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Foreword

When we create, when we work for the new or push ourselves ahead in search of fulfilment and change, we do so in a collective progress. Then, we step into the unknown together, ready to shape what's coming.

Being completely satisfied, as soon as it happens to be recognized as being a duty and established as being behaviour, opens doorways into unimaginable gardens thronged with grateful associates.

Innovators, change-agents, artists, creative thinkers and progressives are the culmination of so many influential and inspiring people who have come before and opened our eyes to other worlds of thought. We look to our mentors, teachers, and peers who continually build us into citizens of the planet.

We walk with their energy and then add our own. We, in turn, become mediums of what's possible.

It is well known that what is not measured cannot be improved. In this edition (the Eight) of our Commerce Window issue we have tried to make some contribution to its improvement, and in the hope that this issue will become a useful tool for analysing and interpreting the results of our actions.

The authors of these journals, in sharing the expression of their talents, experiences and the difference they have made within these pages, by describing who has influenced them and pushed them to be who they are, also tell us who we are.

Founder Members

*This Volume contains a number of research papers commissioned by the Research and Development wing.
We are grateful to each of the authors for the extensive work involved and the quality of the work presented. The recommendations by the authors are their own and do not necessarily reflect the views of the Research and Development wing.

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Independence and Impartiality of Judges, Prosecutors and Lawyers

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Abstract

This paper focuses on two of the fundamental pillars of a democratic society respectful of the rule of law and the effective protection of human rights, namely, the independence and impartiality of the judiciary and prosecutors, and the independence of lawyers.

It will first describe the role played by judges, prosecutors and lawyers in this regard; and secondly, will focus on the various legal limitations on, and de facto threats to, the ability of judges, prosecutors and lawyers to exercise their professional responsibilities in an independent and impartial manner.

Keywords: Judiciary, Judges, Challenges, Prosecutors,

Introduction

In the modern constitutional State, the principle of an independent Judiciary has its origin in the theory of separation of powers, whereby the Executive, Legislature and Judiciary form three separate branches of government, which, in particular, constitute a system of mutual checks and balances aimed at preventing abuses of power to the detriment of a free society. This independence means that both the Judiciary as an institution and also the individual judges deciding particular cases must be able to exercise their professional responsibilities without being influenced by the Executive, the Legislature or any other inappropriate sources. Only an independent Judiciary is able to render justice impartially on the basis of law, thereby also protecting the human rights and fundamental freedoms of the individual. For this essential task to be fulfilled efficiently, the public must have full confidence in the ability of the Judiciary to carry out its functions in this independent and impartial manner. Whenever this confidence begins to be eroded, neither the Judiciary as an institution nor individual judges will be able fully to perform this important task, or at least will not easily be seen to do so. Consequently, the principle of independence of judges was not invented for the personal benefit of the judges themselves, but was created to protect human beings against abuses of power. It follows that judges cannot act arbitrarily in any way by deciding cases according to their own personal preferences, but that their duty is and remains to apply the law. In the field of protecting the individual, this also means that judges have a responsibility to apply, whenever relevant, domestic and international human rights law.

A legal system based on respect for the rule of law also needs strong, independent and impartial prosecutors willing resolutely to investigate and prosecute suspected crimes committed against human beings even if these crimes have been committed by persons acting in an official capacity. Unless judges and prosecutors play their respective key roles to the full in maintaining justice in society, there is a serious risk that a culture of impunity will take root, thereby widening the gap between the populations in general and the authorities. If people encounter problems in securing justice for themselves, they may be driven to take the law into their own hands, resulting in a further deterioration in the administration of justice and, possibly, new outbreaks of violence.2 Lastly, this legal system would not be complete without independent lawyers who are able to pursue their work freely and without fear of reprisals. Indeed, independent lawyers play a key role in defending human rights and fundamental freedoms at all times, a role which, together with that played by independent and impartial judges and prosecutors, is indispensable for ensuring that the rule of law prevails, and that individual rights are protected effectively. In this regard it has been pointed out that all special rapporteurs of the United Nations Commission on Human Rights have emphasized the close relationship that exists between the greater or lesser respect for the due process guarantees of article 10 of the Universal Declaration of Human Rights and the greater or lesser gravity of the violations established.3 Human rights and fundamental freedoms are, in other words, "all the better safeguarded to the extent that the judiciary and the legal professions are protected from interference and pressure".4

Challenges to the Independence and Impartiality of the Legal Professions In spite of the need for judges, prosecutors and lawyers to exercise their professional responsibilities in true independence, experience shows that they are often subjected to pressures of various kinds aimed at compromising their ability to do so. For instance, although the way in which judges are appointed varies from country to country, there may be a danger to their independence where they are appointed exclusively by the Executive or Legislature, or even where they are elected. A further threat to their independence is posed by lack of security of tenure, as arises in countries where judges are generally employed on temporary contracts. Such insecurity may make judges more susceptible to inappropriate outside pressure. Inadequate remuneration may also constitute a threat to the independence of judges in that it may for instance make them more amenable to corruption. Furthermore, the independence of judges, prosecutors and lawyers is frequently threatened by the refusal of the Executive to allow them to organize freely in professional associations. For instance, where the Executive issues licences to lawyers and obliges them to exercise their profession as members of State-run professional organizations, they cannot carry out their work independently. However, judges, prosecutors and lawyers are frequently also subjected to other kinds of persecution. Such acts may involve public criticism by either the Executive or Legislature aimed at intimidating the legal professions, but they also often take the form of arbitrary detentions and direct threats to their lives, including killings and disappearances.5 In some countries the fact of being a woman lawyer further adds to the precariousness of the profession. Because of their willingness to take up the defence of cases involving the sensitive issue of women's rights, these lawyers face intimidation and violence, sometimes resulting in death. The threats and attacks described above are not only perpetrated by State authorities, but are frequently also carried out by private individuals, either independently or in connivance with bodies such as criminal organizations and drugs cartels. Clearly, unless judges, prosecutors and lawyers are able to exercise their professional duties freely, independently and impartially, and unless the Executive and the Legislature are likewise always prepared to ensure this independence, the rule of law will slowly but steadily be eroded, and with it effective protection of the rights of the individual. As can be seen, it is the entire structure of a free and democratic constitutional order that is upheld by an independent and impartial Judiciary, independent and impartial prosecutors and independent lawyers.

Applicability of Laws

Universal Instruments

The International Covenant on Civil and Political Rights, 1966 *****

Basic Principles on the Independence of the Judiciary, 1985

Guidelines on the Role of Prosecutors, 1990

Basic Principles on the Role of Lawyers, 1990 Regional Instruments

The African Charter on Human and Peoples' Rights, 1981

The American Convention on Human Rights, 1969

The European Convention on Human Rights, 1950

Codes of professional discipline

With regard to professional discipline, Principle 26 of the Basic Principles provides that "Codes of professional conduct for lawyers shall be established by the legal profession through its appropriate organs, or by legislation, in accordance with national law and custom and recognized international standards and norms." Complaints against lawyers "shall be processed expeditiously and fairly under appropriate procedures", and lawyers "shall have the right to a fair hearing, including the right to be assisted by a lawyer of their choice" (Principle 27). Furthermore, "disciplinary proceedings against lawyers shall be brought before an impartial disciplinary committee established by the legal profession, before an independent statutory authority, or before a court, and shall be subject to an independent judicial review" (Principle 28). Finally, all such proceedings "shall be determined in accordance with the code of professional conduct and other recognized standards and ethics of the legal profession and in the light of these principles" (Principle 29). It follows from these principles that any disciplinary proceedings against lawyers who are accused of having failed to conduct themselves in accordance with the recognized standards and ethics of their profession must be truly independent of the Executive and guarantee due process in the course of the proceedings

Concluding Remarks As emphasized throughout this chapter, judges, prosecutors and lawyers are three professional groups that play a crucial role in the administration of justice and in the prevention of impunity for human rights violations. They are consequently also essential for the preservation of a democratic society and the maintenance of a just rule of law. It is therefore indispensable that States assume their international legal duties derived from the various sources of international law, whereby they must permit judges, prosecutors and lawyers to carry out their professional responsibilities independently and impartially without undue interference from the Executive, Legislature or private groups or individuals. States' duty to secure the independence and impartiality of judges and prosecutors and the independence of lawyers is not necessarily fulfilled by passively allowing these professions to go about their business: through having a legal obligation to ensure their independence, States may have to take positive actions to protect judges, lawyers, and prosecutors against violence, intimidation, hindrance, harassment or other improper interference so as to enable them to perform all their professional functions effectively. In situations where judges, prosecutors and lawyers are either unwilling or unable fully to assume their responsibilities, inter alia of investigation and instituting criminal proceedings against public officials suspected of corruption and serious human rights violations, the rule of law cannot be maintained and human rights cannot be enforced. It is not only individuals who will suffer in such a situation: it is the entire free and democratic constitutional order of the State concerned that will ultimately be in jeopardy

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1. web site: http://www.ibanet.org
2. UN doc. E/CN.4/2000/3, Report of the Special Rapporteur of the Commission on Human Rights on extrajudicial, summary or arbitrary executions, para. 87.
3. UN doc. E/CN.4/Sub.2/1993/25, Report on the independence of the judiciary and the protection of practising lawyers, para.
4. Ibid., loc. Cit

Value Based Pricing

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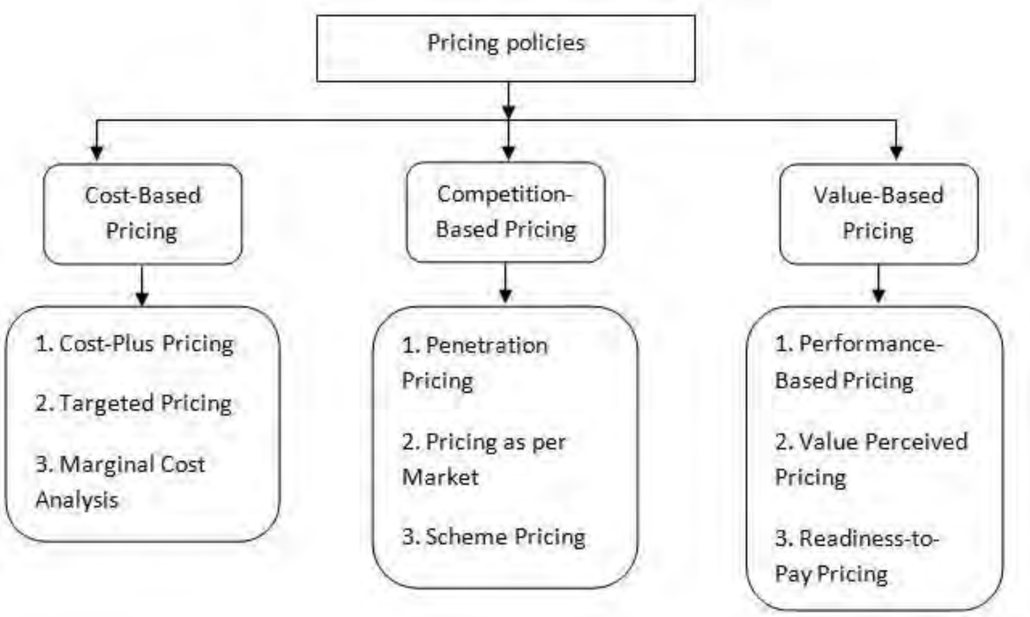
Introduction

Generally price can be fixed by using following types of policies and commonly known as 3 Cs of Pricing.



It is the general opinion amongst the pricing experts that pricing through Value-Based can certainly influence pricing power and performance of the firm. Even though very few organizations have adopted value-based pricing. Knowledge about pricing through value-based is gaining more and more importance as the transformation of pricing policy from cost-based or competition-based to value-based. Also cost-based pricing and competition-based pricing outdated need of value-based pricing arises. Jin Young Chung proposes a theoretical structure to simplify what leads to successful implementation of the PWYW (Pay What You Want) pricing policy, a pricing policy in which a consumer can take full control over the price. In broad way value creation is possible by considering following four fundamental operators;

- Product operator: describes how value is formed and perceived.
- Offer operator: describes how value is offered and admitted.
- Cost operator: describes how value is competitive and beneficial.
- Price operator: describes how value is determined and recognized.

Value

In simple words value may be expressed as the relationship between apparent benefit and apparent cost. In marketing value is also known as customer-perceived value and it is the difference between benefit and cost compared with other product or service. Value is varied from customer to customer and it depends on the customers' need. Generally value can be of four different types; Functional value, monetary value, psychological value and social value.

Price

The success of the organization is dependent upon the price irrespective of type of product or service. Price is the result of a composite set of calculations about research, cost and benefit for the product and service. While fixing the price following points should be considered:

- All the cost and profit must be covered.
- Lower the price by low cost.

- Review price regularly to assure cost, profit, demand and competition.

Value-Based Pricing

Fixing the price of a product or service based on the benefits it delivers to the consumers. To the contrary, cost-based pricing focuses on the amount of cost of the production.
As an example, Cost-plus pricing fixes the price of a product or service based on the costs of production of it. Therefore, if a jacket costs Rs. 500 including material, labor and other costs and the company wants to earn 50% profit on cost, the price company charges would be Rs. 750.

On the other side, value-based pricing focuses on fixing the price based on the consumers' perception or value delivered to consumer by the product or service and willingness to pay. Therefore, if a jacket that sold in winter and they are extra good at protecting your body from cold, for this jacket the consumer would pay Rs. 1000 for the jacket.

In simple words, "value-based pricing means the policy of setting up a differentiated price for the differentiated worth of a product or service for a particular group of consumers by the organization compared to its competitor. Value-based pricing is a policy where the organization gets the maximized profit even though charging an amount which consumers willing to pay."

The above discussion, example and definition highlight the cases where value-based pricing is most commonly used. Value-based pricing is effective when the product or service gives something different value or features to the consumers. A company offering an almost identical product or service from its competitors will likely to gain from value-based pricing. Also for widely and commonly available products and services the value attached for the consumers will be low.

Characteristics of Value-Based Pricing

Following are the characteristics of the value-based pricing;

1) **Emphases on a specific segment**
Value-based pricing policy is always one specific segment oriented. Also, in B2B business it is single customer oriented. Organization can use value-based pricing only if they have a specific segment. If organization has multiple segments, it must fix an appropriate price for each one.

2) **Comparison with next best option**
Value-based pricing policy works on the targeted market only when it has a specific competitor's product they can buy as an alternative. "What would be the next choice of the segment if the product of an organization is not available?" is the main question to be asked to the segment. Comparison is important for determining the value-based pricing. Also, for newly introduced product and without any competitors, the value-based pricing policy will not work well.

3) **Distinctive feature of the product**
Another point is to identify the unique and distinctive feature of the product.

4) **Place a monetary amount on the differentiated feature**
The last and the most important task of the value-based pricing policy is to fix a monetary value of differentiated feature. To complete this task, organization may use typical methods like qualitative analysis from the consumers' responses.

Advantages of the Value-Based Pricing

Following are the advantages of the value-based pricing;

- **Increase in profit**
  Value-based pricing does not have any relation with cost as per the utility and the quality of the product price can be charged. And organization can charges maximum price by providing differentiate feature and accordingly profit maximization can be possible.

- **Loyal customers**
  Organization can achieve high loyalty of customers for references and repetition despite of charging high prices because quality and utility of the product justifies the price. Brand loyal customers will go for particular brand only so, organization should provide appropriate product or service to these types of customers.

- **Better quality of product or service**
  In value-based pricing broad research is undertaken to know about the need of the consumer and competition which automatically result into the quality enhancement of the product or service. Extensive research can help to recognize what kind of features is required by the consumers and matter the most.

Disadvantages of the Value-Based Pricing

Following are the disadvantages of the value-based pricing;

- **Nook market**
  Sometimes under this policy prices are comparatively high and it will only be accepted by the small group of customers. So, the number of customers is very less and it may also be possible that potential customers can not afford high prices.

- **Limited business**
  Value-based pricing policy can be suitable by the small business having specialized product or service. This policy cannot be implemented where the employees of the organization are not so skilled and who cannot provide or innovate their product.

- **Competition**
  Any organization which implements pricing through value-based policy and charging high prices gives chances to the competitors who offer comparatively low prices. And accordingly market share of the organization will be diluted.

- **High employees cost**
  As discussed in limited business point no.2 highly skilled employees are required which can innovate the product or maintain the same level of quality, will result into the high employees cost. Also overall cost of the product increases and chances of the employees turnover also increases.

- **Time consuming**
  Value-based pricing policy requires broad research to develop the product or service according to the need of the consumers requires much time, knowledge and resources also.

Steps to find out Value-Based price

As discussed earlier, value-based pricing policy requires a broad research and it can be seen as a lengthy and cumbersome also. To determine the value-based price generally following steps are to be followed;

- **Step: 1** Broad research on product or service

First of all broad research is required on the product or service. Organization need to evaluate each features of the product, service, market, organization's condition, Government policies etc. Research work can be start by answering the following mentioned general questions;

- What are the unique features of the product which are not offered by the competitors?
- What is the time to produce the product or to generate the service?
- Do these features are provided separately or they are attached with the product or service?
- What is the production cost?
- What is the expected delivery time of the product or in what time service can be rendered?

While answering the above mentioned questions, keep in mind about the price of the competitor, market conditions, stage of the life-cycle of the product or service, media platform for advertisement, and previous price.

- **Step: 2** Identify and analyze existing as well as potential consumers

The second step is identification and analysis of the existing and potential consumers. Organization must know about the requirement of the consumers and the price they are willing to for it. In short this step is all about recognizing what organization can offer to the consumers in monetary terms. Broadly consumers are divided into following two types;

1) Corporate consumers – e.g. small sized business, medium sized business, large sized business etc. also, to which is the targeted department e.g. sales department, production department, account department etc.
2) Individual consumers – e.g. men, women, families, students, senior citizens, and children so on.

Once the identification process is completed, organization needs to know about following two aspects relating to behavior in terms of buying the product or service.

- What are the features of product or service the consumer worth the most?
- What is the realistic range of the price the consumers are willing to pay?

Subjective survey should be carried out by the organization by using the questionnaire techniques and main focus should be on the quality and price of the product or service.

- **Step: 3** Interpret the collected data

After working on the above two steps organization have collected all the necessary data about the product or service, consumers, potential consumers, price, time duration for production or generation and quality of the product or service.

With the aid of computer different graphs, flowcharts and tables can be drawn and the path of the operation can be found out. By using the above data organization can be aware about the level of price above which consumers' interest will drop. So, organization should that price which is slightly low than the price of the competitors and affordable to the consumers.

If organization is delivering product or service to the number of different consumers, it can charge different price from different group and it should not be afraid of charging different price or fixing different layers of prices by applying the value-based pricing. Not only price but organization can offer slightly different product to different group of consumers, which offer different value to different group of consumers.

- **Step: 4** Testing of Price

  The last step of value-based pricing is testing of the price. After introduction of the product or service in the market organization will see the shift in the market and according organization should change the price. Also the value mostly affected by what other competitors have offered and not by the experience and the expertise of the organization. In this step constant knowledge about market and the sales is required. If the organization is newly established and market doesn't seem increasing then value-based price fixation might be wrong. And then organization should change the price or give discount to cover the market. Then after also if sales will not increase then it should reconsider the quality of the product.

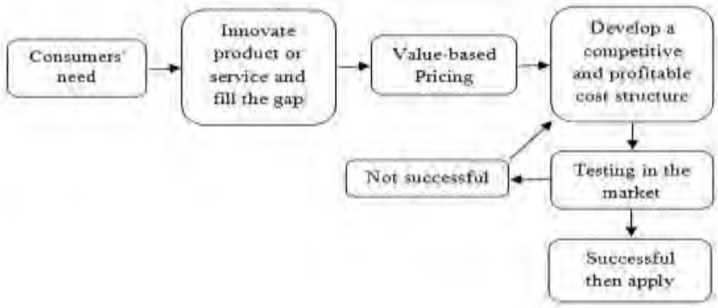
  In addition, if the demand is too high and organization cannot cope up with the demand it means consumers are appreciating the product and organization should increase the price to get more profit.

Structure of Value-Based Pricing policy

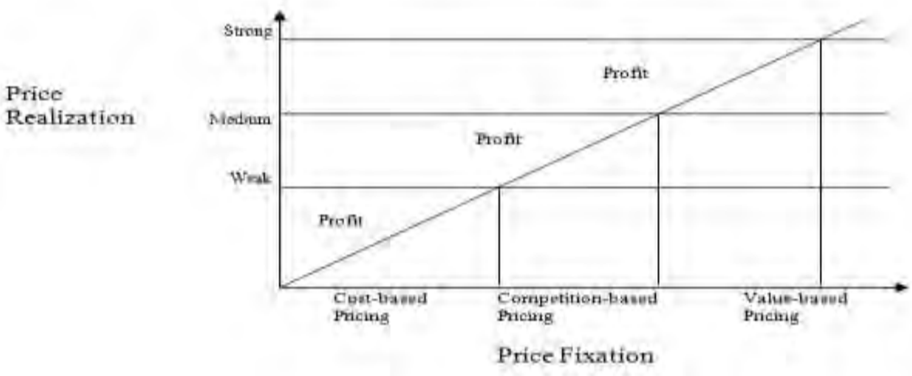
Today, most of the organizations innovate and launch their product or service in the market based on the "product-focused policy" instead of "value-focused policy" and they fail to support the following main aspect;

- To fill the gap between customers' need and actual product or service.
- To determine the number of consumers who are willing to pay.
- To align budgeted revenue of the organization with budgeted worth received by different type consumers.
- To develop a competitive as well as profitable cost structure to the organization.
- To advertise with proper channel for different type of consumers.

Above mentioned aspects can be easily understood with help of below given diagram. Diagram shows the flow of the aspects listed above of value-based pricing policy and innovation or development of the product or service as per the need of consumers.



Development of pricing policy



Misunderstanding about Value-Based Pricing

Value-based pricing is technically used in every organization at to some or more extent. Despite of its advantages and popularity, pricing practitioners have significant misunderstanding about this policy. Following are common misunderstanding;

1) Value-based pricing involves the organization to determine willingness of the consumer to pay for each and every feature of the product or service. Some consumers believe that when the organization determines the price for its product or service by following value-based pricing policy it values each and every single feature and accordingly it is too much costly.
2) Some marketers think that application of value-based pricing always leads to success, and will resulting into huge amount of profit under any situations. But this is not true; success of value-based pricing depends on how the competitors fix its price. If the price fixed by the competitor is very low then value-based pricing will be useless.
3) Value-based pricing does not include the value of the brand, it measures only the value of differentiate feature. And that's why value-based pricing is more popular in B2B businesses where brand value does not considered.

Conclusion

Value-based pricing policy is appropriate for the organization which provides something more than normal product. When the organization provides extra ordinary quality of the product automatically consumers will attach to the product or service personally. Value-based pricing policy is extremely good strategy besides it requires knowledge about consumers' preferences, overall market survey, and research for the product. Value-based pricing is a much easier in practical application than it appears in theory.

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Integrated Reporting

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"The world we have created is a product of our thinking; it cannot be changed without changing our thinking." - Albert Einstein

4.1 Introduction

In the last 35 years, the market value of organizations has slowly shifted from a price based largely on tangible assets to greater prominence on intangible assets. The concept of value has profoundly changed, and with it the dynamics of the global economy. To create value over time, today's organizations need to actively manage a wider range of resources. Intangible assets such as intellectual capital, research and development, brand value, natural and human capital have become as important as tangible assets in many industries. However, these intangible assets are not universally assessed in current financial reporting frameworks even though they often represent a substantial portion of market value. A range of issues combined with intangible assets influence competitiveness. Examples include: regulation or deregulation, technology innovation, finite resources and consumer sovereignty (the growing power of the consumer), and compliance and legislation. Now, more than ever, creating sustainable value for organizations depends on two things:

- Adapting to change and the challenges and opportunities in their environments
- Effectively managing intangible assets, which can represent a substantial portion of market value

4.2 Integrated Reporting

Integrated reporting is a concept that has been created to better articulate the broader range of measures that contribute to long-term value and the role organizations play in society. Central to this is the proposition that value is increasingly shaped by factors additional to financial performance, such as reliance on the environment, social reputation, human capital skills and others. This value creation concept is the backbone of integrated reporting and, we believe, is the direction for the future of corporate reporting. In addition to financial capital, integrated reporting examines five additional capitals that should guide an organization's decision-making and long-term success - its value creation in the broadest sense. While integrated reports benefit a broad range of stakeholders, they're principally aimed at long-term investors. Integrated reporting starts from the position that any value created as a result of a sustainable strategy - regardless of whether it becomes a tangible or intangible asset - will translate, at least partially, into performance. Market value will therefore be impacted.

4.3 Connectivity And Integrated Thinking

To tell a comprehensive value creation story, integrated reporting requires organizations to identify the interdependency between all elements - internal and external - that materially affect their ability to create value over time. Seeing this connectivity requires integrated thinking as opposed to "silo thinking." All the operating and functional units of an organization, as well as the capitals that it uses to create value, must be considered. This leads to integrated decision-making and actions. The integrated report is the product of the processes of connectivity and integrated thinking in the organization. Integrated reporting is therefore not just about the report, but about the process of the organization's unique approach to value creation. To translate integrated thinking into integrated reporting the organization should convey a holistic view of strategy, governance, performance and prospects. The integrated report should also bridge time horizons. Therefore integrated reporting can be used as a governance tool for performance-oriented management.

4.4 Changing Corporate Reporting

The economy is facing a new value paradigm. These changes, however, are not reflected in the way we measure or report value. Traditional corporate reporting models have failed to adapt to an uncertain economy and account for the increase in intangible assets. Traditional metrics for measuring value and economic progress no longer provide a complete picture.

A good example of this is gross domestic product (GDP), the current yardstick for measuring economic growth and, indirectly, prosperity. However, GDP fails to take into account increasingly important factors such as environmental sustainability or social inclusion levels. There's now growing cross- border consensus on the need to enhance GDP measurements with additional data and indicators. Corporate financial information faces similar shortfalls. It fails to reflect all the factors that may have a significant impact on value creation. It too must be revised. To create value, organizations increasingly rely not just on their resources but the scarce resources belonging to society. Therefore, the value creation process is based on the principle of "shared costs." All economic activity consumes, to some extent, resources that belong to society. Consequently, the value created by an organization should be shared between its owners and society. If the "shared cost" is less than the "shared value," the value created by the organization will show a net positive balance. On the other hand, if the shared cost is more than the shared value, this will show a net negative balance. In private organizations, assuming that the ultimate measure of the success of a competitive strategy is growth in shareholder value, the equation becomes more complex. The key is to determine the extent to which shareholder value creation depends on a contribution by society as a whole - and whether that contribution is sustainable in the long term. With organizations having the ability to create value beyond that captured by financial statements, there's a need to find new ways to measure and communicate value creation.

Limits of the current corporate reporting model

- A link is missing between current reporting, business strategy and risk, and we do not believe that sufficient information is provided to assess financial health,
- Current non-financial reporting is not sufficiently relevant, and non-financial information should be better integrated with financial information,
- Qualitative policy statements are important to assess financial materiality, but quantitative key performance indicators (KPIs) are viewed as essential,
- Accountability mechanisms should be part of non-financial reporting, either through new board oversight mechanisms, third-party assurance and/or shareholder approval at annual general meetings.

4.5 Evolution Of Corporate Reporting

1960	1980	2000	2020 (Projected)
Financial Statements	**Financial Statements** **Management Commentary** **Governance & Remuneration** **Environmental Reporting**	**Financial Statements** **Management Commentary** **Governance & Remuneration** **Sustainability Reporting**	**Financial Statements** **Financial Information** **Governance & Remuneration** **Sustainability Information** **Management Commentary** **Integrated Report**

4.6 Toward Integrated Reporting

Markets move on information. The more forward- looking and detailed information organizations provide, the more efficiently markets operate. Therefore, organizations need to explain their value creation goals from a new perspective: a view that accounts for both intangible and tangible assets and quantifies, whenever possible, the value they create from a broader economic, social and environmental perspective. The ultimate goal is to enable investors to make more efficient and effective decisions and bring an organization's market value closer to its intrinsic value. Integrated reporting does just that. Leading organizations are adopting the concept.

4.7 Integrated Reporting In India

Integrated reporting moves beyond a silo approach of information gathering and reporting towards a more comprehensive assessment and presentation of a company's value and performance. This offers various benefits, such as giving organizations a more holistic view of information relevant to their strategy, business model and ability to create and sustain value in the short, medium and long term.

Five Guiding Principles support the preparation of an Integrated Report:

• Strategic focus

• Connectivity of information

• Future orientation

• Responsiveness and stakeholder inclusiveness

• Conciseness, reliability and materiality

The idea of integrated reporting is focused on making some real changes to the existing corporate reporting model, both to external as well as internal reporting. An integrated report is merely intended to be one output of integrated reporting, which should reflect and will depend upon integrated thinking within an organisation. It is about understanding the relevance of various factors - financial as well as non-financial - and their interdependencies for the company's business model, and considering the insights formed with such a comprehensive approach in strategic and operational decisions. At the very core of the concept of Integrated Reporting (IR), is the growing recognition that a number of factors determine the value of an organization - some of these are financial or tangible in nature and are easy to account for in financial statements. However others, like people, natural resources, intellectual capital, markets, competition, etc. are harder to measure. This is where the concept of Integrated Reporting comes in. IR enables an organisation to communicate in a clear manner on how it is utilizing its resources and relationships to create, preserve and grow value in the short, medium and long-term. And thus helping investors to manage risks and allocate resources most efficiently.

The IR reporting framework covers six parameters:

• Organizational Overview of the Business Model

• Operating Context, Risks and Opportunities

• Strategic Objectives and Strategies

• Governance

• Performance

• Outlook

4.8 Types Of Capital Under

Natural capital: serves as the basis and glue for the entire economic and social system. It provides resources that often cannot be replaced. And it's essential for the functioning of the economy as a whole. Resources include water or fossil fuels, renewable natural resources such as solar energy or agricultural crops, and the capacity of the world's carbon sinks - i.e., the air, forests and oceans - to neutralize or sequester the waste generated by economic activity. When it comes to determining whether natural capital is material to an organization, relevant factors must be brought to bear. These include the level of reliance on natural resources, the environmental impact of its productive process, and what the organization has to do to operate within the limits imposed by the environment.

Social and relationship capital: the stock of resources created by the relationships between an organization and all its stakeholders. These relationships include ties to the community, government relations, customers and supply chain partners. Operating licenses, dependence on the public sector or an unusual supply chain may also be factors.

Intellectual capital: encompasses the intangibles associated with brand and reputation that are critical to the organization. It also includes resources such as patents, copyrights, intellectual property and organizational systems, procedures and protocols. These can provide significant competitive advantages. They can also have disadvantages, such as the negative brand equity attributed to major polluters or ill-reputed shareholders.

Human capital: refers to the skills and know-how of an organization's professionals as well as their commitment and motivation and their ability to lead, cooperate or innovate. The success of an organization is tied to proper management of its teams and care for their motivation and well-being. Excessive employee turnover or inadequate remuneration policies can damage reputations and impair an organization's ability to create value.

Financial capital: is the traditional yardstick of an organization's performance. It includes funds obtained through financing or generated by means of the organization's productivity. It's the pool of funds available to the organization for use in the production of goods or the provision of services, including debt and equity financial capital interacts extensively with the other capitals. Organizations need to understand and reflect this interdependence in their integrated reports. It's important to show financial capital is converted into other forms of capital - assigning value to the latter - and explain how these other forms of capital will generate financial returns over the short, medium and long term.

Manufactured capital: mainly comprises physical infrastructure such as buildings or technology equipment and tools. Manufactured capital may be owned by the organization or by third parties, e.g., ports and other public infrastructure. They contribute to an organization's productive activity. It follows that their efficient management can reduce the use of resources and drive innovation that leads to greater flexibility and sustainability. The capitals available to the organization are increased, decreased or transformed as a result of its value-adding activities. The connectivity and interdependence among the various capitals or inputs - specifically their influence on the organization's long-term financial performance - should be communicated in an integrated report. Moreover, not only do the capitals interact with each other, but they are also influenced by external factors. These include the economic climate, technological progress, social changes and environmental issues. Viewed from this perspective, an organization's ability to mitigate risks, adapt to change and interact with its shifting surroundings is key. What's more, the capitals can become an internally generated intangible asset. To understand how an organization uses its capitals, how they relate to each other and the influence of external factors, it's vital to define the strategy, and a series of KPIs, to measure the strategy's progress.

4.9 Conclusion

Integrated report has disclosed quality information in one or other way. The concept of explicitly considering multiple capitals when reporting is relatively new. One is using the capitals concept to benchmark how much attention the six capitals get in its current reporting on performance; another has aligned its strategic objectives with the capitals, which has changed the company's materiality analysis and helped it focus on value creation. Considering the capitals has led many companies to change the way they work across departments, use technology to integrate information, and change their reporting to strengthen the connectivity of information. The key benefit: the capitals concept has helped them establish the causal relationship between their business models, strategy and performance. Business uses the capitals model as a benchmark for ensuring they consider all forms of capital they use or affect, and as part of the theoretical underpinning for the concept of value. Report preparers are still experimenting with how to categorize and define the capitals for their own circumstances, as well as the appropriate narrative and metrics to report. Report users are also exploring what information they will find most useful, how they would like it delivered, and in what form. While the concept of Integrated Reporting is new, it is clear that reporting on the capitals is set to evolve considerably over the coming years.

"Hard is to Integrate, Easy is to Discrete. - Dr. Parth Rashmikant Bhatt

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Logistic Cost Accounting

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Abstract

The scenario in business world has drastically changed due to globalisation and technological advancement especially in the field of information technology. This further led to increase of logistic activity of the manufactures. Most of the manufactures are outsourcing logistics activities to third party logistics, also known as logistic service providers. Both manufacturers and logistics service providers run business under considerable pressure. They are required to provide high quality logistics services at lowest possible prices and also to sustain their business operations under profitable condition. This is only possible by reducing logistic cost. First the logistic provider needs to identify the various logistic cost involved in the cost process. Various logistic costing systems can be used for cost calculation and cost control. The current paper discusses about the logistic cost involved in manufacturing and logistic service providing companies. It mainly focuses on two logistic costing systems namely Absorption costing and Activity Based Costing and how these two systems are helpful in the management of logistics.

Keywords: **Logistics Costing, Absorption Costing, Activity Based Costing.**

Introduction

In the new area of technology and communication world business scenario is constantly changing. Globalization and advancement of internet and ecommerce has nearly eliminated the barriers and boundaries for trade and commerce between parties of different nations and the whole world has gradually turned into a market. Cut throat competition between multiple players in the industries across the word gives consumer multiple choice for the product and service. It forces the producer towards cost reduction through optimum and efficient utilisation of resources so as to fulfil customer demands and provide service for the product at same time, so that the production activity can be carried out uninterrupted. This demands for a better internal and external supply chain logistics system to provide fast, accurate and quality service.

With the development of business and economy globally, cost efficient logistic system is been a critical area. In current era countries are more focused on infra-structure driven economic deployment for logistic support to reduce logistic cost. The Belt & Road and Maritime Silk route initiative of China and Chabahar Port development by India and Iran is geographically structured to connect different countries of the world aiming to reduce logistic cost.

Producer may develop and use own inbound logistic system or may take help of third party logistics outbound service. In both inbound and outbound there is no uniform system of recording and management of logistic cost. It is important to understand various aspects of logistic cost and method of logistic costing for Management, control and charging the same to product.

Logistics, its Components and Providers

The concept of logistic was initially developed during military operations in World War II for the movement of soldiers and ammunitions to the battlefront. However during 1950s American recession, the significance of logistic gained momentum for the goods circulations. In recent era logistic is an integral part of production process (Yung-yu 2005)

According to Oxford Dictionary, logistics is "the detailed organization and implementation of a complex operation." In commercial term logistics is an activity of transporting goods to customers (Oxford Dictionary 2018). According to Business Dictionary logistic is "Planning, execution, and control of the procurement, movement, and stationing of personnel, material, and other resources to achieve the objectives of a campaign, plan, project, or strategy. It may be defined as the 'management of inventory in motion and at rest'" (Business Dictionary 2018)

According to Tseng Yung-yu, logistics is a supply chain process that plans, implements, and controls the forward and reverse flow and storage of goods, services, and related information between the point of origin and the point of consumption in order to meet customers' requirements. It includes inbound logistic of acquiring goods from suppliers, material management that is movement of material and components within a firm and physical distribution of goods to the consumers (Yung-yu 2005).

Logistic can be summarised as a process which begins with acquisition of materials and goods to consumption for production, and its supply to customer. It also includes related services and information.

Logistic services, information systems and infrastructure are the main components of the logistics system. Logistic services are physical and non-physical activity for movement, storage and related management services carried out in-house or by external third party service providers. Information systems refer to management network systems providing essential data and information regarding logistic services like tracking and tracing. Infrastructure is the base within logistic system.

The users of logistic services has two options to fulfil its logistic needs. It may develop in-house facility or may outsource logistic facility from popularly known 'Third Party Logistic (TPL)' Providers. Normally in-house facility is created for within organisation requirement and third party logistic service is availed for external requirements. However decision depends on the requirements of customers, management and cost effectiveness. With the development of ecommerce use of third party logistic services become more cost effective mainly for small and medium enterprise users.

Logistic Cost

Logistic cost includes all cost incurred in performing various logistic functions like transportation, storage and material management required for procurement, production and distribution to consumers. Though logistic cost depends more on type of product, availability of raw material and market, the cost towards logistic occupies a major portion of total cost.

Competitive pricing and profit maximisation of an enterprise is greatly dependent on effective and efficient logistic cost management. Various cost elements are involved in logistic cost structure. Managing all such elements is a complex and critical issue. To overcome the complexity and for logistic cost control, it is necessary to identify; understand and classify various cost elements manage and reduce logistic cost (Zakariah and Pyeman 2013).

Cost elements of logistics

The cost for logistic incurred at various stages starting from procurement, to storage, to production, distribution to customers and finally the disposal. Such cost may be of fixed or variable in nature. Following table 1 shows major cost components at various stages.

Table 1 Stage of Logistics and Cost components

Stage	procurement	Storage	production	Distribution and disposal
Cost Components	Ordering Cost Transportation Inspection Administration	Transportation Warehousing Inventory Handling Risk and Damage Administrative	Transportation Handling Administrative	Transportation Godown Packaging Handling Administrative Risk and Damage Others

Transportation is a key element having major share in total logistic cost for any organisation. It is a bridge joining different stages or activities from procurement and storage to production and distribution. Organisation may have own transportation facility or may take help of third party transportation facticity from logistic service provider. Normally own transportation facility is utilised for in-house activities of storage and production. For transportation from supplier to organisation and organisation to customers, own or third party facility can be availed. It is important for both to have cost efficient transportation system.

