big 4) and timeliness?

RQ9: Is there a relationship between type of audit opinion and timeliness?

RQ10: Is there a relationship between growth of total assets of the company and timeliness?

3.4. Methodology

Chi-square test is used to test the relationship between the timeliness and variables mentioned in Table 4. The analysis is conducted by SPSS 17. When analysis of categorical data is concerned with more than one variable, two-way tables (also known as *contingency tables*) are employed. These tables provide a foundation for statistical inference, where statistical tests question the relationship between the variables on the basis of the data observed. Contingence tables are prepared for each relationship. For a contingency table that has *r* rows and *c* columns, the chi-square test can be thought of as a test of independence. In a test of independence the null and alternative hypotheses are:

H_o: The two categorical variables are independent.

H_1: The two categorical variables are dependent.

For each research question the following hypotheses are formed and tested.

1. H_o : TE/TA and timeliness are independent.
2. H_o : The sign of the net income of the company and timeliness are independent.
3. H_o : The sign of ROA of the firm and timeliness are independent.
4. H_o : The sign of ROE of the firm and timeliness are independent.
5. H_o : Current ratio of the firm and timeliness are independent.
6. H_o : The sign of CFFO/ I ratio of the firm and timeliness are independent.
7. H_o : Being listed on ISE 100 and timeliness are independent.
8. H_o : The type of audit firm (Big 4) and timeliness are independent.
9. H_o : Type of audit opinion and timeliness are independent.
10. H_o : Growth of total assets of the company and timeliness are independent.

The chi-square test results are given in emprical findings section.

4.Emprical Findings

Chi-square *(X^2)* test is a nonparametric statistical test to determine if the two or more classifications of the samples are independent or not. Chi-square test for independence to determine whether there is a significant relationship between two categorical variables for the manufacturing companies listed in ISE. The results of the test are displayed in Table 5 for separete audited and in Table 6 for consolidated audited firms.

In statistical significance testing, the asymtotic significance is the probability of obtaining a test statistic at least as extreme as the one that was actually observed, assuming that the null hypothesis is true.

One often "rejects the null hypothesis" when the asymtotic significance is less than the significance level α, which is often 0.10, 0.05 or 0.01. When the null hypothesis is rejected, it can be concluded that there is a relationship between the variable and the timeliness.

***Table 5: Contingency Tables and Chi-Square Test Resuts for Seperate Audited Financial* Statement**

Seperate Audited Financial Statements

	Pearson Chi-Square = 4,561		**Asymp. Sig. (2-sided) = 0,102**
	Total Equity / Total Assets		
Timeliness Code	**0**	**1**	**Total**
1	5	7	12
2	5	10	15
3	6	34	40
Total	**16**	**61**	**67**

	Pearson Chi-Square = 5,186		**Asymp. Sig. (2-sided) = 0,075**
	Sign of Net Income		
Timeliness Code	**0**	**1**	**Total**
1	5	7	12
2	6	9	15
3	22	18	40
Total	**33**	**34**	**67**

	Pearson Chi-Square = 4,687		**Asymp. Sig. (2-sided) =0,096**
	Sign of ROA		
Timeliness Code	**0**	**1**	**Total**
1	5	7	12
2	6	9	15
3	17	23	40
Total	**28**	**39**	**67**

	Test of Chi-Square = 2,332		**Asymp. Sig. (2-sided) = 0,312**
	Sign of ROE		
Timeliness Code	**0**	**1**	**Total**
1	5	7	12
2	5	10	15
3	17	23	40
Total	**27**	**40**	**67**

	Test of Chi-Square = 9,257		**Asymp. Sig. (2-sided) = 0,01**
	Current Ratio		
Timeliness Code	**0**	**1**	**Total**
1	6	6	12
2	5	10	15
3	14	26	40
Total	**25**	**42**	**67**

Table 5: Contingency Tables and Chi-Square Test Resuts for Seperate Audited Financial Statement (Continued)

	Test of Chi-Square = 1,425		Asymp. Sig. (2-sided) = 0,491
	Sign of CFFO/I Ratio		
Timeliness Code	0	1	Total
1	5	7	12
2	5	10	15
3	13	27	40
Total	23	44	67

