



International Journal of Science, Architecture, Technology and Environment

A Study on Accounting Practices and Financial Statement Analysis at Shivakumara Swamy and Associates

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DOI: <https://doi.org/10.63680/ijstate1125030.028>

Abstract

This research article provides an in-depth study of accounting practices and financial statement analysis at Shivakumara Swamy and Associates, a reputed mid-sized Chartered Accountancy firm in Bangalore. The objective of the internship was to bridge the gap between academic theory and real-world practice, offering hands-on exposure to a range of professional functions, including bookkeeping, auditing, taxation, and regulatory compliance. Through a descriptive and analytical research approach, the report documents methodologies adopted by the firm for accurate bookkeeping, timely finalization of accounts, use of accounting software (such as Tally ERP and Zoho Books), and adherence to Indian Accounting Standards (Ind-AS). Structured checklists, reconciliations, and voucher verification form the backbone of accuracy and timeliness in the firm's processes, while ongoing internal audits ensure regulatory compliance. Data was gathered from 48 participants comprising interns and professionals, analysed through quantitative and qualitative methods. Key findings highlight the strategic use of profitability, liquidity, and solvency ratios in client evaluation, a growing adoption of digital tools, and the firm's integrated approach to compliance and advisory services. Recommendations include strengthening automation, expanding training on accounting standards, enhancing documentation timeliness, and encouraging adoption of advanced analytics and cloud-based platforms.

Keywords: Accounting Practices, Financial Statement Analysis, Chartered Accountancy Firm, Auditing, Indian Accounting Standards (Ind-AS), Tally ERP, Regulatory Compliance, Digital Transformation.

Introduction

In today's dynamic business ecosystem, accurate accounting practices and thorough financial statement analysis are essential for ensuring financial transparency and supporting informed decision-making. Chartered Accountancy firms play a pivotal role by offering specialized services from statutory compliance to strategic financial planning and risk management that help businesses maintain discipline and achieve sustainable growth.

This report, titled “A Study on Accounting Practices and Financial Statement Analysis at Shivakumara Swamy and Associates,” explores the methodologies, technologies, and professional standards implemented by the firm, a respected Chartered Accountancy provider based in Bangalore. With over a decade of dedicated service across accounting, auditing, taxation, and corporate advisory sectors, the firm serves a diverse clientele, ranging from small startups to large corporations.

During the internship, I gained hands-on exposure to core functions such as bookkeeping, ledger maintenance, audit support, and the use of industry-standard accounting software like Tally ERP and Zoho Books. The firm’s commitment to structured workflows, adherence to Indian Accounting Standards (Ind-AS), and a client-centric approach provided valuable insights into the practical realities of the profession.

By connecting theoretical knowledge with practical experience, this report aims to highlight not only the operational excellence of Shivakumara Swamy and Associates but also their role as strategic advisors in today’s ever-evolving regulatory and business landscape. The study underscores the importance of combining technical expertise with ethical practice and adaptability qualities that are crucial for success in the accounting and finance domain.

Review of Literature

1. Paliwal U.L, Vardia S, & Soral G. (2023), Accounting Practices of Small and Medium Enterprises- A Comparison between Indian and Namibian SMEs. Paliwal, Vardia, and Soral (2023) conducted a comparative study between Indian and Namibian SMEs, revealing that Indian firms still rely predominantly on manual methods for bookkeeping and financial reporting. This reliance often leads to inconsistencies and challenges in maintaining data comparability across organizations. The authors recommend that SMEs transition to standardized, cloud-based accounting software to streamline processes and enable more accurate and transparent financial data. They further emphasize the value of periodic training sessions for accounting staff, which can significantly improve the reliability and efficiency of financial records. The study also highlights the broader impact of digital transformation in supporting regulatory compliance and enhancing SME growth potential.

2. Kadyan J.S, Paranjpye R, Varanasi R, Shah P, Harchekar J.S, & Gupta A (2025), Integrating Indian Accounting Standards into Global Financial Reporting: A Comprehensive Analysis. In their exploration of global financial reporting, Kadyan et al. (2025) underscore the transformative effects of adopting Ind-AS for transparency and governance across Indian organizations. The study shows that, while the shift to Ind-AS has raised reporting standards and strengthened stakeholder trust, small firms continue to encounter substantial implementation hurdles, including technical complexity and resource limitations. The authors propose extended regulatory support, ongoing targeted training, and investment in appropriate technology as ways to ease the transition process.