Ordering cost includes cost incurred towards placing the orders and all related activities. Administration cost includes cost towards management of procurement, storage and production logistic support and distribution. It also includes cost incurred on information network system for tracking and locating of logistic activities.

Techniques of Logistic Costing

Logistics costing can be set up as an integrated part of the operative manufacturing cost calculation system to evaluate the cost effectiveness of logistics processes and to allocate logistic costs to products in an exact way (Zoltán 2010).

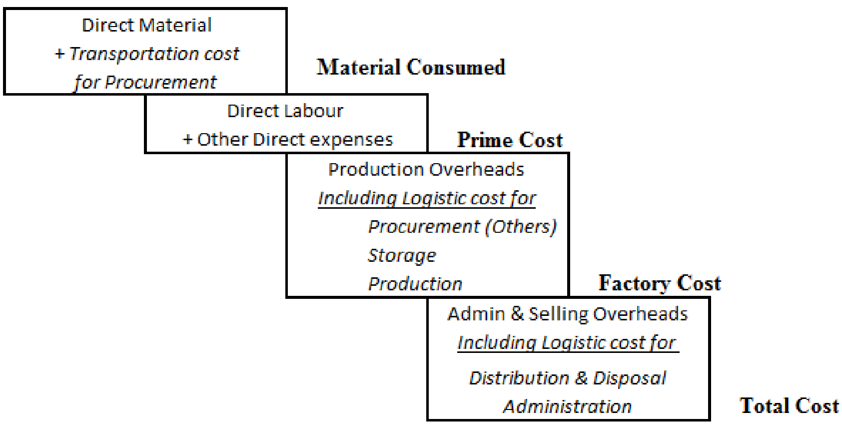
The basic principle of logistic costing is to identify, calculate and control the different costs that are associated to logistic activities and added to the cost of the product for exact product cost. To find out the cost of a product or service, various cost methods are used depending upon the type of industry. Normally logistic service providers, mainly in transportation industry follow operating cost technique to find out cost per running logistic operation. They consider cost of logistic operation as direct cost for their services. Whereas in case of manufacturing organisation, that follow other cost methods, consider cost of logistic operating as indirect cost. It is important to know how such cost in both the case is calculated and charged to final product. There are various cost techniques of charging such logistic cost to the product and cost control.

Absorption Costing

Among the various cost techniques absorption costing is most traditional form used which is also known as full costing. Under this technique direct and indirect cost are charged to the product. Indirect cost, including logistic cost, are first allocated or apportioned between various departments. Such allocated and apportioned indirect expenses to production department, are absorbed on certain basis such as number of units produced, machine hour rate or labour hour rate etc. to find out total cost of a product. Following statement shows how logistic cost is charged under absorption costing.

Under absorption costing all fixed and variable indirect costs are pooled either in few departments (such as manufacturing, marketing, finance) or levels, of the company, known as cost centre and charged to the product on the basis of arbitrary absorption rate. The absorption rate is based on production or few cost drivers of the production, mainly on the basis of labour hours involved in production process rather than drivers of logistic services rendered to the concerned department or the product. Such logistic cost is poorly accessible and remain hidden under absorption technique hence may not reflect exact cost of a product.

Figure 1 Absorption Cost System of charging Logistic Cost



The main limitation of traditional technique of absorption costing is that, the method is not able to provide transparent information and related accounting of their cost drivers. It limits effective management of logistic activities and cost control. Under such a scenario it is not appropriate to hold Manager responsible for the cost on which he has no control, over related drivers of the cost. Further due to global competition and financial problems, new developed costing techniques like activity based costing (ABC) that charge logistic cost on the basis of cost driver of logistic activity.

Activity Based Costing (ABC)

According to the definition given by Business Directory, activity based costing is a cost accounting approach which is concerned with matching costs with the drivers of activities that cause those costs. The approach is on the premise that products consume activities, it is the activities and not the products that consume resources. Such activities are the cost drivers that are not based on the volume of production. Instead of allocating costs to cost centres, ABC allocates direct and indirect costs to activities (Bisness Directory 2018).

According to official terminology given by CIMA, 'activity based costing is an approach to the costing and monitoring of activities which involves tracing resource consumption and costing final outputs. Resources are assigned to activities, and activities to cost objects based on consumption estimates. The latter utilise cost drivers to attach activity costs to outputs'.

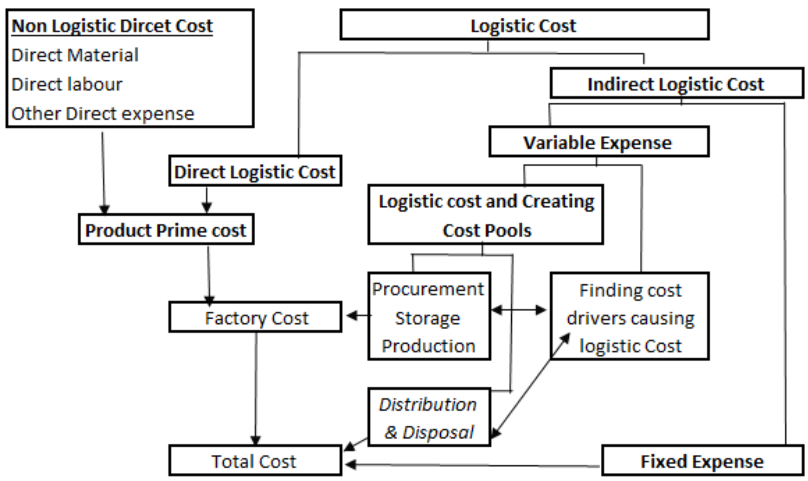
Activity based costing is advanced approach of absorption costing that replaces production driven cost driver like labour hours to activity driven cost drivers. It is a technique that allocates overhead on the basis of activity drivers. The main aim of the approach is to find cause of the expenditure so as to target for reduction of overhead cost and to find exact cost of the product.

The application of ABC for logistic cost in manufacturing and logistic service providers is to overcome the limitation of absorption costing. The various activities of logistic causes the cost. It is appropriate to charge such cost of logistic on the basis of related activity rather than any other base.

Process of ABC for logistic cost

The logistic cost may be direct or indirect in nature. Direct cost are charged to prime cost of the product. The indirect cost may be fixed or variable in nature. Fix indirect cost are normally absorbed or transferred to the total cost of a product, whereas for variable indirect logistic cost a cost structure is required to be built under ABC. The first step in building cost structure in ABC is to identify, measure and understand various logistic indirect cost. Proper identification of cost helps in identifying the factors causing them. Various cost pools are created where the cost which is caused due to the common factors are classified in a single pool.

Figure 2 ABC System of Charging Logistic Cost



After careful identification and classification of logistic cost, cost drivers are analysed. Cost drivers for logistic cost are factors which has cause and effect relation with logistic cost.

It causes a change in the logistic cost of logistic activity performed in an organisation or in a process. The benefit of ABC system is mainly dependent on careful selection of cost drivers.

According to Bokor, the selection process involves the examination of cost items and their causes in order to identify related cost drivers, furthermore quantification of cost drivers helps in explaining the driver-cost relationships. At least one cost driver and often a set of multiple cost drivers are selected from the available options for a cost item. So the implementation of ABC system requires numerous cost driver selection decisions. The number and complexity of available drivers from which to choose can cause considerable selection problems for the decision maker. The core idea of improving transport/logistics costing is to include additional, technology related information – resulting in exact cost drivers – into the calculation. Doing so indirect costs are allocated to profit objects by using technology performance flows instead of ad-hoc, arbitrary distribution keys (Bokor 2010).

The different cost drivers of logistic cost are used to each cost pool for allocating logistic cost to various cost centres or cost objective. To arrive at cost per unit of logistic activity driver, the total cost of each logistic pool is to be divided by the number of activity in logistic activity driver. Based on the activity driver logistic cost is charged to the product.

Table 2 Logistic Cost and Cost Drivers

Stage	**Cost components**	**Cost Drivers**
Procurement	Ordering Cost	No. of orders,
	Inspection	No. of inspection, No of Receipts
	Transportation	Transport performance & distance (Weight/kilometre)
	Administration	No. of orders, procurement duration,
Storage	Transportation	No. of movements, time of movements
	Warehousing	Space occupied, duration of occupancy
	Inventory handling, Risk and Damage	No. of items, lead time
	Administrative	Time devoted
Production	Transportation	No. of movements, time of movements
	Handling	No. of operations, Operation time
	Administrative	No. of operations, Operation time
Distribution and Disposal	Transportation	No. of deliveries, Transport performance & distance (Weight/kilometre), Delivery Time
	Godown	No. of items, Duration
	Packaging	No. of Items, Product size
	Handling	No. of orders, Frequency
	Reverse Logistics	No. of Return, Transport performance & distance (Weight/kilometre)
	Administrative	No. of Invoice

The above Table 2 Logistic Cost and Cost Drivers, shows the probable cost drivers for various logistic cost. The above list is inclusive list and not exhaustive one. There can be other cost drivers that causes logistic cost.

Allocation of logistic cost on the basis of ABC enables the management to track the areas of control cost by analysing various activity drivers and reducing unnecessary or avoidable activity. Management can fix the standards for operating activity or compare with industry standards and take decision for cost reduction.

ABC system can be applied as decision tool, when decision is greatly dependent upon the logistic overheads. Decision regarding assigning work to logistic service providers or developing own infrastructure, to make in house or to outsource. Under ABC system, cost related to individual customer, like customer service levels, sales return etc. can be easily identified. That helps to determine profitable and unprofitable or comparatively less profitable customer. For *a company which has multiple distribution channels, it becomes easier to decide the most economical and efficient channel for distribution through ABC system. The system can help in deciding the price of product too.*

Decision taken through ABC system is dependent on information derived from cost and cost driver mechanism. It is important to have dynamic mechanism having cause and effect relation. Information derived from such mechanism is useful in cost-benefit analysis for decision making process.

The ABC technique is in its early stage among the manufacturing and logistics service providing companies. According to the study of Julijana; Klavdij and Bojana, the adoption level of ABC system in manufacturing and logistic companies is very less. The main reason accroding to their study is adequate visibility of managers for control over logistic costs. The good visibility of logistics costs is one of the prerequisites to avail benefits of ABC method in logistics (Julijana , Klavdij and Bojana 2012).

Despite of the advantage of ABC, there are few limitations of the system. Applying ABC system is costlier than that of absorption system. Complexity in execution of ABC System makes it difficult for the decision makers to understand its process, which ultimately results in a lengthy decision process. ABC system requires detailed information about cost, cost drivers and other related item for cost allocation, which eventually results in accumulation of huge amount of irrelevant data that sometimes leads to misinterpretation by the users. Further the result derived for one company from ABC system cannot be generalised to other companies.

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NAAC Impact on Teaching Learning Process in the Post Accreditation Scenario

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Introduction

Quality is contextual. It is very difficult to give a comprehensive definition of quality. The best teacher of a particular school may be a poor teacher in some other school. However, the quest for quality has been the major concern of the entire human civilization. Quality is not an act, it is a habit. It generally signifies the degree of excellence. It is the totality of features and characteristics of the product, process or service that bear on its ability to satisfy stated or implied needs. In the educational context, quality is seen as a complex issue as education is concerned with human being. When we describe human being as as product, the description cannot encapsulate all the characteristics of teachers or learners in the same way, as one would describe the quality of commodities. Hence, the definition of quality varies depending upon the individual, institution and educational situation, social and national context.

Context Concerns

Teacher education program is an integral part of educational system, which is directly linked with the society. Its scope and objectives have become larger in the modern society. The major factors of quality concerns in teacher education are input, process and product factors.

Input Factors

Input factors involve the entire physical infrastructure sec as building, equipment, library, books, laboratory and playground etc. it also includes 'students' entry behaviour such as their family background, socio-economics status, academic achievement, their interest, need etc. teachers' entry behaviour such as their academic and professional background, socio-economics status, their attitude towards teaching profession, interest, etc. are also considered as input factors.

Process Factors

A teacher education programme is said to be successful if its outcomes are maximized amongst the trainees in terms of development of necessary skills, Values and attitudes. These outcomes are largely depending upon how effectively the process of training is organized. Quality lies in its processes. Output is the result of processes. A process is a particular course of action intended to achieve the desired results. It is a sustained phenomenon marked by gradual changes through a series of actions that lead towards a particular result. It may be natural or man-made but a continuous activity or functions (Mishra,2002). Good quality inputs coupled with weak processes may not lead to desired outcomes. On the other hand, good quality processes coupled with minimum desirable inputs may lead to desired outcomes. It includes the instructional strategies and processes.

Product Factors

Product factors are the desired outputs of a given course of instructions. It determines whether objectives of a particular course of instruction are being achieved or not. They are students' academic achievement, commitment to teaching profession, efficiency in learning, personality development, etc.

Agencies of Quality Assurance

Various agencies are involved for assuring in teacher education, the significant ones are as follows:-

National Council For Teacher Education (NCTE)

The NCTE became a statutory body by an act of Parliament in 1993. The main objectives of the NCTE are to achieve planned and coordinated development of the teacher education system throughout the country. It is also involved in the regulations and proper maintenance of norms and standards in the teacher education system.

NCTE has taken number of steps for raising the quality of teacher education system. It has formulated norms and standards for twelve teacher education courses in all at pre-primary, primary, secondary, senior secondary, physical and distance education courses. It is amendatory for the existing and new institutions to seek NCTE recognition after fulfilling the NCTE norms. Further these recognized institutions have to submit the Performance Appraisal Report (PAR) annually. On the basis of the PAR, actions are taken to withdraw the recognition in case of violation of norms and standards.

In 2002, the Council also developed "Curriculum Framework for Quality Teacher Education" for upgrading the quality of teacher education programmes at per with international standards. NCTE being aware of the importance of information and Communication Technology (ITC). Has made ICT literacy a compulsory part of B. Ed course. NCTE has been engaging in organizing number of workshops for teacher educators throughout the country to familiarize them with basics of computer usage. In addition, B.Ed. colleges were provided with CD-ROM's to teach IT literacy.

In order to inculcate a sense of value judgment, value commitment and value transmission among the teachers, NCTE has published number of print material; and CD-ROM as well as put these publications on its website. Some of the significant publications are: Human Rights and National Values; Gandhi on Education; Sri Aurobindo on Education; Role and Responsibility of Teachers in Building Modern India; and Education for Character Development.

National Assessment and Accreditation Council (NAAC)

All over the world, since the 1980s the expansion of the system of higher education was coupled with mounting criticism about the quality of education. As a result of this, establishment of quality assurance agencies has become a common phenomenon worldwide. India joined this trend in 1994 by establishing NAAC on the recommendation of NPE' 86. The primary objectives of establishment of NAAC is to assess and accredit institutions of liberal arts\, science and other disciplines in order to help these institutions to work continuously to improve the quality of education, through self-evaluation of performance of an institution and/or its units based on self-study and peer review through defined criteria. Accreditation is the certification given by NAAC, which is valid for a period of five years. the process of assessment followed by NAAC, is in accordance with the internationally accepted practice with certain modification to suit the Indian context. For quality assurance of teacher education institutions, the NAAC and the NCTE have entered into a memorandum of understanding (MOU) for executing the process of assessment and accreditations of
all teacher education institutions coming under the provision of the NCTE. The three-stage process for assessment and Accreditations is as follows:

Preparation of the Self-appraisal Report by the teacher education institution for submissions to NAAC Validation of the Self-appraisal Report by peers visiting the institution and the final decision of NAAC based on the Self-appraisal Report and the recommendations of the team of peers.

Universities

The university is responsible for providing affiliation to the teacher education institutions situated in its jurisdiction. It conducts combined entrance tests and grants admissions to students against non-management seats to these teacher education institutions. It also design curriculum, coordinates for quality teaching, and conducts examination. It also prescribes norms for certification of faculties. It is also engaged in capacity building through faculty development programme and research.

Institutions of Teacher Education

Teacher education institutions create appropriate infrastructure for providing quality teacher education and grants admission against management seats. It organizes teaching as per prescribed curriculum of the affiliating university. It is also engaged in appointing faculties and overall management of the institution. It also coordinates with the affiliating university, NCTE and the State Govt. in all matters regarding teacher education.

Quality Indicators

In order to assess the quality of teacher education institutions, certain quality indicators are to be considered. NAAC (25004) has identified seven core indicators for quality teacher education as follows:-

a) Curriculum planning and design:- which includes goal orientation, curriculum development, programs options, academic flexibility and feedback mechanism.

b) Curriculum Transaction and Evaluation:- which includes admission process, catering to diverse needs, teaching-learning process, teacher quality, evaluation of teaching, evaluation of learning, and examination reform.

c) Research, Development and Extension:- which includes promotion of

d) Research, research output, publications output, consultancy extension activities, participation in extension and linkages.

e) Infrastructure and learning Resources:- which includes physical facilities, maintenance of infrastructure, library as a learning resource, computers as learning resources and other facilities.

f) Student Support and Progression:- Which includes students profile, students progression, student support and student activities.

g) Organization and Management:- Which includes goal orientation and decision making, organization structure, powers and functions of functionaries, perspective planning, human power planning and recruitment, performance appraisal, staff development programmes, resources mobilization and financial management.

h) Healthy Practices:- Which includes total quality management, innovations, value-based education, social responsibilities and citizenship roles, overall development and institutional ambience and initiatives.

Enhancing Quality: Some Suggestions

The skill development of student teacher should be on par with their counterparts abroad. With liberalization and globalization of economic activities, the demands for teacher education at nationality comparable and internationally acceptable standards have increased. This demands the teacher education institutions to be innovative, creative and entrepreneurial in their approach to skill development among the students. Although skill development is crucial to the success of the teachers in the job market, skills are of no value in the absence of an appropriate value system. Teacher education institutions have to shoulder the responsibility of inculcating the desirable value system among the student teachers commensurate with social, cultural, economic and environmental realities at the local, national and universal level.

Our teachers are still uncomfortable with the use of technology in the classroom. They should be trained to the technological innovations that are readily available. Effective use of information and communication technologies in teacher education institutions can improve the quality of teacher education.

In order to manage the expanding work and complex nature of the problems of teacher education, every state should have a separate Directorate of Teacher Education. Such directorate will also be responsible for manpower planning with respect to recruitment of various levels of teachers in the concerned state. State should plan teacher education facilities in terms of teacher requirement of various subjects and grades.

The assessment procedure of NCTE , NAAC, and the University should help the teacher education institutions to know its strengths, weaknesses, opportunities and threats. It should provide the funding agencies with objective and systematic database for performance input factors to process and product factors. Quality assessment may not be restricted to first generation indicators based on input factors. Instead we should consider those indicators, which are applicable to a variety of situations sensitive to the specific needs and functions of teachers education should be considered. Hence, there should be flexibility in approaches and methodology for assessment of teacher education institutions.

School curriculum is becoming more and more complex. Manu new areas of knowledge are getting into the curriculum. In this situation, one-time teacher training of a particular duration may not serve the purpose. There should be continuous in-service programme organized both through face-to-face and distance mode in order to make the teachers to cope with the latest development. Alternative models of teacher education programme should be experimented by teacher education institutions as practiced and succeed by a few institutions such as four-year integrated B.Sc. B.Ed. programme of NCERT, four-year Integrated B.El.Ed. Programme of Delhi University, Activity B.Ed. programme (Zero Lecture Progamme) of Devi Ahilya Vishwavidalay, Indore, two year B.Ed. programme of NCERT , and the Anweshana Experience of Banasthali Vidyapith.

Each teacher is expected to involve in undertaking action research for qualitative improvement of classroom teaching. They should also be involved in developing teaching and learning (print and non-print) instructional materials, psychological tools, etc. this will help he teachers in updating their knowledge and skills continuously as well as improving their self-esteem. There should be continuous monitoring of teacher education institutions by NCTE and the affiliating University, particularly the privayely managed self-financing institutions in order to maintain the standard of teacher education programme and its quality enhancement.

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Role of Auditors in 21st Century

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Introduction

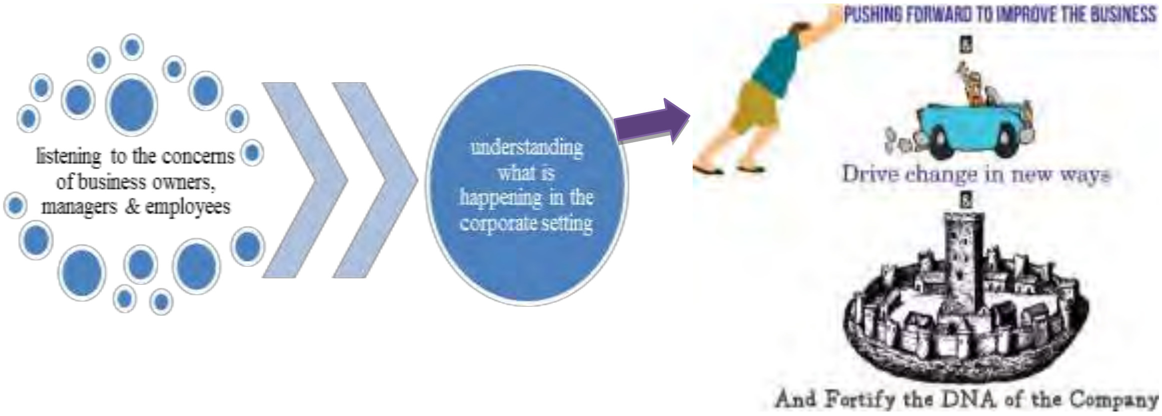
21st Century as we know today is all about artificial intelligence, robotics, massive growth of limitless Internet, massive growth of smart mobile phones, constant connectivity through social media, digitization of everything (from money to wallets to transactions), climate-change, huge advances in bio-tech, new expeditions in the direction of space technology, adaption of new transportation methods (shift from fuel to electric-cars), developments in the solar technology, 3-D printing, nano-technology, cybernetic enhancement, cyber-crimes and what not! The world is experiencing a never before shift in terms of technology today. As a result, massive shifts in international wealth and power are taking place. The huge corporations today are those having more of virtual-presence than those having physical one. Most multi-national incorporations today are in the race to build a digital environment of almost complete automation. In a nutshell, the world as a society today is getting diverse and digital in all-aspects.

If the world is changing with this pace, the methodologies and modus-operandi in the white-collar corporate frauds are changing at a speed almost double. The cyber-crimes involving lacs and crores of money are now daily matter of E-newspapers. Thus in this technologically mad world, there is an unbelievable paradigm shift in the role of an auditor today. Gone are those days of flipping physical financial documents in the course of auditing. An auditor today requires a new kind of thinking - a 21st century mindset. The accounting and auditing firms today demand not only a leader in transparency, accountability and responsibility, but also specific digital literacy and knowledge of accounting and auditing softwares. Thus the role that an auditor plays today is of e-watchdog. Audit Profession in the current times is driving exciting and unparalleled changes that are rudimentarily evolving the role of the auditor and how audits are performed. Innovations in the area of AI, workflow automation and data analytics are removing many monotonous and labor-intensive manual processes of audit thoroughly. This is further helping auditors to focus more on crucial and critical tasks by enhancing audit quality and deliver powerful insights significant for stakeholders that were not viable previously. ***(Raphael, 2017)***

Taking the scenario in developing countries like India, the role of an auditor is always under the fire and constantly in the judgmental eyes of media with increasing number of financial scams surfacing with every passing month. The recent sprouting of the number of financial sector scams, the likes of- Nirav Modi Group, Gitanjali Jewels, Kingfisher Airlines, etc. has shaken the trust of stakeholders and public at large from within. The role of auditor is always under a question mark when any such issue arises, especially in the times of unfiltered and abundant social media. Talking about the multi-crore Satyam Scam that shocked stakeholders in 2009, recently after 9 years the news of ICAI cancelling the membership of 6 chartered accountants involved in the infamous Satyam case made the headlines, but ironically the hands of ICAI were locked to initiate any strict action against the CA firms to which these accountants were affiliated.

Role of Internal auditor in modern times

Lenz (2017) elaborates the role and tasks of a corporate internal auditor in current era which can be represented as follows-



To perform this tasks hassle-free, an auditor must re-learn the very definition of 'audit'. Tracing back to the etymology, it came from the latin word 'Audire' which literally meant 'to listen'. In today's digital world, this process and role of being a sound listener has become somewhat easy in case of internal auditors, since their main job is only to take a closer look critical processes and activities to-

- Prevent negative things from taking place and
- Improve those critical processes in the company

In the 21st century, the key for internal auditors lies in the data, 'Big Data'. The process mining /data mining helps them to do their tasks better by making audit an integral part of the organisation rather than separate castle. Process mining helps the auditor see through the data and know what in reality is happening in the corporation and focuses to identify what exactly went wrong in a particular situation or management problem. *Thus, with evolution of digitally 'Big Data' in the 21st century, the internal auditor's role has become that of 'Friend, Philosopher and Guide'.* They now have a stronger role to play by assisting the organisation and offering new insights, rather than just offering criticisms as earlier. They can now gain intensified openness from people within the company. This helps them focus more on significant, relevant and critical processes by raising insightful questions to improvise the process and take the company a leap beyond. Thus, in the 21st century internal auditor is not expected to simply come in with an all-inclusive pre-prepared generic checklist simply pretending to have all the answers. Rather they are expected to listen, question, understand, appreciate and change if wrong what is precisely happening in the organisation ***(Lenz, 2017).*** The internal auditor today needs to have a specific skill-set of identifying and using the best process mining tool for an organisation out of the number of options available in the market. Some of the popularly used process mining tools in the audit world by big audit firms today are Celonis, Minit, ProcessGold, Apromore (opensource) etc.

Role of External auditor in modern times

The external auditor's role in the current scenario is quite interesting. The internal auditors or the management auditors work for the corporation and hence it is least expected from them to come up with or report any misappropriations hidden in the financial statements or frauds going on in the company. Rather, in number cases they themselves are the shrewd planners or executors of the evil plans of the management. Thus, unless some 'Mr. Satyakaam' *(A classic character known for his invulnerable ethical behavior from a cult Bollywood film named Satyakaam played by veteran actor Dharmendra)* with sound individual ethical principles becomes a whistleblower, the matter remains buried deep down in the electronic/physical piles of documents. Thus in this situation, the role of external auditor is as crucial as that of Ravi Shastri's in the success of Indian cricket team today.

In the computerized accounting environment today, the auditor poses number of specific risks and audit threats ***(Seetharaman et al, 2017***)-

In this scenario, it is important for the external auditors to buck up and do away with this so –called problems. He has to play the role of problem solver here. His role to excavate errors and frauds of the corporations be it private or government is difficult, but not impossible. For that he must have an impeccable skill of professional vigilance and skepticism. Especially in the government audits where he has to deal with three crucial p's- propriety concern, people's money and pressure, his role as a teller of truth becomes important especially in the developing countries where corruption is rampant.

In reference to external audit in private sector, the auditor carries the burden of trust of all the stakeholders and as a result true & fair view must be there in his reporting. With changes in the disclosure requirements and new laws coming in, precise drafting and implementation of accounting and auditing standards almost common worldwide and several other measures to establish a system of quality corporate governance, including stricter action against the wrong-doers, the role of external auditor as a safe-guard of stakeholders' trust in true sense has grown intense. This is the era of frauds and, according to ***Kligmen (2003)*** the last few decades have seen a remarkable change in the culture of people and corporate structure. Things like greed, insatiability, need to 'beat the market' and top the other guys pay-cheque has morally deteriorated the ethical behaviour of human beings. Even if all the little role that the external auditor can play today is 'being ethically invulnerable' most problems might be solved. He should even play a vital role to dig-up any environmental violations done on account of innumerable hazardous activities carried out by the corporations' in times of climate change.

Innovations that are evolving the Role of Auditor in modern times

The reduction of tedious manual audit activities as carried out earlier has resulted into incredible audit innovation. This has further helped to generate new acumens and has raised the quality level of audit today. *Be it Internal audit or External audit*, technological advances has drastically reduced the time and changed the approach to conduct an audit. An auditor today has more resources, analytical tools and time to advantageously apply their most significant abilities- professional and logical skepticism and judging knacks- regarding business issues, control's and risks. For example, the big/meta data of the company's contracts/vouchers/bills/transactions can be processed and analyzed using advanced intuitive analytics and any discrepancies can be discovered and eliminated in fraction of time.

a) Artificial Intelligence (Cognitive technologies)-

AI has changed the way we humans live. Two significantly relevant AI technologies used in audit are natural language processing (NLP) and machine learning. NLP enables a system to read and understand key concepts in the electronic documents, while Machine learning enables the system to improve itself from routine experience without being reprogrammed. The audit evidence today is increasingly becoming digitized and so tactical use of AI can help extensively in the course of audit. Thus it becomes evidently important for an auditor to learn how to operate under an AI environment.

b) *Workflow Automation-*

Automation in the monotonous and tedious process of audit involving going through the piles if papers has transformed the audit form within. Earlier the role of auditor was to sample check the piles of documents and based upon that express his opinion. Now in the times of automation, he can electronically review only those significant documents that are evidently relevant or the ones that significantly defer from the routine and monotonous policies of the firm. For example, Deloitte (one of the big-fours') uses ***Argus*** (a custom made application that runs on Artificial Intelligence) and can directly identify the items of interest to an auditor and then extract its findings into a working paper. The application can examine hundreds of papers/documents and can identify diversions/modifications/deviations from a particular set standard. Thus it can save unimaginable amount of time and resources involved in the process of auditing monotonous transactions. This technology helps the auditor to focus on the ***Why-*** segment of the audit, rather than wasting time in finding out- ***What***. The transactions pertaining to but not limited to – sales, leasing, purchase, derivatives contracts, employment agreements, invoices, client meeting minutes, legal letters, financial statements etc. can be reviewed with utmost sincerity using this application. Deloitte has also developed a proprietary mobile application called- ***Icount*** for tablets and smartphones to accumulate and amalgamate inventory count results automatically for real-time consolidation and analysis in an online portal. The stock-taking process which otherwise took a weeks' time is now reduced into a day as the auditor can save a lot of time by using voice technology to create working papers, take pictures of the inventory being observed and generate audit documents automatically. Moreover this technology enables the auditor focus more on impactful observation and intelligent inquiry- a part which actually matters the most in the case of verification of assets. ***(Raphael, 2017)***

c) *Analytics, data visualization and advances in forensic accounting & auditing*

Large and complex data sets of the multi-national and multi-hierarchical organizations of the 21st century can be simplified and understood by analytics and visualization. Further for vouchsafing the surety of the financial records, operations, internal control processes, accounting functions and to do away with any doubts pertaining to that, advanced methodologies and techniques of forensic accounting & auditing can be actually put to use. It is a wonderful tool especially for external auditors, who for most of the time, to form any opinion earlier had to rely largely upon the work done by internal auditors. Integrating a smart and skeptical use of analytics, visualization and forensic science- any errors, misappropriation in the financial statements, window-dressing of significant transactions, non-disclosures, violations of any rules & regulations or frauds including corruption can be unearthed. The auditor of 21st century is expected to be well-versed with the techniques like *Benford analysis, Related Party transaction analysis, Income-Expenditure analysis* etc.. Thus the role of todays' auditor in this aspect is quite intense and insightful for the stakeholders, industry and economy at large. He must be even aware with the working knowledge of technological breakthroughs and emerging trends like Blockchain- a financial transaction technology (a digital currency Bitcoin is an application that uses Blockchain), in order to detect the potential neo-risks in the area. In the context of digital frauds, a specialized training of Information Technology Sceurity Control Knowledge is required to be availed by the auditors to dive-in the area of digital forensic auditing.

The 21st Century Auditor

The 21st century auditor requires a bundle of multi-disciplinary skillsets rather than just fundamental knowledge of the core area of his subject. Gone are those days when just having the traditional knowledge of auditing standards, reporting, fundamental accounting and law was enough to be an auditor. *The auditor today plays a multi-faceted role in giving stability and delivering success to an organisation.* To match with the current pace he has to innovate in five dimensions- i.e. technology, fundamental culture, processes, methodology and talent

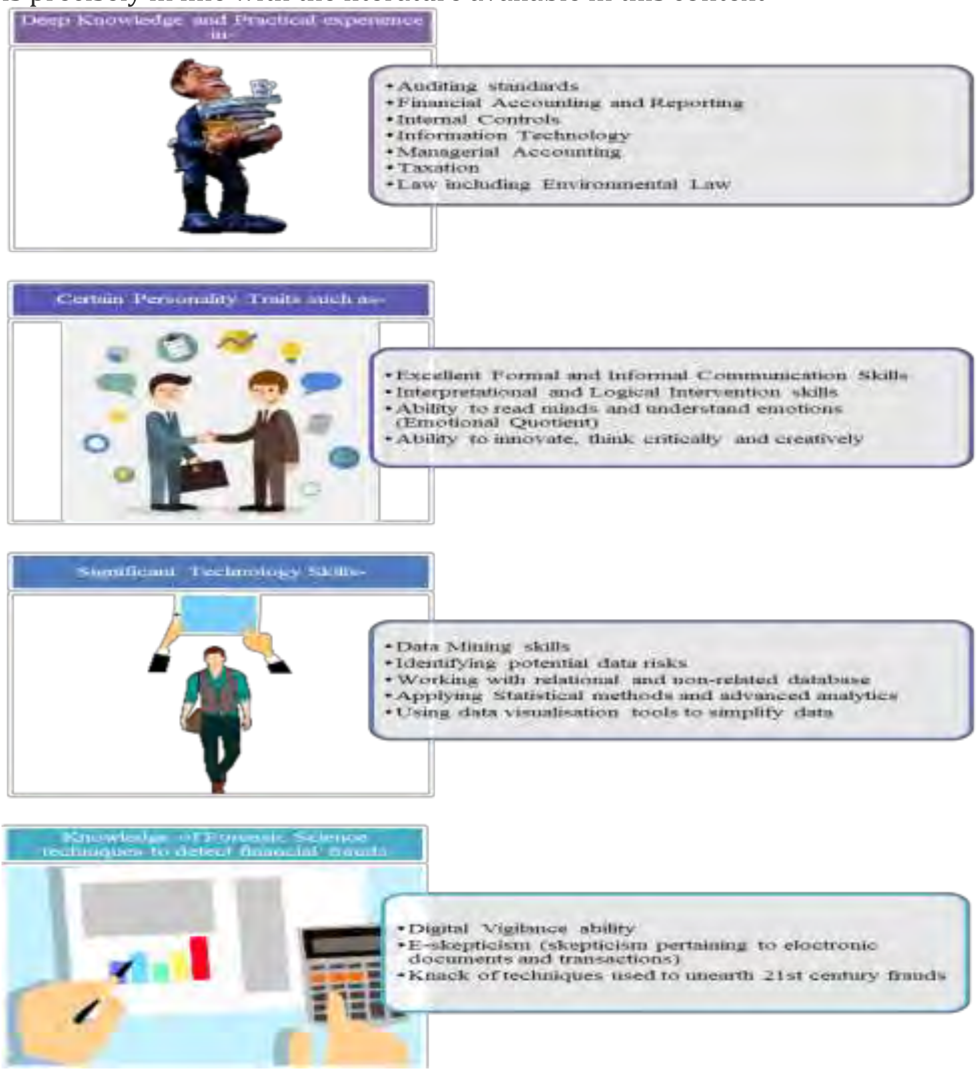
(Raphael, 2017). For which he dons various hats of being a skeptical criticizer to effective communicator, an innovative advisor to a decision maker, an intellectual leader to a competent negotiator, a technical expert to technologically reliable. *A micro-survey of 23 practicing chartered accountants in India was conducted to identify the wish list of skills considering the Role an auditor has to play today.* Following is the extensive (but not limited to) list of *'must-have'* common skills as identified by the professionals affiliated to various audit firms and is precisely in line with the literature available in this context-

21st Century Auditor:

A

Super

Auditor



Conclusion

From a Rs 7,000-crore Satyam scam in 2009 to a Rs 13,000-crore PNB scam in 2018, corporate frauds in India are getting bigger and far more multifaceted. But mutual to both is the question of the quality of auditing in India and so is in many other developing economies of the world. No less than finance minister raised questions on the auditors for failing to detect deception and trickery involved, or exercising adequate professional skepticism in the case of PNB fraud. The bank officials in case of PNB fraud bypassed basic banking systems and controls, and carried this on for years till one of them retired***. Bank's IT systems, internal and outside auditors, and RBI*** remained ecstatically ignorant of crippling liabilities.

The role of both internal and external auditor is discussed briefly in the changing paradigms. The new types of crimes and frauds that were never heard of earlier are now surfacing, redefining the Role to be played by the auditors in this context. Traditionally and universally it is the principle of audit that no auditor should start audit with negative frame of mind. But when such cases are referenced the principle becomes a satire.

Conventionally, auditors are required to strictly maintain supreme level of auditing standards express their opinion on 'true and fairness' of financial records and statements, while confirming adherence to generally accepted accounting principles. They are required to make distinct and discreet enquires in relation to fraud, but not necessarily suspect every transaction or its motive, which is a part of forensic audit. However, if there is anything suspicious, they need to conduct adequate tests. And that's where the catch lies as these things sound great on paper, but most auditors use 'skepticism' for 'escapism'. Taking the recent example of PNB, a leading Indian accounting firm, which audited one of the companies involved in PNB fraud, may have contended that they raised red flags in 2017 in relation to growing financial strains and risk of defaults, but they did not deem those serious enough to warrant a qualification of their opinion. PNB is audited by five national accounting firms (statutory auditors) and all of them collectively missed the fraud. In view of such a joint failure, suspicions about the value of auditing in India is judicious. However, it is equally stupid to form a hypothesis that the quality of audit by the international firms is superior to the local firms. *A 2012 UN Global Compact -TARI-IICA study confirmed that even the presence of a Big4 (Deloitte, KPMG, PWC and E&Y) firm had **NO EFFECT** on incidence or detection of fraud.* In fact ironically, the international firms themselves are now subject to an investigation on whether they violated the basic rules of engagement in India, which forbids CAs from profits sharing with business houses.

Considering the tense situation, it is high time that government agencies like MCA/SFIO, income-tax department, Sebi, economic intelligence, etc. too should put their money heavily in analytics and prediction models to keep them ahead of the arc. The Institute of Chartered Accountants and other professional bodies also needs to bring in a transformed focus on real education, training and pedagogy, and to redefine the auditors role so that their members are ready to face the new paradigm of the knowledge economy.