	Test of Chi-Square = 3,843		Asymp. Sig. (2-sided) = 0,416
	ISE 100		
Timeliness Code	0	1	Total
1	7	5	12
2	10	5	15
3	35	5	40
Total	52	15	67

	Test of Chi-Square = 3,453		Asymp. Sig. (2-sided) = 0,146
	BIG 4		
Timeliness Code	0	1	Total
1	5	7	12
2	10	5	15
3	23	17	40
Total	38	29	67

	Test of Chi-Square = 8,266		Asymp. Sig. (2-sided) = 0,016
	OPINION		
Timeliness Code	0	1	Total
1	5	7	12
2	5	10	15
3	13	27	40
Total	23	44	67

	Test of Chi-Square = 0,296		Asymp. Sig. (2-sided) = 0,862
	GROWTH		
Timeliness Code	0	1	Total
1	6	6	12
2	6	9	15
3	17	23	40
Total	29	38	67

Table 6: Contingency Tables and Chi-Square Test Resuts for Consolidated Audited Financial Statements

Consolidated Audited Financial Statements

	Test of Chi-Square = 8,477		Asymp. Sig. (2-sided) = 0,014
	Total Equity / Total Assets		
Timeliness Code	0	1	Total
1	11	17	28
2	20	11	31
3	32	20	52
Total	63	48	111

	Test of Chi-Square = 1,474		Asymp. Sig. (2-sided) = 0,479
	Sign of Net Income		
Timeliness Code	0	1	Total
1	8	20	28
2	12	19	31
3	22	30	52
Total	42	69	111

	Test of Chi-Square = 3,287		Asymp. Sig. (2-sided) = 0,193
	Sign of ROA		
Timeliness Code	0	1	Total
1	5	23	28
2	8	23	31
3	19	23	52
Total	32	79	111

	Test of Chi-Square = 1,321		Asymp. Sig. (2-sided) = 0,517
	Sign of ROE		
Timeliness Code	0	1	Total
1	8	20	28
2	12	19	31
3	21	31	52
Total	41	70	111

	Test of Chi-Square = 1,321		Asymp. Sig. (2-sided) = 0,517
	Current Ratio		
Timeliness Code	0	1	Total
1	5	23	28
2	6	25	31
3	12	40	52
Total	23	88	111

Table 6: Contingency Tables and Chi-Square Test Resuts for Consolidated Audited Financial Statements

Consolidated Audited Financial Statements			
	Test of Chi-Square = 8,477		**Asymp. Sig. (2-sided) = 0,014**
	Total Equity / Total Assets		
Timeliness Code	**0**	**1**	**Total**
1	11	17	28
2	20	11	31
3	32	20	52
Total	**63**	**48**	**111**

	Test of Chi-Square = 1,474		**Asymp. Sig. (2-sided) = 0,479**
	Sign of Net Income		
Timeliness Code	**0**	**1**	**Total**
1	8	20	28
2	12	19	31
3	22	30	52
Total	**42**	**69**	**111**

	Test of Chi-Square = 3,287		**Asymp. Sig. (2-sided) = 0,193**
	Sign of ROA		
Timeliness Code	**0**	**1**	**Total**
1	5	23	28
2	8	23	31
3	19	23	52
Total	**32**	**79**	**111**

	Test of Chi-Square = 1,321		**Asymp. Sig. (2-sided) = 0,517**
	Sign of ROE		
Timeliness Code	**0**	**1**	**Total**
1	8	20	28
2	12	19	31
3	21	31	52
Total	**41**	**70**	**111**

	Test of Chi-Square = 1,321		**Asymp. Sig. (2-sided) = 0,517**
	Current Ratio		
Timeliness Code	**0**	**1**	**Total**
1	5	23	28
2	6	25	31
3	12	40	52
Total	**23**	**88**	**111**

Table 6: Contingency Tables and Chi-Square Test Resuts for Consolidated Audited Financial Statements (Continued)

	Test of Chi-Square = 5,80		Asymp. Sig. (2-sided) = 0,055
	Sign of CFFO/I Ratio		
Timeliness Code	0	1	Total
1	5	23	28
2	8	23	31
3	13	39	52
Total	26	85	111