3. Anil S., Sudharani R. & Suresh N. (2022), Capital Structure Theories and its Practice: A Study with Reference to select NSE Listed Public Sector Banks. Research by Anil, Sudharani, and Suresh (2022) explores the intersection of capital structure theories and human resource investment in India’s banking sector. The findings reveal a clear positive correlation between increased spending on employee benefits and improved profitability metrics such as ROE, ROA, and total assets. However, the study notes a significant gap in routine HR accounting disclosures, suggesting that greater transparency through mandatory reporting would enable more informed decision-making and better reflect the true cost and value of human capital. These insights

urge firms to reassess their capital allocation strategies, balancing financial prudence with meaningful investment in their workforce.

4. Nandini E.S, Sudharani R, & Suresh N (2022), A Study on Impact of Environmental Accounting on Profitability of Companies listed in Bombay Stock Exchange. Nandini, Sudharani, and Suresh (2022) present compelling evidence that environmental accounting expenditures are strongly linked to improved profitability among BSE-listed firms. The research, conducted over a ten-year period, demonstrates that companies investing in pollution control and sustainability initiatives tend to outperform their peers on key return metrics such as ROA and ROE. The study advocates for deeper integration of environmental costs into standard financial reports and calls for regulatory frameworks that promote comprehensive environmental disclosures.

5. Sharma A & Gupta P (2018), Adoption of Strategic Management Accounting Practices in Indian SMEs. Sharma and Gupta (2018) delve into the adoption of Strategic Management Accounting (SMA) practices within Indian SMEs, revealing an evolving trend towards the use of advanced financial planning tools. Techniques such as benchmarking and customer profitability analysis are gradually becoming mainstream, leading to improved financial management and strategic decision-making. The authors assert that government-led training initiatives can further accelerate SMA adoption, thereby enhancing SME competitiveness in a challenging business environment.

6. Mishra N, Nurullah M & Sarea A (2022), An empirical study on company's perception of integrated reporting in India. The authors highlight perceptions and adoption status of integrated reporting in India. It depicts about companies that adopted integrated reporting frameworks observed increased investor trust and better internal performance tracking. However, many firms still lacked clarity about its full scope. Regulatory bodies should issue clear IR guidelines and offer training to preparers. IR education must be part of corporate governance workshops.

7. Goel S.K, Tailor R.K, Jain S, Agrawal A & Rupali (2023), An Analysis of Integrated Reporting Practices of Selected Indian Banks. The study outlines the insights regarding the evaluation of adoption trends of integrated reporting among Indian banks during FY2020–22. It highlights private sector banks demonstrated proactive integrated reporting across multiple capital dimensions. In contrast, public sector banks lagged in non-financial disclosures. The government should mandate integrated reporting for all banks and promote standardized templates to ensure comparability and stakeholder clarity.

8. Devarapalli S, Mohapatra L.M, Jreisat, A, Tripathy S. & Al-Mohamad S. (2023), Exploring the disclosure quality of integrated reporting in India. The study evaluates quality of integrated reporting in Indian firms using scoring indices. It emphasizes the disclosure quality of Indian integrated reports showed improvement, particularly in financial and environmental domains. However, strategic aspects like risk and governance lacked detail. Encourage firms to adopt principle-based reporting, increase auditor involvement, and conduct independent IR quality audits for benchmarking.

9. Babani V. & Sharma G.A. (2022), Adoption of GAAP: An Insight into Small & Medium Enterprises. The study explains GAAP adoption among SMEs in Mumbai. It states that the most SMEs omit routine financial transaction entries due to time constraints and lack of accounting knowledge. The study recommends structured training and simplified templates to boost GAAP compliance. Provide simplified GAAP templates

and accounting software. Offer subsidized consultancy for compliance and hands-on workshops for SME owners.