The real role of super auditor of the 21st century lies in waking us up like a rooster way before dawn of fraud breaks out and not that of a watchdog to just watch it after its out. Until the Auditors precisely understand and transform their role, the common man will be happily paying for the luxuries of the uncommon fraudsters. It reminds me of my fraudster uncle Tickler who recites his version of famous the lines from the 49th Sonnet of William Shakespeare-

"Against that time, if ever that time come,
When I shall see thee frown on my defects, It doesn't bother me at all, and has zero effects…"

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Corporate Social Responsibility and Strategic Corporate Social Responsibility

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Introduction

Corporate Social Responsibility has assumed tremendous importance and is gradually becoming a mainstream activity. Corporate Social Responsibility is the way companies manage their businesses to produce an overall positive impact on society through economic, environmental and social actions.

The concepts of ethics, corporate social responsibility and sustainable development are emerging as major issues of corporate strategy. Under Sec 11(2) of Indian Companies Act, 1956 a company is formed to "carry on any business with the object of profit or gain." But now, earning profit is no longer acceptable as the sole objective of business. The non-financial objectives of ethics, social responsibility and sustainable development have implications for society and environment.

CSR is a multi-layered concept having four main aspects namely, Economic responsibility, Legal responsibility, Ethical responsibility and Philanthropic responsibility.

There was a time when CSR was considered as a luxury, a set of initiatives by companies in good times that were affordable, that made companies feel good. However evidence suggested that commitment to CSR is neither being reduced nor abandoned during the crisis-except in those cases of total bankruptcy.

Evolution: From Philanthropy to Social Responsibility

CSR is not a new phenomenon to Indian Business rather it had always been part of Indian Business tradition. Religion, philosophy and history have an influence over how CSR gets articulated within a cultural context.

- The Bhagvad Gita lays utmost emphasis on "Loksamagrah" which means keeping human beings or the world together, regulating them such that they acquire strength from mutual cooperation. The ancient sculptures like Vedas, Upanishads preach the virtue of sacrifice and co- existence. In Vedic mythology, business has been seen as legitimate, integral part of society that emphasizes work for an economic structure based on contention of "Sarva loka hitam" which means "Well- being of all stakeholders". The references are also available from Arthashasta saying " Praja sukhe sukham" the concept of "shreshthadharma" which means the better off one is in society, the higher should be one's sense of responsibility'.
- During the independence movement, Mahatma Gandhi advocated the system of trusteeship, which required that property under the control of a private person, the person must regard himself as its protector not its master, this is derived from the ideal of non-possession influenced by Gandhi and as a result most businessmen in India saw their business made significant contributions to support schools, colleges and hospitals and emphasis later shifted to supporting technical training, public health and rural development.
- The post- independence era, the democratic set up and the rights enshrined in the Indian Constitution shaped out a new socio- political order in which development of society required Industrialization. This further led to emergence of Public Sector Undertakings (PSUs), laws relating to labor and environmental standards.
- 21st Century: The emerging concept of CSR advocates moving away from a "shareholder alone to a multi- stakeholder" focus. This would include investors, employees, business partners, customers, regulators, supply chain, local communities, the environment and society at large.

- **The key components of CSR are as follows:**
- Corporate Governance
- Business Ethics
- Workplace and labor relations
- Affirmative action/ good practices
- Supply Chain
- Customers
- Community
- Environment
- Sustainable Development
- Accountability, transparency and performance reporting.

CSR Policy as Per Indian Companies Act 2013

On 8th August 2013 the proposed new Companies Bill, 2012 was passed by Rajya Sabha. This bill will soon supplant the Companies Act, 1956, which has administered Indian business for more than 50 years. The new Company's Act - 2013will become effective at a future date not yet decided. The Act contains an essential provision (Clause 135) that commands CSR directions for Indian organizations. It has numerous benefits for a certain something; it disentangles numerous issues and goes for more prominent straightforwardness and simplicity of working together in India. It has additionally presented legal claims, which will ensure little holders, a wonderful move. According to organizations act 2013, CSR is required 2 percent go through for organizations with benefits more than 50 million Rupees ($816, 000) over the most recent three years. While this compulsory spend may appear like a fantastic move and an incredible business opportunity, particularly for littler consultancies and uncovers what is essentially not genuine. Just organizations of a specific size are incorporated into Clause 135.The tenets characterize the organizations influenced as those having total assets of Rs 500 crore or more; or yearly turnover of Rs 1000 crore or more; or yearly net benefit of Rs 5 crore or more (net benefit before impose, exclude benefits emerging from branches outside India).

Advantages of CSR

1. **Change in the picture of the Corporation**

The most clear preferred standpoint that an enterprise can get by actualizing CSR strategies is that of expanded generosity esteem. This fills a double need – Firstly, individuals will need to purchase the item that the enterprise is offering a result of its great and clean picture. Besides, different ventures will need to work together and be related with the partnership. This builds the partnership's notoriety to such an abnormal state, to the point that its name may wind up synonymous with unwavering quality and goodness. Individuals dependably need to be related with the best and the most famous, so in that regard, the partnership ascends in stature and turns into an imperative player in its market.

2. **Expanded Attraction and Retention of Employees**

Organizations having strong CSR responsibilities think that its less demanding to select and hold workers. Individuals need to work for organizations that think about the prosperity of their representatives and give great working conditions. Humane state of mind towards representatives is exceptionally wanted by both new volunteers and old workers alike. Evaluations, money related help with critical crossroads, and consideration given to individual accomplishments and unique days (like birthday events) influence representatives to need to remain with the organization. This is an immense favorable position when there is a tight work advertise circumstance. This will lessen the cost of preparing newcomers and free up motivating forces for existing workers. Motivating forces incite effective work out from workers. To put it plainly, if the organization's workforce is glad, the organization gets more benefits because of expanded effectiveness underway.

3. Administrative Authorities turn out to be less unfriendly

An enterprise with solid CSR projects won't be examined by administrative experts as much as organizations without CSR programs. The specialists will be permissive in their control since they feel that the organization must agree to all controls as it is bolstered by firms and individuals alike for its welfare work. An organization with solid CSR projects will dependably work inside controls to get benefits (other than benefits) from these CSR programs. The experts will give quick track inclination to this organization. It might likewise forego bulky printed material that is required to set up ventures on the off chance that it believes that this undertaking will help the group to progress.

4. Pulls in more Capital Inflow from Various Sources

An organization's picture assumes an immense part in pulling in financial specialists. On the off chance that the organization is occupied with CSR programs, its picture gets a monstrous lift, thus individuals put resources into its tasks intensely. This organization will draw in capital even from abroad as FII, subsequently, helping the nation to get significant outside trade. It will likewise draw in venture from different firms and enterprises, and it will turn into a name that can be put stock in effectively.

Indeed, even the Government of the nation might will to put resources into the organization, prompting lesser control and red-tapism.

5. Age of Clean and Renewable Energy from Environmental CSR

On the off chance that the organization has put resources into an ecological CSR program, it will ensure that its tasks try not to hurt the earth in any capacity. Designing machines and strategies to diminish the destructive impacts of its operational exercises will give the group a perfect situation. It will likewise give the organization an opportunity to investigate the use of sustainable power source for its activities.

This will lessen the cost of getting non-renewable energy sources and can decrease the cost of creation by a one-time interest in sustainable power source generation.

6. Positive Publicity

A famous business guideline is that any exposure is great reputation. You ought to be known to the individuals to offer your item. A decent CSR program will dependably give great attention and even go about as a commercial for the organization. It likewise separates the organization from its rivals. They might offer a comparative item at lower rates, however you are keeping the interests of your condition and group in place, thus the individuals wouldn't fret some additional charge for this insightfulness.

Disadvantages of CSR

1. Move from the Profit-Making Objective

Milton Friedman, a financial analyst, is the greatest commentator of CSR. He says that CSR shifts the focal point of the organization from the target that made it a money related element in any case – benefit making. The organization overlooks its commitments towards its investors that they need to make benefits for them. Rather than concentrating on making benefits, they take part in CSR projects and go through assets for group welfare.

So fundamentally, rather than a salary, the organization is affecting an outpouring of money and not satisfying its benefit making commitments.

2. Organization Reputation endures a shot

As indicated by CSR strategies, organizations need to unveil inadequacies of even their own particular items if they are found to abuse the CSR program. For instance, auto producing organizations getting back to back their vehicles in vast numbers when they find glitches in the model subsequent to having sold them pummels their notoriety.

This makes burden to the clients, and they lose confide in the maker.

3. **Client Conviction**

At first, clients get a kick out of the chance to see the organizations that they trust are occupied with social welfare programs. They like the way that these projects are for a decent aim. Afterward, they become careful about it. In the event that they don't see moment comes about because of these projects, they believe that these are only PR stunts. So it ends up hard persuading clients that the outcomes will take some time in coming and that they should keep having confidence in the great expectations of the organization. These endeavors of persuading wind up pointless step by step since a few clients are eager also, want to be assuaged.

4. **Increment in Cost of Production**

As a rule, CSR programs increment the consumption of the organization. This expanded use is reflected in the expanded costs of the item for which, at last, the clients need to pay. Expansive companies can ingest this expanded consumption. They may not build their items' costs, yet private ventures have no other alternative however to expand their items' costs to meet their expanded costs.

What is Strategic Corporate Social Responsibility?

'Strategic' is a term used to connote a specific rationale. For a business, something that is vital is worried about the long haul achievement of the business and its key situating as to a scope of natural factors. So in technique, individuals may discuss deliberately critical clients, providers, representatives, systems, culture, and so forth. For each situation, such things are alluded to as 'vital' in light of the fact that they can influence the long haul accomplishment of the business and the nature of the business' strategic 'fit' into its condition.

I believe that strategic CSR is identified with, however is on a very basic level not quite the same as, ideas, for example, manageability and business morals. While supportability centers around asset usage and environmental safeguarding, and business morals tries to develop regularizing medicines of good and bad, vital CSR is grounded in the everyday activities of the firm. All things considered, strategic CSR is key to the association's esteem making exercises.

By adopting a vital strategy, organizations can figure out what exercises they have the assets to commit to being socially mindful and can pick what will fortify their upper hand. By arranging out CSR as a feature of an organization's over all arrangement, associations can guarantee that benefits and expanding investor esteem don't dominate the need to carry on morally to their partners.

Strategic CSR furnishes organizations with answers for:

- Adjusting the making of monetary incentive with that of societal esteem
- Step by step instructions to deal with their partner connections (particularly those with contending esteems)
- Recognizing and reacting to dangers and openings confronting their partners
- Creating maintainable business hones
- Choosing the association's ability for charitable exercises

India's Top 10 companies for Sustainability and CSR 2017

Companies	Rank
Tata Chemicals Ltd.	1
Tata Steel Ltd.	2

Tata Power Company Ltd.	3
Shree Cements Ltd.	4
Tata Motors Ltd.	5
UltraTech Cement Ltd.	6
Mahindra & Mahindra Ltd.	7
ACC Ltd.	8
Ambuja Cements Ltd.	9
ITC Ltd.	10

Source: Responsible Business Ranking released by Futurescape and IIM Udaipur

- Here, we will see India's top 5 CSR companies and their remarkable contribution for the betterment of the society.

1. TATA CHEMICALS LTD.

Tata Chemicals Ltd. Positioned as India's most elevated CSR contributing organization. The fundamental goal of this organization is to enhance the quality of life and building trust of the society. To uphold the legacy of Tata group, company invested in varied community development programmes across geographies. Over the years, company have established many non-profitable organisations, which are working closely with their communities on the ground. The organisations established by Tata Chemicals are: Society of Rural Development (TCSRD), Uday Foundation, Tata Chemicals Golden Jubilee Foundation, Magadi Soda Foundation and Okhai-Centre for Empowerment.

- **Company contributes for Community Development Interventions across the Globe:**

1. Tata chemicals Europe: The Company engages closely with the community and carries out several activities for charities and education establishment. During the year, the Company:

- Contributed £10,000 to St Luke's Cheshire Hospice, in Winsford
- Sponsored the 'Make it in Manufacturing' event, where around 100, 13-14 year old children learnt about career options in manufacturing sector
- Employees volunteered for environmental causes like habitat conservation.

2. Tata chemicals North America: The Company works for different societal and environmental issues. Some activities include:

- Engaging with community organisations like Wyoming Mining Association, United Way, Chambers of Commerce, environmental conservation groups, and local communities' boards and groups
- Donation of 2,00,000 USD annually to local food banks and volunteer organisation
- Employee volunteering for community events, projects, programs

3. Tata Chemicals Magadi: The Company works towards community development for causes like education, health, women empowerment. Some of the highlights during the year include:

- Community engagement for Lake Magadi Loita Hills Conservation Project.
- Development of the SWOT memorandum & capacity building workshops on strategic CSR.
- Bursaries for community health including development of mother and child care centre at Magadi hospital.

- TCL continues its focus on inclusion and empowerment of women and the socially backward communities. Key areas of intervention are divided into Blossom, Enhance, Aspire, Conserve and Nurture.

1. Blossom: Capacity building and empowerment of local communities through sustainable and replicable handicraft development model. Expenditure - ` 128 lakh

2. Conserve: Maintain ecological balance and conserve natural resources through participatory approach for environmental sustainability. Expenditure - ` 265 lakh

3. Enhance: Enhance income of households in surrounding community. Expenditure - ` 241 lakh

4. Aspire: Facilitate and empower local communities to seek functional education and skills to enable sustainable socio-economic development. Expenditure - ` 306 lakh

5. Nurture: Improve the health status of community through preventive and curative measures. Expenditure - 325 lakh

6. Empowerment: TCL works by empowerment of the marginalised section of the community that includes SC/ST community and women in all the programs. There are specific programs to reach out to such sections at remote locations such as Sundarbans (West Bengal), Kutch and Banaskantha districts (Gujarat). Expenditure - ` 157 lakh.

7. Relief Programs: Tata Chemicals provided relief support during floods in Assam. Expenditure - ` 31 lakh.

2. TATA STEEL LTD.

Tata Group focuses mainly on Education, Health, Livelihood, Rural and Urban infrastructure. Company also undertakes community-centric interventions in the areas of sports, disaster relief, environment and ethnicity. It carries out community centric interventions through a number of CSR delivery arms including the following:

- Tata Steel Rural Development Society ('TSRDS'), a registered society under Societies Registration Act, 1860.
- Tribal Cultural Society ('TCS'), a registered society under Societies Registration Act, 1860.
- Tata Steel Skill Development Society ('TSSDS'), a registered society under Societies Registration Act, 1860.
- Tata Steel Family Initiatives Foundation ('TSFIF'), a registered trust under Indian Trusts Act, 1882.
- Tata Steel Zoological Society ('TSZS'), a registered society under Societies Registration Act, 1860.
- **Tata Steel Foundation**

On August 16, 2016, Tata Steel Foundation ('TSF'), a Section 8 Company, was incorporated under the Companies Act, 2013.

- **Objectives of TSF**:

1. To undertake various developmental and CSR programmes, including those provided in Schedule VII of Section 135 of the Companies Act, 2013, either on its own or on behalf of any other person or organization.

2. To undertake CSR projects jointly with other companies including foreign companies.

3. To borrow or raise money and garner support from national and international agencies.

4. To make contributions to any non-profit organization with objectives similar to those of the Company.

5. To apply the profits solely towards the promotion of its objectives.

- Average net profit of the Company for the last 3 financial years 5,789.77, prescribed CSR Expenditure (2% of the average net profits) 115.80 Total amount to be spent for the financial year 115.80. Amount spent 193.61
- Company has contributed in following CSR activities:

1. Promoting health care in Jharkhand - East Singhbhum, West Singhbhum, Ranchi, Dhanbad, Ramgarh, Gumla Odisha - Ganjam, Jajpur, Kendujhar, Sundargarh, Bhubaneshwar West Bengal – Kolkata Maharashtra – Mumbai.

2. Making available safe drinking water in Jharkhand - East Singhbhum, West Singhbhum, Dhanbad, Ramgarh Odisha - Ganjam, Jajpur, Kendujhar, Sundargarh

3. Promotion of education including special education in Jharkhand - East Singhbhum, West

Singhbhum, Dhanbad, Ramgarh Odisha - Ganjam, Jajpur, Kendujhar, Sundargarh

4. Employment enhancing vocational skills especially to women, children, differently abled Livelihood in Jharkhand - East Singhbhum, West Singhbhum, Dhanbad, Ramgarh Odisha - Ganjam, Jajpur, Kendujhar, Puri, Sundargarh

5. Livelihood enhancement projects

6. Environmental sustainability, protection of flora & fauna, agroforestry, animal welfare, resource conservation, maintaining quality of soil, air, water in Jharkhand - East Singhbhum,

West Singhbhum, Dhanbad, Ramgarh Odisha - Jajpur, Kendujhar, Sundargarh Maharashtra – Mumbai, New Delhi.

7. Protection and restoration of national heritage, promotion of art, culture, handicrafts, setting up public libraries etc in Jharkhand - East Singhbhum, West Singhbhum, Ramgarh, Dhanbad Odisha - Kendujhar, Jajpur

8. Promotion of Rural, Nationally recognised, Paralympic and Olympic sports especially training

Sports in Jharkhand - East Singhbhum, West Singhbhum, Dhanbad, Ramgarh Odisha - Ganjam, Jajpur, Kendujhar, Sundargarh

9. Setting up homes, hostels, old age homes, day care centres for women, orphan, elderly Rural & Urban Infrastructure in Jharkhand - East Singhbhum, West Singhbhum, Dhanbad, Ramgarh

Odisha - Ganjam, Jajpur, Kendujhar, Sundargarh

10. Rural development projects (infrastructure and other developments)

3. TATA POWER COMPANY LTD

Tata Power is India's 3rd ranked CSR contributing company. Company is actively working in five thrust areas in CSR:

- Primary education with focus on girl child
- Health and Drinking Water

- Livelihood and Employability
- Social Capital and Infrastructure
- Inclusive Growth

Average net profit of the company for last three financial years was ₹ 1,414.74 crore (as per Section 198 of Companies Act, 2013) prescribed CSR Expenditure (two percent of the amount as in item 3 above) was ₹ 28.29 crore, details of CSR spend during the financial year. ₹ 29.01 crore.

- The details of major programs undertaken under the above thrust areas are as follows:

1. Augmenting Primary Education System with emphasis on Girl Child Education (Focus Areas: E-Learning, Adult Literacy, Scholarships, Special Coaching, School Infrastructure, Mainstreaming drop-out students)

• Reached out to more than 230 schools covering more than 1lakh school students through various educational initiatives

• The initiatives brought about improvement in attendance rates of upto 51% and reduction in dropout numbers.

2. Building and Strengthening Health Care Facilities including Safe Drinking Water (Focus Areas: Mobile Health program, Behaviour Change Communication, Safe Drinking Water and Hygiene, Health Infrastructure, Women & Child Health Awareness)

• 16% improvement seen towards positive health behavior.

• Nearly 6700 households provided access to Sanitation/Toilet facility, benefitting over 36,700 children.

• Behaviour Change Communication campaigns led to building of more than 2200 sanitation blocks at Jojobera in line with Swacch Bharat Abhiyan.

3. Enhancing Program on Livelihood and Employability (Focus Areas: Skill Development, Vocational Training, Promote Livelihood practices among farmers/shermen, Income Generation activities for Women Self Help Groups)

• Reached out 167 villages under vocational training/employability program

• Over 1500 youth covered under income generation programs offering average monthly income of over ₹7,300Recorded 55% rise in farmers covered under sustainable agricultural program compared to last year.

4. Building Social Capital and Infrastructure (Focus Areas: Institution Building, Participatory Rural Development Works, Women Empowerment Training programs)

• Under Social Capital and Infrastructure, 136 villages were covered

• Over 36 self-help groups formed across locations covering more than 4,500 women with a total fund base of ₹ 90.21 lakh.

5. Nurturing Sustainability for Inclusive Growth (Focus Areas: Rural Energy, Promoting Sports/Games, Support to Natural Calamity, Tree Plantation, Employee Volunteering)

• Club Energy covered 280 schools across 12 cities and sensitized 2.5 million citizens on energy and resource conservation, saving more than 3.5 million units

•114 villages covered under rural energy program with more than 200 solar streetlights and 250 solar home lights installed

• Micro Grid Solar Solutions for Rural Energy have been carried out in 5 villages

• Over 7.5 lakh trees planted across locations

• 1400 Solar Lamps were distributed for households during Tamil Nadu Flood Relief

• 1039 employee volunteers contributed towards 10854 volunteering hours

• Tata Power supported Tata Medical Centre Trust by providing treatment to unfortunate Cancer patients.

4. SHREE CEMENT LTD.

Company believes that for its operations and growth to overview of projects or programs proposed to be sustainable, it has to be responsible. Company's CSR initiatives focus on education, healthcare, sustainable livelihood, women empowerment, infrastructure development, environment protection and promotion of art & culture, epitomizing a holistic approach to inclusive growth.

The average net profit of the Company for the last three financial year was 955.49 crore. Prescribed CSR Expenditure was` 19.11 crore.

- The details of major programs undertaken by the company is as follows:

1. Healthcare Initiatives: Promoting health care and, sanitation. Areas covered- villages adjoining plants at Beawar, Ras, Khushkhera, Jobner Suratgarh (Rajasthan), Roorkee (Uttarakhand), Raipur (Chhattisgarh), Panipat (Haryana) and Bulandshahr (Uttar Pradesh).

2. Arranging drinking water for nearby communities: Areas covered- villages adjoining plants at Beawar, Ras, Suratgarh, Jobner (Rajasthan), Roorkee (Uttarakhand), Raipur (Chhattisgarh), Panipat (Haryana) and Bulandshahr (Uttar Pradesh), Aurangabad (Bihar), Bulandshahr (uttar Pradesh).

3. Agriculture Support to farmer: Measures for reducing inequalities faced by socially and economically backward groups. Areas covered- villages adjoining plants at Beawar, Ras, (Rajasthan).

4. Initiatives to Promote education including consumer education: Promoting Education. Areas covered- villages adjoining plants at Beawar, Ras, Suratgarh, Jobner (Rajasthan), Roorkee (Uttarakhand), Raipur (Chhattisgarh), Panipat (Haryana) and Bulandshahr (Uttar Pradesh), Aurangabad (Bihar), Bulandshahr (uttar Pradesh) & marketing offices of the Company spread across North and East India.

5. Income generation programs & skill enhancement trainings: Employment enhancing vocation skills, livelihood enhancement projects. Areas covered- Marketing offices in the state of Rajasthan, Haryana, Chhattisgarh, Bihar and Delhi.

6. Women empowerment and capacity building: Promoting gender equality, empowering women. Areas covered- villages adjoining plants at Beawar, Ras, Jobner (Rajasthan), Roorkee (Uttarakhand), Raipur (Chhattisgarh), Panipat (Haryana) and Bulandshahr (Uttar Pradesh), Bulandshahr (uttar Pradesh).

7. Basic amenities, security and medical services to old aged people: Creation of facilities for senior citizens. Areas covered- Beawar (Rajasthan), Roorkee (Uttarakhand), Aurangabad (Bihar) and Kolkata (West Bengal).

8. Plantation program, protection of environment including animal welfare: Ensuring environmental sustainability and Animal Welfare. Areas covered- villages adjoining plants at Beawar, Ras, Khushkhera, (Rajasthan), Roorkee (Uttarakhand), Raipur (Chhattisgarh) and Aurangabad (Bihar).

9. Contribution to community/social/cultural institutions of repute engaged in activities in line with the CSR policy: Promotion and protection of art and culture. and Areas covered- villages adjoining plants at Beawar, Ras, Jobner (Rajasthan), Roorkee (Uttarakhand), Raipur (Chhattisgarh), Panipat (Haryana) and Bulandshahr (Uttar Pradesh), Bulandshahr (uttar Pradesh).

10. Promotion of Sports: Promote rural sports and nationally recognized sports. Areas covered- villages adjoining plants at Beawar, Ras, Khushkhera, (Rajasthan), Roorkee (Uttarakhand), Raipur (Chhattisgarh) and Aurangabad (Bihar).

11. Integrated rural and infrastructure development: Rural development projects. Areas covered- villages adjoining plants at Beawar, Ras, Khushkhera, Jobner Suratgarh (Rajasthan), Roorkee (Uttarakhand), Raipur (Chhattisgarh), Panipat (Haryana).

5. TATA MOTORS LTD:

The guiding philosophy for CSR initiatives is 'More from Less for More People'. Company's CSR initiatives envisage meeting the existing and emerging needs of the community through the development of customised programmes and adopt an entire life-cycle approach. Company mainly focuses towards education, employability, employment and entrepreneurship.

- CSR programmes run by Tata Motots Ltd are as under:

1. Health: Building sustainable relationships with all our stakeholders and creating shared value are key to corporate philosophy. Outreach through the Health Programme 362,000 people Outcome 88% of severely and moderately malnourished children are now under normal category. This programme focuses on malnutrition treatment and prevention by enhancing health of infants, adolescent girls, pregnant women and lactating mothers. Moreover, through Sumant Moolgaokar Development Foundation (a Company promoted trust) we facilitate sustainable drinking water solutions across our manufacturing locations. Outreach through the Health Programme 362,000 people

2. Education: This programme aims to improve the accessibility and quality of secondary school education. We also provide financial assistance and scholarships to deserving students. Special coaching classes are also conducted to help students excel in competitive examinations. Outreach through education Programme 86,900 students.

3. Employment / skill development: This programme seeks to enhance the employability of youth by training them in automotive (driver and motor mechanic courses) and non-automotive (community members are offered agriculture and allied training) trades. Number of youth trained in different marketable vocational skills 87,750

4. Environment: Community members, school students and employees are engaged in plantation and cleanliness drive – raising environmental consciousness. Community members are also encouraged to use renewable energy products, which reduce carbon emissions. People participating in environmental awareness programme 43,500. Number of saplings planted 100,000.

- **Conclusion**

Nowadays, CSR is used as a framework for gauging an organization's performance against economic, social and environmental parameters. The rational of CSR has been articulated in a number of ways. In essence it all talks about building sustainable businesses, which require healthy economies, markets and communities. Therefore the key drivers for CSR that needs to be paid attention are:

1. Enlightened self-interest: It implies creating a synergy of ethics, a cohesive society and a sustainable global economy where markets, labor and communities are able to work together.

2. Social Investment: It is imperative to contribute to physical infrastructure and social capital as they constitute necessary components of conducting business.

3. Transparency and trust: Generally, businesses earn low ratings of trust in public perception. Today the society expects that companies should be more open, more accountable and be prepared to report publicly on their performance in social and environmental areas.

4. Increased public expectations of business: In this era, companies are expected to do more than merely offering employment opportunities to the mass and contribute to government exchequer through payment of taxes.

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Regulatory Norms and Legal Issues in Accountancy

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Introduction:

In the present scenario we saw that central government had taken decision for economic reforms to compete with global developed country. Due to this economics reforms's decision India got rank 100 from 190 countries in Ese doing of business. it rank was 130 in 2015. our respected prime minister Shri Narendra Modi 's vision "make in india " . to success the in this vision we should support to him. but in the part of development of nation it is very need full to modification of Law relating to society and business also.

Every year MCA ,RBI,SEBI ,CBDT,CBEC and ICAI modify the accounting norms, reporting norms and auditing norms .i have conclude in the paper what are the impact of law or amendment in LAW in accounting specially on financial statement and auditing as per changing business environment.

Present flourish of globalization promotes many countries to expand their business across the borders and its also opens their doors to foreign investment. In addition to this many trade and industrial activities like integration of international capital market mergers & acquisition. Increasing foreign direct investment (FDI) , inclination of listing in International stock market etc., are also rising day by day at global level. These activities affect the process and functions of financial management, accounting system, information system and human resource management. But the effectiveness & usefulness of these economic activities depends upon the transparency and intelligibility of annual accounting statement and financial reports based on worldwide accepted accounting standards the securities & exchange board of india changes every acconting norms for listed companies with help of institute of chartered accountants (ICAI) SEBI focus on mutual funds, provident funds, brokerage firms and for valuation of derivative products. the market watchdog has asserted that quality of audit monitoring has to be improved further and disciplinary action against erring companies should be speeded up to check and prevent accounting lapses and financial scams. "revamping of accounting standards are needed. new accounting norms for stock exchanges, mutual funds and provident funds need to be developed,"

Legal requirement of Accounting & institutional structure

Accounting is influence by various legal and statutory requirement, namely,companies act legal judgments ,tax judgement ,provisions of tax law,day

today enactments of the government, reserve bank of india ,SEBI ,provisions of professional bodies of domestic reporting practice of the financial statement of companies.

professional institutions like ICAI,ICMA ,ICSI, ASB,IASC,IASB, stc. play dominant role in the growth of accounting practice to suit the growing needs of a nations .the accounting requirement of nation ,usually involve :

(a) Relevant Accounting ,
(b) RevevantAuting
(c) Effective Training Of Accountant
(d) Recognition Of The Accounting Function As A Tool For National Economic Development,

Regulatory norms auditing and reporting :

In the general ,such an audit consist of evaluation of companies financial transactions and their records with view to express an opinion on whether they have been fairly presented or not .there are different types of audit that can be performed depending on the purpose for which they are to be audited.for example a) audit of financial statements b) audit of internal control over financial reporting c) compliance audit

Audit environment changes day by day due to these reasons : 1) changes the business and economic and require adequate response and disclosure in the financial statement. 2) in the context of globalization ,audtors have take in account various evolving factor that may result in additional challenges 3) mandatory accounting and auditing standard :Auditor apply relevant accounting and auditing standard that provide specific requirement and guidance on performing audit engagement.

From 2013 all auditor and accountant have follow rules and regulation of companies act 2013 and rules of 2014 for both accounting and auditing purpose.

Accountancy and companies act 2013.

Section of companies act 2013	Provisions in accounting
2(12)	Explanation of books of accounts: like paper form Or electronic forms
2(13)	Records in books of accounts : -receipts and expenditure ,sales& purchase of goods & services -all assets and liabilities of company -itme of cost as may be prescribed u/s 148
128(1)	Maintenance of books of accounts : -relevant book,paper & financial statement at registered office or branch office - explanation of transaction of registered office and branch office -methods of accounting accrual basis and double entry system
2(40)	Financial statement : -a balance sheet as st the end of the financial year -a profit and loss account OR income & expenditure account -cash flow statement for the financial year(not for OPC) A statement of changes in equity ,if applicable -any explanatory note annexed .
129(1)	Financial statement : -true & fair view of the state of affairs of compsny u/s 143(1) -comply with accounting standard U/S 133 -profit & loss account as per schedule –III
129(2)	BOD of company Laying of financial statement before AGM
129(5)	Deviations from accounting standards :(if not comply AS) Company should disclose: -the deviation from the accounting standards -the reason for such deviation and -the financial effcts ,if any, arising out of such deviation.
129(6)	For central gov. or companies exempted
129(7)	For contravention with M.d,CFO,any officer -for duty or (in case of absence there will be punishment)
145(15)	Punishment -Audior don’t comply his/her not comply with duty -Penalty less than 1 lac,not more than 25 lac.
53	Companies would no longer be permitted to issues share at a discount
54	shares that could be issued at a discount are SWEAT equity shaer are to employees or director in lieu of the Their service .
130	For re-opening of account on court’s or tribunals orders .
131	Voluntary revision of financial statement or board’s report
132	For providing power to recommend, enforce and monitor the compliance of accounting and auditing standard by NATIONAL FINANCIAL REPORTING AUTHORITY
133	Central government to prescribe accounting standard.

134	Boars's reports on financial statements
135(CSR)	Under Section 135 and Schedule VII of the Companies Act as well as Companies (Corporate Social Responsibility) Rules, 2014 the companies are required to ensure that 2% of the profits are contributed to CSR activities which are not in the regular course of business but only mentioned in Schedule VII. This is restricted to certain types of companies which are mentioned under Section 135(1) of Companies Act i.e. Companies with a net worth of INR 500 Crore or more, or Companies with INR 1000 Crore or more worth of turnover, or Companies with a net profit of INR 5 Crores or more.
136	Right to members to copies audited financial statements .
137	Copy of financial statement to be filed with registrar
138	For internal audit

Section	Provisions of auditors
141	For qualification of auditor like: -he/she should be C,A -all partner should be C.A in firm -In case of LLP onlyhe partner should be C.A
142	Disqualification of auditors : -any employees or officer -any investor like holding subsidiary co OR associate com. -any relative holds securities more RS 1 lakh face value. -any relative hold debt more than RS 5 lakh in any company -any relatives has given guarantee more than Rs 1 lakh .
139(1) 139(2) 139(5) 139(6)&(7) 139(9)&(10)	For appointment of auditor in first AGM & other AGM For compulsory transfer of auditors For appointment of auditor in government companies by CAG For appointment of auditor other than government companies by CAG For re-appointment of current auditor
140	For removal of auditors
142	For remuneration of auditors
143,145,145,147 143(1)	For rights of auditors For duties of auditors
144	Prohibition services of auditor
145	Signature of auditors
146	Auditor's Presence in AGM
148	For qualification, disqualification, duties ,power of cost auditor
123 127	For declare dividend by company Duties of auditors for dividend

Auditing and Companies act 2013

1.2 IND.AS AND INDIAN CORPORATES:

- **Definition of IND.AS**

Recently ,the institute of chartered Accountants of India submitted a roadmap for convergence of accounting standard to the ministry of corporate affairs. The finance minister's suggestion given by the ICAI.As per the said roadmap.

(A) Two sets of accounting standards :
1) IND.AS (converged with IFRS).
2) Exiting notified accounting standards.

(B)Ind.AS would be applicable for the preparation of consolidated financial statements (CFS) for financial years beginning on or after 1st April 2016 along with comparative for years ended 31 march ,2016 or thereafter for:
1)Listed companies or companies which are in the process of listing on any stock exchange in India or outside india;
2)Companies not covered in (A) in above ,having a net worth in excess of Rs 500 cr. And
3) Holding, subsidairy,joint venture or associates of companies covered under (A) or (B) above.
(C) Other companies would have an option to adopt Ind.AS .however ,once adopted ,such companies would have to follow IND.AS even if they do not meet the eligibility criteria mentioned above.
(D) AS should be applied for preparing individual financial statements of companies preparing CFS and for classes of companies not specified .
(F) Net worth should be equal to the paid up share capital plus reserves and surplus less revaluation reseverse.ind.
(G) option to voluntarily adopt Ind.AS is available which is irrevocable.

The finance minister has proposed taht the new Indian IFRS shall be adopted by the Indin companies from the financial year 2015-16 voluntarily and from the financial year 2016-17 on mandatory basis.

Applicability of IND.AS :

Description	Phase I	Phase -II	Phase -III	Phase -IV
Effective date	01-04-2016	01-04-2017	01-04-2015	01-04-2018
Conditions	Listed or unlisted ,net worth<500crore Holding co, subsidiary, joint venture or associates	Listed companies whose, net worth <500crore Unlisted companies whose net worth is >250crore but <500 Crore Holding co, subsidiary, joint venture or associates companies	Any company voluntarily	Banks, NBFC, Insurance companies Compulsory applicable

ISSUE IN IMPLEMENTATION OF IND.AS

In the context of the this research paper ,it has noted a few practical insights on the transition to Ind.AS and what we believe should be the next steps for an effective and efficient way to adopt to Ind.AS .additionally ,this research paper provides a brief insight into the differences between Ind.AS and current accounting practices in select various key financial statement captions.

1. Regulatory constraints :
2. Refresh the current version and IND.AS
3. Special provisions for listed companies
4. Pan-India convergence
5. Training
6. Transition provisions.
7. others issues

1. **Regulatory constraints:-**

THE MCA may consider setting up a central accounting and advisory body constituting eminent personalities' from corporate India, academicians and leaders in according tp advice government s well as complies on nuance of Ind.AS such a body should be made responsible for the following.

(A) provide guidance on the transition and implementation of INd.AS;
(B) provide a separate road major banks ,NBFCs and insurance companies ;
(C) identify ,document and provide a basis for the deviations between Ind.AS and IFRS,.
(D)To be in constant touch with corporate Indian be proactive to encourage new accounting
(E) Liaise with other regulatory bodies like income tax authorities, the reserve bank of India and other bodies to ensure how IND.AS could be widely accepted.
Such body should be independent of industry and ministry so that it can function effectively to discharge Its responsibilities in a timely manner .

2. Refresh the current version. Of Ind.AS :-

Authorities need to ensure that the previously issued Ind. As are updated for subsequent changes in the underlying IFRS itself. This is also an opportunity for the regulators to reduce the deviations from IFRS(curve outs) ,and ensure that the converge convergence delivers the indented benefits for stakeholders .For example IFRS 15 Revenue for contract.

3.Special provisions for listed companies:-

IND.AS, Past time, the securities Exchange board of India (SEBI) had allowed listed companies to publish quarterly results in IFRS instead of Indian Accounting Standards, this prove highly beneficial for companies that we also listed on stock exchange outside India to follow IFRS in India for their quarterly results However , with IND.AS coming there ,it seems that such beneficial provisions could be withdrawn which would be mean that companies listed in India and overseas ,would need to follow IFRS for their global listing ,Ind.AS for India listing results and Indian GAAP for their standalone accounts .This could drastically increase the cost of compliance .Hence ,Indian regulators need to provide an option for overseas and locally listed companies to continue to follow IFRS.

4**. Pan-India convergence:-**

The current road map suggested by the ICAI would require only listed companies and other companies with a net worth in excess of 500 corer to adopt Ind.AS . All other companies would be required to follow the exiting AS. This would not help investor make a meaningful performance of two or more comparable companies.
It is important that the regulatory authorities develop a phased implementation road map which would require companies across India to adopt Ind.AS. over a period of time ,thereby ensuring harmony in the manner in which these companies are perceived by the existing and potential Investor.

5.Training :-

Ind.AS is expected to bring in various significant changes across. Key areas such as revenue recognitions, business combinations, fixed assets ,income taxes ,share based payment and many other areas. These are complex matters which require adequate technical knowledge and practical experience to be applied in the process of the preparing and auditing financial statements. The interpretation and guidance under the internationally accepted accounting principles such as US GAAP ,IFRS ,are extensive and therefore can be extremely useful in building case studies /modules to explain the principles of IND .AS ,to the extent applicable consequently ,to ensure that the professional accounting fraternity embrace the converged AS in its right spirit, it is important that exiting professionals undergo a series of both classroom and online trainings so as to understand the concept and principles of IND.AS.

6) Transition provisions :-

In the current form ,Ind.AS is expected to bring in several key changes with respect to the financial reporting framework under which companies would be required to follow while preparing and presenting financial statement .considering that the government is proposing a converged IFRS ,it is important that the IFRS are reviewed in detail together the potential impact of such as ind.AS on key industries in India .This study should be aimed at identifying the modification to be carried out to the Ind.AS ,to ensure that the final standard do not contain ambiguous provisions which are capable of being interpreted in more than one way ,that would be dilute one of the most important objective of moving to Ind.AS .