	Test of Chi-Square = 1,264		Asymp. Sig. (2-sided) = 0,531
	ISE 100		
Timeliness Code	0	1	Total
1	17	11	28
2	23	8	31
3	36	16	52
Total	76	35	111

	Test of Chi-Square = 1,809		Asymp. Sig. (2-sided) = 0,405
	BIG 4		
Timeliness Code	0	1	Total
1	14	14	28
2	12	19	31
3	28	24	52
Total	54	57	111

	Test of Chi-Square = 4,054		Asymp. Sig. (2-sided) = 0,132
	OPINION		
Timeliness Code	0	1	Total
1	5	23	28
2	5	26	31
3	8	44	52
Total	18	93	111

	Test of Chi-Square = 1,755		Asymp. Sig. (2-sided) = 0,416
	GROWTH		
Timeliness Code	0	1	Total
1	12	16	28
2	15	16	31
3	30	22	52
Total	57	54	111

For seperate audited financial statements, the null hypotheses for sign of net income, sign of ROA, current ratio and opinion variables are rejected. This means that these variables are related to timeliness as it is defined in this study. As it is seen in the Table 5, while sign of net income and sign of ROA are found to be significant at 10 % significance level, current ratio and audit opinion are found to be significant at 5 % significance level. For consolidated audited financial statements, the null hypotheses for sign of total equity/ total assets, sign of cash flow from operations/interest expense variables are rejected. This also means that these variables are related to timeliness as it is defined in this study. As it is seen in the Table 6, while sign of total equity/ total assets is found to be significant at 5 % significance level and sign of cash flow from operations/interest expense is found to be significant at 10 % significance level.

5. Conclusion

Timeliness of disclosure of financial statements is a significant issue for users of financial statements. It has been recognized to be one of the characteristics that determines the relevance of accounting information. Thus, timeliness of financial statements 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. Hence, in these years many researchers have studied the factors which affect on the lag of disclosure of financial statements. Stock exchanges and other regulatory bodies require listed companies to publish their audited financial statements within a specified period after the end of their accounting year. Since there are different reporting obligations relating to timeliness for separate and consolidated financial statements, in this study both seperate audited and consolidated audited financial reports of manufacturing companies listed on Istanbul Stock Exchange are examined for the period 2009. Financial statements of 178 companies, 111 consolidated audited and 67 seperate audited, are gathered as of December, 31st, 2009.

This paper examines the relationship between the timeliness of corporate financial reporting and accounting and auditing related ten variables. In this study firstly timeliness of financial statements is calculated by substracting the allowable publication date which is require by ISE from the publication date of financial statements. After calculating this, reporting timeliness of companies are categorized into three groups for both seperate and consolidated audited financial statements. Variables, namely, Total Equity/Total Assets, ROA, ROE, Cash flow From Operations/Interest Expense, Growth in Total Assets are categorized according to their sign and Current Ratio is classified whether it is greater than 1 or not. And the sign of net income, ISE 100, Big 4 and opinion variables are already collected as categoric variables. Because of the different regulations for publication of seperate and consolidated financial statements in ISE, the study is conducted seperately for each group. In order to test the relationship between the timeliness and the variables mentioned above chi-square test of independence is applied.

For seperate audited financial satatements sign of net income and sign of ROA are found to be significant at 10 % significance level, current ratio and audit opinion are found to be significant at 5 % significance level.
For seperate audited financial statements timeliness of the financial statements are related with the sign of net income, sign of ROA, current ratio and the audit opinion.
For consolidated audited financial statements, sign of total equity/ total assets is found to be significant at 5 % significance level and sign of cash flow from operations/interest expense is found to be significant at 10 % significance level.

For consolidated audited financial statements timeliness of the financial statements are related with the sign of total equity/ total assets and cash flow from operations/interest expense. For further studies, the study can be broadened by adding companies from different industries into the sample. So this analysis can be expanded by appending the industry variable. Also this study can be lengthed for more than one year and it might better to test the relationship between the timeliness and variables by longer time span.

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