10. K. R. Subramanyam and John J. Wild (2014), Financial Statement Analysis. The study provides a comprehensive framework for financial statement analysis, covering various tools and techniques for evaluating a company's performance and financial health. The authors emphasize the importance of understanding business activities, accounting policies, and financial reporting quality to effectively analyse financial statements. They suggest that a multi-faceted approach, combining ratio analysis, common-size statements, and cash flow analysis, provides a more robust assessment for decision-making.

Research Gap

Area	What Existing Research Covers	What's Missing (Gap)
Practical Application of Accounting	Academic literature details theoretical frameworks, compliance procedures, and the use of software in accounting.	Limited analysis of real-world challenges in bridging the gap between academic theory and professional practice.
Financial Statement Analysis Practices	Mostly discusses standard ratios, interpretation techniques, and their importance for business performance.	Lack of standardized approaches and consistent methodologies across different firms for evaluating financial statements.
Data Accessibility in Audit & Analysis	Literature mentions privacy and confidentiality protocols for financial data and audit records in professional settings.	Gaps exist due to restricted access, which limits the ability to conduct deep-dive analytics and audits in real firm environments.
Technology Adoption in Accounting	Reviews on benefits of digital tools and the growing prevalence of accounting software like Tally, Zoho Books, etc.	Underexplored barriers to full adoption, such as resistance to change and limited staff training on new tools.

Research Methodology

The research methodology adopted for this internship project is descriptive and analytical in nature. It combines qualitative insights with quantitative data gathered from interns and professionals through structured questionnaires. A non-probability convenience sampling technique was used to select 48 participants, focusing on those actively engaged in accounting, compliance, and financial analysis tasks at Shivakumara Swamy and Associates. The study depends on both primary and secondary data sources—primary data was collected via questionnaires, while secondary information was drawn from textbooks, journals, and online resources related to accounting practices and standards.

Statement of the problem

a. Gap Between Theoretical Knowledge and Practical Application:

While accounting principles are thoroughly taught in academic curriculum, their real-world implementation often involves nuances that are not captured in textbooks. This disconnect makes it essential to explore how accounting is actually

practiced in professional firms, especially in handling compliance, client interaction, and automation.

b. Inconsistencies in Financial Statement Interpretation Across Firms:

Many organizations, including clients of CA firms, lack standardized approaches to financial statement analysis, leading to varied interpretations of financial health. This inconsistency can result in poor decision-making, inaccurate forecasting, and suboptimal resource allocation.

c. Underutilization of Accounting Software and Analytical Tools:

Though software such as Tally, Zoho Books, and Excel-based financial models are available, their potential is not fully harnessed by many firms. Often due to lack of training or resistance to change, these tools remain underutilized, reducing efficiency and increasing the scope for manual errors.

Research objectives

1. To understand the end-to-end accounting process followed at Shivakumara Swamy and Associates.
2. To analyse the financial statements of various clients for insights into their financial performance and compliance.
3. To gain hands-on experience in accounting tools and methods used in a professional CA firm setting.

Limitation of the Study

a. Restricted Scope of Data Access

Due to confidentiality and client privacy policies, access to certain sensitive financial records and audit reports was limited. This restricted the ability to perform in-depth analysis of some real-time financial statements and tax filings.

b. Firm-Specific Observations May Not Be Generalizable

The study is based solely on the practices followed at Shivakumara Swamy and Associates. While the insights are relevant to similar mid-sized CA firms, they may not accurately reflect the practices of larger firms or those operating under different regulatory or industry contexts.

c. Time Constraints During Internship Period

The internship was conducted over a limited time frame, which constrained the ability to observe and analyze long-term financial cycles, seasonal trends, or the complete audit process from planning to finalization.

Sources of data

The study is based on both primary and secondary data sources, with a focus on collecting practical insights from students and professionals engaged in accounting practices.

Primary Data: Collected directly from 48 respondents, comprising students pursuing internships in

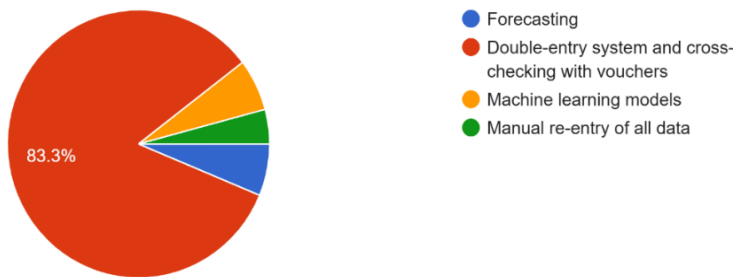
accounting firms and working professionals in finance and compliance roles. Data was obtained through a structured questionnaire containing multiple-choice and Likert-scale questions to capture perceptions, practices, and challenges in accounting and financial analysis.