All companies would be required to transition from the current AS to IND. AS. As shortly. First time adopter would be required to apply some of transition provisions retrospectively. However, some of the retrospective transitions provisions have been relaxed, some of these are mandatory relaxations while the other are optional. it has to be noted that companies adopting Ind.AS would also have to disclose comparatives under IND.AS the companies should draw a road map and evaluate the transitions provisions in details.(including exemption provide in IND.AS 101).
similarly, the companies need to invest in process and system which can extract Information for the purpose of including IND.AS related disclosure in the financial statement .To Achieve this objective ,companies need to take an early step towards this, considering that the information for the comparative period transition date balance sheet also need to be included in the financial statement.

7. OTHER ISSUES:
In addition to the above, the reader needs to consider the differences between IND.AS and current accounting prating in respect of following:

- Presentation of financial statement
- Consolidation
- Common control transaction
- Foreign currency translation
- Employees benefits
- Share based payments
- Income taxes
- Accounting policies, changes in accounting estimates ,errors and events occurring after the balance sheet date
- Operating segments
- Non-currents held for sale and discontinued operations

1.3 INCOME TAX LAW AND DISCLOSURE OF ACCOUNTING STANDARD:

CBDT h as notified the income disclosure & the accounting standard vide notification no.87/2016 dated September 29,2016.these standard are to be followed by all assessee following A mercantile system of accounting .those standard are applicable for assessment year 2017-18 onwards .incase of conflict between the provision of the income tax act and this income computation & disclosure standard ,the provisins of the act shall prevail to that extent.the following income computation & disclosure standard (ICDS) have been notified :

ICDS-I	Accounting policies
ICDS-II	Valuation of inventories
ICDS-III	Construction contract
ICDS-IV	Revenue recognition
ICDS-V	Tangible fixed assets
ICDS-VI	Effect of changes in foreign exchange rates
ICDS-VII	Government grants
ICDS-VIII	Securities
ICDS-IX	Borrowing costs
ICDS-X	Contigent assets

1.4 INDIRECT TAX LAW REFORMS AND ACCOUNTING RECORDS

GST and aacounting records and audits :

we know very well about GST and its call GST (law) act 2017 .GST act enforced by 1st july 2017.its applicable to concern state .theere are three type of GST .

1.SGST 2 CGST 3.IGST

In GST also given provision for maintaining books and process of audit as following table:

GST ACT 42 Accounts and records	
Accounts and records are one of the most important aspects for any business organization. Under the following sub sections we will understand the provisions relating to maintaining of accounts and other records.	
Sub section (1)	Every registered person shall keep and maintain, at this principal place of business (as mentioned in the certificate of registration a true and correct account of the following :- . production or manufacturing of goods . Inward supply of goods and / or services; . outward supply of goods and / or services; . stock of goods . Input tax credit availed . output tax payable and paid ; and . such other particulars as may be prescribed in this behalf First proviso in case of multiple places of business as specified in the certificate of registration, accounts related to each such place of business Shall be kept at such places of business concerned. Second proviso the accounts may be maintained or kept in electronic form in the manner as may be prescribed.
Sub section (2)	There may be certain class of person notified by the commissioner/chief commissioner who may be required to maintain additional accounts or documents for specified purposes
Sub section (3)	Where for any class of taxable person it is difficult to keep or maintain accounts in accordance with this section, the commissioner/ chief commissioner may permit such class of taxable persons to maintain accounts in the manner prescribed. Such permission should be given and the reasons for the same should recorded in writing.
Sub section (4)	Where the turnover of the taxable person exceed the prescribed limit, he should get his accounts audited by a CA or CMA and shall submit the audit report along with other documents as may prescribed.

1.5 SEBI AND Accounting Norms And audi Norms

1. SEBI's Changes on Disclosures and Audit Norms

After the Satyam fraud earlier this year, there was expectation of significant regulatory changes that strengthen corporate governance, disclosure and audit norms in India companies. Some changes did occur almost immediately; for instance, detailed measures were introduced favouring disclosure of pledges by promoters. However, the Companies Bill, 2009 introduced in Parliament a few weeks ago did not contain any changes from the previous version of the Bill as of last year. In one of the most significant changes post-Satyam, the SEBI Committee on Disclosures and Accounting Standards (SCODA) has issued a discussion paper containing some specific proposals that could result in changes to Clause 49 of the listing agreement. SEBI has invited comments, to be received by September 25, 2009.

The key recommendations (or proposals for discussion – as the SCODA appears to solicit views on certain issues without taking concrete positions) are as follows:

1. The appointment of the CFO is to be approved by the Audit Committee after assessing the qualifications, experience and background of the candidate. The SCODA did not find it necessary to prescribe particular professional qualifications for the CEO.

2. Rotation of audit partners every five years. The SCODA did not go down the path of insisting on rotation of audit firms.

3. Voluntary adoption of International Financial Reporting Standards (IFRS) by listed entities, so as to ensure a state of preparedness by 2011 when the Indian standards are expected to be converged with IFRS.

4. Interim disclosure of balance sheets (audited figures of major heads) on a half-yearly basis.

5. Streamlining of timelines for submission of various financial statements by listed entities as required under the listing agreement.

Some of the proposals (e.g. enhanced financial disclosures, audit partner rotation, etc.) appear to be similar to the changes introduced by Sarbanes-Oxley Act in the U.S. in 2002 in the aftermath of the Enron cohort of scandals. There continue to be questions about the workability of these proposals, particularly in the light of the significant increase in costs they bring about in doing business.

While increasing substantive checks and balances against corporate governance failures and corporate frauds would work, equally important emphasis ought to be placed on enforcement measures. The latter seems to be lacking to a large extent in Indian corporate governance. Wide measures will be taken seriously only if they are effectively implemented. The track-record with the implementation of Clause 49 has not been entirely promising. It has been found that a large percentage of companies are yet to comply even with existing requirements such as appointment of independent directors, and this includes several leading public-sector enterprises, which also received exoneration from SEBI for this failure. It has been reported that more than 1,000 companies had failed to file corporate governance reports as of September 30, 2008 and there is no evidence of concrete actions taken by SEBI for these violations. Despite detailed investigations by various authorities in relation to the Satyam fraud, any material outcome relating to the perpetrators of the fraud yet seems elusive.

Apart from substantive measures, there is need for proper enforcement by bringing offenders to book in a timely manner that may perhaps act as a deterrent and ensure wider compliance with norms.

2. Applicability of IND-AS provisions for Listed Companies:

In addition to the MCA Rules notified by the MCA, the listed companies shall be governed by the provisions of the SEBI as well. SEBI vide its Circular dated July 05, 2016 issued revised formats under Annexure to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 detailing the format of the financial results. To facilitate smooth transition of during the implementation of the provisions, SEBI issued the following relaxations to the rules for both the phases:

For the first 2 quarters ending June 30 & Sep 30, 2016 –

- the timeline for submission of results in the new format was extended by one month
- the results of the corresponding quarter in the previous year shall be provided, but the same need not be subject to audit or limited review
- for the quarter ending June 30, 2016, the results for the preceding quarter and the previous year ended March 31, 2016 are not mandatorily to be provided in the Ind-AS provisions.
- for the quarter ending Sep 30, 2016, financial results and Balance Sheet for the previous year ended March 31, 2016 is not mandatory and if provided voluntarily they need not be subject to limited review or audit. In cases, where the results are not subject to limited review or audit, the same may be disclosed prominently.
- For listed entities to which Ind-AS Rules are applicable in subsequent phases, the relaxation as mentioned above shall mutatis-mutandis apply during their corresponding first year of Ind-AS implementation

While adopting Ind-AS for the first time, the financial results shall include a reconciliation of its equity and net profit/loss, to enable the investors to understand the material adjustments to the Balance Sheet and Statement of Profit and Loss because of transition from the previous Indian GAAP to Ind-AS.

3. Sebi's Disclosure In Corporate Governance Report:

The following disclosures shall be made in the section on the corporate governance of the annual report of the listed entities:

i. A brief statement on listed entity's philosophy on code of governance.
ii. Information, as prescribed in the Regulations, about the following:

   a. Board of directors,
   b. Audit committee,
   c. Nomination and Remuneration Committee,
   d. Remuneration of Directors,
   e. Stakeholders' grievance committee,
   f. General body meetings,
   g. Means of communication,
   h. General shareholder information,

iii. Other Disclosures:

   a. Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large;
   b. Details of non-compliance by the listed entity, penalties imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years;
   c. Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee;
   d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements;
   e. Web link where policy for determining 'material' subsidiaries is disclosed;
   f. Web link where policy on dealing with related party transactions;
   g. Disclosure of commodity price risks and commodity hedging activities.

Where there is any non-compliance of any requirement of corporate governance report, reasons thereof also needs to be disclosed.

1.6 MCA and audit reports (CARO 2016):

The ministry of corporate affairs had set up a committee on 16 the September,2015 to examine and recommend matters for inclusion in the statement to be attached with auditors 's reports U/S 143(11) of act ,2013 for financial year 2015-16 .

CARO 2016 has excluded , the one person companies and small companies from its purview,i.e. CARO 2016 is not applicable to OPC and Small companies .in addition to that the conditions to be satisfied by private limited company ,not being a subsidiary or holding of public to remain out of purview of CARO ,2016 have been relaxed this can be better understood with the help of the following table:

Particulars	CARO 2015(INR)	CARO 2016(INR)
1 Paid up capital & reserve & surplus	Not exceeding 50 Lakhs	Not exceeding 1 crore
2.Total borrowing from banks or financial institution	Not exceeding 25 Lakhs	Not exceeding 1 crore
3.Total revenue as per schedule -III	Not exceeding 10 crore	Not exceeding 5 crore

There changes is that MCA has introduced eight reporting requirement in the CARO 2016,to make the reporting more exhaustive & meaningful for the stakeholders of financial statement.

List of reporting:

- fixed asssts
- loans& investment
- managerial remuneration
- nidhi company
- related party transaction
- preferential allotement /private place ment
- non –cash transactions
- compliance with RBI act 1934 regarding NBFCs.

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A Future of Accounting – Collaborative Accounting

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History of Accounting

Accounting is the heart of business activities as it systematically records the monetary activities of the business. As a result, it plays a very crucial role for the success of any business. One of the earliest evidences of accounting can be traced back to 10,000 years ago in the civilizations of Mesopotamia and Persia. The evolution of accounting can be attributed to the fertile valley between Euphrates and Tigris rivers which enabled the production of agricultural produce at a very large scale.

As the food production was in excess to their requirement, the exchange of the excess production gave birth to the concept of commerce. In order to maintain a record of the exchanges, the concept of accounting was evolved. The accounting system adopted for the purpose of maintaining record in these ancient civilizations is referred to as the Bollae system wherein no script or numbers are used. Even after the evolution of the communication and scripts for maintaining records, it is very interesting to know that the Mediterranean and European nations were unaware about the concept of 'zero'. They learned the concept of 'zero' from the Middle Eastern mathematicians. The 'zero' as a concept was independently invented by the Babylonians, Mayans and the Indians in the 5th century. Among all the ancient civilizations, the Indians were the first to adopt it in their number system. The credit for invention and discovery of the number 'zero' is often attributed to the great Indian mathematician Aryabhatt.

With the adoption of zero in the numbering system, many changes took place in the accounting system. The oldest written documents of accounting are as old as 3300-3200 BC. These documents present an account of items paid as wages, temple funds, taxed and tributes to the king or pharaoh. During the Renaissance period until the mid-fifteenth century, the single entry system was used for accounting.

According to the opinion of Tom Bell, the accounting system became much more sophisticated in the ancient Egypt, wherein accountants were bean counters and utmost care was taken even for the smallest quantities of corn. Then a scribe would prepare an detailed account on Papyrus with a calamus. Such principles are echoed even in today's accounting system as utmost care is taken even for the smallest amount which is recorded systematically according to the principles of accounting.

On the earliest auditing systems were seen in ancient Egypt and Babylon. When the Roman empire was established, accounting system evolved in such a manner that the Government had access to detailed financial information.

In his book titled "Arthashastra", Chanakya recognized the importance of accounting for effective governance of the State by a King. He underlined the importance of accounting method in the working of an economic enterprise. One of the aspects that he recognized for the efficient allocation of recourses was that the proper measurement economic performance was very essential. He viewed that accounting as an integral part of economics and was of the opinion that the explanation and prediction were the core objectives of accounting.

A new system of accounting had evolved in Venice by the time when Christopher Columbus was preparing to sail towards the west. The Italian mathematician, Luca Pacioli, describe this system for the first time in his book "Summa de Arithmetica, Geometria, Proportioni et Proportionalita" (The Collected Knowledge of Arithmetic, Geometry, Proportion, and Proportionality). Luca Pacioli is referred as the father of accounting as he was the first one to document in detail the system that we today as the double entry system of bookkeeping. In his book he extensively described the use of journals and ledgers and suggested that the merchants should not rest till the debtits equals the credits. He described that separate accounts for assets, liabilities, capital, incomes and expenses have to be maintained. Further, he also describe the year end closing entries and proposed a trail balance which is useful for preparing a balanced ledger.

With the passage of time, like any area, accounting evolved to suit the new requirements of the business enterprises. Branches such as Financial accounting evolved from being just a system for recording and classifying monetary transaction to having a main objective for finding and determining the profit or loss for a particular period to a system for knowing the actual financial position of an enterprise.

Evolution of Accounting with need of business and time

With the advent of the industrial revolution, industries started to undertake activities on a large scale. During this period, due to lack of intermediary products the cost information gained importance as a tool for measuring efficiency of the different processes. The period between 1880 AD to 1925 AD was considered as the period of development of products with complex design and emergence of multi activity corporations with diversified corporations like Du Pont, General Motors etc. This led to the development of scientific management and resulted in conversion of physical standards to cost standards by the accountants. All the costs were recorded with the main objective of facilitating cost reduction, cost control and helping in undertaking variance analysis for finding out the deviations from standards. These aspects helped the management to take important decisions related to the costs which were incurred by the enterprise.

After 1925, a new branch of accounting emerged which combined Accounting activities with Management Information System (MIS). Here, the role of accountants changes from being a person who systematically recorded all the transactions of the business to someone who provided accounting information to the management in a way that important managerial decisions are taken easily.

The accounting process evolved in the such a manner that the financial statements that are presented as useful to various stakeholders such as the shareholders, management, investors as well as third parties for making sound and informed decisions. One of the most important characteristic of a financial statement is that they should present continuous, accurate and material information about a business. The editors of the financial statements sometimes present information as they want it to be rather than what it actually is. According to Federal Bureau of Investigation, in 1990's, white collar crimes made up five percent of the cases that they saw. They also noted that such crimes were responsible for 95 percent of the financial losses suffered by the victims. In the wake of such events, a new branch of accounting came into existence which was referred as Forensic Accounting. Some biggest accounting scandals witnessed in the companies as Satyam Computers, Xerox, Enron, WorldCom, Qwest, Tyco, Global Crossing etc. were the result of manipulation in accounting information and presentation of fraudulent financial statements. Forensic accounting is a multidisciplinary and a special branch of accounting which is used to identify and detect manipulation in the accounting information which is reported by the companies. This branch of accounting is a combination of accounting and auditing with investigative skills which are required to conduct a thorough examination of the financial statements of the business entity.

Even before the adoption of International Financial Reporting Standards, accounting was a business language but after its adoption, it enabled common financial reporting across the globe for financial reporting. The adoption of these standards helped in identifying, detecting and reducing financial frauds. The activities of the Forensic accountants became much easier as manipulation of the accounts by the companies became tough and easily detectable due to the International Financial Reporting Standards.

Technological Evolution in Accounting

Technology plays a vital role in the development of any field and Accounting as a developing area cannot remain untouched by it. The revolutionary changes in accounting were brought in due to the introduction of software based accounting systems. The General Electric was the first company to adopt computerised accounting when it introduced an automated payroll system, designed by Arthur Anderson Consultancy, at site in Louiseville, Kentucky. The first computerized spread-sheet appeared in 1961 and the first "off the shelf" accounting system appeared seven years later in 1968. By the end of the fifties the era was automation was ushered by the increased usage of computes in the field of accounting. In the present day, the focus of accounting has shifted from being a manual process to a computerized one and to a collaborative one due to the increased usage of computers and smartphones connected with internet.

The life of professionals working individually or in groups has become simpler and easier due to the adoption of collaborative software technologies. Just imagine, instead of travelling to their office located far away, collaborative software have simplified their workstations by allowing them to collect and exchange data and even brainstorm from their mobile phones even for remote locations.

In 1945, Vannevar Bush for the first time prophesied the invention of the personal computers which he referred to as “memex”. But it was not until 1960s that the idea of using computers for online collaboration was mentioned again. In the year 1968, the Director of the American Advanced Research Project Agency (ARPA) put forward a new concept of communication through computers in his article titled "The computer as a communication device". During his time, ARPA led to the development of ARPANET which enabled commercial time sharing systems which formed the basis of the origins of the present day Internet.

Another major change in the office automation was the introduction of manual typewriter in the 1970s. The first collaborative software bases were developed using the Electronic Information Exchange System (EIES), wherein innovations such as surveys, thread responses and a group approach had been created. In 1980’s Groupware software was created which enabled the support groups of people dedicated to a common task or purpose were provided an interface for common environment was created.

In 1986, the term Computer Supported Collaborative Work (CSCW) was released. Brian Wilson called it a generic term that combines the understanding of how people work in groups with the basic technologies of computer networks and hardware, software, services and related techniques. The 1990s marked the beginning of the publication of the Lotus Notes groupware, Microsoft Exchange Server and Outlook. During this decade for the first time the term “Social Software” came into picture and after the Summit on Social Software in 2002, it developed as a new concept.

The Social Software is any such software that supports group interaction. With the advent of Web 2.0, cloud-based Internet applications have arrived that have led to greater collaboration, the formation of online communities offer opportunities for good interactions.

In terms of extension of the interaction, the collaborative software allows two parts: (1). RTCE (Real-Time Collaborative Editing) platforms that allow multiple users to edit a single file (usually a document) live, simultaneously and reversibly, and (2). Version Control Platforms (also known as source control and revision control) allow individual users to make changes to a file in parallel, keeping each change saved by each user as multiple files (variants of original file).

When this collaborative technology is used for performing the accounting function with the different dimensions of collaboration between business owners, accountants and other stakeholders on an internet based remote server, than it is known as collaborative accounting. The resultants of such a system would be cost reduction, time saving, better security, improved decision making, enhanced accounting functionality, and business growth.

What is Collaborative Accounting?

Collaborative Accounting can be defined as an "Accounting Approach in which two or more than two Business Owners, Accounting Professionals, Accountants, Internal Stakeholders or External Stakeholders virtually participate in a common accounting function and perform different task in a synergetic way to achieve objectives of organisation, irrespective of distance and time horizon".

According to Ghorawat, "Collaborative Accounting solutions allow clients, their accountants and third parties to work together in real time. Collaborative Accounting takes away some of the mundane accounting tasks and lets the system and your external business partners be the trigger for automated data entry and processing into your accounting records; all still within the business manager control, without compromising on data confidentiality and security rules."

Collaborative Accounting is a modern concept of accounting as it uses Artificial Intelligence (AI), Could Computing and Internet of Things (IoT) to make the life of an entrepreneur or accountant simpler and promotes better integration tools to manage the business, with zero compromise on data standards. The core idea behind IoT is to establish connection between all our devices and enable real –time capturing of all the relevant information for business planning and resource allocation. This would help in improving processes, reducing cost and also enable in managing risks effectively.

The IoT will change the sources of transactional data flowing into billing, enterprise resource planning, and accounting systems. It will also alter the way audits of these transactions are carried out. For Chartered Accountants, all this will mean finding new ways to be part of the new service-driven world, a world that is connected, fuelled by intelligent systems and which would be empowering for them.

Dimensions of Collaborative – Accounting

1. **Two Dimensional Collaborative Accounting– Collaboration of Business Owner and Accountants**

When business owners and accountants participate virtually in a common accounting function (Process) irrespective of the distance and time horizon, then it is known as Two Dimensional – Collaboration between business owners and accountants. This type of collaboration is more suitable in case of very small businesses.

Diagram Showing Two Dimensional Collaboration in Accounting System

As and when business transactions take place the details of transactions are uploaded with supportive documentary evidences i.e. Invoices, Bills, and Other Vouchers into the cloud. As the transactions are uploaded in the cloud, the accountant views the transactions, verifies the authenticity of the transactions and then makes necessary adjustments if requires while entering the data. With the help of collaboration, the accounting function becomes more efficient and effective. The accounting process of recording, classifying, summarising and reporting of financial transactions becomes short and simple in the cloud as just the transactions with the supportive documentary evidence is required to be uploaded and the whole accounting process is automated. Further, it is not necessary for accountants to work only during office hours as it provides time flexibility to users. They can access and manage the data at any time 24x7 from anywhere.

Collaborative accounting also removes the geographical barriers due to which experts and specialised accountants can be hired from any place in the world to operate the accounting function more efficiently. Therefore, accountants and business owners can participate virtually in accounting function from anywhere at any time.

The Business owners can get the real time financial position of the business which may result in instant and improved decision making for business. This helps them in taking various decisions regarding finance, investment, dividend declaration, business expansion, advertising and other strategic decisions which are related to business. As decisions are taken in a timely manner, the business would grow and develop at a much faster pace.

Further, there would be a greater level of transparency as both the owners and accountants are working together on a common accounting platform. This makes manipulation of financial information becomes difficult. Thus, collaboration of accounting function between owner and accountant also reduces the chances of fraud and manipulation in financial information.

2. Three Dimensional – Collaboration of Owners, Accountants and Other internal Stakeholders

When owners, accountant, employees and managers of various departments participate virtually in a common accounting function (process) irrespective of distance and time horizon then this type of collaboration is known as Three Dimensional – Collaboration between owners, accountants and internal stakeholders. This type of collaboration is more suitable for an organization having various business departments handling a separate function and responsibility accounting system is followed.

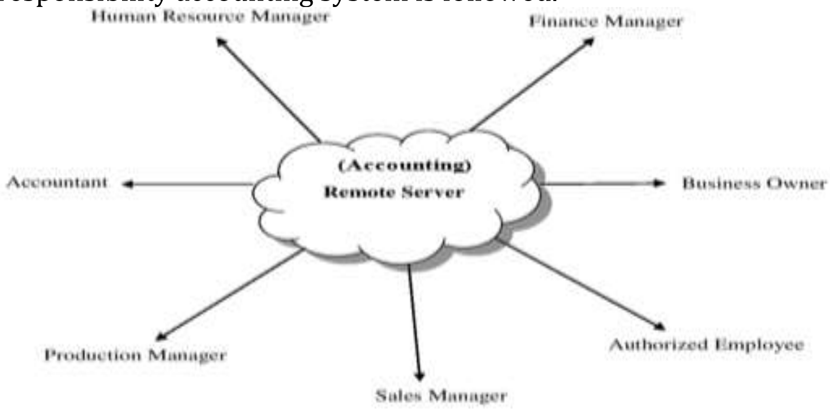

Diagram Showing Three Dimensional Collaboration in Accounting System

In a business enterprise which has various departments which are divided on the basis of the functions which are performed in an organization such as production department, research & development department, purchasing department, marketing & selling department, human resource department, and finance department etc., each department would have a specialised department manager. In the three dimensional collaboration there would be virtual participation of each department in the accounting function and the material information which is useful to the business is recorded and presented by all the departments in time. Further, the departments can use the current updated information of any department for improved decision making by having a better understanding of the current business position.

The information of other departments can be accessed but it cannot be managed (editing, entering or change in data). No department can manage the data of other departments without authorisation. The departments can manage the data of their own department only. Information of other departments is used for improved decision making related to business for finance, investment, purchasing, production, marketing & advertisement, sales, research

& development, business expansion and other decisions because departments are interdependent, each department depends on the information provided by other department.

For an example production department requires the information of sales department and vice-versa, finance department requires the information of accounting department the profit or loss and other accounting information, the purchasing department requires the information of production department, the marketing department requires the information of production and sales department for improved decision making. In this way all the departments are linked in the business.

The accounting is that function which is very essential for the well functioning of the business. In many ways accounting is considered as the heart of the business and for a healthy functioning of the business the heart has to be maintained properly. To improve the performance of the business, it is very essential that all departments of the enterprise are involved in the accounting of their activities. Collaborative accounting brings together all the departments of the enterprise to undertake accounting on a virtual platform which will result in improved business performance.

3. Four Dimensional – Collaboration of Owners, Accountants, Other internal Stakeholders and External Stakeholders.

When owner, accountant, employees, managers, customers, suppliers, bank, and other internal as well as external stakeholders participate virtually in a common accounting function (process) irrespective of distance and time horizon then this type of collaboration is known as Four Dimensional – Collaboration between owners, accountants, internal stakeholders and external stakeholders. This type of collaboration is more suitable to Large Business Enterprises or in case of wholesalers.

According to Ghorawat, when external business partners are included as triggers for automated data entry in collaborative accounting, then such a collaboration is said to be four dimensional. Such an accounting system includes external stakeholders for automation of transfer of accounting information

Collaborative Accounting is feasible when the transactions are based on “cloud”. The cloud accounting is changing the way people approach things as it allows certain transactions to be triggered by external business partners involved in a particular transactions. This would benefit all as it would enable quicker data processing and time is saved on routine mechanical activities.

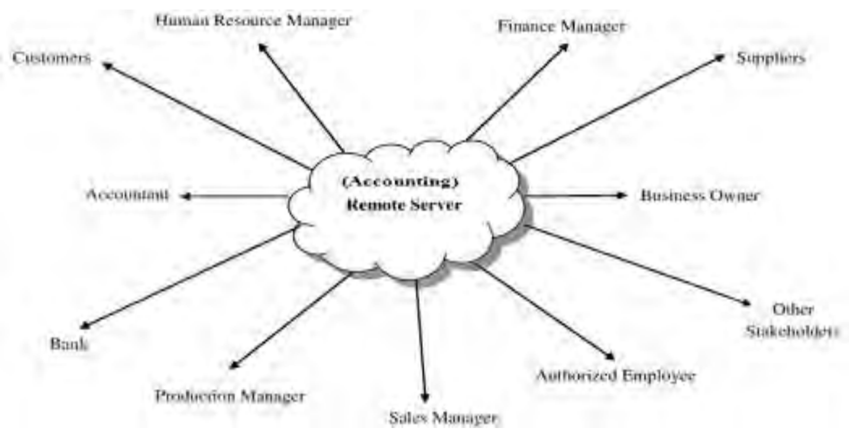

Diagram Showing Four Dimensional Collaboration in Accounting System

The collaboration with customers, suppliers, banks, and other stakeholders would results in the automation of accounting. For an example: Sale Bill of Supplier triggers Purchase Invoice at business end & vice versa for customers, Payment by Customer triggers Receipt Voucher at business end & vice versa for suppliers and much more. The external stakeholders are allowed only as a trigger for automated data entry in the accounting records. No external stakeholder could have access to accounting function as well to the accounting information of the business.

The collaborative accounting is the future of accounting field as it is most suitable for the small and medium sized enterprises and for business expansion & growth it will be essential in this competitive edge of business.

Potential Benefits from adoption of Collaborative Accounting System:

1. **Improved Decision Making:**

The success of any business depends upon the right decisions which are taken at the right time. By taking into account the opinions of the managers of various departments of the enterprise, who are experts in their fields, fruitful results can be obtained which would ensure the best outcome. Adoption of collaborative accounting would result in improved decision making for business expansion, merger and purchase and takeover. Further, it would also facilitate decisions for borrowing, lending, dividend declaration, advertising and all other important decisions of the business.

2. **Real time Financial Information:**

Earlier, Financial statements of the enterprise are prepared at the end of the year, but with the changes in the regulatory requirements, the reports are now to be presented for each quarter. This would help the enterprise to know its financial position every quarter. But still daily financial position of the organization cannot be ascertained in the normal accounting system. With the adoption of cloud and collaborative accounting solutions, not just daily financial position but minute by minute financial position of the enterprise can be ascertained. Further, this information can be accessed from anywhere at any time and on any device which is connected with internet. The current efficiency of the business can be ascertained by the business owner at any time which would help them in taking decisions related to the business at an appropriate time.

3. **Synergy:**

The concept to the collaborative accounting has the inherent quality of synergy which ensures that accounting function of the participants is performed effectively. In collaborative accounting, two or more participants undertake the accounting function together and each of them would act as trigger for the other person for data entry. As a result, duplication of work is not there and the accounting is done in a much more accurate manner as same transactions are reflected in the books of accounts of all the participants. As a result, due to synergy between the various participants of accounting, accurate and precise information would be made available to all the participants for decision making.

4. **Transparency:**

The accounting information of one department is visible to all the other departments of the enterprise but they do not have access to change that information. As a result, the interference of one department in the activities of other department is minimized. Further, as all the details of the departments are visible to all departments, there would be greater transparency in the organization which ensures greater transparency among them. Further, each department would be able to take informed decisions on time as the information required by them is readily available as and when required by them.

5. **Chances of Manipulation & Fraud Reduces:**

Transparency of accounting information of each and every department results in the correct accounting which eliminates the chances of error. If any misappropriation or changes in accounting information are made than it can be easily traced as the accounting information is available to all. Due to this feature, it becomes very difficult to manipulate the accounting data. Thus, the collaborative accounting reduces the chances of fraud and eliminates such kind of practices which may results in manipulation of financial statement.

6. **Extended Role of Accountant:**

Traditionally the role of accountant is limited to identifying, recording, classifying, summarising and communicating business transactions which are measurable in monetary terms. But with the help of cloud and collaborative accounting solutions, the activity of accounting has become very simple due to the reason that as and when transactions take place, the documentary evidenced are uploaded on the cloud. This automation of accounting data has shifted the focus of the accountants work from being that of a book keeper to be the one who analyses and interprets the financial information in such a way that it is helpful to the management and the users of the information in taking important decisions. As a result, the modern era of cloud and collaborative accounting an accountant is made a participant in the management decision making process.

7. **Improved Tax Planning:**

The collaborative accounting solution provides real time financial information. The accountant can make proper investment decisions by knowing the sources of income and expenditure. On the basis of real time financial data, estimates of tax can be made and various strategies can be implemented for minimizing the amount of tax.

8. **Enhanced Accounting Functionality:**

Accounting function is one of the most important functions of the business as it supplies information about the activities of the enterprise. So, it is important to have accurate and improved accounting function. If the business transactions are properly recorded and presented then the accountant and the management can easily analyse and interpret the accounting information which results in increased profitability of the enterprise.

9. **Cost Saving:**

The cloud - collaborative accounting solutions does not require any up-front investment and license fees as in case of computerised accounting system and as a result, there is cost saving. The price of the collaborative accounting solutions is determined on the basis of the number of users who have to be provided access and the space for data storage availed in the cloud. As a result, the cost of using collaborative accounting solution is very less as compared to traditional computerised system. Due to this, it is more beneficial to small and medium businesses.

10. **Time Saving:**

The accounting process is automated up to a great extent which reduces the time taken to record the transactions and undertake its accounting. Further geographical distances are eliminated as the accounting can be done from anywhere, at any time from any device with internet connection. The collaborative accounting solutions are beyond the time and distance horizon. As the distance does not matter, experts of accounting field can be hired from anywhere in the world as there is no need to comply with set office hours and work can be done 24/7 according to their convenience. Further, as experts are involved in the accounting function, there would be time saving.

Associated Challenges and Risks

1. **Divergent Interpretation (Opinion):**

Everyone in this world can have their own way of interpreting things. In case of collaborative accounting, more than one participant is handling the accounting function. As a result, it might be possible that opinion of all the participants might not match. Due to this, discussions might have to be undertaken for reaching a consensus which might be time consuming. In all these processes, it might be possible that the main objective of adoption of collaborative accounting solutions is lost. Divergent interpretations and opinions of the participant is one of the major challenges associated with collaborative accounting for the businesses. To overcome these problems, the businesses should set a proper system for decision making and the way in which accounting information should be treated to avoid biased decision making.

2. **Lack of IT Knowledge:**

Most of the small and Medium business owners are not familiar with new technologies. For the effective adoption of collaborative accounting solutions, it is very essential that the users have adequate knowledge of Information Technology (IT). Lack of IT knowledge leads to the inefficient utilisation of new technology. In a country like India, half of the population is not very familiar with the advantages of acceptance of new technologies. Thus, lack of IT knowledge among accountants and business owner of SMEs is major challenge for business for adoption of collaborative accounting solutions.

3. **Lack of participation:**

Many a times, it might be happen that the participants of collaborative accounting may not be able to allocate reasonable time for the accounting of the activities that they perform. For e.g. a manager may be busy in taking some important decisions and planning for some project or focused on main operations of the business. As a result, it might be possible that due to this in future some problems may be encountered in decision making as someone who is not regularly participating would not having detailed knowledge of activities going on in the business and unintentionally create problems in decision making by taking too much time for reaching to the conclusions and taking appropriate decisions.

4. **Lack of Communication:**

For the success of collaborative accounting system, communication between all the participants is must on the regular basis. This is so because it will make them familiar with the each other's thinking and opinion, which leads to the consensus with each other on some aspects which help business to achieve its objective and come up with the common and better practices. Lack of communication may create the problems with the divergent opinion and interpretation.

5. **Lack of Clarity in Role & Responsibility:**

In case if the role and responsibility of each of the participants is not assigned properly, then issues among participants are created and responsibility cannot be assigned to a particular individual. So it is necessary to have clarity of role of each of the participants and their responsibilities with respect to their role in the collaborative accounting system.

6. **Issue of security, privacy and integrity of stored data:**

The data stored in the cloud needs to be kept confidential but also has to be made available in such a way that its integrity is preserved. One of the biggest challenges for adoption of collaborative accounting is that the cloud service provider might be untrustworthy and manage authentication and authorisation. The security and privacy of stored data is always very important for any business enterprise. Therefore for preventing the stored data from data loss, data breach and malicious insiders' necessary provision should be made. Encryption of data is the best solution to protect data which is stored in cloud.

7. **Internet Connectivity:**

The concept of collaborative accounting totally depends on cloud based accounting solution which requires the high speed internet connectivity. Without internet connection, the accounting function in collaborative accounting cannot be operated. All the participants who are involved in this accounting system must have internet connection to access the data from cloud. It means the modern accounting is totally dependent on internet connectivity. It might be possible that sometimes when the server is down or no internet connectivity is available from internet service provider, at that time accounting activities have to be stopped. This may be considered as a major risk associated with modern accounting system.

8. Vulnerability to attack:

In the cloud storage offered by service provider, the data of many organizations are stored. The professional hackers or cyber attackers may choose the platform with highly confidential data instead of any single data set. It means the attackers first choice is that cloud service provider's information. People who are authorised to manage the data such as database administrator or employee of the company offering cloud services, partners, and other persons who have access to the data can also steal or corrupt the data against payment or compensation from other companies or just to harm the company. This is the considerable risk associated with the collaborative accounting solutions.

9. Dependency on Service Provider:

Important financial and non-financial information of an organisation is stored in the clouds of service provider and the total accounting function is dependent upon the Collaborative accounting service provider. If service provider fails to manage the data confidentiality or to make the data available whenever required, then accounting of business may disrupted and which results in poor business performance. Therefore, by adopting collaborative accounting solution, dependency on service provider is always high which is harmful.

10. Migration of Data:

The data stored in the cloud of service provider is to be shifted to the business premises, sometime it may be possible that there is any discrepancy in data or data loss may found while transferring data. Moreover, cloud service provider may charge additional cost for migrating data from cloud.

Major Service Providers of Collaborative Accounting solutions:

Some of the major service providers of collaborative accounting solution are Online QuickBook, Zoho One, Wave Accounting, Xero Accounting which are more suitable for small and medium sized business enterprises. These cloud-based software allow businesses to collaborate with colleagues, bookkeeper, or accountant, to log in simultaneously and work directly with company's data online. For this purpose, access privileges are created when users are added and the extent to which they have the authority to access and manage data is also determined.

The type of collaboration accounting service provided by service provider may be different from other service providers. Some of the service providers have limited number of users while some may have no limit for number of users that can have access to and manage accounting function, while some may charge additional cost to add a user.

Before selecting any accounting solution, a person should ask the service provider about the security issues, features, user interface, scalability, hidden costs, exit option and post-sales support and if at all are these suitable to the needs of an organisation. The decision of selecting accounting solution should be taken with due caution because accounting is the most important function in business which affects all the other area of business, and it has great influence on operation & working of an organisation. The success of any business is highly influenced of how efficiently accounting function is handled.

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Emerging Aspects of Financial Reporting Practices

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Introduction:

Over the past decade, the nature of financial reporting has evolved as corporate and investors are moving fast in a rapidly evolving world. Business and capital markets have become more challenging, with increasingly intricate structures, operations and sources of risk and uncertainty. Indian corporate reporting practices are coping with changing needs of the economy and the society. This evolution reflects a desire for information that is relevant to stakeholders. The most important factor is sharing the information and developments in the corporation and industry, with the investors and others to establish and maintain the corporate democracy. The relative importance of equity markets in national economies is growing and individual investors are becoming more active in those markets As a result, public disclosure, investor protection, shareholder value, and stock market-driven forms of corporate governance are becoming increasingly important. Thus, although disclosure practices vary substantially from country to country, they are converging. Hundreds of companies have increased their disclosures by (A) voluntarily adopting International Financial Reporting Standards (IFRS) or US.GAAP: (B) complying with domestic and overseas stock exchange and regulatory requirements: or (C) responding to various demands for information from investors and analysts.
Financial reporting is central to the process of allocating financial resources in capital markets. At present, it addresses not only to capital providers but to a wider stakeholder audience. Financial Reporting is the communication of financial information of an enterprise to the external world. Its primary purpose is to provide useful information to all users, which help them in decision making. It is not a static discipline. It changes and evolves in response to new legislation, requirements of regulators/policy makers and changes in national and international accounting standards, as well as various other demands from other stakeholder groups and new initiatives.

Meaning of Financial Reporting:

Corporate reporting in brief,

"A strong disclosure regime can help to attract capital and maintain confidence in the capital markets. By contrast, weak disclosure and non-transparent practices can contribute to unethical behaviour and to a loss of market integrity at great cost, not just to the company and its shareholders but also to the economy as a whole". [1]
Corporate financial reporting is a series of activities that allows companies to record operating data and report accurate accounting statements at the end of each month, quarter and year. Accountants prepare financial statements in accordance with corporate policies, industry practices and regulatory guidelines. Financial and non-financial information is compiled in annual reports for users.

"Financial reporting is at the core of the corporate reporting model. It is the financial reporting model, consisting of financial statements and accompanying notes that comply with generally accepted accounting principles (GAAP)".[2]

Financial reporting is not a new concept, but a practice that has evolved over time. As financial reporting has grown more intricate, annual reports of corporate are now more likely to include a variety of disclosures in addition to the traditional disclosure items. Though there are different sources of information such as interim report, employee report, environmental report, communications with analysts, letters to shareholders and debt holders, question and answer sessions held at annual general meeting, telephone conversations, speeches made by company officials at stock exchanges and so on, the Annual

Report is regarded as the most important source of information about a company's affairs. Corporate annual report contains a balance sheet, profit and loss account, cash flow statement, and directors' report. Besides, the details of information and additional information are provided in the schedules and notes on accounts, which form parts of financial statements. Annual report often contains useful supplementary financial and statistical data as well as management comments. The financial statements shall give a true and fair view of the state of affairs of the corporate, comply with the accounting standards. The phrase 'true and fair' signifies that the auditor should give an opinion as to whether the financial statements represent fairly the actual financial position as at the end of the accounting period and the profit or loss for that period. In this context, it may be noted that the disclosure requirements as laid down by law are the minimum requirements. Hence, if certain information is vital for showing a true and fair view, the financial statements should disclose it, even though there may not be a specific legal requirement for doing so.

Corporate reporting is now at the centre stage of reforms in view of the shareholders' education by the companies. The information that has been supplied by annual reports towards their stakeholders includes two types: Mandatory and voluntary information and Mandatory disclosure is of more importance. Mandatory disclosure is a basic market demand for information that is required by various laws and regulatory bodies and has been ruled at regional national or or international level through professionals or government authorities. The mandating of financial reporting and the execution of accounting standards was probably the single most important driver of the development of capital markets. Such reporting is being improved constantly to keep up with innovations in financial markets and ensure adequate transparency. On the opposite, corporate voluntary disclosure, being in excess of requirements, represents frees choices on the part of managers to provide information to users of the annual reports (Yuen et al., 2009). This voluntary reporting and disclosure is included in annual reports to satisfy the stakeholders' needs seem to be inadequately supplied by the mandatory disclosure.

Genesis Of Financial Reporting

In India, the Companies Act, 1956 (presently Companies Act, 2013) is the principal act to regulate the corporate reporting. The Companies Act, 1956 prescribes the financial reporting requirements for all the companies registered under it. The reporting requirements that are imposed by SEBI through its guidelines and through the Listing Agreement are in addition to those prescribed under the companies Act. The Companies Act and the SEBI requirements together provide the legal framework of corporate reporting in India and are to be followed by the companies listed on the Indian stock exchanges.

Traditionally, corporate enterprises in India have presented financial information through two financial statements, namely, Balance Sheet and Profit and Loss Account (Income Statement). These are the two primary statements that have been prescribed and their contents have been laid down by the Companies Act in India. A majority of Indian companies are now required to present a Cash Flow Statement as a principal financial statement and by giving recognition to accounting standards, the Companies Act, 1956 indirectly endorses such presentation. The Act requires that at every annual general meeting, the Board of Directors of the company should place before the company:

1. A Balance Sheet as at the end of the financial year; and
2. A Profit and Loss Account for the financial year [Section 210(1)].

Thus, the primary responsibility for preparation of financial statements and the laying of the same before the company at the annual general meeting is upon the directors of the company. However, they can entrust this duty to some other competent and reliable person who is in a position to discharge it [Section 210(5)]. Apart from Balance Sheet and Profit and Loss Account, a lot of financial and non-financial information is required to be disclosed by companies registered under the Companies Act. Mandatory information which is required to be disclosed in the corporate annual reports either by virtue of the provisions contained in the Companies Act, 1956 alone or by virtue of such provisions read with the provisions of applicable accounting standards may be grouped under following heads:

i) Balance Sheet

ii) Statement of Profit and Loss

iii) Narrative Disclosure

iv) Cash Flow Statement

v) Supplementary Statements

vi) Auditor‘s Report

vii) Director‘s Report

Asian Development Bank (1995) stressed that "accounting information is an essential element of infrastructure for a financial system". Accounting must respond to the ever-changing information needs of society and reflect the cultural, economic, legal, social, and political conditions within which it operates. The history of accounting and accountants reveals continuous change. The development of disclosure systems closely parallels the development of accounting systems. Disclosure developments refer that development of financial and non-financial disclosures presented in financial reports. Disclosure standards and practices are influenced by sources of finance, legal systems, political and economic ties, level of economic development, education level, culture, and other influences. Accounting standards constitute the basis for preparation of the financial statements and financial information to carry out the audit, in almost all the countries of the world. These are concerned with system of measurement and disclosure rules for the preparation financial statements. The rationale of the accounting standards is to improve the quality of Financial Reporting. Because of the globalization, awareness of capital markets and the size of the investment by the public are increasing. As the foreign institutional investors are investing in a big way, the reporting system is gaining importance. There is a greater need for the legislation to bring transparency, uniformity and rationalization in accounting standards.

International Accounting Standards Committee (IASC) was established in 1973 to formulate accounting standards. 41 accounting standards and a Framework for preparation and presentation of Financial Statements have been accepted in all countries except Canada and Japan. On May 25, 2000, the US Securities and Exchange Commission (SEC admitted the acceptance of International Accounting Standards (IAS) for use in cross-border listings in the US. In 2001, the international fraternity of accountants constituted the International Accounting Standards Board (IASB) to carry the work of IASC

Accounting and disclosure requirements mechanism for companies in India Accounting standards have been in use in India for preparing accounts for several decades. The Institute of Chartered Accountants of India had constituted the Accounting Standards Board (ASB) on 21st April, 1977, to formulate Accounting Standards applicable to Indian enterprises with a view to harmonise the diverse accounting policies and practices in use in India. Initially, the Accounting Standards were recommendatory in nature. After gaining sufficient experience, the Institute gradually started making the Accounting Standards mandatory for its members, i.e., requiring its members to report on whether an enterprise subjected to audit had followed a mandatory Accounting Standard as part of their professional conduct. After the avowed adoption of liberalisation and globalisation as the corner stone of Indian economic policies in early '90s, and the growing concern about the need of effective corporate governance of late, the accounting standards have increasingly assumed importance. With the amendment of the Companies Act, 1956 through the Companies (Amendment) Act, 1999, accounting standards as well as the manner in which they were to be prescribed, were provided a statutory backing. The accounting and disclosure requirements for companies are regulated under the Companies Act, 1956. Under section 211(3A) of the Act, every profit and loss account and balance sheet of the company shall comply with the accounting standards. Under Section 211(3C), accounting standards are to be notified by the Central Government after consulting National Advisory Committee on Accounting Standards (NACAS), based on the recommendations of ICAI. The Act also provides a transition provision from the date of amendment of the Act in 1999, in the form of deemed accounting standards (standards of accounting issued by ICAI), till accounting standards are notified by the Government based on the procedure laid down in Section 211(3C).[3]

'Framework for the Preparation and Presentation of Financial Statements' issued by the Accounting Standards Board of the Institute of Chartered Accountants of India issued in July 2000.

1. This Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. The purpose of the Framework is to: (a) assist preparers of financial statements in applying Accounting Standards and in dealing with topics that have yet to form the subject of an Accounting Standard; (b) assist the Accounting Standards Board in the development of future Accounting Standards and in its review of existing Accounting Standards; (c) assist the Accounting Standards Board in promoting harmonisation of regulations, accounting standards and procedures relating to the preparation and presentation of financial statements by providing a basis for reducing the number of alternative accounting treatments permitted by Accounting Standards; (d) assist auditors in forming an opinion as to whether financial statements conform with Accounting Standards; (e) assist users of financial statements in interpreting the information contained in financial statements prepared in conformity with Accounting Standards; and (f) provide those who are interested in the work of the Accounting Standards Board with information about its approach to the formulation of Accounting Standards.

2. This Framework is not an Accounting Standard and hence does not define standards for any particular measurement or disclosure issue. Nothing in this Framework overrides any specific Accounting Standard.

3. The Accounting Standards Board recognises that in a limited number of cases there may be a conflict between the Framework and an Accounting Standard. In those cases where there is a conflict, the requirements of the Accounting Standard prevail over those of the Framework. As, however, the Accounting Standards Board will be guided by the Framework in the development of future Standards and in its review of existing Standards, the number of cases of conflict between the Framework and Accounting Standards will diminish through time.

4. The Framework will be revised from time to time on the basis of the experience of the Accounting Standards Board of working with it.

5. The Framework deals with: (a) the objective of financial statements; (b) the qualitative characteristics that determine the usefulness of information provided in financial statements; (c) definition, recognition and measurement of the elements from which financial statements are constructed; and (d) concepts of capital and capital maintenance.

6. The Framework is concerned with general purpose financial statements (hereafter referred to as 'financial statements'). Such financial statements are prepared and presented at least annually and are directed toward the common information needs of a wide range of users. Some of these users may require, and have the power to obtain, information in addition to that contained in the financial statements. Many users, however, have to rely on the financial statements as their major source of financial information and such financial statements should, therefore, be prepared and presented with their needs in view. Special purpose financial reports, for example, prospectuses and computations prepared for taxation purposes, are outside the scope of this Framework. Nevertheless, the Framework may be applied in the preparation of such special purpose reports where their requirements permit.

7. Financial statements form part of the process of financial reporting. A complete set of financial statements normally includes a balance sheet, a statement of profit and loss (also known as 'income statement'), a cash flow statement and those notes and other statements and explanatory material that are an integral part of the financial statements. They may also include supplementary schedules and information based on or derived from, and expected to be read with, such statements. Such schedules and supplementary information may deal, for example, with financial information about business and geographical segments, and disclosures about the effects of changing prices. Financial statements do not, however, include such items as reports by directors, statements by the chairman, discussion and

analysis by management and similar items that may be included in a financial or annual report.

National Financial Reporting Authority:[4]

Under the Companies Act 2013, the NFRA will replace the NACAS. NFRA will be a quasi-judicial body and will have responsibility to ensure overall quality of financial reporting. In addition to advising the Central Government on formulation of accounting standards for adoption by companies/class of companies, the NFRA will:

- Make recommendations to the Central Government on formulation and laying down of auditing policies and standards for adoption by auditors
- Monitor and enforce compliance with accounting and auditing standards in the manner as may be prescribed
- Oversee the quality of service of professionals associated with ensuring compliance with standards, and suggest measures required for improvement in quality and such other related matters as may be prescribed, and
- Perform other prescribed functions.

Corporations and investors are realizing the shortcomings of conventional reporting framework. Financial statements prepared in line with Accounting Principles or generally accepted accounting principles (GAAP) or Ind-AS, do not tell the complete story of performance of a corporation and failed to satisfy the information needs of stakeholders. On demand of existing and potential investors, analysts and other users of financial statements needs both financial and non-financial information such as information on environment consciousness, corporate social responsibility, value creation etc. for conducting financial analysis and comparison among different companies for making investment decisions. Today, annual reports are no longer bound to the financial statements, but unfold a broad array of additional information that must also be disclosed. No longer focused on historic results, it now includes prospective elements, such as guidance on future revenue and earnings targets. Moreover, disclosure of a growing number of non-financial performance metrics is being required, together with an ever-increasing number of financial metrics. External financial reporting should be able to present such a view to individuals, shareholders, creditors etc. The primary objective of financial reporting is to provide high-quality financial reporting information concerning economic entities, useful for economic decision making (FASB, 1979; IASB, 2008). In other words, providing high quality financial reporting information is important because it will positively influence capital providers and other stakeholders in making investment, credit and similar resource allocation decisions enhancing overall market efficiency (IASB, 2008).

Recent developments in corporate financial reporting indicate a greater emphasis on better voluntary disclosures by the companies regarding their performance and state of affairs whichare followed by. This makes their balance sheet more transparent than ever before. Present corporate scenario has witnessed tremendous advancement in the process of re-engineering of annual reports by the companies. Corporate reporting innovations and initiatives in the form of voluntary disclosure that provide stakeholders with a longer-term and broader perspective on shareholder value creation to complement the historical financial performance and current financial position perspective provided by financial statements.

Recent Developments of Financial Reporting Practices:

(A)Sustainability reporting

Sustainability reporting is a part of the new approach. It is a broader term as well as practice to measure, disclose, and be accountable to internal and external stakeholders for organisational, environmental, social and economic performance. Presently companies are increasingly including economic, environmental and social information (TRIPLE BOTTOM

LINE REPORTING- A move from one dimensional economic reporting to three dimensional economic, social and environmental reporting) in their public reporting, in addition to the financial information required.

Sustainability reporting is increasingly being recognized as a priority for sustainable development. It ensures greater transparency and accountability in public reporting and communication is reflected in a progression towards more comprehensive disclosure of corporate performance to include the human, natural and finance capital of an entity's activities. It is becoming more prevalent, driven by a growing recognition that sustainability related issues can materially affect a company's performance; demands from various stakeholder groups for increased levels of transparency and disclosure; and the need for companies to appropriately respond to issues of sustainable development.

In India, SEBI mandated Business Responsibility Reporting (BRR) for top listed companies besides the voluntary reporting for others. In 2011, Ministry of Corporate Affairs (MCA), Govt. of India issued the first voluntary reporting framework for reporting on Business Responsibility in the form of 'National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business'. SEBI considering the framework given under the NVG guidelines, inserted clause 55 to the listing agreement to give mandate to top 100 listed companies to adopt the Business Responsibility Framework. The other listed companies are encouraged to adopt the Business Responsibility Reporting voluntarily. The similar regulators initiatives are required in other jurisdiction also to encourage the companies to adopt the Reporting on Sustainability aspects.

The Sustainability Reporting Guidelines developed by the Global Reporting Initiative (GRI), the Netherlands, is a significant system that integrates sustainability issues in to a frame of reporting. The Global Reporting Initiative is an international, multi-stakeholder effort to create a common framework for voluntary reporting of the economic, environmental, and social impact of organization-level activity. Its mission is to improve the comparability and credibility of sustainability reporting worldwide. The Global Reporting Initiative's (GRI) vision is that reporting on economic, environmental, and social performance by all organizations becomes as routine and comparable as financial reporting. GRI accomplishes this vision by developing, continually improving, and building capacity around the use of its Sustainability Reporting Framework.

Since the Sustainability Reporting is relatively a new concept, there are issues to observe the sustainability reports guidelines for listed corporate.

Lack of Encouragement of Regulators: In many jurisdictions, there are no guidelines on sustainability reporting to encourage the corporate sector. While on the other hand, there are voluntary as well as mandatory guidelines from regulators for reporting on Sustainability aspects like in India we have SEBI framework of Business Responsibility Report. As a measure of good corporate governance, Government and regulators should encourage the corporate to adopt the sustainability reporting.

Lack of Awareness: Sustainability reporting is emerging concept in India. Corporate should consider that a commitment to sustainability reporting can contribute to financial success. In order to make aware about it, sustainability awareness programme should be organized for Professionals, Board of Directors and Management in the corporate sector.

Lack of awareness of Investors: Investors primarily invest in corporate to maximize their returns. Investors are not educated to ESG issues as they are not much aware about it. Investors should consider the Environmental, Social and Governance (ESG) issues while making investment decisions without compromise. The Sustainability Reporting concept is good tool to showcase the corporate governance practices of an organisation. It demands successful adoption of community development initiative. Investors should substantially contribute by investing in organizations those following the good governance including reporting on sustainability aspects.

Expertise Knowledge: Sustainability Reporting is relatively a new concept, it demands proficient professionals of such domain. The professional bodies should impart the expert knowledge of sustainability reporting to their members to develop a good cadre of experts in this evolving area of sustainability reporting. It also requires that the underlying corporate activities are not just for showcase in annual reports.

(B) Digital Reporting:

Digital financial reporting is financial reporting using structured, machine-readable form rather than traditional approaches to financial reporting which were paper-based or electronic versions of paper reports such as HTML, PDF, or a document from a word processor which is only readable by humans. [5]

Corporate reporting process has undergone a complete makeover in the recent times due to advancement of technology. No doubt, technology plays an important role in the development of corporate Reporting. It is seemed both as a driver and an enabler for change. Technology will significantly change the way that corporate reporting is prepared and the way that it is delivered to its stakeholders. Corporate reporting based on technology provides voluminous information, more relevant and timely than ever before. Unless corporate reporting keeps up pace with technological changes, it may lose some of its relevance and importance. With strong information technology systems, companies can better manage the flow of information so as to deliver the appropriate content in an effective manner.

Digital reporting supports in presenting relevant information to stakeholders without adding complexity or undue cost to preparers. Digital Reporting is the need of present generation of companies and stakeholders. Today is the generation of internet when most of the companies have created their websites and majority of the shareholders are using internet, it is necessary to provide reports in digital or electronic form in addition to the traditional annual report. So, in recent times most of the companies have adopted digital annual reports as a medium of distributing their information

The benefits are much more than the cost of this new generation method. Hence now many companies understand the significance of digital annual reporting and are trying to embed the medium as an essential part of their reporting practices as a medium of distributing their information voluntarily. But this medium is also not free from defects and shortcomings. An example of digital reporting is the eXtensible Business Reporting Language (XBRL) project. XBRL was developed to provide a common, electronic format for business and financial reporting. In the nineties the International Accounting Standards Council (IASC) – the IASB's predecessor – launched a similar initiative, which the IASB used later as the basis to introduce its support for XBRL for IT solution-based reporting. While efforts began over two decades ago, requirements for its use are only beginning to come into effect in some countries. In other countries companies are required to use digital filing to fulfil their regulatory filing requirements. While XBRL was a good first step, the benefits of XBRL reporting have generally not yet been entirely delivered. They could include a universal language, ease of access for stakeholders to standardised data, customised data extraction, and increased accuracy and speed. Delivery in a standardised format would open up new possibilities to compare reported information.

XBRL is an innovative and emerging approach of exchange financial and non-financial reporting information in digital frame. Although not yet demanded by regulators, XBRL is already gaining traction in countries throughout Europe and is expected to become the worldwide standard for reporting. The Dutch government, a front-runner in the adoption of XBRL, has published an XBRL taxonomy based on the Dutch GAAP. Adoption of XBRL will eliminate much of the hustle of data gathering and re-keying of reporting frameworks. With introduction of tagged definitions data for different reporting frameworks such as social, financial, environmental, carbon, water, etc., the availability of digital barcodes will allow multiple reports to be generated automatically by a single press of a button.

Issues Of Digital Reporting

Though there are various advantages of corporate reporting through web for companies and stakeholders, but there are certain following problems of digital reporting which hinders the effectiveness of corporate reporting through web.

Security issues: Digital reports with full information cannot be compared to the printed reports because of various security and authenticity issues. Printed reports contain signature of auditors which serve as guarantee for the integrity and authenticity of the information. But this thing is found absent in the electronic documents. So the authenticity of electronic reports cannot be verified.

Lack of Uniform presentation of information on web: Companies differ in their practices in publishing digital reports as there is no standardize format. It reduces the usefulness of data for comparison purposes. Hence stakeholders cannot compare information of companies due to lack of proper standard for published web-based information.

Lack of suitable formats: Though many companies are uploading their reports on their websites in the format of HTML and PDF. But these two formats do not provide the facility of automatic analysis of information by the investors. This problem can be solved if all the companies adopt new and advanced technology like XBRL.

Website maintenance Costs: Many companies are now using websites to distribute digital reports. It offers various benefits but the website need regular maintenance and updating on periodical basis. Maintaining the websites is not an easy task, various technical experts and computer professionals are needed for keeping website updated. They need to be paid for their services.

Crashing of websites: Due to technical error, a company website may be crashed that will make temporary or permanent damage to the digital report available on the internet. In some cases the reports may be lost forever.

Internet Issues: For uploading and downloading the digital reports from the website of companies, a person must have high speed and secured internet connection. Without the internet facility as well as compatible software is must, without it the annual reports are not accessible from companies to third parties.

(C) Value added reporting

Value added reporting takes a different view from generally accepted accounting principles by arguing that (a) it is the value added, rather than profit, that is the real wealth of the firm, and (b) it is the whole production team, rather than just a shareholder, that is the beneficiary of such wealth. Therefore, value added reporting differs from conventional accounting by a focus on value added measurement as wealth measurement and value added distribution as wealth distribution. Value added reporting advocates the measurement and disclosure of value added, the increase in wealth generated by the productive use of the firm's resources before its allocation among shareholders, bondholders, workers, and the government. As a supplement to the income statement, the value added statement is viewed as a report on the income earned by a larger group of "stakeholders"— all providers of capital plus employees and government.

In India publication of value added statement is a voluntary process of providing a supplementary statement. A very few progressive companies in India like SAIL, MNTC, CRL, BPCL, BHEL, CCI etc. in public sector and Indian Rayon, Infosys Technologies Ltd., Britannia Industries Ltd, Escorts Ltd, Global Telesystem Ltd. etc. in private sector, are producing value added statements along with their annual financial reports. The American Accounting Association Committee on Accounting and Auditing Measurement has also recommended that value added be considered for mandatory disclosure.

Value Added Statement (VAS) is now being considered as a broad measure of judging the corporate performance than conventional measures based on traditional accounting system of an enterprise. The value added statement provides an additional information in respect of the wealth generated by an enterprise which is popularly known as "value created" by business during an accounting period. The concept of value added statement plays a specific role in the area of accounting.

Conventional accounting system which generates information related to financial performance through profit & loss account or income statement generally emphasis on the interest of the shareholders. The profit & loss account or the income statement lacks in providing the information as regard to the extent of the value or wealth created by the other stakeholders which cannot be accessed from the profit & loss account. Hence, there is a need to modify the existing accounting and financial reporting system so that a business unit is able to give importance to judge its performance by indicating the value or wealth created by it. Value added is the wealth of the company created by its own and its employees efforts during a period

Value added is the increase in market value brought about by an alteration in the form, location or availability of a product or service excluding the cost of bought-in-materials and services (ICAI, 1985).

This can be expressed in the following equation:

Value added =Value after alteration-Value before alteration.

Value Added may be classified into two categories:

a) Gross Value Added (GVA) which refers to sales plus income from other services less bought in materials and services purchased from outsiders;

and b) Net Value Added (NVA), which refers to the difference between GVA and Depreciation. In other words, NVA is the sum of the value added to employees, to providers of loan capital, to Government and to owners. Bernard Cox suggested the following two methods for computing Gross Value Added (GVA).

Economic Value Added (EVA)

Traditionally 'Shareholders Value Creation' have been measured by applying parameters such as earnings capitalization, market capitalization and present value of future cash flows. Extensive equity research has now established that it is not earnings per share, but value which is important. EVA is a new concept being applied to understand and evaluate financial performance.

EVA is residual income after charging the company for the cost of capital provided by lenders and shareholders. In other words, EVA represents the Value Added to the shareholders by generating operating profits over and above the cost of capital employed in the business. It is those companies which earn higher returns than cost of capital, that create value. The Companies which earn lower returns than cost of capital are destroyers of shareholder value. Economic Value Added is an index to measure the financial performance. It takes into account the Profit, Loss, Balance Sheet efficiency and Opportunity Cost of Capital. EVA helps to –

(a) measure business performance,

(b) take important managerial decisions,

(c) equate managerial incentives with Shareholders' interest, and

(d) improve financial and business literacy throughout the Firm.

Issues in Preparation of Value Added Statements:

While preparing value added statements, accountants face following issues:

(i) The accountants face problem while treating pay roll costs. Should there be the actual cost incurred in the period or the costs which are related to the sales achieved? Most of the corporate simply show the total payroll costs for the period.

(ii) Accountants faces hurdle in treatment of work in progress. In corporate financial accounts, work in progress and stocks are valued at market price or cost whichever is less. In case of long term work in progress, the valuation will include elements of profit, however if true value added is an increase in value created, change in stocks and work in progress should be included at market value.

(iii) corporate accountants faces hindrance in the treatment of investment income in corporate company; which is having income from associated company or royalties, should that income be added to the turnover in the same section of the value added statement? The other treatment is to add it to turnover or to find out a value added calculation from sales less purchase and then add the other income.

(D) Integrated Reporting:

The International Integrated Reporting Council defines integrated reporting as "a process founded on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communications regarding aspects of value creation."

Integrated reporting is about gathering and connecting information about an organisation's current decisions with its future prospects; connecting information about strategy, risk, remuneration and performance; and recognising that the economy, environment and society are inseparable and therefore information provided to understand an organisation's performance in each of these areas requires view as part of a whole. It helps boards of directors to sense out the issues they face more clearly, and enables them to explain their business rationale to investors with greater authority and clarity. Its primary purpose is to explain to financial capital providers how an organisation creates value over time to all interested stakeholders.

The integrating reporting framework takes into account 'SIX CAPITALS': natural, human, to a manufactured, social and relationship, intellectual as well as financial and establish relationship of VALUE CREATION PROCESS of a corporation. It clearly communicates about how an organization's strategy, governance, in performance and prospects lead to the creation of value over the short, medium and long term. It provides flexibility to businesses and they are not asked to report against all six capitals, but to choose based on materiality. It is a new concept which reflects the broader range of factors that contribute to long term value of organization to play a role in the society. The value creation concept is the backbone of integrated reporting which is the direction of the future of corporate reporting. The important objective of an integrated reporting is to define company's sustainability, its future in the context of external environment.

The integrated report helps to view and to consider holistically about their strategies and plans, make informed decisions and to manage risks and opportunities to build investor and stakeholder confidence and improve future performance. Thus, it puts equal emphasis not just on the reporting, but on the 'integrated thinking' to change the thought process in corporate and in society at large about what actually meaning of successful business.

Conclusion:

There is evolution not revolution in corporate scenario. The journey of innovation and evolution in the area of Corporate Financial Reporting has already started to reach its destination, require changes in mind-set, standard setting, regulation and enforcement. But in order to achieve increased importance, many changes to financial reporting might be needed over the coming years, including to its form, presentation and timeliness. Financial information alone can no longer represent a complete picture of a company's value, so non financial information and key performer indicators of corporate must be addressed in financial reports. Wider range of stakeholders with a diverging interest in corporate affairs are demanding CORE & MORE Reporting in financial statements; a CORE report provides an overview of corporate affairs accompanied by MORE report(s) which provide detailed information complementing the CORE report. New trends in financial reporting pose challenges for preparers who have to prepare and support new disclosures; for investors who opts the disclosed information when making decisions based on financial statements and for accounting standard setter and auditors in forming judgments on disclosures that should be required. Thus, regulators should acknowledge that the pace and nature of change must provide for innovation and experimentation over time as a vital part of the process for effective and sustainable improvement in corporate reporting though it is challenging. Policymakers should actively promote experimentation with the aim of capturing best practice and gradually standardising that practice as appropriate over time.

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Lean Accounting

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"The Fellow that can only see a week ahead is always the popular fellow, for he is looking with the crowd. But the one that can see years ahead, he has a telescope, but he can't make anybody believe he has it." – Will Rogers (1949)

Abstract

Some waste exits in every system. From Manufacturing and assembly, to hospitality, health care, transportation, and social services, some waste is hidden within all processes. Identifying and eliminating this hidden waste saves millions of rupees every year for those organisations that continuously use lean assessment. These wastes fall into seven basic categories like over production, defects, motion, transportation, inventory, over processing and waiting. In this paper an attempt is and to focus on the basics of lean accounting and how to maintain and deal with such wastes by using lean tools.

Key words: Principles, Practices, Tools, Waste, Lean

Introduction:

To maximize **customer value by minimizing waste is the core idea of the term lean.** In other words lean means creating more value for customers with fewer resources.

A lean organization understands customer value and focuses its key processes to continuously increase it. The ultimate goal is to provide perfect value to the customer through a perfect value creation process that has zero waste.

To accomplish this, lean thinking changes the focus of management from optimizing separate technologies, assets, and vertical departments to optimizing the flow of products and services through entire value streams that flow horizontally across technologies, assets, and departments to customers.

Eliminating waste along entire value streams, instead of at isolated points, creates processes that need less human effort, less space, less capital, and less time to make products and services at far less costs and with much fewer defects, compared with traditional business systems. Companies are able to respond to changing customer desires with high variety, high quality, low cost, and with very fast throughput times. Also, information management becomes much simpler and more accurate.

The Definition of Lean

A Lean approach to work is about understanding what's really going on at the gemba (the place where value is created), improving the processes by which products are created and delivered and empowering people through problem solving and coaching. Lean thinking and practice helps organisations become both innovative and competitive, which in turns allows them to become more sustainable.

Today Lean has become a new, more effective approach to doing and organising work. It is a superior business system. In a Lean organisation problems are opportunities for meaningful learning rather than errors to be swept under the carpet. Managers act as coaches, helping others get comfortable identifying problems and practicing daily continuous improvement. Leadership means creating a management system to support a new kind of engagement with the real work at hand, the way the work is being done now, not the way you and your team hope to be doing work sometime in the future.

Henry Ford defined the lean concept in one sentence: "We will not put into our establishment anything that is useless."

Lean manufacturing is a system of techniques and activities for running a manufacturing or service operation. The techniques and activities differ according to the application at hand but they have the same underlying principle: the elimination of all non-value-adding activities and waste from the business.

Lean enterprise extends this concept through the entire value stream or supply chain: The leanest factory cannot achieve its full potential if it has to work with non-lean suppliers and subcontractors.

Why Lean?

In 1997 James P. Womack established the Lean Enterprise Institute (LEI) in the United States. In 2003 Daniel T. Jones established the Lean Enterprise Academy in the UK. There are now 23 Lean Enterprise Institutes around the world with the mission to:

- Improve the competitiveness and raise living standards of their country.
- Enable growth while minimising resource use and environmental impact.
- Provide more fulfilling work and continuing personal development for everyone.
- Enabling consumers to create more value in their increasingly busy lives.

The Lean Enterprise Academy (LEA) grew out of the MIT research team that was responsible for coining the term "Lean" to describe the revolutionary production and management system they identified at Toyota. This was described in the landmark book "The Machine That Changed The World" by James P. Womack, Daniel T. Jones and Daniel Roos in 1990. Since that time there has been enormous demand for greater knowledge about Lean thinking. It has spread across the globe and beyond other manufacturers to sectors such as construction, healthcare, FMCG, the public sector, services and supply chain.

Types of Waste

- Overproduction
- Waiting, time in queue
- Transportation
- Non-value-adding processes
- Inventory
- Motion
- Costs of quality: scrap, rework and inspection

Lean Accounting – What it is

The purpose of Lean Accounting is both positive and negative. The positive includes accounting, control, measurements, and decision-making processes that actively support their lean strategy. The negative is to remove the harmful impact of traditional accounting. Lean accounting also eliminates waste within the accounting processes by stripping them down to the minimum amount of work.

What's the Problem with Traditional Accounting?

Traditional accounting and measurement methods are NOT wrong and bad, but they are the opposite of lean. Traditional measurements like labor efficiency, machine utilization, and others motivate large batches, long lead times, high inventory, shortages, expediting, and crisis management.

A very potent anti-lean measurement is overhead absorption variance. General Motors and Chrysler were critically impacted by overhead absorption in the 2008 recession . In order to absorb their overheads, the car plants continued to make thousands of cars that nobody wanted to buy. As a result, GM was bankrupted until being bailed-out by tax-payers money. Lean organizations must eliminate these anti-lean accounting and measurement systems and replace them with lean accounting methods that support and prosper lean thinking and practices.

How Does Lean Accounting Help Us?

Lean accounting has been designed to support lean manufacturing (and lean sales, lean product development, lead engineering, lean healthcare, etc.). Lean accounting reflects lean thinking throughout the entire organization.

- **Working by Value Streams.**

  We focus our financial and operational reporting around the whole value stream. We are not so much interested in the efficiency of individual departments, processes, or products, but we are very interested in the productivity of value stream as a whole. Ideally, a value stream starts from a sales process and goes all the way through to purchasing, production, and shipping.

- **Timely, Plain English Financial Reports.**

  The financial and operational reporting is at a value stream level and is usually available weekly. Instead of the traditional, complicated financial reports with meaningless variances, we create “plain English” income statements that everyone in the company can readily understand and use. Similarly, the “vital few” operational measurements are posted weekly on the value stream performance board. If you have timely and understandable financial information, the value stream leaders can quickly see what’s happening in their business, make better decisions leading to growth, productivity, and profits. This operational and financial information is also shows the TRUE, bottom line savings and profitability coming from lean improvement.

- **Customer Value**

  The value stream team members have a clear focus on the value created for the customers. When we know what the customers truly value, and when we have full control over the processes that create this value – then we can work step-by-step to increase the value while at the same time reducing the costs. Increasing value for the customers leads to customer loyalty, unprecedented growth, and profits.

- **Decision-Making and the Box Score**

  Lean Accounting uses a “box score” which is a single page report showing the three aspects of a value stream that determine the operational and financial results. These are the operational performance measurements, the capacity usage, and a summary of the income statement. The Box Score is widely used in Lean Accounting. It shows the performance of the value streams; operational results, financial results, and the capacity usage. The Box Score is also used for calculating the operational and financial benefits of the value stream’s lean improvements. The Box Score is the primary decision-making method for lean companies. All routine decisions no longer use product cost information.
  When decisions are made the information is entered into the box score so as to

understand the true impact of the decision on the value stream as a whole. The box score shows how the decision impacts the operational measures, the use of people's capacity, and the value stream profitability. The box score financial numbers are real. They show how much money will go into the bank as a result of the decisions being made. Using the Box Score for decision-making leads to better decisions and better profits. The Box Score also allows decisions to be made at lower levels in the organization because the information is simple and readily understood by everybody. The Box Score is real win-win for everyone.

❖ **Lean Accounting is a Lot Less Work**

Lean Accounting does not need the thousands or millions of transactions required to maintain the departmental reporting, the labour tracking, the other so-called control systems traditional companies anguish over.

There is a maturity path to making these changes. As your company becomes proficient with lean thinking, your processes will come under better control. Much of this control comes from pragmatic, visual tracking by the people in the processes. As your company makes more progress with lean, you will get to the point where the secondary, transactional control systems (ERP/MRP) are increasingly unnecessary and can be largely phased out. ERP systems are valuable tools for any lean company, but they are largely wasteful and we need to eliminate waste from the systems as well as the physical process. Similar, we also simplify and greatly reduce transactions in accounts payable, account receivable, inventory tracking, and other processes.An important purpose of Lean Accounting is to reduce the work required for the routine accounting, control, and measurement system so as to free up the time of the accountants (and others) so as to give them time to work on more strategic activities that drive the company forwards.

Why Lean Accounting?

As you begin to make progress with lean manufacturing, lean product design, lean sales, lean engineering, and lean administration; it soon becomes clear that the traditional accounting, control, measurements, and decision-making systems are no longer appropriate. In fact they are in many ways anti-lean.

The purpose of Lean Accounting is:

- Accounting Everybody Can Immediately Understand and Use.
- Accounting that Supports & Motivates Lean Progress.
- Effective Operational & Financial Controls.
- Reports & Information that Empowers People for Lean Continuous Improvement.
- Eliminate Much of the Waste in the Accounting Systems.
- Correctly Calculate the Financial Impact of Lean.
- Better Decisions leading to Better Business leading to Better Profits.

Difference between Traditional and Lean Accounting

Traditional Accounting:

❖ Productive capacity as idle production lines.
❖ Existence of inventory as an asset.
❖ Extract reports and information with large time intervals (monthly, weekly)
❖ It focuses on the cost of goods sold (Cogs).This includes, for example, the cost of kick off meetings, catering services, annual Convention.

Lean Accounting:

❖ Once structured and defined, Lean Accounting provides cost analysis in real time…

- Lean accounting reviews the costs and benefits of the value chain, providing an accurate picture of the cost and benefit of each step in the provision of value to the client.
- Productive capacity is considered to be an asset, not as a liability.
- Existence of inventory as an obligation or waste, if excessive, that has to be stored, maintained, and monitored.

Principles, Practices and Tools of Lean Accounting

Decision Making Methods that benefir the company from better decision (Better Decison, Business, Profits)1.Promote true financial and operational analysis 2. focus on right things leads to right decisons 3. right decisons lead to growth of the top & bottom lines

Correctly calculate the financial impact of lean improvement (Better Improvement Choices,More Bottom line Improvement)1. Prioritize improvemens to maximise company financial benefits. 2 Monitor the Achivements of these benefits in regular financial reports.

Eliminate much of the waste in the processes that support financial and operational control. (Eliminate Wasteful Systems, focus your people on Grwoth, Productivity, Cashflows and Profits.)1. Remove the need for much of the computer based control system. 2. simplify processes, reduce costs.3.elements thousands of transections.

Operational & Financial Information that empowers people for excellence through continuos improvement(Empowered teams, Better Customer Value, Growth and Profits)1. Financial information people can readily use for improvement.2. operational measurements driving company goals and lean strategy.3. Effective and Faster Decision making at the lowest possible level.

Effective Controls and Reporting of the Business (Better Financial Control, Reduced Costs and Spending)1. Internal Control of Productivity.2. Weekly control of Spending by Value stream team.3. External report comply wth GAAP.

Accounting, Control & Measurement that support and Motivates lean progress. (Faster lean improvement, More Revenues, Lower Costs, More Profits and Cash)1. Simple Value Stream Accounting.2. Timely Understable Information.3. Motivates lean Improvement.

PRINCIPLES	PRACTICES	TOOLS OF LEAN ACCOUNTING
A. Lean & simple business accounting	1. Continuously eliminate waste from the transactions processes, reports, and other accounting methods	a. Value stream mapping; current & future state b. Kaizen (lean continuous improvement) c. PDCA problem solving
B. Accounting processes that support lean transformation	1. Management control & continuous improvement	a. Performance Measurement Linkage Chart; linking metrics for cell/process, value streams, plant & corporate reporting to the business strategy, target costs, and lean

	2. Cost management 3. Customer & supplier value and cost management	improvement b. Value stream performance boards containing break-through and continuous improvement projects c. Box scores showing value stream performance a. Value stream costing b. Value stream income statements a. Target costing
C. Clear & timely communication of information	1. Financial reporting 2.Visual reporting of financial & non-financial performance measurements 3. Decision-making	a. "Plain English" financial statements b. Simple, largely cash-based accounting. a. Primary reporting using visual performance boards; division, plant, value stream, cell/process in production, product design, sales/marketing, administration, etc. a. Incremental cost & profitability analysis using value stream costing and box scores
D. Planning from a lean perspective	1. Planning & budgeting 2. Impact of lean improvement 3. Capital planning 4. Invest in people	a. Hoshin policy deployment b. Sales, operations, & financial planning (SOFP) a. Value stream cost and capacity analysis b. Current state & future state value stream maps c. Box scores showing operational, financial, and capacity changes from lean improvement. Plan for financial benefit from the lean changes a. Incremental impact of capital expenditure on value stream box-score. Often used with 3P approaches a. Performance measurements tracking continuous improvement participation, employee satisfaction, & cross-training b. Profit sharing
E. Strengthen internal accounting control	1. Internal control based on lean operational controls 2. Inventory valuation	a. Transaction elimination matrix b. Process maps showing controls and SOX risks a. Simple methods to value

		inventory without the requirement for perpetual inventory records and product costs can be used when the inventory is low and under visual control

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A Study of Learning Style of Science Students

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Abstract

The present era is the era of knowledge and technology. If a person want to progress in the life it is necessary for him/her to know the latest fact of the particular field and it is possible for anyone to become master in any filed if he/she learn through proper style. The training institutes teach the trainees various teaching methods but it is more important to teach the students a proper learning style. With this views here researcher tries to know the learning style of Science students of college. An inventory developed by P.K. Sudheesh Kumar and others was used to know Science students opinion about their learning style.