Secondary Data: Reference materials such as academic textbooks, research journals, and ICAI publications on accounting standards and compliance practices. Online resources including articles, case studies, and regulatory guidelines related to financial statement analysis and professional accounting practices.

Data Analysis

The data collected from 48 respondents, including interns, audit assistants, and senior professionals at Shivakumara Swamy and Associates, was analyzed using Microsoft Excel and percentage analysis to evaluate the firm’s accounting practices, financial reporting accuracy, and adherence to regulatory standards. The analysis revealed that a majority of respondents rated the firm’s bookkeeping and auditing procedures as highly systematic and transparent, reflecting a strong internal control environment.

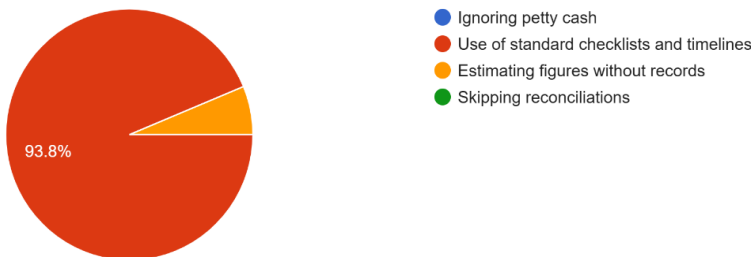
1. How are journal entries and ledger postings verified for accuracy?



Interpretation:

83.3% of respondents stated that they rely on a double-entry system and voucher cross-checking to ensure accuracy. Another 6.3% indicated that machine learning models could help minimize errors. Meanwhile, 4.2% mentioned manual re-entry of data, and only 6.3% prefer forecasting method. This shows that while most participants trust system-based accuracy and traditional double-entry verification, there is still reliance on manual oversight, indicating scope for more automation.

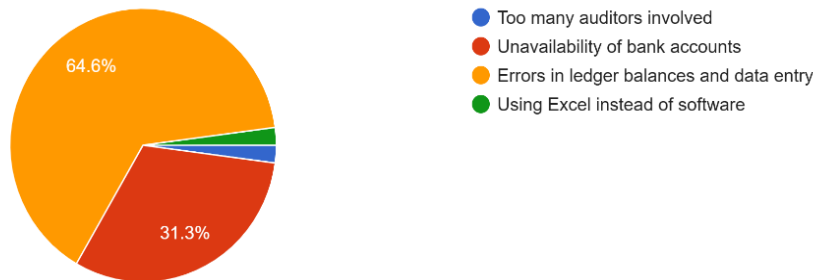
2. What measures are taken to ensure timely finalization accounts?



Interpretation:

93.8% of respondents reported that structured checklists and timelines were the main tools to ensure timely finalization. 6.3% highlighted estimating figures without records. This indicates that although structured approaches dominate, delays in documentation still affect the overall timeliness of account finalization.

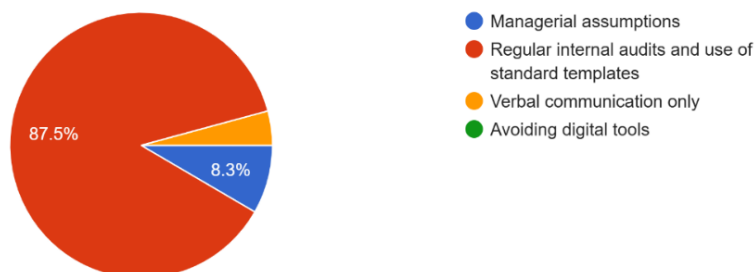
3. What challenges are commonly faced during trial balance preparation?