The present study was survey type study in which the students were given some necessary instructions along with an inventory and pinions given by the students were obtained. The information collected was transferred into frequencies. SPSS program was used to get χ^2 value of the statements of the inventory through collected information. Through analysis, it was notices that χ^2 values of thirty seven statements were significant at 0.01 level, χ^2 value of one statement was significant at 0.05 level and χ^2 value of two statements were not significant.

The major finding of the present study shows that students have different opinion about their style of solution of the problem as well as they are different in the way of learning from their peers. The results also indicate that the environment, the physical facilities, the self-inspiration, instructions of the teachers, questions and teaching methods effect on the learning style.

This study helps the teachers as well as the students to know the learning style and also to improve the style. With the help of these findings the teacher can prepare a good programme for their students to teach them how to earn.

Introduction

To gain a better understanding of oneself as a learner, one need to evaluate theway he/she prefer to learn or process information. By doing so, he/she will be able to develop strategies which will enhance their learning potential. So here the researcher tries to assess the learning style of Science students of College.

Objective of the Study

To know the opinions of the Science students towards their learning Style.

Hypothesis of the Study

There will be no meaningful difference in the opinions of the Science students towards the learning style.

Limitations of the Study

* In the present study only the Science students of F.Y.B. Sc. studying in Gujarati medium were included as the sample.
* The present study was conducted on the Science students of only one college of Rajkot.

Sample Selection

In the present study the Science students of H. & H. B. Kotak Institute of Science, Rajkot were selected as a sample. Total 99 students were included in the sample of the study.

Tool

The Learning Style Inventory developed by Dr. P.K. Sudheesh Kumar & others to know the learning style of Science Student was used as the tool. Forty various statements mentioning opinions are there in that inventory with three options always, sometimes and never are given. The student has to mark (•) for any one option from the given three for his/her opinion.

Data Collection

Students were given some necessary instructions to fill up the inventory. There was no time limit to return the inventory. On and average in forty five minutes students filled the inventory. It was checked in the inventory whether each student has mentioned personal details properly or not.

Analysis of the collected data

SPSS program was used to analyse the collected data. For each statement frequencies were obtained. The result was found by using Non parametric χ^2 test which is shown in Appendix-1.

Results

From the study of Appendix-1, it seems that χ^2 values for thirty seven statements are significant at 0.01 levels. While χ^2 value for one statement is significant at 0.05 level. χ^2 value for two statements is not significant. It says that there were differences in the opinions of the science students about their learning style. So the hypothesis of the study was rejected.

Findings

After analysing the data, findings were obtained. The most common findings about learning style of Science Students were as per below :

(1) Science students can study quickly in a quiet atmosphere.

(2) Science students never learn on the compulsion of others.

(3) Science students study well for achieving better marks than their previous ones.

(4) Science students strictly abide by the instructions of teacher.

(5) Science students have different opinion about their solution for a serious academic problem.

(6) Science students are different in the way of learning from their peers.

(7) Minor experiments conduct by the students enable them to understand the scientific principles.

(8) Listening to talks and discussions of experts make students study effective.

(9) Explanations given to the experiments help students to learn better than merely observing the experiments.

Conclusion

Science students are the future of our nation. So it is very important that they are aware of their learning style. They can learn more effectively with the proper learning style. There are differences in the options of learning style of Science students. Keeping in mind the Science teachers and students can give more attention to the proper learning style. The management also think to provide better learning environment, physical facilities and teaching-learning materials.

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APPENDIX-1

Sr. No.	Statements	Always	Some times	Never	χ^2
1.	I feel sleepy while studying in a quiet place.	3	30	66	60.545**
2.	I can study quickly in a quiet atmosphere.	94	3	2	169.152**
3.	I can not carry on with my studies for long, in dim vision.	50	33	16	17.515**

4.	For effective learning, I like to sit in a chair.	44	32	23	6.727*
5.	While studying during daytime, I do not keep the windows and doors of my study room open.	22	27	50	13.515**
6	I can learn, while sitting in an easy chair.	3	8	88	137.879**
7.	I feel lazy in studying during cold seasons.	7	33	59	40.970**
8.	The chilly rainy atmosphere is preferable to the warm summer atmosphere for my studies.	53	28	18	19.697**
9.	I am not disturbed by any sound in utmost concentration.	38	52	9	29.152**
10.	I prefer studying in an open place, to studying in an enclosed room during day time.	54	25	20	20.424**
11.	I study the daily portions that I am expected to cover for that day.	56	42	1	49.515**
12.	I learn on the compulsion of others.	00	6	93	76.455**
13.	I can do the assigned works given by teachers in the expected standards.	75	20	4	84.061**
14.	I study well for achieving better marks than my previous ones.	97	1	1	136.182**
15.	I avoid difficult portions while studying.	3	27	69	67.636**
16.	I strictly abide by the instructions of my teachers in study matters.	83	15	1	106.606**
17.	Even though our teachers insist on being up-to-date in studies, I seldom do so.	10	14	75	80.424**
18.	Often I succeed in rising up to the expectations of my parents regarding my studies.	25	13	61	37.818**
19.	I will not accept the instructions given by teachers for studying new portions.	3	13	83	115.152**
20.	When I have to find the solution for a serious academic problem, I go by my choice.	33	34	32	0.061
21.	I learn by linking my lessons with things and incidents of daily life.	74	24	1	84.424**

Sr. No.	Statements	Always	Some times	Never	χ^2
22.	Learning through discussions and activities only robs my study time.	5	28	66	54.515**
23.	In studies I prefer my own style to that of others.	66	26	07	54.970**
24.	I can learn with ease, if I discuss matters with my friends.	75	20	04	84.061**
25.	The study methods of toppers influence me.	82	14	03	110.970**
26.	I like to study in a way which is different from that of my peers.	29	43	27	4.606
27.	When I study in the company of my friends, I understand the defects in my study process.	70	25	05	67.697**
28.	Among the various educational programmes in radio and television, I could not find anyone to be of worth to me.	15	37	47	16.242**
29.	Studies in the early morning is found to be very effective for me than studies at other times of the day.	72	17	10	69.879**
30.	Observing the exhibitions and experiments related to the academic subjects will not facilitate my learning.	14	14	71	65.636**
31.	Conducting minor experiments by myself enables me to understand the scientific principles.	83	13	03	105.152**
32.	The short recesses during the study time boost up my enthusiasm to learn.	69	19	11	59.879**
33.	Taking rest for sometime during studies is found to be effective for my studies.	61	29	09	40.697**
34.	Eating while studying interrupts my concentration.	46	33	20	10.242**
35.	I can study for long, if I am not haunted by hunger.	63	24	12	43.091**
36.	Listening to talks and discussions make my studies effective.	70	27	02	71.697**
37.	Explanations given to the experiments help me to learn better than merely observing the experiments.	91	07	01	153.455**
38.	It is more easy for me to comprehend the lectures rather than reading the books.	56	34	09	33.515**
39.	My way of studying involves internalizing the prepared short notes based on the notes given by the teacher.	65	28	06	53.879**
40.	It is difficult for me to prepare notes by reading other books.	11	45	43	22.061**

Emerging Pathways and Challenges for Future Generation Accounting Professionals

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INTRODUCTION

Accounting has assimilated and grown and fine-tuned with the business culture. In different dynasties at different time or might be at the same time accounting methods had evolved. Some contend thataccounting grew absolutely in light of the requirements of the time brought by changes in the environment and societal demands. Others claim that development of accounting was the root cause of growth in commerce as use of more precise accounting methods made business to respond to the need of time. Before Pacioli, one can find roots of accounting in the content of Kautilya's work which points out that the establishment of the discipline of accounting already existed in India during 4th century B.C.E. Just as Kautilya's Governmental accounting, ancient Egypt has also been developed in the same fashion. Egyptian bookkeepers kept meticulous records for the network of King's storehouses where they were used to keep tax payments. Egyptian accountants were honest and accurate and they have very good reason for it. Because, if they commit any mischief they punished by penalty, maiming or even death. Greece used term public accountants during fifth century BC to administer and control over their Government's finances. Earlier, the role of accountants had restricted to record keeper only. Even after origination of metallic and paper money role of accounting professionals hadn't changed remarkably. As the whole accounting profession was limited to Governmental activity. Rapid growth in accounting profession was administered because of lightning growth of commercial activities.

Scope of business and methods of accounting and even role of accountants are interlinked. When number of business transactions were less and scope of business was narrow, we had single entry accounting system in practice. Further it broadened to double entry accounting system of cash basis and then with the increased complexity in structure and nature of business accountants switched to accrual basis of double entry accounting system. Role of accountant has been changing expediently and significantly. As the structure and types of business changes, accountants have to mould methods of accounting to satisfy the need of time. It is one of the biggest challenges for accounting professionals and vary reason of constant change in their roles from traditional record keeper to modern day advisor. An ancestry of different methods of accounting is result of origination of different types of business with the passage of time. Major reason for evolution of accounting and accounting professionals can be comprehensively classified in following ways.

1. Business Oriented
2. Computerized Accounting.

CHANGES IN ROLE OF ACCOUNTANT WITH EMERGENCE OF BUSINESS MODELS

Earlier accountants were expected to maintain the records of governmental transactions. Role and functions of accountants were that of record keeper only. Accounting came in light as a tool to business owners to understand how far they had achieved their goals.

Financial accounting a branch of accounting has emerged in 18th century. Root of joint stock company lies in 17th century. Sole proprietorship and partnership forms were most suitable forms of business in capitalist economy. Practice of recording, summarizing and presenting in financial report or statement and that too in standardised format had not started until 18th century. Probably, the accounting profession had begun to shine with the inception of financial accounting. Accounting professionals were assigned a task to keep track record of corporation's each and every financial activity by collecting data, recording transactions and preparing reports for the internal and external stakeholders.

The industrial revolution gained momentum roughly between 1760 and 1830 due to technical inventions which reformed the entire manufacturing world. People believed that cost accounting was result of industrial revolution. Butentrepreneurs did not pay much attention to production cost because of high profit margins at that time. However, the period saw a tough competition especially in the textile and iron industries which demanded the help of accountant to derive the actual cost of product where double entry accounting system proved worthless. It could not turn the losses into profit but assisted to finalize the selling price of product. Role of cost account do not confine to finalize the price of product only. Cost accountants not only maintain up-to-date and accurate product cost but also provide variance report of department, product or process to make decision making process easier. They also helped to analyze special projects. The role of accountant has changed from recording and reporting to analysing and supporting management to take specific decisions related to product.

After 1840 the railways and the telegraph revolutionised the traditional ways of production and distribution. These technological inventions had increased per capita income as volume and speed of transactions also increased. Complexity of existing production capacity and processes created a need for administrative co-ordination. To fulfil these requirement entrepreneurs made huge multi-unit organizations and appointed managers to manage the business. This is how need of management accounting emerged. Major functions of management accountant are to track the internal cost of any business process, making decision related to production, operation and investment and preparing budget etc. With the advent of management accounting, place of accountant has shifted from lower level to middle level in pyramid of management.

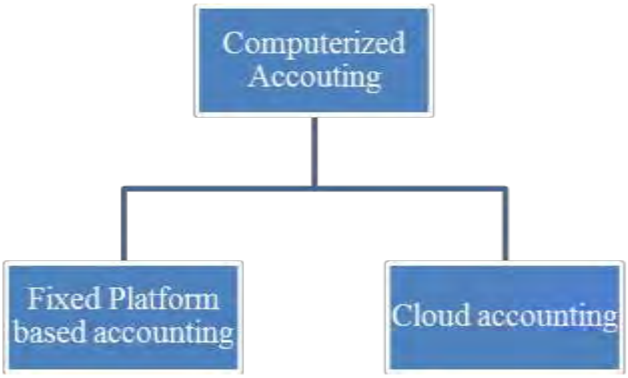
Accountability and responsibilities of accountants have further widened with the emergence of social and environmental accounting. Several concepts related to corporate social responsibility apply to the accounting profession as well. In case of Environmental Management Accounting (EMA), accountant has to take decision by considering monetary and non-monetary cost like physical information on the flow of energy, material, waste, water and monetary information on related costs, earnings and savings. It increases the extra burden on accountants. Earlier accountants are liable to answer internal stakeholders only but now they are equally accountable to external stakeholders also.

A new term called lean enterprise is coined on turn of century. Lean enterprise is based on three principles which are eliminating waste, continuous improvement and respect people. In order to assist businesses in their transformation into Lean Enterprise, requirement of new accounting method emerges which can provide accurate, relevant and in time information to management. Traditional accounting methods are suitable to mass production only. New accounting method which caters the need of lean enterprise is developed which is named Lean Accounting.

With the inception of new business models accounting methods also evolves. Accounting professionals needs to understand the business model and accordingly develop newer methods. It is constant process which is challenge as well as opportunity for accounting professionals.

CHANGES IN ROLE OF ACCOUNTANTS DUE TO TECHNOLOGIES

On turn of century, almost everyone has shifted their accounting practices to computers. Duplication work in accounting has been reduced considerably. Computerized accounting can be divided in two parts.



Fixed Platform based Accounting

The first spreadsheet software was introduced in 1978, Visicalc. It made possible to carry out financial modelling on the computer. Peachtree Software has also been introduced in same year which was an accounting software package. Another landmark development took place in 1983, when Intuit launched the Quicken line of software. It was designed for individuals. In 1988, India based company made Tally accounting software which showed power of simplicity to the world and changed the face of accounting. Gradually, more and more software came in market which day by day reduced the complexities in accounting work. Major benefit of software based accounting is that most of software are user friendly. Individual with zero accounting knowledge can learn and become accountant with just matter of practice.

With the development of accounting software, accuracy, efficiency and speed of accountants has increased that too with ease. Globalization has opened one more window for accounting professionals. As business go beyond nation's boundary legal compliance task increased. Different nation has different financial reporting standards which increased the scope of accounting professionals and even shifted role of accounting professionals from mere data operators to advisors of corporations. Accounting professionals started to provide support in major areas of business not only in financial accounting but also tax compliance, management accounting, auditing, forecasting, business planning, financial systems, payroll and many more. Ultimately the whole enterprise resource planning.

Chartered Institute of Management Accountants (CIMA) global survey shows that the role played by accounting professionals is evolving into activities that directly guide and support an organization's strategic decision. Their research gave interesting finding that role of accounting professionals in west have shifted and focused more on value addition activities then in east. It also revealed that accounting professionals spent nearly 20% of their working hours in accounting operations, 18% on management support, 12% on external reporting, 22% on management accounting, 12% on management information system and 16% on other activity.

Cloud Accounting

Latest technology breakthrough in accounting profession is cloud accounting. Globalization and internet jointly enabled many business processes outsourced and accounting is the newest in list. Cloud based accounting means not having single stand-alone software, but rather paying and using for services as and when required through the internet. Accounting is considered to be in-house function till now. Frequent changes in legal and financial reporting framework requires expert skills and knowledge that too at affordable rates in competitive market which leads to outsourcing of bookkeeping and accounting services. Accounting professionals receives information like books of prime entry from the clients via cloud then they deliver reports and financial information via the cloud. It allows them to spend more and more time to advice clients and to help them to develop new strategies. Continuing professional development and education will be a must for accounting professionals to be in competition.

Fixed platform to cloud is a complete paradigm shift in accounting. Moving from paper to computer based was a major change. Another was the shift from the mainframe computers to personal computers. Then next major change was the move from text based user interface to graphic user interface. Now, we are moving in to age where no longer we require installing software packages to our computers as we are enabled to access anytime anywhere and from any device. Cloud can be considered as final revolution on platform basis. Mobility is new paradigm shift in accounting.

BLOCKCHAIN – THE FUTURE OF ACCOUNTING

There are two schools of thought behind growth of accounting. As per one, commercial activity is the reason for development of accounting. As new commercial activities emerged, accounting requirement also emerged. As per second school of thought, Accounting is the reason for growth in commercial activities. The root behind these two thoughts is double entry accounting system. Without having double entry accounting system growth in commercial activity and accounting is questionable. Double entry accounting revolutionized the field of financial accounting. It solved the problem of managers that whether they can rely on their own bookkeeping or not. To gain the trust of outsiders of business audit is a must. Pillars of blockchain accounting are trustworthiness and complete transparency which audits accounts with accounting. It is major reason why we should move into distributed ledger system from double entry bookkeeping. Blockchain is the boon of cloud based accounting.

Most important features of blockchain technology are "Three Ps" which explains how blockchain technology differs from familiar ledgers of today, which are databases owned and run by a single party. These "Three Ps" are as follows:

1. **Propagation**
   There is no master ledger. There are as many copies of ledger as number of parties to the transaction. Each and every copy of ledger are equivalent and identical. All parties to the transaction have access to a full copy of ledger. None of the parties have any control on the ledger. New transaction propagates to all copies.
2. **Permanence**
   Entire ledger is stored by each participant and can be verified and inspected. As all the users are having their own copy, one cannot change any transaction which is already recorded on ledger. So, past transactions cannot be altered in any case.
3. **Programmability**
   Blockchain has smart contract feature which makes it programmable. It allows making program code like journal entry and ledger entry automatically posted when triggered by execution of contract.

Cost and time of audit work will be reduced considerably with introduction of blockchain in accounting. Auditors may spend more time on areas where they can add more value to the organization like internal control mechanism.

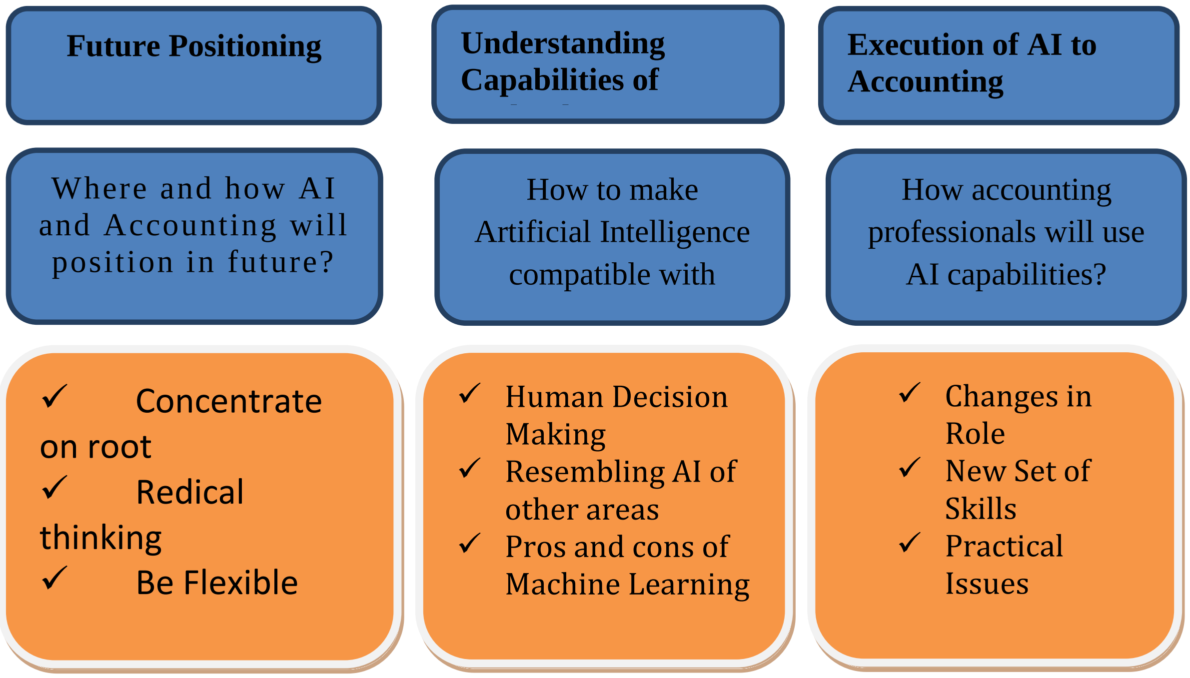
Smart contract feature makes blockchain Artificial Intelligence (AI) accounting. Where we require accountants for bookkeeping if journal entry and ledger posting can be done with triggers like execution of orders? Another good example of smart contract is invoice paying for itself after checking that delivered goods have been received according to specification and sufficient funds are available on the company's bank account.

These features of AI accounting may not necessarily remove the designation of accountants as removing number cruncher from business unit is impossible but it will shift their role from bottom level to top level in organization pyramid.

FUTURE OF ACCOUNTING WITH AI

In short term, AI will bring many opportunities for accountants to improve their efficiency and will provide more depth to add values to business. In long term, AI will raise more opportunities for much radical change which includes not only operational automacy but also decision making tasks taken over by artificial systems instead of humans. To make this happen in real world a typical framework is made in line with following three questions:

1. Where and how AI and Accounting will position in future?
2. How to make Artificial Intelligence compatible with Human Intelligence?
3. How accounting professionals will use AI capabilities?



Where and how AI and Accounting will position in future?

How AI should be applied in accounting is major concern as it is going to shape the future of field. The aim of digging technology is to make life simpler. It is very reason why accounting professionals using technology for many years to improve what they deliver to businesses. Just to realize this potential, accounting profession requires to linchpin on roots, radical thinking and flexibility aspects.

Concentrate on Roots

Every activity associated with accounting ultimately aims to make good decision about the allocation of funds in business. The root of whole profession is to make decision making part easy for managers. When it is harmonized with technology, its very purpose must not be forgotten. Every step with technological advancement must be taken in conformity with purpose of accounting.

Radical Thinking

Profession requires exhaustive changes in its operating pattern to integrate with AI. As of now, results suggest that computers or human working in isolation do not contribute much in any field but where they accord we have found encouraging results. If we only defend or improve incrementally status quo then we won't be able to use the capabilities of AI in this field. We need to change from the scratch.

Be Flexible

To think and to act are two different things. We cannot presume where we will after 30 – 40 years as application is distinct then theory. It is important to what extent and in what context we shape our future with these powerful systems. This will be impacted by range of political, social and economic. Technology of future will be different then what we are seeing today. Therefore, a flexible view is required when we are thinking about the future.

How to make Artificial Intelligence compatible with Human Intelligence?

Output of AI is extremely accurate and replacing humans in many processes and in some cases, it overrides humans. Some complex decision making processes and unique characteristics of humans like leadership are not going to be replaced in near future but it's not impossible to do so. We need to figure it out how we can improve the strengths of these different forms of intelligence. To make AI compatible with human intelligence we need to work on how machine learning can be applied and to what human intelligence competes with artificial intelligence.

Human Decision Making

Human makes decision making process in two ways. (1) Intuition method and (2) Logical Reasoning method. When thought process is instinctive and unconscious and takes place with very little efforts and quick is known as intuition method. We can say when logical thought process is not applied then it is intuition. When logic is applied to reach to a conclusion, decision making process requires efforts to answer question is logical reasoning method. In general, when intuition does not produce satisfactory answer then logical reasoning is applied.

As an expert, Accounting professionals make decision making using both the methods. AI is based on logical reasoning method. Intuitive thinking is powerful as well as has very high levels of flexibility. Although it is not perfect as it is subject to many biases like availability bias, confirmation bias and anchoring. Human decision making process has certain limitations as it uses both the methods of decision making process where as AI is based on logical thinking which eliminates these limitations.

Resembling AI of other areas

Google has been developing Google Duplex for many years. AI can book an appointment for haircut or restaurant for dinner. If AI can handle complex transactions like dealing with humans and giving impromptu logical response then why not accounting. Interview with AI robot Sophia is also good example of AI's powerful functionalities. Researches in other areas will help out to dig in this field as well. Talk accounting is such a powerful system which has generated motivational results by now.

Pros and Cons of machine learning

Ability of system to learn and improve by self from experiences without being programmed specifically is known as machine learning. As mentioned above machine learning has already made revolutionary mark in form of Google Duplex and Sophia but still it is in experiment phase. Machine learning has its own strengths and weaknesses. Operating large data volumes, managing complex and changing pattern with greater accuracy and consistency are strengths of machine learning.

Models and algorithms have their own limitations. Many operations needs large amount of data sets to produce desired result. Quantity and quality of data also affects. AI is free from personal biases but data may have societal biases which cannot be eliminated. After all machine learning is all about process of past experiences without programmability. Every problem may not be mathematically solved which also causes issues in application. It will be useless in cases of novel questions.

How accounting professionals will use AI capabilities?

AI techniques such as machine learning are not new in business but its use in accounting profession is in early stages. How it will change the role of accounting professionals is important. AI's success in accounting is based on how issues related to its application get resolved and by what time. A complete new set of skills will also be required to compete with AI systems.

Changes in Role

In response to demand, accounting roles are already changing. Accounting professionals will need to partner with other areas of business and have to work in collaboration to develop models with right meaning and sense. Accounting professionals will be required to test or train the models or auditing the algorithms. Accountants may be engaged in exception handling of input – output data.

New Set of Skills

Business will require right set of skills to work with AI. This starts with knowledge and expertise in machine learning. With these technical skills, one has to be equipped with business surrounding knowledge and of course accounting will remain root. Critical thinking will likely to be required because they are going to spend much more time on predictive activity which will help them to develop models. Communication skill will remain important as they have to collaborate with other areas of business and shift in role as advisor.

Practical Issues

The success of AI systems is based on data volumes and quality of data. Model cannot be framed without enough quality data. In small organization, there may not be enough data to produce accurate results and that too in cost efficient way. Powerful models may also require external sources of data which may not be available every time. Furthermore, machine learning is based on past experiences so it is difficult to know in advance that how much success one will get with AI. Cases of success and failure will help to make good AI system. Ethical and privacy related issues must be encountered with use of these hi-end technologies.

Institutional support is equally important for enabling AI in this field. As regulators by themselves has to understand the capabilities of AI and associated risk with AI. If regulators will not understand the use of AI or fails to find ways to accept or harmonize with rules and regulations then it will not be possible to apply AI in this field and achieve desired results in near or far future.

Conclusion

The real potential of this field is yet to be discovered. We have seen many changes in accounting and role of accounting professionals in past two decades. We can expect some new methods of accounting like use of blockchain with fewer changes in this field within a decade. In market, we are having accounting solutions like talk accounting which is in its kind AI system. This field has dealt with numbers only. In future, every business activity will be integrated with accounting. It is not like there will not be a position called accounting professional but designation of accounting professionals will change to a greater extent. Role of accounting professional will change from accountant to advisor. Role of accountant is not only changing but expanding also. There will be requirement of accounting professionals with machine learning knowledge at different levels in business. Those who hold old skills only will surely left behind and thrown out but those who keeps on moving with expanding roles and responsibilities will be in demand. The only challenge for accounting professionals is to keep moving with the world.

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Different Methods of Qualitative Research

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Abstract

Qualitative research has different assumptions / approach than quantitative research. It emphasis on seeing the world from the eyes of the participants Qualitative research is typically inductive and reflexive design is flexible and can change given the needs of the research. So the methods are very important part of qualitative research. The researcher should be careful at the time of selecting one of more methods, so his/her research should become transparent, valid, reliable comparable and basis free. With these thoughts here we will discuss some popular methods of qualitative research.

Introduction

Just like all research, qualitative research is a type of research that seeks answers to a question; is systematically conducted and involves the collection of evidence. It is especially effective if you want to obtain culturally specific information about the subjects involved. The term qualitative research is a general definition that includes many different methods used in understanding and explaining social phenomena. Here the researcher tried to discuss some important methods of qualitative research.

2.0 Definitions of Qualitative Research

Patton (2002) defined qualitative research as attempting to understand the unique interaction in a particular situation.

According to Pope & May (1995). Qualitative researchers study things in their natural setting in an effort to discover the meanings seen by those who are being researched rather than that of the researcher.

3.0 Methods of Qualitative Research

Qualitative methods have become important tools in applied research, in large part because they provide valuable insights into the local perspectives of the population studied. In qualitative research each method is particularly suited for obtaining a specific type of data. Here we discuss some important methods of qualitative research.

3.1 Self Study

Self-study is less popular in qualitative research but it is very useful for the researcher to plan his future work and it alerts him while collecting data. In self-study researcher has to consider an era within his work that he might want to observe in order to get an answer, find out more or gain a better understanding. When we use self-study method we have to think about and plan.

1. What our aim/purpose is
2. What permission, etc. we may need to gain.
3. What our role/presence will be.
4. How we will record our observation.
5. What we will record.
6. What we will do with our findings.
7. What are the pros and cons of this process.

3.2 Ethnography

1. Ethnography has a background in anthropology and means 'portrait of a people'.

Ethnography is a methodology for descriptive studies of culture and people and looks at the people, cultures and commonalities of shared experiences.

2. Ethnographic research entails extensive fieldwork by the researcher. Data collection includes:
3. formal and informal interviews
4. often interviewing an individual on several occasions
5. participative observations,

Therefore, ethnography is very time consuming and involves the researcher spending a great deal of time in the field

1. analysis of ethnographic data = 'emic' - which means the researcher attempts to interpret data from the perspective of the sample that was studied, i.e. to understand the subjects themselves and the language and terminology they use, as well as the meanings behind this
2. the risk of using ethnographic research is that the researcher may not fully understand or be familiar with the social norms of those they are researching and therefore there is risk of misinterpretation
3. Payne and Payne Key Concepts in Social Research, 2004, describe ethnography as '...the production of highly detailed accounts of how people in a social setting lead their lives, based upon systematic and long-term observation of, and conversation with, informants'

3.3 Observation

Observation involves may take place in natural settings and involve the researcher taking lengthy and descriptive notes of what is happening. Strengths of observation :

1. Can offer a flavour for what is happening
2. Can give an insight into the bigger picture
3. Can demonstrate sub-groups
4. Can be used to assist in the design of the rest of the research

- Limitations with observation include:

1. Change in people's behaviour when they know they are being observed
2. A 'snap shot' view of a whole situation
3. Think Big Brother...
4. The researcher may miss something while they are watching and taking notes
5. The researcher may make judgments of make value statements or misunderstand what has been observed

- Techniques for collecting data through observation :

1. Written descriptions
   1) The researcher makes written descriptions of the people, situations or environment
   2) Limitations include
      1. Researcher might miss out on an observation as they are taking notes
      2. The researcher may be focused on a particular event or situation
      3. There is room for subjective interpretation of what is happening
2. Video recording
   a) Allows the researcher to also record notes
   b) Limitations may include people acting unnaturally towards the camera or others avoiding the camera
   c) The camera may not always see everything
3. Photographs and artifacts
   1) Useful when there is a need to collect observable information or phenomena such as buildings, neighbourhood, dress and appearance
   2) Artefacts include objects of significance - memorabilia, instruments, tools etc.

Observation can sometime obtain more reliable information about certain things – for example how people actually behave. Observation can also serve as a technique for verifying of nullifying information provided in face to face encounter.

3.4 Interviews

Qualitative interview should be fairly informal and participants feel theyare taking part in a conversation or discussion rather than in a formal question and answer situation.

There is skill required and involved in successful qualitative research approaches - which requires careful consideration and planning

Good quality qualitative research involves:

1. Thought
2. Preparation
3. The development of the interview schedule
4. Conducting and analyzing the data with care and consideration

Interviews can be

- Unstructured
    1. Can be referred to as 'depth' or 'in depth' interviews
    2. They have very little structure at all
    3. The interviewer may just go with the aim of discussing a limited number of topics, sometimes as few as just one or two
    4. The interviewer may frame the interview questions based on the interviewee and his/her previous response
    5. This allows the discussion to cover areas in great detail
    6. They involve the researcher wanting to know or find out more about a specific topic without there being a structure or a preconceived plan or expectation as to how they will deal with the topic
- Semi structured
    1. Semi structured interviews are sometimes also called focused interviews
    2. A series of open ended questions based on the topic areas the researcher wants to cover
    3. A series of broad questions to ask and may have some prompts to help the interviewee
    4. 'The open ended nature of the question defines the topic under investigation but provides opportunities for both interviewer and interviewee to discuss some topics in more detail'
    5. Semi structured interviews allow the researcher to promt or encourage the interviewee if they are looking for more information or find what they are saying interesting
    6. This method gives the researcher the freedom to probe the interviewee to elaborate or to follow a new line of inquiry introduced by what the interviewee is saying
    7. Work best when the interviewed has a number of areas he/she wants to be sure to be addressing
- Structured
    1. The interviewed asks the respondent the same questions in the same way
    2. A tightly structured schedule is used

3. The questions may be phrased in order that a limited range of responses may be given - i.e. 'Do you rate our services as very good, good or poor'
4. A researcher needs to consider whether a questionnaire or structured interview is more appropriate.

3.5 Focus Groups

The use of focus groups is sometimes used when it is better to obtain information from a group rather than individuals.

- Group interviews can be used when:
  1. Limited resources (time, manpower, finances)
  2. The phenomena being researched requires a collective discussion in order to understand the circumstances, behaviour or opinions
  3. Greater insights may be developed of the group dynamic - or cause and consequence
- Characteristics of a focus group:
  1. Recommended size of the sample group is 6 -10 people as smaller groups may limit the potential on the amount of information collected, and more may make it difficult for all participants to participate and interact and for the interviewer to be able to make sense of the information given
  2. Several focus groups should be used in order to get a more objective and macro view of the investigation, i.e. focussing on one group may give you idiosyncratic results. The use of several groups will add to the breadth and depth of information. A minimum of three focus groups is recommended for best practice approaches
  3. Members of the focus group should have something in common which is important to the investigation
  4. Groups can either be put together or existing groups - it is always useful to be mindful of the group dynamics of both situations

The aim of the focus group is to make use of participants' feelings, perceptions and opinions.

This method requires the researcher to use a range of skills:

1. group skills
2. facilitating
3. moderating
4. listening/observing
5. analysis

Conclusion

Qualitative research methods are continually evolving, as patterns and styles of human interaction and communication change. In qualitative research you may use one or more methods together at one time but the roll of researcher is very important in each method so we can say that these methods are less objective but with some specific skills researchers become natural in their research.

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Introduction to Accounting Software

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PREFACE:

Accounting software is an inevitable system for companies of all sizes and in any industry or profession. The software offers many benefits which has made it popular. Advantages include faster accounting, reduced costs, and mistake-free taxation. Accounting systems offer a range of useful features and companies usually select a solution that has an attractive interface and is easy to use. As there are scores of good quality accounting platforms out there, selecting the right one can be a hard task. To help you make the correct option for your business entity, I have prepared a list of the best accounting softwares which are used at worldwide.

The best Fifteen accounting software systems:

1. FreshBooks
2. Xero
3. Zoho Books
4. Sage Intacct
5. QuickBooks Enterprise
6. Brightpearl
7. NetSuite ERP
8. Happay
9. FinancialForce Accounting
10. Tipalti
11. Sage 50
12. Microkeeper
13. NEWOLDSTAMP
14. IndustriusCFO
15. Fyle

Here, I have explained the first five Accounting Software in details as follows:

1. FreshBooks :

Introduction:

FreshBooks is one of the leadersin accounting software category. FreshBooks to be the most easy-to-use accounting solution for freelance accountants and small businesses currently offered in the market. It is awarded as the best accounting software in 2017 by finances online.This software is used by more than five million users around the world. FreshBooks continues to offer top rate invoice-to-payment functionalities, including direct payment gateways, overdue payment reminders, delay fees, and payment claims. You can use the system to collect payments easily and automate the recurring billing process to accept Google Checkouts, Amex, PayPal, and credit card payments.

FreshBooks has not neglected any utility and companies can use it to manage invoices as well as expenses. You can easily generate insightful tax summaries and reports after the data is processed. The vendor also offers a handy mobile app, the system seamlessly integrates with other business apps, and you can rely on the support of knowledgeable and experienced agents if you have any issues. The pricing is affordable for almost any budget and the vendor offers a convenient 30-day free trial to enable you to test drive the features before you plunk down your money.

- **What is FreshBooks ?**

FreshBooks is an award-winning finance & accounting software and one of the best cloud solutions for small business owners. It is the current holder of FinancesOnline's **Best Accounting Software Award for 2017**, and has the highest customer satisfaction rates of all similar apps in this category.The first thing that draws attention when it comes to FreshBooks is that it is used by over five million businesses to streamline time tracking and client invoicing. It is likewise ideal for freelancers that aspire to fast track their sales cycle and collection and look more professional by custom-branding their financial documents with company logo and colors. The app's great success comes primarily from its amazing features and the flexible pricing plan that allows small and medium businesses from all industries benefit from its functionalities.

Fresh Books is a reliable accounting software. It turns complex financial management into an enjoyable experience. By it, businesses get to manage invoices and recurring subscriptions in less than no time, and collect online payments within the same system. In fact, FreshBooks enables Google Checkout, PayPal, and credit card payments, and integrates with a long list of business systems and applications that can streamline this process. With it, you can unite financial control in a single system, and stop paying for the maintenance of complex software infrastructure.

BENEFITS OF FRESHBOOKS:

- **Improving quality of work:**

FreshBooks' developers understand the struggle of small teams to handle complex accounting projects and deliver efficient results and eliminating human errors that lead to harmful inconsistencies. Thefreshbooks improves quality of work. It is Managing your business is much simpler than it used to be, having in mind their automated task prioritization.

- **A permanent asset:**

FreshBooks came to be a preferred straightforward accounting app, where maintenance and upgrades are automated, and accounting is really fast. Thanks to this approach FreshBooks is now a permanent asset of more than 5 millions of users around the globe.

- **Easily accessible on mobile platform:**

FreshBooks is considerably good at following trends, and the best proof of it are the mobile platform and Android devices, allowing you to access data and do accounting regardless of your location. Both mobile platform function impeccably, and feature secure backups to keep your data safe.

- **Saves billing time:**

FreshBooks designed its time tracking for billing purposes by allowing companies to accept payment online and via various payment gateways. It saves time and paperwork also.

- **Preserved simplicity:**

Freshbooksallow you to attach all the files you want, trigger notifications and set alerts for delayed payments, assign expenses and different rates for each project, track billing, and brand invoices in an easy manner. This is one of the many fields in which FreshBooks is completely unsurpassed.