Interpretation:

64.6% of respondents indicated mismatched ledger balances as the most common issue. 2.1% pointed that too many auditors are involved, while 31.3% cited unavailability of bank accounts and 2.1% suggested using excel instead of software. This reveals that while most errors are internal (data entry-related), external delays from clients also impact the accuracy of trial balances.

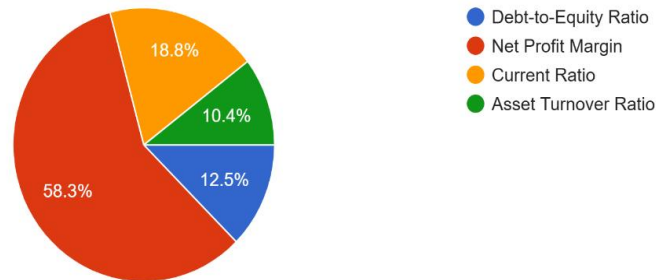
4. How does the firm ensure adherence to Indian Accounting Standards -AS) in its daily operations?



Interpretation:

87.5% of respondents stated that regular internal audits and compliance reviews ensured adherence to Ind-AS. 8.3% indicated the use of managerial assumptions, and 4.2% pointed to verbal communication. This shows that strong internal mechanisms are in place, but continuous staff training could further strengthen adherence.

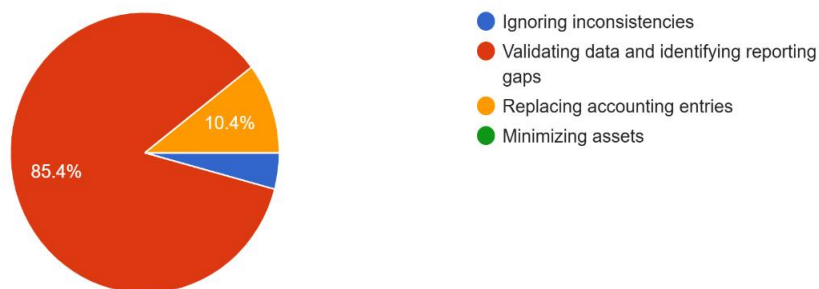
5. What financial ratios are most commonly used by the firm for evaluating client performance?



Interpretation:

58.3% of respondents identified profitability ratios (Net Profit Margin, ROE) as the most used. 18.8% mentioned liquidity ratios like the Current Ratio, 12.5% selected solvency ratios, and 10.4% highlighted efficiency ratios such as asset turnover. This indicates that profitability remains the primary focus, but liquidity and solvency are also crucial in client evaluations.

6. How are audit findings integrated into the financial analysis process?



Interpretation:

85.4% of respondents reported that audit findings are used for validating financial accuracy. 10.4% indicated replacing accounting entries, while 4.2% prefer ignoring inconsistencies. This suggests that while audits largely support compliance, more focus could be placed on integrating findings into strategic client advice.

Findings

The findings can be grouped under major themes:

1. Accuracy in Accounting Processes

A majority of respondents indicated that double-entry systems, voucher verification, and software-based

checks ensure accuracy in journal entries and ledger postings. However, manual oversight is still relied upon in some cases, which increases time and risk of errors.

2. Timeliness in Finalization of Accounts

Most participants agreed that structured checklists, reconciliations, and timelines ensure timely finalization. Documentation delays and last-minute adjustments were highlighted as bottlenecks.

3. Challenges in Trial Balance Preparation

Key difficulties include mismatched ledger balances, incomplete entries, and classification errors. External factors such as delayed submission of client data also hinder accuracy.

4. Adherence to Accounting Standards (Ind-AS)

Compliance is achieved through internal audits, use of standardized templates, and training sessions. Continuous staff development was highlighted as a need for ensuring better alignment with evolving standards.

5. Financial Ratios Used in Client Evaluation

Profitability ratios (Net Profit Margin, ROE) are most frequently used, followed by liquidity and solvency ratios. This shows a strong focus on profit-based evaluations, though liquidity and solvency also matter in client advisory.

6. Use of Accounting Software

Tally ERP remains the most widely used software, followed by Zoho Books and Excel. A gradual shift toward cloud-based platforms is visible but adoption remains limited.

Suggestions

a. Strengthen Automation in Accounting Processes

Reduce dependency on manual oversight by integrating more automated validation tools. Adoption of AI-driven platforms can improve accuracy and speed in journal and ledger verification.

b. Improve Documentation Timeliness

Educate clients on the importance of timely submission of financial data. Introduce client communication portals to streamline documentation and reduce last-minute adjustments.

c. Minimize Errors in Trial Balance Preparation

Conduct periodic training for interns and staff to reduce classification and entry errors. Introduce real-time monitoring dashboards to identify mismatches before trial balance preparation.

d. Enhance Adherence to Ind-AS through Continuous Learning

Organize frequent workshops and refresher sessions for staff to stay updated with changing standards. Adopt a compliance checklist system embedded within accounting software.

e. Accelerate Cloud and Digital Tool Adoption

Encourage greater use of cloud-based accounting solutions like Zoho Books, QuickBooks, or SAP-based modules for real-time reporting. Train clients and interns to handle advanced digital platforms, ensuring scalability.

f. Strengthen Data Reliability Frameworks

Implement dual verification processes combining automated checks with managerial review. Use blockchain-based ledger systems to enhance transparency and reduce manipulation.

Scope for Further Research

1. Comparative Analysis of Technological Adoption and Operational Efficiency

The present study revealed a significant reliance on traditional accounting systems alongside gradual adoption of digital tools such as Tally ERP and Zoho Books. Future research can build upon these findings by empirically testing the effectiveness of automation and cloud-based platforms in enhancing accounting accuracy and timeliness.

- **Automation Impact Assessment:** Researchers could conduct comparative analyses across multiple Chartered Accountancy firms to evaluate how investments in automation and AI-integrated tools influence accounting efficiency, error reduction, and client satisfaction.

- **Firm Size and Regional Variation:** Since this study focuses on a single firm based in Bangalore, further research could explore how technological adoption varies across Tier 1 and Tier 2 cities, and between large national CA firms and small or mid-sized practices, to understand disparities in digital readiness and performance outcomes.

2. Client Perception and Digital Preparedness

While this study captures insights primarily from accounting professionals and interns, future research could focus on understanding the client side of the compliance process.

- **SME Readiness Factors:** A focused study could examine how factors such as business scale, digital literacy, and financial awareness among SME clients influence the timeliness and accuracy of documentation shared with CA firms.

- **Expectation–Reality Alignment:** Qualitative studies could assess gaps between client expectations and the actual time required for audits, filings, and financial reporting, thereby helping firms develop better communication and workflow management strategies.

3. Policy, Standardization, and Regulatory Interoperability

The findings highlight challenges in adhering to evolving Indian Accounting Standards (Ind-AS) and the need for continuous updates and training. Future research may therefore address regulatory and systemic aspects that impact firm performance.

- **Regulatory System Integration:** Further investigation could analyze the interoperability issues among government platforms such as GSTN, MCA, and the Income Tax portal, and how inconsistencies across these systems affect compliance efficiency.
- **Cost of Regulatory Volatility:** Studies could also quantify the impact of frequent amendments in accounting and tax regulations on CA firms, particularly in terms of training costs, workflow disruptions, and compliance risks.

Conclusion

The study on accounting practices and financial statement analysis at Shivakumara Swamy and Associates highlights the importance of structured processes, technological adoption, and compliance-oriented practices in modern accounting. The findings confirm that while manual methods and traditional tools remain prevalent, the firm and professionals are increasingly relying on software-driven solutions for accuracy and reliability.

Financial statement analysis plays a strategic role in client advisory services, enabling businesses to plan for growth, manage risks, and ensure compliance. However, the study also reveals certain gaps such as over-reliance on profitability ratios, delays in documentation, and limited use of audit findings for strategic planning that can be addressed through automation, training, and adoption of advanced tools.

In conclusion, the research underscores that Chartered Accountancy firms are not just compliance facilitators but also strategic partners for businesses. By strengthening their analytical capabilities, enhancing technological integration, and focusing on proactive client engagement, such firms can continue to add value in an evolving financial landscape.

Declaration of Conflicting Interests

The authors declare no potential conflicts of interest with respect to the research, authorship and publication of this article.

Funding

The author received no financial support for the research, authorship and publication of this article.

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