- **Invoice to payment features:**

FreshBooks offers top rate invoice to payment features that can be used by all small businesses. For instance, you can track exactly when your customer opened your invoice email. This can help you deal with customers who claim they didn't get the invoice. FreshBooks effectively gives you the certainty that your invoices have been properly delivered to clients.

- **Managing billing history**

FreshBooks is considerably good at is managing billing history. It offers a wide range of features to keep track of past and current invoices. For instance, you can quickly pull out any unpaid invoices from past months. There's also a convenient feature that sends automatic overdue payment reminders to your clients. This enables you to stay on top of your cash flow and you don't need to argue with customers about missed payments.

- **Tracking expenses with handy snaps:**

This feature comes handy if you need to liquidate expenses after a client meeting: you simply click a picture of the receipt and attach the snap to an item in FreshBooks to log the expense. You can also easily track which expense belongs to which client, or add the expense to an invoice as a reimbursement deal with a particular client. It is also possible to link the Expense Tool to your bank or credit card account and import expenses directly from your bank. All these features make it really easy to track your company'sday-to-day expenses.

- **Brilliant reporting:**

Entering data in a spreadsheet is time-consuming and error-prone. FreshBooks is a much better alternative as it enables you to generate financial reports by simply processing data already entered. You can easily generate a profit and loss report with just a few clicks. You can also create an expense report to track monthly costs and monitor your balance sheet in real time. Handling taxation issues is likewise simple. You can easily filter your accounts records and generate accurate tax reports and tax summaries.

Overview of Fresh books Features :

- **Online Invoicing**
  1. Invoice Previews
  2.Customizing and tracking invoice
  3.Putting Business on Auto-Pilot
  4.Getting paid with deposits and credit cards
  5.Customizing due dates and Quick discounts
  6.Online Payments and Late Payment Fees
  7. Track Offline Payments and Late Payment Reminders
  8.Recurring Invoices & Auto Payment
  9.Multi Currency & Multi Language
  10.Client Portal and Client Credit
  11.Sales Taxes and Automated Tax Circulations
  12.Send Emails
- **Expense Tracking**
  1. Automatic expense import
  2. Tracking spending per project
  3. Remember vendors
  4.Tax friendly categories
  5. Easy-to-read categorization
  6. Attach receipts (PDF or Image)
  7. Expense Report Filters
  8. File import
  9. Recurring Expenses
  10. Assign & Rebill Expenses
- **Time Tracking**
  1. Timer and Team timesheets
  2. Clear breakdown of the day
  3. Tracking against clients and projects
  4. Detailed Time entry notes
  5. Automated bills for tracked hours per project
  6. Project Managers and Different Rate of Project
  7. Track Unbilled Time
  8. Generate Invoices
- **Projects**
  1. Sharing images and files
  2. Project due dates and Project overviews
  3. Collaborating with clients, contractors & employees
  4. Centralized conversations
- **Payments**
  1. MasterCard and Visa
  2. Quick bank deposits
  3. Automatically recorded payments
  4. Fees recorded as expenses
  5. Single-click setup and Safe & secure
  6.Simple payment experience
- **Accounting Reports & Taxes**
  1. Accounts Aging
  2. Profit & Loss statement and Balance Sheet
  3. Clear spending breakdowns
  4. Expense Reports
  5. Item Sales
  6. Export to CSV or Excel
  7. Invoice Details Reports

8. Accounts Aging Reports
9. Filters for report customization and Summary of outstanding revenue

- **Devices supported**
  - Windows, Android, Iphone/ipad, Mac, Web-based
- **Language support**
  - English, China, Germany, India, Japan, Spain, France, Russia, Italy, Dutch, Portugal Polish, Turkish, Swedish,
- **Pricing model**
  - Monthly payment, Annual subscription, Customer types, Small business, Freelancers
- **What Support Does This Vendor Offer?**
  - Email, Phone no., Live support, Training

2. Xero

Introduction:

The system was founded in New Zealand in 2006, and has been recording outstanding growth rates on the Australian, American, UK and European market. Nowadays, the once modest accounting project has turned into a millions-worth corporation with 20 offices settled in different parts of the world. Even Forbes magazine named Xero the world's most innovative growth company two years in a row (2014 and 2015). Xero enables business owners and their advisors to access and manage real time financial data anywhere, anytime, and on any device. It is designed for small business owners and helps them track and manage wages, revenues, receivables, payables, expenditures, and cash flow. You can also configure rules and customize them to fit your needs.

The solution offers connections with more than 5,000 banks and other financial institutions across the world. This feature allows users to automatically import and categorize their latest PayPal, credit card, and banking transactions. Another useful feature is Xero automatically reconciles all your bank transactions, which make it easy for you to manage and control your finances. Other helpful features are real time currency exchange updates, multiple currencies, multiple languages, and custom invoices.

The vendor offers a great free trial that you can use to test all the key features offered by this solution.

- **What is Xero ?**

Xero is one of the market's favorite financial collaboration apps It is the beautiful accounting software. It is listed high on our list of leaders in the accounting category. It won Expert's Choice Award for 2017. This system is designed to meet the requirements of small businesses regardless of their industry. The accountants as the 'handiest asset for managing financial activities'. Xero is friendly and usable, and collates only top rank features that help close important accounting gaps.

Even users with no accounting knowledge find it easy to manage, as it transforms some of most standardized and complex financial concepts into an enjoyable journey. Double bookkeeping, for instance, can be traced back to the origins of business as a whole, but Xero managed to break the stigma of it not being conductible by non-expert users. The logic and the terminology remain the same, but operations get just as complex as your business niche needs them to be. If you fear not having an experienced bookkeeper to move the wheel, feel free to rely on Xero's certified advisors' guidance.

Xero Benefits

- **A competent accounting system:**

Xero is a competent accounting management system that works in line with businesses' rules and priorities, and manages money in and out of their budgets in a way that will coincide with their goals and long-term missions.

- **Painless setup:**

From data entry to deep accounting, Xero is designed to facilitate the already cumbersome financial operations, and reduce the time spent scrambling voluminous records. Once pulled inside the system, all transactions and contacts are governed from the same page, and that's exactly where Xero's charm becomes most visible.Xero allows editing 'on the go', the advantage of it being fast and accurate transacting from moment one.

- **Dashboard System:**

Most of the system's functionality is concentrated on the Dashboard, where you can monitor the company's billing and invoicing status and compare finances in fancy charts, but also access directly all action sections that matter to your financial management. There are seven tabs overall, but most of the functionality is bundled in the Settings tab, where you enter corporate information and adjust financial settings. Another important tab you should know about is the Accounts menu, where you can find and alter checks, bank accounts, and expense claims and create records for your payroll needs.

- **Simplified transactions:**

Xero is quite generous in the configuration sense, and transaction forms allow users to experience how that really feels. All purchase files can be edited within seconds, in particular the ready templates offered by the system for those who prefer to skip drafting individual ones. If you're not that much of a creative person, open the template, and check/uncheck just as many data fields as necessary to make the documents feel personal.

- **To Minimize Financial Fraudes:**

Xero's transactions is the multiple-approval model and two-factor authentication, which minimizes the probability of financial fraud. For every transaction, there will be a detailed list of performed actions, including dates, users, and manual notes. In terms of sales, this method will make it possible to control purchase orders, and categorize invoices as drafted, awaiting approval, awaiting payment, or delayed.

- **Financial Reporting:**

Financial reporting is among Xero's strongest advantages, as it can summarize the effects of all your activities, by simply filling the filters you'd like to see included. Basically, even when pulling a standard report out of this system, that report can be tailored to your specific needs.

Standard reports as such are available in Xero, including Balance sheets, Income Statements, and Cash Flow records, but its true value hides behind additional analysis: few of the system's reports are highly specific, tackling sales per items, expenses per contacts, aged payables, and so on. You can also use Xero's reporting to filter important transactions per category, or draft prolific invoicing histories for each client..

- **7. Inventory management:**

Xero processes and runs payrolls, and automatically adjusts taxes. Xero is just as much of an inventory and stock management powerhouse as it is a payroll performer, and allows you to create and keep detailed possession records to use automatically in your transactions. All of these records are robust, and contain details such as tax status, purchase costs, committed quotes, and relevant descriptions.

Overview of Xero Features

1. Bank reconciliation 2. Contacts – Keep track of suppliers and customers
3. Dashboard 4. Expense claims
5. GST returns 6. Free, unlimited email support
7. Inventory 8. Invoicing – Create and send automatically
9. Log in from anywhere 10. Mobile apps (Android, iPhone/iPad)
11. Multi-currency 12. Online accounting
13. Payroll 14. Purchase orders
15. Quick and easy 1099s 16. Receive bills electronically
17. Smart lists – Segment contacts based on purchase history
18. Fixed assets

Technical details

- **Devices Supported** :Windows, Android, iPhone/iPad, Mac, Web-based
- **Language Support** : English
- **Pricing Model** : Monthly payment
- **Customer Types** : Small Business, Freelancers
- **What Support Does This Vendor Offer?** :Email, Phone no., Live support, Training

3.Zoho Books

Introduction:

Zoho Books is similar to Freshbooks in the manner it supports collaboration to dissolve miscommunication between a company's accounting and sales units. Similar to Freshbooks, Zoho Books also offers mobile optimization and API for integration with other business apps. You can also make use of premade integrations with other Zoho products.

It easily automates bank feeds, sends payment reminders automatically, and makes it easy to send and track retainer invoices. The system is unique as it integrates with Stripe and makes it simple to do payment reconciliation

What is Zoho Books?

Zoho Books is a smart accounting system designed for growing businesses. It is also the holder of our **Great User Experience** and **Useful Free Trial Awards for 2017.** Generally, it can be described as an intuitive accounting solution designed for small businesses to handle their finances and to remain on top of their cash flow. It is very simple, easy-to-use, and able to help you make intelligent, data-based decisions. It is also the pioneer accounting product of a reputed software provider, which eliminates all worries related to uptime, support, or security.

With Zoho Books, you can send professional invoices to customers and begin receiving online payments from them all from a single platform. It's fast, powerful, and convenient, and helps regain control over the company's finances and save more in future. For the purpose, you can rely on features such as cash flow statements, P&L, Balance sheets, and many more. As it is small-biz and midmarket-friendly, Zoho Books is relatively painless to afford.

Overview of Zoho Books Benefits

- **To manage business activities :**
  Zoho is one of today's leading software providers with more than 13 million users from all around the world. Several products are available to help users manage their business activities, be those related to boosting sales or managing customers and finance. As they all belong to the same suite, these 25 applications will be available to you all from the same account.To start with, it will help you obtain a full, holistic picture of your business health, and make smarter decisions in future.
- **Automates Bank transactions:**
  The distinctive advantage of Zoho Books is how it eliminates data entry, and allows you to import all bank and credit card transactions, and categorize those according to your bank's rules. This possibility doesn't only save time, but makes sure you're working safely, and in line with all compliance standards.
- **Automates Payment Reminders:**
  Thanks to Zoho Books, you can create personalized messages for customers to pay on time, and schedule their frequency in a way you believe would be suitable.
- **To engage customers:**
  Unlike most financial management systems, Zoho Books is packed with collaboration features, and makes sure users will feel involved in the payment process. To start with, you will enable them to access their estimates and invoices, and make direct payments using the robust online client portal. Another handy possibility for your clients is to accept/decline their estimates, and to comment on them.
- **To Send and tracks invoices:**
  Zoho Books will also cater to your needs to collect prepayments and retainers, depending on how much time or work you've provided to your customers. You are perfectly allowed to pull off invoices for each estimate, record your offline payments, or even associate those to selected projects and invoices.
- **To facilitate reconciliation:**
  Zoho Books' integration with Stripe helps reconcile each type of transaction, looking at the full picture of how money are moving in and out of the clearing account, and which processing fees are going to apply for it.
- **To manage and tracks projects:**

For any of your projects, you can log in and enter the time you spent completing it, so that Zoho Books would record the expenses incurred for it, and invoice clients about it. This saves the admin loads of useful time.

- **Well-integrated:**
  Zoho Books comes with robust and RESTful API that expose it to third-party systems, which means that with a little of developers' help, you can expand the functionality from your own platform. The fact that these APIs are REST-based means that creative owners can develop and test their own applications.
- **To manage stocks and inventory:**
  Another helpful feature that is not that typical for accounting systems is inventory management, which helps you stay in control of orders and stocks in real time. Creating and sending purchase orders takes almost no time, and inventory reports are generated automatically to ensure you will know exactly what there is in your stock.**It Eliminates obstacles between sales and accounting departments**
- **Automates workflows and saves time**
  Adjusting settings in Zoho Books, you can modify your workflow rules, and automate notifications you'd receive each time an estimate is created or a field is updated. The same alerts will be sent on your app using Webhooks.
- **Overview of Zoho Books Features**
  1. Contact Management
  2.Project Time Tracking
  3. Automatic Bank Feeds and Online Payments
  4.Invoices and Invoice Templates
  5. Inventory Management
  6. Expenses
  7. Mobile Apps
  8. Purchase Order and Sales Order
  9. Collaborative Client Portal
  10. Exhaustive Reports
  11. Accounting and Tax
  - **Devices Supported :** Windows, Android, iPhone/iPad, Mac, Web-based
  - **Language Support :** English, German, Spanish, French, Italian, Dutch, Portuguese, Swedish, Chinese, Brazilian, Japanese.
  - **Pricing Model :**Monthly payment, Annual Subscription
  - **Customer Types :** Small Business, Medium Business, Freelancers
  - **Deployment :**Cloud Hosted
  - **What Support Does This Vendor Offer? :** Email, Phone No., Training, Tickets

4. Sage Intact

Introduction:

The brand name Intacct is derived from two words, 'internet' and 'accounting', which reflects that it is a cloud-based accounting system. It is the right choice for individuals and businesses that are looking for an advanced accounting platform. This means that to use the software effectively you need to be well versed in accounting and related processes.

Intacct offers helpful features for a range of users which have made it popular. The basic set of features include employee expenses, purchasing, cash management, order entry, accounts payable and accounts receivable, and general ledger. You can also add advanced modules such as Salesforce.com integration, revenue recognition, global consolidations, and project accounting.

- **What is Sage Intacct?**

Sage Intacct is the innovative solution in cloud financial management. No.1 spot in the accounting software category, however, is held by FreshBooks. You can also compare Sage Intacct with FreshBooks and see which one is better for your company.

With the powerful combination of Sage and Intacct, the Sage Business Cloud offers the best capabilities of both companies. Bringing cloud computing to finance and accounting, Sage Intacct's innovative applications are the preferred financial applications for AICPA business solutions. In use by organizations from startups to public companies, Sage Intacct is designed to improve company performance and make finance more productive. Hundreds of leading CPA firms and Value Added Resellers also offer Intacct to their clients.

The SageIntacct system includes accounting, cash management, purchasing, vendor management, financial consolidation, revenue recognition, subscription billing, contract management, project accounting, fund accounting, inventory management, and financial reporting applications, all delivered through the cloud.

Overview of Sage Intacct Benefits

Totally Software Based:

Sage Intacct is recognized by AICPA as their top provider of financial-related applications to CPAs. As a result, this partnership allowed professionals in the accounting field to make better financial decisions based on key figures and statistics. Rapidly growing industries that require active financial monitoring such as healthcare, wholesale distribution, and retail can benefit from this software. Milestones are becoming common for this financial application.

Core Accounting Capabilities:

General ledger makes data entry smoother and less time consuming, whileminimizing errors in financial reports. For businesses that require a tight grip on project accounting, Sage Intacct can lower revenue leaks, and increase control over basic costs and margins.

Multicurrency management tools:

When it comes to boosting productivity, Sage Intacct includes creative multicurrency management tools. This feature lessens the burden of computing for currency differences from small-scale transactions, such as, vendor management to highly complex international transactions.

Customizable Reports:

Sage Intacct comes with built-in report templates. Balance sheets can be used to analyze performance and track sales. Reporting can also be simplified based on the needs of a presentation. This allows people who may not fully understand the accounting aspect of the business to immerse themselves in the collected data.

Secure And Fast Processing:

Sage Intacct is designed to handle meticulous processing related to credit cards and bills. The software can work closely with e-commerce websites, especially when it comes to online purchases and services by streamlining the processes and providing a secure platform. Purchase orders can be customized to suit the structure of a wide range of businesses. Purchase orders can also be automated to lower purchasing costs through Sage Intacct. As a result, employees can easily monitor and keep up with tallied purchases and acquisitions.

Simple Interface:

The default dashboard is very familiar for those who have some experience working with other accounting software. Likewise, the dashboard can also be customized, creating shortcuts to most common functions. The system allows the user to only use applications that are needed, eliminating time-wasting systems and boosting productivity.

Safe from hackers and viruses:

Sage Intacct segregates user access controls or profiles. This can limit a user's ability to move within the software, blocking various features and actions. Due to Oracle's reliable database system, the information within the software is safe from hackers and viruses.

Overview of Sage Intacct Features

- **Basic accounting**
  1. Accounts Payable
  2. Accounts Receivable
  3. General Ledger
  4. Multi Currency Support
- **Fixed assets**
  - Depreciation Tracking
- **Job/Project management**
  1. Inventory Management
  2. Business Activity Statements
  3. Auto-Tax Calculator and Multiple Sales Tax
- **Workflow**
  - Automated Journal Entries, Bank Reconciliation, Trial Balance

Technical details

- **Devices Supported** :Windows, Android, iPhone/iPad, Mac, Web-based
- **Language Support** : English
- **Pricing Model** : Quote-based
- **Customer Types** : Small Business, Large Enterprises, Medium Business, Freelancers
- **Deployment** : Cloud Hosted
- **What Support Does This Vendor Offer? :** Email, Phone No., Live Support, Training

5. QuickBooks Enterprise

Introduction:

QuickBooks Enterprise is the professional business version of the Quickbooks accounting software. QuickBooks Pro levies a single-payment license for enterprise-grade users, therefore it is not suitable for small and mid-sized businesses.

QuickBooks Enterprise is designed to suit experienced users and offers several advanced accounting modules including employee management, payroll, purchasing, sales, inventory, and reporting. Entry-level accountants can find the system hard to use. But once you get the hang of it, you can benefit from useful features such as tracking fixed assets, direct credit card transactions, automated billing, custom reports, and combined reports.

For taxation, Quickbooks offers a unique feature for automated tax deductible expenses. Retailers can benefit as they can access all items from a single solution, enabling them to track services, locate tasks, accommodate customer requests to change quantities, and create BOMs (bills of materials).

What is QuickBooks Enterprise?

QuickBooks Enterprise is an on-premise (desktop/laptop), proprietary software built on the popularity and productivity of QuickBooks.

QuickBooks Enterprise is targeted at mid-sized businesses that have outgrown QuickBooks or other entry-level accounting platforms. QuickBooks Enterprise is typically sold as an all-in-one package, including features like: Reporting & Finances; Inventory; Sales & Customers; Purchasing & Vendors; and Payroll & Employees. It offers industry-specific solutions, notably for contractors, manufacturing and wholesale, nonprofits, and retailers.

A cloud hosting option is available to take QuickBooks Enterprise to the field. There are also other versions of QuickBooks offered both cloud based and on-premise.

QuickBooks Enterprise Benefits

To Manage Reporting & Finances:

QuickBooks Enterprise has an Income Tracker to give you an end-to-end view of all income-related transactions in one place. It also allows you to input expense transactions fast, with transactions from multiple banks and accounts in one place. Likewise, you can save formatting to save time and export your QuickBooks reports to Excel by simply refreshing your previously saved worksheet and your formats will be applied to the new report.

- **Inventory:**
  There are no more worrying about minimum or maximum stock levels; likewise, you can create thousands of advanced price rules based on any combination of customers, items, vendors, and more. Easily find and locate inventory tasks by accessing your inventory items and reports all in one place with QuickBooks Inventory Center
- **Sales & Customers:** You can track reps by job and use customizable purchase forms to view expenses by rep, and save time and improve accuracy by assigning default classes to items, accounts or names. Moreover, you can track and follow up on sales leads in the new QuickBooks Lead Center.
- **Purchasing & Vendors:**
  QuickBooks Enterprise' Purchasing & Vendors module is robust. The stock status reports show you which items you need to reorder and you can assign default classes to items, accounts or names to cut time and improve accuracy. Likewise, you can invoice multiple customers for time and expenses in one batch, and give your

business room to grow with the capacity to add and track hundreds of thousands of vendors.

- **Payroll & Employees:**
  This module allows you the following benefits for employees:
  - Find Key Employee Information Instantly
  - Enterprise Solutions' easy-to-use, integrated payroll tools offer several ways to streamline the payroll process from setting up new employees to automating payroll
  - Track Employee Time and Centralized and Secure Employee Information Tracking
  - Comprehensive Employee Management Reports
- **Safety & Productivity Tools**
  QuickBooks Enterprise has higher list limits. You can also see invoices, billing, past transactions, and other important tasks coming due or past due in the Calendar view, or organize by scanning and attaching receipts, estimates and other important business documents to your QuickBooks records with drag and drop ease. Furthermore, the software does your most frequent and time-consuming tasks for you, such as: find items in your sales order based on item detail, including custom fields, directly from your sales order, invoice, or sales receipt.

Overview of QuickBooks Enterprise Features

1. Reporting & Finances: Such as Inventory, Purchasing & Vendors, Sales & Customers, Payroll & Employees Security & Productivity Tools etc.
2. Advanced Inventory: Such as Bin Location Tracking, Barcode Scanning, FIFO Inventory Costing, Serial Number or Lot Tracking, Multi-location Inventory etc.
3. Advanced Pricing: Such as Quantity Discounts, Manufacturer Markdowns, Price Changes by Class etc.
4. Field Service ManagementSuch as Work Orders & Scheduling, Billing & Mobile Payment etc.

Technical details

- **Devices Supported** : Windows, Linux, Mac, Web-based
- **Language Support** : English
- **Pricing Model** : Monthly payment, Annual Subscription
- **Customer Types** : Small Business, Medium Business
- **Deployment** : Cloud Hosted, On Premise
- **What Support Does This Vendor Offer? :** Email, Phone No., Training, Tickets

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A Study of Prospective Future of Vocational Ligation of Commercial Education

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Abstract

The Educational and Training Enterprise in India which operates at all conceivable levels from pre-school to post-doctoral is of a monumental size. In the formal education system, the preschool years range from 1 to 3 followed by 10 years of high school and 23 years of higher secondary. The tertiary education is of mostly 3 to 4 years for under-graduate studies followed by Masters, M.Phil. and Ph.D. degrees. There are many Universities and institutions for the post-doctoral research and training. The higher secondary Vocationalisation Programme aims to develop skilled manpower through diversified courses to meet the requirements of mainly the Unorganised sector and to prepare people for the world of work in general through a large number of self-employment oriented courses, not precluding wage employment orientation of many courses. Through diversification into production and service oriented courses, it is desired to reduce the aimless pursuit of higher education and thereby reduce pressure from the tertiary education. In 1989–90 there were more than 150 courses in different states which are grouped under the major areas of agriculture, business and commerce, engineering and technology health and Para medical, home science and humanities. The design consists of theory and practice relating to the vocational field, related subjects, language and general foundation studies which includes entrepreneurship.

Introduction

The Educational and Training Enterprise in India which operates at all conceivable levels from pre-school to post-doctoral is of a monumental size. In the formal education system, the preschool years range from 1 to 3 followed by 10 years of high school and 23 years of higher secondary. The tertiary education is of mostly 3 to 4 years for under-graduate studies followed by Masters, M.Phil. And Ph.D. degrees. There are many Universities and institutions for the post-doctoral research and training. On the non-formal side the age group addressed 9 to 40 under two separate programmes for school age children and adults, respectively. The Open learning system has also started functioning in the country with the establishment of the National Open School and National Open University to provide the leadership and direction. At present there are 5 Open Universities and 4 Open Schools in India.

There are more than 7, 40,000 formal schools. More than 3.6 million teachers are working on full time basis. There are more than 175 Universities offering under graduate and post graduate courses and about 6000 colleges affiliated to these universities.

The educational structure in India is generally referred to as the ten + two + three (10+2+3) pattern. The first ten years provide undifferentiated general education for all students. The +2 stage, also known as the higher secondary or senior secondary, provides for differentiation into academic and vocational streams and marks the end of school education. In some states, the plus two stages is located in intermediate, junior or degree colleges but is not regarded as a part of the tertiary stage of education. Besides, the technician educational Programme has been shown to exist after the ten year of general education. The location of one year or two year programmes of the Industrial Training Institutes have been shown at VIII+ and X+ levels followed by the apprenticeship training. The non-formal systems operating at elementary stage, secondary stage (open school) and tertiary stage (Open University) have been shown as shaded portions. Approximate retention in school as percent enrolment at various stages of education is also shown.

VARIOUS SYSTEMS AND APPROACHES OF VOCATIONAL EDUCATION

The Technical/Vocational Education and Training is multi-sectorial in nature. Each ministry/department in Central as well as State Governments is responsible for manpower development in that sector. While some offer regular formal or non-formal courses, others draw from the general pool of educated and trained manpower. It is important to take up some of the major sectors and discuss their characteristics. For this purpose, it is desired to take up the industrial, health, and some of the agricultural, educational and commercial sector courses as examples.

TECHNICAL INDUSTRIAL ARTS AND CRAFTS SCHOOLS

These technical schools which prepare students for the lower secondary stage Board examination are mainly located in the states of Maharashtra Gujarat, Andhra Pradesh, Karnataka and Kerala. There are 3720 such schools which enrolled 314104 students in 1987-88. In addition to the general school's curriculum for the tenth grade examination, the student is offered one vocational subject such as carpentry, blacksmith, melding, welding, fitting, turning, plumbing, building construction, rural technology, textile technology, wireman etc. These schools were started more as a feeder to polytechnics rather than for preparing young people for vocational fields. They continue today as an offshoot of the general schooling.

HIGHER SECONDARY VOCATIONAL EDUCATION

The higher secondary Vocationalisation Programme aims to develop skilled manpower through diversified courses to meet the requirements of mainly the unorganised sector and to prepare people for the world of work in general through a large number of self-employment oriented courses, not precluding wage employment orientation of many courses. Through diversification into production and service oriented courses, it is desired to reduce the aimless pursuit of higher education and thereby reduce pressure from the tertiary education. In 1989–90 there were more than 150 courses in different states which are grouped under the major areas of agriculture, business and commerce, engineering and technology health and Para medical, home science and humanities. The design consists of theory and practice relating to the vocational field, related subjects, language and general foundation studies which includes entrepreneurship. In 1989–90 a total of 168.680 students were enrolled in the first year of the two ye ar Programme. There are more than 5000 full time teachers teaching these courses.

TECHNICIAN EDUCATION

This sub-system consists of a well-knit chain of polytechnics which provide broad based education in engineering as well as some non-engineering areas. The minimum qualification for entry into a polytechnic is grade X certificate. The courses are generally of three year duration but a few range between two to four years. There are nearly 500 polytechnics with the annual admission capacity of 65000. The training is mostly institutional (with some industrial experience), the curricula predominantly theory oriented and location mostly urban. They aim to meet the manpower needs of the organised sector.

LABOUR

There are two notable training programmes under the auspices of the Labour Ministry for primarily skilled workers for the organised industrial sector.

CRAFTSMEN TRAINING SCHEME

The craftsman training is offered in nearly two thousand government run or privately managed Industrial Training Institutes. The intake capacity of these institutes amounted to about 327,000 in 1987–88. There are, in all, 64 trades of which 38 belong to the engineering group. The graduates of these courses find placement in organised public and private sector industrial and business establishments. Some of them go for self-employment also. The ITIs offer both X+ and Villa+ level courses in nearly equal numbers. Most of the courses range in duration from one to two years. The National Council of Vocational Training is the supreme coordinating and policy making body which awards certificates to students on completion of courses. The curriculum is highly practice oriented and the elements of general education are kept at minimum. An ITI graduate is not eligible for university education.

APPRENTICESHIP TRAINING SCHEME

The scheme aims to regulate the Programme of training of apprentices in the industry so as to conform to the prescribed syllabi of the Central Apprenticeship Council and to utilize fully the facilities available in the industry for practical training with a view to meet the requirement of skilled workers in industries. There are four categories of apprentice Programme: Graduate Apprenticeship for engineering graduates, Technician Apprenticeship for diploma holders from polytechnics, Trade Apprenticeship for the graduates of ITIs and Technician (Vocational) Apprenticeship for the graduates of higher secondary vocational courses. There are 71 subjects and 12,000 technician apprentices training at a time. The technician (vocational) apprenticeship is a recent inclusion with only twenty designed areas so far, with the expansion of trade list expected in near future. The trade apprenticeship Programme has an intake capacity of over 190,000 of which about 132,000 are actually utilized. There are 140 apprenticeabl e trades which run for durations of one to four years. Appropriate rebate is allowed for the graduates of the craftsman training scheme. The Central Apprenticeship Council awards certificates to the graduates on successful completion of the training.

In addition to the two major training programmes presented above, the Ministry of Labour also runs advanced Vocational Training System and vocational training programmes particularly for women in separate institutes.

HEALTH AND PARAMEDICAL

There are three councils at the national level to regulate the training programmes; in their respective areas such as the Indian Nursing Council, the Indian Pharmacy Council under the Ministry of Social Welfare. In other health and paramedical areas, the health departments of the state governments conduct their own training programmes to meet their health manpower requirements. These courses, under the control of a variety of authorities, are marked by an absence of standardized course content and proficiency level. It is difficult to make an estimate of output of the health manpower training and production system. Hospital based training, as an internal supply system, is also a prevalent mode. The curricula have little theoretical content in many situations and almost always these courses lead to a dead end in terms of opportunity for higher education.

AGRICULTURE

The Indian Council of Agricultural Research is primarily concerned with graduate and post graduate agricultural education and research. There are a few non formal training programmes for the rural youth through the Agricultural Science Centers and Agricultural Universities. There is hardly a system for production of middle level skilled manpower for the agricultural sector. In some states there are some government run agricultural schools but they often provide post induction training to village level workers and other personnel. A manpower production system aiming at vocational development for self-employment hardly exists in India in the domain of agriculture.

BUSINESS AND COMMERECE

The training system in the field of business and commerce is highly diverse. There are a large number of institutes and teaching shops throughout the country teaching many of the office trades and other vocations in salesmanship, marketing etc. There is no available estimate of the size of the supply system and the quality of its products.

OTHERS

There are a variety of other structured programmes in forestry, handicrafts and cottage industry, music, commercial arts etc. which are quantified and lack qualitative uniformity.

3. TVET AND DISTANCE EDUCATION IN INDIA

The contact mode and the closed system delivery is, still by far, the most prevalent modality while significant beginning has been made through the national open learning institutions. The programmes generated by NCERT which are taught in more than 5000 hr. Secondary schools as well as those in polytechnics and industrial training institutes, all use the contact delivery mode. However, the technical support institutions for all the above categories of institutions have accepted the significance of multimedia approach in general and distance learning mode in particular for imparting technical/vocational education and training. With particular reference to the higher secondary courses, tile NCERT has developed some teaching-learning video films in electronics, automobile repairs and indigenous handicrafts such as tie and dye, Ikat weaving etc. Sufficient stock of such materials is being built before schools are encouraged to use them for self-paced and individualized learning.

The extent of post-secondary TVET Programme is not precisely quantified in India. A rough estimate would put the number as being close to a million in all programmes of one to three years duration. This number is more an indicator of the scale of operation rather than a statistical compilation. To be more specific, the first year of the higher secondary Programme enrolled nearly 186000 students in 1989–90 which amounted to about 7% of the total enrolment in that grade in higher secondary institutions, taking the country as a whole. Broadly speaking, about 25 to 30% of the age cohort going to various types of education and training institutions may be estimated to be under TVET. This, however, does not include various formal or informal apprentice mode of learning or enterprise based training. The numbers would be fairly large but it would be proper to risk an estimate.

The formal programmes of TVET are by and large, directly or indirectly, state delivered. Even when private institutions are involved, they are mostly state financed. The entire enterprise, traditionally and by design, is highly subsidized, the students paying only a fraction of the public cost in the form of tuition fees. The private cost is borne largely by the learners but on grounds of equity, certain sections get stipend and scholarships. The employers contribute hardly anything by way of cost though they are the most direct beneficiaries. The social pressures and equity considerations gravitate against the argument of DE subsidization as a vast majority of TVET learners come from relatively weaker sections of the society.

RESEARCH AND DEVELOPMENT

The department of Vocationalisation of Education, NCERT provides overall academic direction, maintains standards, conducts research and evaluation and co-ordinates curriculum development and teacher training. The Regional Colleges of Education (REC) of the NCERT function as the regional units of the NCERT. The Technical Teachers Training Institutes (TTTI) provides resources support to states in their respective region in respect of technician education. The State Institute of Vocational education (SIVE)/ State council of Educational Research and Training perform R and D functions at the state level.

SOURCES OF POLICY CONCEPTS

Policy formulation is a complex exercise which involves many departments, institutions and organisations. The sources of policy concepts are numerous which have accumulated over a period of time. In India there is hardly any legal framework for vocational education policies as in many other countries. The Indian Constitution does not provide specific thoughts or directives on vocational education. There are no national laws to regulate the efforts in this area. The states also have not resorted to legislation on vocational education. Indian Education in general is no legislative in nature.

As a mechanism prevailing for over hundred years, the concepts and committees which were appointed from time to time. These were not statutory bodies in the sense that their recommendations could be binding on the union or state governments. They were accepted partly or wholly depending on the desire of the government in power. Scanty financial resources often proved to be the major constraint in implementation of many recommendations repeating decade after decade without being implemented or questioned. Slow and cyclic movement is what one encounters if one scans through the pages of history in this critical sector of education.

4. DESIGN DEVELOPMENT AND MATERIALS

The programmes of TVET offered by different channels have different course structure and modalities for the development of materials. The ITI courses are largely practice oriented with the component of general education being minimal, say, to the extent of 5 to 10%. Those under the technician education are mostly theory oriented, the practice component being of the order of 30 to 40 percent. The higher secondary vocational courses follow a design which is as follows:

1. Language(s) 10 TO 20%
2. General foundation course (EE, RD & Entrepreneurship Development) 10 to 15%
3. Vocational theory and practice 70%

The practice component of a vocational course varies from 50 to 70% .The curricula and instructional materials are also developed by the R&D institutions concerned with each sector. For the higher secondary courses, the NCERT prepares exemplar instructional materials and the states also prepare their own instructional packages. The courses developed by NCERT are based on the analysis of job requirements, and have been grouped under a common title of "Competency Based Curriculum". Both curricula and instructional materials are developed in workshops in which the employment sector personnel, curriculum experts, subject experts and classroom teachers participate. So far, these materials have been prepared on the basis of annual papers rather than modules or units suited for instruction in a semester system. The semester system, though accepted in principle for implementation is yet to become a reality in the school sector. However, the NCERT has initiated course organisation in the form of flexible module so as to suit the semester system, and also would lead to the development of multi skill competencies to meet the employment requirements in the rural areas. All instructional materials, both print and non-print, though owned by NCERT are freely available for duplication and dissemination by the states. The copyright permission is invariably granted for this purpose.

The higher secondary programmes by design are collaborative in nature. The schools offer theoretical instruction and basics in terms of vocational practice which is followed by on the job training or practical training at the actual work site. In the entire teaching-learning process the full time teachers are supported by a large number of part time instructors and guest lecturers drawn from the respective employment sectors. While the above is the suggested modality, many schools still depend on institutional instruction and training in place of collaboration mentioned above, but, the deployment of part time teachers is almost invariably ensured. At present when the Programme implementation is in its infancy, the ground support is not up to the mark. Under the central financing a sound management system as presented in figure 2 is fast emerging and it is hoped that during the five year plan period there would be a great deal of improvement in the quality of training and consolidation of the entire venture.

The students are evaluated at the end of two years by the Boards of Secondary/ Higher Secondary Education of different states while internal assessment is conducted. By the teaching faculty of the concerned school at periodic intervals. The internal evaluation is only for diagnostic purposes and the students' performance is judged by his scores in the final examination conducted by the Board. Vocational courses are offered only in those institutions which are accredited by the authorized board in the given state.

The in-service training of teachers is conducted under the guidance of NCERT by different states through courses varying in duration from 2 to 4 weeks. PR eService teacher preparation has so far not been initiated, but steps are underway for introducing teacher preparation courses in the regional colleges of education and other Universities.

It has been commonly noted that the initial demand for admission into higher secondary vocational courses is very great and in many states the maximum limit of 25 students per class is often exceeded by far. At the same time it is also noted that there is sufficient drop out as the students' progress through their studies. The reasons for this have not been empirically investigated, but the phenomenon could often relate to disenchantment of students with the courses due to poor instruction and other supply related problems, internal adjustment leading to an outflow of vocational students into other academic streams of studies and such others. In some states the pass percentage at the final board examination is also quite low, but in general it is comparable with the academic stream of studies.

No studies have been conducted on the cost effectiveness of the vocational education Programme in view of its being rather new on the educational scene. However, the evaluation studies have indicated that if the quality of instruction is satisfactory, Students are satisfied and perhaps equipped to face the world of unemployment better than they would have been otherwise.

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International Financial Reporting Standards (IFRS) and IND AS

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"In the long run managements stressing accounting appearance over economic substance usually achieve little of either."- Warren Buffett

INTRODUCTTION

Since ancient time in accounting there are too many developments and innovation took place day to day. The main purpose of accounting is to know the financial position of business or company by preparing financial statements. Whatever information is disclosed in financial statements is known as financial reporting. And financial reporting is useful to generally two entities:

1. Internal Management.

2. Stakeholders and other outsiders.

This statement should full fill common information need of the users. For that purpose financial reporting of all companies should be standardized by the common accounting practices and policies. To make standardization accounting standards were introduced.

Accounting standard is nothing but a standard accounting policy which provides guidance for recording and representation of income, expenses, assets and liabilities of business. Firstly in 1929 after stock market crash in America, Investors and other stakeholder have felt that because of misleading and uncommon financial reporting practices prices of shares were decreased, and because of continuous pressure on the accounting profession to establish accounting standards, the American Institute of Accountants (now known as the AICPA) and the New York Stock Exchange to start an effort to review and revise financial reporting requirements.In1934 act was created for accounting standards and the U.S. Securities and Exchange Commission (SEC) was established , which was mandated with both the power and responsibility for standard-setting of financial accounting and reporting for publicly-traded companies. In 1973, these responsibilities were given to the Financial Accounting Standards Board (FASB). And time passed almost all the countries have established their accounting standard boards for achieving common reporting practices in country.

In the year 1977 India has also issued accounting standards by establishing accounting standard board, which is a committee under Institute of Chartered Accountants of India. Now a day there is a need aroused for the common accounting standards at international level for that purpose International Financial Reporting Standards are adopted by many countries in the world for making financial comparison and understanding easy while dealing in international business. For that purpose India is converging its accounting standard with IFRS. So, the purpose of study is to analyze impact of this converged Indian Accounting Standards (Ind As).

WHAT IS ACCOUNTING STANDARDS?

Accounting standards specify that how the accounting transactions and events will be recorded, measured and displayed to the external and internal entities.

According to the dictionary by Farlex," Accounting Standard is a principle that governs current accounting practices and that is used as reference to determine the appropriate treatment of complex transaction".

According to A. Sharma, Accounting Standards means," the written statements consisting of rules and guidelines, issued by the accounting institutions, for the preparation of uniform and consistent financial statements and also for other disclosures affecting the different users of accounting information."

WHAT IS INDIAN GAAP?

Indian GAAP is a set of accounting standards that must be followed, while financial reporting by each and every company operating in India. Generally Acceptable Accounting Standards differs country to country as per their needs and incorporated policies of financial disclosure. ICAI is the body in India that has set the Accounting standards (Indian Accounting Standards) that need to be followed while furnishing financial report.

So in short Indian Accounting Standards are known as Indian GAAP. While US have its own set of accounting Standards known as US GAAP; it should be followed by a non-US company while presenting its financial results in US.

WHAT IS IFRS?

According to the information collected from IFRS website its explanation is as follows:

International Financial Reporting Standards are a single set of accounting standards developed by the International Accounting Standard Board for the purpose of developing common financial disclosure practices in developed, emerging and developing countries. Which will be useful to the international investors and peers?

The G20 and other international organizations have supported the efforts of IASB and around more than 100 countries have adopted IFRS and few have converged their accounting standards with IFRS (For Ex. India).

WHAT IS IND AS?

According to the information collected from ICAI official website, Ind As (Indian Accounting Standard) is nothing but, Indian Accounting Standards which are converged and revised with IFRS for the purpose of creating consistent, comparable and understandable financial reporting for achieving international benchmarks of financial reporting.

India has promised in G20 to adopt IFRS, but while going through these international accounting standards, India has decided that it will not adopt IFRS but it will converge Indian accounting standards with International Financial Reporting Standards.

The Institute of Chartered Accountants of India (ICAI) has played a proactive role in setting out and introducing Indian Accounting Standards (In AS) converged with the International Financial Reporting Standards (IFRS).

The initial attempt to implement Ind AS was made in 2011 when 35 Ind AS were notified under the Companies Act, 1956. However, in view of the need to address certain tax and other issues, the Ministry of Corporate Affairs decided not to implement the Ind AS at that time.

Road Map of Implementation of Ind As:

Pursuant to the announcement of the Finance Minister in July 2014 to adopt the Ind AS and on 16th February, 2015 Ministry of Corporate Affairs has notified that from the financial year 2015-16 on voluntarily basis and from the financial year 2016-17 on mandatory basis to the companies which are listed or in process of listing in stock market of India and whose net worth is more than 500 crores and from 2017-2018 it will be mandatory for all companies whose net worth is more than 250 crores. And also various steps were taken to facilitate their implementation of Ind AS. The ICAI updated Ind AS corresponding to latest version of IFRS and formulated 39 Ind AS.

ADOPTION VS. CONVERGENCE

From the above discussion one may wonder why to introduce Ind AS instead of following IFRS as it is. Some countries had accepted the IFRS as it is instead of convergence, Question is why not India?

One of the main reason is any changes in the IFRS would have impact on books of Indian Companies; it would be hard for companies to adopt or cope up with the IFRS as and when amended.

At the same time, India is multi regulator nation. In India there are many regulators like, Companies Act, Income Tax Act, Securities Exchange Board of India (SEBI), Insurance Regulatory & Development Authority (IRDA), and Reserve Bank of India (RBI) etc.

To welcome the change in IFRS the respective Rules and Regulation must be amended accordingly, which can be time consuming. If the changes in IFRS are not in consensus with the Rules and Regulation, then there will be chaos in the corporate reporting. So Introduction of Ind AS is a way to buy some time to analyses the situation or the change with a view to take necessary action by MCA as it thinks fit.

Hence, substantially similar to the IFRSs, the Ind AS has some carve outs to ensure that these standards are suitable for application in the Indian environment. In a nut shell, Ind AS can be referred as "International Dish with Indian Flavor" or "Desk version of IFRS"

CONCLUSION

The IFRS regulations have significant implications not only for financial statement preparers and users but also for entire financial reporting institutional infrastructure as well as the level of accounting harmonization across the globe. The need towards conformity in international accounting results from the globalization of business and the need for a common set of accounting standards to facilitate international trade and investment. If IFRS has to be uniformly understood and consistently applied by all stakeholders such as, employees, auditors, regulators and tax authorities, then it has to be achieved through training. India by keeping same motto is in the process of converting its accounting standards into IFRS. The process is complex but still India has passed through remarkable journey so far, still mile to go.

"Accountability breeds response-ability." -Stephen Covey

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Cloud Accounting: A Paradigm Shift, Its Challenges and Future Prospects

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Abstract

Accounting is an industry that is undergoing so much change, largely sparked by vast advances in technology. The evolution of cloud accounting is changing customer expectations. Cloud Accounting today are no longer buzzwords, but important resources in the business strategies of companies. More and more small and medium size enterprises have adopted and currently are using cloud accounting technologies. Big companies developed their own big data centers, private cloud or hybrid cloud as a support for their processes within the shared services architecture. Adoption of cloud technology requires a rigorous analysis of data and application security. In this chapter I wanted to show whether cloud computing has eases the task of accountants or not. For that a survey has been conducted. A questionnaire was prepared with a sample size of 100 respondents. Cronbach's Alpha Test was done with the help of SPSS software to check the reliability of the data which is collected through questionnaire. Chi-square Test was done to find out whether Cloud Accounting has any significant impact on accounting or not. This chapter also articulates Cloud accounting's benefits and drawbacks on the basis of SWOT analysis.

Keywords: Cloud Computing, E-World, Technologies, SWOT analysis.

Introduction:

Cloud Accounting is a revolutionary universally available system that uses the internet and central remote servers to maintain data, software and application. It allows users to use applications without installation in their local machine to access their personal and official files on any computer with internet access.

Cloud Accounting isn't a new technology that appeared in the E-World but it's a new form of computing. ts a kind of computing technology that facilitates in sharing the resources and services over the internet rather than having these services and resources on local servers or personal devices.

The combination of servers, networks, connection, applications and resources is defined as 'Cloud'. The concept of cloud computing was emerged back to the 1960s. Chellappa gave the academic definition of cloud computing in 1997 and after that in 2007,the term computing came into popularity. Cloud computing contains many features such as utility computing, grid computing, unified computing, web 2.0,service oriented architecture etc.

The world as we know it, is subject to continuous change. Globalization and the increasing development of technology have impelled the need for economic innovation in order to achieve performance and progress. Rapid advances in science, demographic change determined by globalization, and the promotion of new business models, will collectively form different expectations and economic values. The increasing complexity of the business environment, along with enhanced competition at a global level and the reduction of the business cycles are preconditions that would challenge the accounting profession. On the other hand, the continuous need for global accounting standards and practices is also influencing the future of accountants regarding the development of technology, companies and therefore the accounting department are generally influenced by the digitisation of business, the intense potential created by the internet, the implications of big data and the growing importance assigned to data mining. In this context cloud computing made its way and created new business models. The impact of cloud computing is presently undisputed and will provide the basis for future metamorphosis of the economic field.

Change is one of the few certainties in life. Especially in our global economy, adapting to the ever-changing environment is critical. According to Charles Darwin‘s theory presented in his work, On the Origin of Species, it is not the strongest of the species that survives, nor the most intelligent, but the one that is most adaptable to change. The need to adapt is especially led by the irreversible and fulminate expansion of technology. Individuals, companies and countries alike are compelled to keep the pace with this accelerated growth of modern information technology. Because this rhythm is unlikely to slow down, people have to stay in touch with the latest developments in the IT domain and be ready to use them in their best interest. Over the past decade, the digital revolution has reshaped our world, more than anyone could have imagined. The rise of the internet could be considered the advancement that had the biggest impact on almost every area, even for our every-day lives. In just a few years, the internet has become a large-scale product, an asset that everyone could afford. We could now say for sure that our current society is greatly dependent on internet-based solutions and world-wide collaboration is essential. Such IT developments are continuously changing the way that we access resources and services and how we share knowledge and experiences. Furthermore, this trend is very likely to go on in the foreseeable future. As we move forward into the 21st century, existing technologies will definitely transform or converge, and even if we cannot accurately predict the future, we should realize that all change requires the ability to adapt and to consciously evolve.

The accounting profession must firstly achieve the insight regarding these forces that will reshape the future of the organizations they support. Secondly, accountants should objectively evaluate the effects of these changes in relation to the entire accounting system: standards, processes and staff. Thus, the impact of future change includes all accounting aspects, from the role of accounting employees, through to the content of financial reporting standards and the reformation of tomorrow’s accountant.

Market fluctuations, as well as the consequences of the economic recession demand that the organizational environment, especially for the case of small and medium sized companies, constantly changes the business approach, to an extent that can even involve changing the business scope of activity. This continuous change requires adjusting the organization’s strategy, according to the global changes regarding science, technology and business, with impact over the key performance indicators of the business forced by the actual global economic context, companies are actively involved in finding new efficient means to improve the efficiency and profitability of their business.

The main determinants of the economic efficiency of a company are the objectives and information reached in a timely manner, generated by the accounting system. Financial information generated by companies serves for multiple purposes, such as: business valuation, decision making process, financial analysis, planning and controlling. Management information systems are essential in providing financial information; however, most of the times prove to be poorly supporting the business. It is imperative for small and medium sized companies to replace the existing resources with new informational technologies as for setting the informational system’s centre of gravity to a new paradigm, data processing and storage in the cloud.

Purpose Of The Chapter:

The purpose of this chapter is to give a clear idea about cloud accounting, its types, benfits, shortcomings, future prospects etc and to find out whether Cloud Accounting has any significant impact on accountants or not.

Research Approach:

This paper is basically based on both primary as well as on secondary data.

Area of the survey: This study was conducted in Kolkata corporation jurisdiction

Time period of this survey: between dec,2017 to Feb,2018

Sampling Technique: Convenient Sampling.

Sample Size: 100 (who have knowledge of cloud accounting)

Cronbach's Alpha Test was done with the help of SPSS software to check the reliability of the data which is collected through questionnaire. Chi-square Test was done to find out whether Cloud Accounting has any significant impact on accountants or not.

Secondary data has been collected from some articles, journals and useful websites.

Conceptual Framework:

Cloud accounting is the term given to the storage and processing of your data on servers, or 'in the cloud'. This technology allows business owners to access their business financials from anywhere or on any device. It is specifically designed for the mobile 24/7 world that we now live in. One of the greatest opportunities available to businesses today is to take advantage of the power of the cloud.

The Cloud Phenomenon:

The most significant progress noted after the emergence of the internet has been cloud computing. This paradigm, that is very useful especially for organisations, involves the delivering of computer infrastructure or software that is accessed as a service over the Internet. Companies have the possibility to benefit from high-end technology with low costs and only pay a monthly subscription fee, depending on consumption, instead of massively investing in hardware and software resources. In today‗s competitive marketplace, customer experience is fundamental, and cloud computing is a proven mean to ensure a high level of service. Clouds|| are remodelling the way that people and institutions collaborate, communicate, share and store information and the manner that they obtain IT resources or services for their personal or professional use. On the other hand, we are witnessing an impressive spread of cloud-based technology in almost every domain, and we can notice an increasingly blurring line between IT and economics, in particular. The cloud phenomenon is rapidly conquering the business field, as proven by the remarks of many professionals. Nowadays, organisations from all domains and countries are using a large spectrum of cloud-based resources that are provided as a service|| rather than as a product. All kinds of resources (software, computing power or data storage) are available online from fixed or mobile devices. Our current business world is gradually moving into an online environment as the cloud paradigm is consistently evolving, expanding and merging with various domains and professions. The accounting field has proven to be receptive towards cloud-based solutions and has already begun to exploit them. Cloud solutions for bookkeeping were among the first applications that were available as online services and could make accountants‗ job easier. In fact, accounting applications are some of the most complex among all types of business software. Financial software can ensure different functionalities for specific markets, thus meeting distinct needs and budgets for entities of all forms and sizes. Cloud-based software is especially useful for the accounting domain because today's financial managers are demanding efficient, affordable, and easy-to-use software, that is not only meant for executing repetitive financial tasks and issuing accurate reports, but it is also able to adapt according to future business requirements and technology trends. Besides gathering and processing accounting data, a valuable accounting application should also permit professionals to transpose financial data into relevant business information, and therefore contribute to the decision-making process. That is why most accounting software users have shown interest in the latest IT innovations that have invaded|| the business landscape.

Hypothesis:

Null Hypothesis (H_0): Cloud Accounting has no significant on accounting.

Alternative Hypothesis (H_1): Cloud Accounting has eased the task of accounting and brought down the cost .i.e it has significant impact on accounting.

Data Analysis:

Demographic Profile Of Respondents:

Table 1: GENDER AND AGE OF THE RESPONDENTS:

Parameters	Age between 20-30	Between 31-40	Above 41	Total
Male	11	26	13	50
Female	7	28	15	50
Total	18	54	28	100

Table 2: OCCUPATION OF THE RESPONDENTS:

Salaried Persons	Business Persons	Professors, Research Scholars	Total
45	30	25	100

Table 3: EDUCATIONAL QUALIFICATION:

Under Graduate	Graduate	Post Graduate
0	33	67

Table 4: ANNUAL INCOME:

Below 1 lac	18
1 to 2 lac	44
2 to 3 lac	22

Above 3 lac	16

Table 5: REACTION OF RESPONDENTS TOWARDS THE STATEMENT:

Cloud Accounting has significant impact on accounting	Salaried Persons	Business Persons	Professors, Research Scholars	Total
Yes	30	12	19	61
No	15	18	6	39
Total	45	30	25	100

Testing Of Hypothesis:

Our test statistic is Chi square with [(r-1) (c-1)] = [(2-1) (3-1)] =2 degree of freedom.

Data table 5 is used as observed frequency and expected frequency is calculated as follows-

Table 6: EXPECTED FREQUENCY:

Cloud Accounting has significant impact on accounting	Salaried Persons	Business Persons	Professors, Research Scholars	Total
Yes	27.45	18.3	15.25	61
No	17.55	11.7	9.75	39
Total	45	30	25	100

Table 7: CALCULATION OF CHI-SQUARE TEST:

Cell (i,j)	Observed Frequency	Expected Frequency	Chi-square Value
(1,1)	30	27.45	0.237
(1,2)	12	18.30	2.169
(1,3)	19	15.25	0.922
(2,1)	15	17.55	0.371
(2,2)	18	11.55	3.392
(2,3)	6	9.75	1.442
Total			$\sum[(f_o - f_e)^2/f_e]$ = 8.533

Calculated value of chi square is 8.533

Tabulated value of chi square at 5 % level of significance with 2 degree of freedom is 5.99. As the calculated value of chi square is more than the tabulated value of chi square at 5% level of significance, hence Null Hypothesis (H_0) is rejected. So I can conclude that Cloud Accounting has significant impact on accounting.

RELIABILITY TEST:

Table 8:

Case Processing Summary			
		N	%
Cases	Valid	100	100.0
	Excluded[a]	0	.0
	Total	100	100.0
a. Listwise deletion based on all variables in the procedure.			

Table 9:

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.944	.761	10

Results and Discussion:

From Table 7,Chi-square test, it is clear that Cloud Accounting has significant impact on accounting. And from Table 9 ,it is seen that the value of Cronbach's alpha is more than 0.70 , that means the data which was collected through questionnaire is reliable.

Reasons For Switching To Cloud Accounting Software:

- *Total agility:* A modern business needs information that is real time and always up to date. How else can you make effective business decisions? Now you can access your live accounting data from anywhere, from any device with an internet connection.
- *Saving you money:* Business owners are regularly on the go, every moment counts. Research shows that clients using cloud products with automated bank feeds are saving an average 10 hours a month – a figure they equate to around $700 of your time. Imagine the possibilities!
- *Saving you time:* No more version-control data files. No more time-consuming upgrades or large accounting data files taking up all that space. Plus, no more data backups required. Good riddance.
- *Real-time insights:* Entering data at the end of the week or month only gives you a view of the past. With online accounting, you can have a daily view of how much is in the bank, your expenses, and who owes you money. So you make better decisions based on accurate data.
- *Secure & reliable:* The Australian Taxation Office (ATO) requires businesses to keep detailed business records for a minimum of five years. Cloud accounting software automatically and securely backs up your data. It will be safer than ever before.
- *Collaboration:* Provides your accountant with visibility of your accounts throughout the year, not just at year-end. This ensures improved data accuracy, eliminates delays at key compliance times, and helps us to provide timely financial advice to you.

Migration Process From Traditional To Cloud Accounting:

- *Choose your platform*: MYOB, XERO, QuickBooks Online, Saasu, Reckon & others we'll help you choose the most suitable platform. We know them all.
- *Moving made easy:* We make your existing data cloud ready. Say goodbye to that clunky crashing accounts computer and messy folders.
- *Automate everything:* We train the system to suit you, not the other way around. Get ready for algorithms to do 90% of your repetitive data entry.

The Communication Models between The Accounting Company And The Client

Software Delivery Models:

	On-premises Software	Hosted Software	SaaS/ Cloud Computing
Software development	Created for the windows-based, client-server computing age (1980's).	Hosted by a third party data center, run on-premises through a presentation layer	Online delivery
Deployment	The client is the hardware owner	The hardware is owned by the third party, accessed through the internet	Development and deployment are performed by the same vendor; delivery performed through the internet
Implementation	Long lasting implementation	Long lasting implementation	More efficient than the other types
Customization	Time and resources consuming	Time and resources consuming	Easily customizable
Design	Monolithic, client-server	Monolithic, client-server, presentation layer (Citrix)	Web environment specific
Upgrade	Yearly (in general)	Yearly (in general)	Frequently (monthly, in general)
Integration	Time and resources consuming	Time and resources consuming	Performed through application programming interfaces
Technical support	Not included	Not included, additional challenges caused by the existence of the hosting vendor	Generally provided by vendor
Multi-tenant	Not applicable	Not applicable	Designed for multi-tenancy
Hardware requirements	Operating system requirements	Operating system requirements (generally limited to Windows)	Operating system; web

Accountability	The responsibility of the software is assigned to the service provider, while the operations responsibility is assigned to the IT Department	Complex, split between the hosting vendor and the software developer. Operations remain under the responsibility of the IT Department	Accountability is concentrated towards the service

Features Of Cloud Accounting:

- On demand self service
- Broad network access
- Resource pooling`
- Rapid elasticity
- Measured services
- Multi Tenacity
- Quality of service

Components Of Cloud Accounting:

- Application
- Platform
- Storage
- Infrastructure

Cloud Models:

The two types of cloud computing models are-

1) SERVICE MODELS-
   Service models of cloud computing are-
   a) *Infrastructure as a Service (IaaS):* It is the foundation of cloud services that provides clients with access to server hardware, storage, bandwidth and other fundamental computing resources. The service is typically paid for on a usage basis and may also include dynamic scaling so that if the customer needs more resources than expected, he can get them on the fly (probably to a given limit). It provides access to shared resources on need basis, without revealing details like location and hardware to clients.
   b) *Software as a Service (SaaS):* It includes a complete software offering on the cloud. Users can access a software application hosted by the cloud vendor on pay-per-use basis. Saas is a model of software deployment where an application is hosted as a service provided to customers across the internet by removing the need to install and run an application on a user's computer. SaaS can alleviate the burden of software maintenance and support but users relinquish control over software versions and requirements.
   c) *Platform as a Service (PaaS):* It provides clients with access to the basic operating software and optional services to develop and use software applications (e.g. database access and payment service) without the need to buy and manage underlying computing infrastructure.
   d) *Network as a Service (NaaS):* It is a category of cloud services where the capability provided to the cloud service user is to use network/transport connecting services. NaaS involves optimization of resource allocation by considering network and computing resources as a whole. Some of the examples are: Virtual Private Network, Mobile Network Virtualization etc.
   e) *Communication as a Service (CaaS):* CaaS is an outsourced enterprise communication solution that can be leased from a single vendor. The CaaS vendor is responsible for all hardware and software management and offers guaranteed Quality of Service (QoS). It

allows businesses to selectively deploy communication devices and modes on a pay-as-you-go, as-needed basis. This approach eliminates the large capital investments.

2) Deployment Models-

The cloud computing deployment models consist of the following-

a) *Public cloud:* Public cloud or external cloud describes cloud computing in the traditional mainstream sense, whereby resources are dynamically provisioned on a fine-grained, self-service basis over the Internet, via web applications/web services from an off-site third-party provider who bills on a fine-grained utility computing basis. The cloud infrastructure is made available to the general public or a large industry group, and is owned by an organization selling cloud services. Examples: Amazon Elastic-Compute-Cloud, IBM's Blue-Cloud, Sun Cloud, Google App Engine.

b) *Private cloud:* A private cloud is a particular model of cloud computing that involves a distinct and secure cloud based environment in which only the specified client can operate. As with other cloud models, private clouds will provide computing power as a service within a virtualized environment using an underlying pool of physical computing resource. However, under the private cloud model, the cloud (the pool of resource) is only accessible by a single organization providing that organization with greater control and privacy.

c) *Hybrid cloud:* The term "Hybrid Cloud" has been used to mean either two separate clouds joined together (public, private, internal or external), or a combination of virtualized cloud server instances used together with real physical hardware. The most correct definition of the term "Hybrid Cloud" is probably the use of physical hardware and virtualized cloud server instances together to provide a single common service. Two clouds that have been joined together are more correctly called a "combined cloud". A hybrid storage cloud uses a combination of public and private storage clouds. Hybrid storage clouds are often useful for archiving and backup functions, allowing local data to be replicated to a public cloud.

d) *Community cloud:* A community cloud may be established where several organizations have similar requirements and seek to share infrastructure so as to realize some of the benefits of cloud computing. With the costs spread over fewer users than a public cloud (but more than a single tenant) this option is more expensive but may offer a higher level of privacy, security and/or policy compliance. Examples of community cloud include Google's "Gov Cloud".

CRITICAL EVALUATION OF CLOUD ACCOUNTING:

BENEFITS:

- Cost saving
- Flexible and innovation
- Reduces storage space User centric
- Transparency
- Openness
- Reduces hardware and maintenance cost
- More computing power
- Infinitely scalable
- Interoperability
- Increased collaboration, faster provisioning of systems and applications
- Automatic and secure data backup
- Round the clock access from any where

DRAWBACKS:

- Need for constant connectivity
- Hard to understand
- Dependency
- Failure in compliance

- Time and budget constraints
- Less secure
- Loss of privacy

SWOT ANALYSIS OF CLOUD ACCOUNTING WITH RESPECT TO INDIAN CONTEXT

SWOT Analysis is a strategic planning method used to evaluate the Strengths, Weakness, Opportunities and Threats involved in a project or in any venture.

STRENGTHS	WEAKNESSES
• Cost effective • Flexiblre and innovative • Round the clock access • Reduces maintenance cost • Compliant facilities • Resilient in Disaster Recovery	• Post training required • Time and wealth constraints • Structure and Enviromnment • Dependency • High speed net connection required • Integration with local hardware and software is difficult
OPPORTUNITIES	THREATS
• Adaptive to future needs • Standardized processes • Quick solution of the problem • High tech work environment • Strong experience and involvement in standardization effort	• Lack of financial resources • Quality and performance of the employees is a big concern • Loss of connectivity • Hidden cost (back up, System recovery, problem solving) • Low compatibility

Strengths: India has a strong IT industry that can be an important commercial factor for the western countries to consider in their future cloud related development.

Weaknesses: India isn't as fast as US and Europe in the development and considering the timeliness of research to reach market readiness as opposed to the fast movements in the market itself.

Opportunities: India is an emerging market for IT industry.

Threats: The threats are-connectivity problem, hidden cost for add-on services by service provider, lack of compatibility etc.

TRADITIONAL ACCOUNTING SOFTWARE VS. CLOUD ACCOUNTING SOFTWARE:

	Traditional software	Cloud computing based accounting solutions
Accounting software licence	The company is the owner	The company is the tenant
System location	Chosen by the company	Cloud
Hardware	Provided by the company	Included
Windows & SQL Server	Provided by the company	Included
Maintenance costs	Separated	Included
IT resources	Provided by the company or outsourced	Not necessary
Technical support	Provided by a third party	Provided by a third party
Number of users	Licence limited	Limitless

How Is Cloud Accounting A Different Business Model?

Traditional accounting software is generally purchased as a product and installed on each user's computer. We could consider cloud accounting a new business model as it is rather provided as a service and not as a product. By accessing the accounting data via the internet, companies are purchasing the use of accounting software from a specialized service provider and not the software itself (with the required license or even the necessary infrastructure). Cloud accounting solutions are transforming the way that accounting applications are used and they are modernizing the entire business environment. Mahin Khawaja, director of Adroit Accountax evaluates this as a shift in the industry with more accounting firms utilizing cloud services: *"Accountants want to evolve like everyone else, with more online accounting systems, better connectivity than we had 20 years ago, and [the] ability to work remotely."*

Another aspect that defines cloud-based accounting as a different model is the capability to display the current financial state of the business. Relevant and up-to-date information is crucial for any economic decision, especially in a very competitive and challenging context likethe one that we are living today. Businesses can either grow or disappear just as rapidly, depending on their ability to evolve and adapt to the best existing technological framework. At a certain point, the post-factual character of traditional accounting will no longer be enough. Specialists in the field believe that the future belongs to those who will embrace the new technology and adopt its innovative vision. For businesses of all sizes, the cloud represents a great opportunity to avoid significant expenses and time consuming operations. Therefore, they can focus on innovation and development. Recent international surveys show that businesses are increasingly becoming aware of the potential benefits of the cloud. A study conducted in April 2013 by Lonergan Research, an Australian research agency, for a CCH (provider of software and information services for tax, accounting and audit practitioners) Research Report shows that "*six in ten (60%) accountants who are not currently using a Cloud-based system consider it likely they will adopt one in the next 2-3 years*." And this preference for the cloud rises sharply among younger groups of business owners. The same research also reveals that both accountants and business owners aged 18 to 34 are more receptive to migrating their accounting work onto a cloud solution.

How Does Cloud Accounting Influence The Business?

According to practitioners' opinion, any business can witness extensive benefits from using cloud-based solutions. The intuitive design, the possibility to access real-time information and several other advanced features make accounting accessible for both experts (accountants) and non-experts (small business owners).By taking a systematic approach to risk assessment, including creating effective policies for cloud usage and a risk response plan, companies can experience the leverage of this new technology and increase operational efficiency. If we think of a company that is adopting such solutions, then we should consider some essential aspects that reshape the business itself.

Conclusions:

The last decade has been propelling an impressive development of information technology. The borderline between technology and our society is fainting, as IT tools and gadgets are spreading in almost every aspect of our life. In such a dynamic and challenging environment as the economic field, companies are considering a new way for doing business. The cloud concept is getting more popular as time goes by and increasingly more companies are adopting cloud-based software in order to improve their efficiency and to experience many other benefits. The cloud accounting model enables all business participants (business owners, accountants, auditors and clients) to closely collaborate by accessing up-to-date financial data in the same time, via the internet. This chapter is focusing on the cloud accounting solutions as seen from different points of view.I have particularly reviewed the business's and the accountant's perspective with regard to these technologies. I have identified several advantages ensured by cloud-based software and I have also discussed the most significant concerns involved, as perceived by both business owners and accountants. I would like to emphasize the lack of meaningful academic sources regarding the cloud accounting model. Although these technologies have been known to practitioners for some years, very few papers have been written in this respect. Therefore, the literature on this subject is mainly built on practitioners' studies and handbooks, surveys conducted by specialized research companies or by cloud service developers. This paper is addressing the cloud accounting paradigm from a business-oriented view, and does not intent to provide an exhaustive or a technical outlook. Further research could cover other economic implications and effects generated by this mentality shift. The transition to the cloud is only just beginning. It might become the fundamental factor for reshaping our reality and redefining globalization as we know it. If accountants give technology the chance to prove its worth, the accounting profession could eventually act as a worldwide standardized entity and take businesses to the next level of efficiency.

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How Technology is changing the Way Children Think and Focus

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Abstract

Thinking. The capacity to reflect, reason, and draw conclusions based on our experiences, knowledge, and insights. It's what makes us human and has enabled us to communicate, create, build, advance, and become civilized. Thinking encompasses so many aspects of who our children are and what they do, from observing, learning, remembering, questioning, and judging to innovating, arguing, deciding, and acting. At least early in their lives, the power to dictate your children's relationship with technology and, as a result, its influence on them, from synaptic activity to conscious thought. There is, however, a growing body of research that technology can be both beneficial and harmful to different ways in which children think. Moreover, this influence isn't just affecting children on the surface of their thinking. Rather, because their brains are still developing and malleable, frequent exposure by so-called digital natives to technology is actually wiring the brain in ways very different than in previous generations. What is clear is that, as with advances throughout history, the technology that is available determines how our brains develop. For example, as the technology writer Nicholas Carr has observed, the emergence of reading encouraged our brains to be focused and imaginative.

Introduction

Thinking. The capacity to reflect, reason, and draw conclusions based on our experiences, knowledge, and insights. It's what makes us human and has enabled us to communicate, create, build, advance, and become civilized. Thinking encompasses so many aspects of who our children are and what they do, from observing, learning, remembering, questioning, and judging to innovating, arguing, deciding, and acting.

There is also little doubt that all of the new technologies, led by the Internet, are shaping the way we think in ways obvious and subtle, deliberate and unintentional, and advantageous and detrimental The uncertain reality is that, with this new technological frontier in its infancy and developments emerging at a rapid pace, we have neither the benefit of historical hindsight nor the time to ponder or examine the value and cost of these advancements in terms of how it influences our children's ability to think.

There is, however, a growing body of research that technology can be both beneficial and harmful to different ways in which children think. Moreover, this influence isn't just affecting children on the surface of their thinking. Rather, because their brains are still developing and malleable, frequent exposure by so-called digital natives to technology is actually wiring the brain in ways very different than in previous generations. What is clear is that, as with advances throughout history, the technology that is available determines how our brains develops. For example, as the technology writer Nicholas Carr has observed, the emergence of reading encouraged our brains to be focused and imaginative. In contrast, the rise of the Internet is strengthening our ability to scan information rapidly and efficiently.

The effects of technology on children are complicated, with both benefits and costs. Whether technology helps or hurts in the development of your children's thinking depends on what specific technology is used and how and what frequency it is used. At least early in their lives, the power to dictate your children's relationship with technology and, as a result, its influence on them, from synaptic activity to conscious thought.

Over the next several weeks, I'm going to focus on the areas in which the latest thinking and research has shown technology to have the greatest influence on how children think: attention, information overload, decision making, and memory/learning. Importantly, all of these areas are ones in which you can have a counteracting influence on how technology affects your children.

Attention

You can think of attention as the gateway to thinking. Without it, other aspects of thinking, namely, perception, memory, language, learning, creativity, reasoning, problem solving, and decision making are greatly diminished or can't occur at all. The ability of your children to learn to focus effectively and consistently lays the foundation for almost all aspects of their growth and is fundamental to their development into successful and happy people.

Attention has been found to be a highly malleable quality and most directly influenced by the environment in which it is used. This selective attention can be found in the animal kingdom in which different species develop attentional skills that help them function and survive. For example, wolves, lions, tigers, and other predators have highly tuned visual attention that enables them to spot and track their prey. In contract, their prey, including deer and antelope, have well-developed auditory attention that allows them to hear approaching predators. In both cases, animals' attention abilities have developed based on the environment in which they live.

The same holds true for human development. Whether infant recognition of their parents' faces or students paying attention in class, children's immediate environment determines the kind of attention that they develop. In generations past, for example, children directed considerable amounts of their time to reading, an activity that offered few distractions and required intense and sustained attention, imagination, and memory. The advent of television altered that attention by offering children visual stimuli, fragmented attention, and little need for imagination. Then the Internet was invented and children were thrust into a vastly different environment in which, because distraction is the norm, consistent attention is impossible, imagination is unnecessary, and memory is inhibited.

Technology conditions the brain to pay attention to information very differently than reading. The metaphor that Nicholas Carr uses is the difference between scuba diving and jet skiing. Book reading is like scuba diving in which the diver is submerged in a quiet, visually restricted, slow-paced setting with few distractions and, as a result, is required to focus narrowly and think deeply on the limited information that is available to them. In contrast, using the Internet is like jet skiing, in which the jet skier is skimming along the surface of the water at high speed, exposed to a broad vista, surrounded by many distractions, and only able to focus fleetingly on any one thing.

In fact, studies have shown that reading uninterrupted text results in faster completion and better understanding, recall, and learning than those who read text filled with hyperlinks and ads. Those who read a text-only version of a presentation, as compared to one that included video, found the presentation to be more engaging, informative, and entertaining, a finding contrary to conventional wisdom, to be sure. Additionally, contrary to conventional educational wisdom, students who were allowed Internet access during class didn't recall the lecture nor did they perform as well on a test of the material as those who weren't "wired" during class. Finally, reading develops reflection, critical thinking, problem solving, and vocabulary better than visual media.

Exposure to technology isn't all bad. Research shows that, for example, video games and other screen media improve visual-spatial capabilities, increase attentional ability, reaction times, and the capacity to identify details among clutter. Also, rather than making children stupid, it may just be making them different. For example, the ubiquitous use of Internet search engines is causing children to become less adept at remembering things and more skilled at remembering where to find things. Given the ease with which information can be find these days, it only stands to reason that knowing where to look is becoming more important for children than actually knowing something. Not having to retain information in our brain may allow it to engage in more "higher-order" processing such as contemplation, critical thinking, and problem solving.

What does all this mean for raising your children? The bottom line is that too much screen time and not enough other activities, such as reading, playing games, and good old unstructured and imaginative play, will result in your children having their brains wired in ways that may make them less, not more, prepared to thrive in this crazy new world of technology.

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Outsourcing of Accounting

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Abstract

In a today's challenging business environment, an increasing number of companies are outsourcing their accounting services, to expert vendors. This Accounting services ensures tax ready financial statement, financial reporting, Account Reconciliation services, cash flow management services, Financial Analysis services, etc.

Key words: Outsourcing, Accounting Services

Introduction:

"Outsourcing" is considered as strategy for gaining benefit of expertise knowledge & skill and a method of getting one time cost advantage. "Do what you do best and outsource the rest" has become an internationally recognized business tagline first coined developed in the 1990s by the legendary management consultant Peter Drucker the slogan was primarily used to advocate outsourcing as a reliable business strategy. It has been said that Mr. Drucker began explaining the concept "outsourcing" as early as 1989 in the wall street journal article titled "sell the mailroom". Finance and Accounting professionals familiar with the old saw "you can't manage what you can't measure" would agree that a company also cannot manage what it does not understand. A more recent and highly detailed 30-page study on the evolution of outsourcing concludes that three specific areas of the discipline are in greatest need of improvement:

1. Monitoring and managing the benefits ;
2. Selecting the outsourcing provider; and
3. Involving the "right people" and culturally aligning the outsourcing buyer and provider.

Improving each of those areas, as well as effectively managing the overall outsourcing relationship from inception through conclusion, can be achieved by understanding and addressing the challenges and risks that cause mismanagement.
The purpose of this guideline is to provide a framework for guidance on managing outsourcing of accounting opportunities, challenges and risks, that is, what might be done at each stage of the outsourcing of accounting lifecycle to enhance the probability of a successful outsourcing of accounting initiative. This guidance qualifies as "good practices", because "best practices" have not yet emerged as modern outsourcing of accounting continues to mature. In fact, given the unique circumstances of each organization, a clear set of "best practices" may never emerge. These good practices can support the development of solutions or responses to such unique circumstances.

The **target audience** of this guideline is buyers of outsourcing of accounting services and those charged with implementing and managing outsourcing of accounting relationships. Finance and accounting managers dominate that population:

Executives Primarily Making Outsourcing of Accounting Recommendations:	
Title	Percentage
Finance Executives and Senior Management	56%
CEO	13%
Board of Directors	7%
Business Unit Executives	7%

Coo	4%
Other Staff Function Executives	4%
Shared Services Leader	4%
Others	5%

This guideline can be applied to the outsourcing of a single finance and accounting process as well as to multi process outsourcing.

WHY OUTSOURCING OF ACCOUNTING?

"Accounting" though a very confidential require outsourcing because

1. We spend too much time in managing our books and neglecting other aspect of our business.
2. We are cutting corners because we don't really understand how to do book keeping properly.
3. We want professional grade accounting, but it's either too costly or you don't need full time accounting services.
4. We need "at a glance" financial reports to stay informed about your business.
5. We do not afraid to ask question about financial data we do not understand.
6. We need flexibility to examine our accounts whenever and where ever we would like to combine with the peace of mind that our books are being maintained by dedicated professionals…. More over

- **Outsourcing reduces year-end work and fees:**

The accountant's role has evolved over the decades, and most of them are gradually learning to embrace new responsibilities that their profession demands. In today's business world, accounting services are outsourced to experts to reduce unnecessary company costs. Outsourcing is also cheaper compared to hiring and maintaining full-time employees who will be required to work on different accounting tasks, which in some cases may result in errors that translate into unwanted costs. Here is a look at examples of outsourced accounting services:

- **White label bookkeeping**

  It is the assignment of a bookkeeping service to a third party thereby eliminating the cost of employing a full-time bookkeeper. The cost is slightly lower as compared to in-house bookkeeping. White label bookkeeping has been known to save time and money. Furthermore, frustrations between the accountant and the client at the end of the year when books are prepared will be no more.

- **Outsourcing payroll services**

  Delegating the preparations of payrolls eliminates the process of having your staff manage the payroll, which is usually a time-consuming process. Outsourcing will allow the staff to focus on other value-added tasks, therefore, generating extra revenue.

- **Outsourcing accounts receivables and payables services**

  Outsourcing of the above dramatically improves the performance of the accounting department due to quicker turnaround time. It also eliminates turnover threats that might occur when having in-house staff carrying the procedure.

- **Preparation of financial reports**

  When making a particular purchase or taking a tax credit advantage, the in-house accountant may require some time to know about the reporting process that they may not know. This consumes time and makes the staff deviate from their standard duties mainly because of lack of experience. Even if s/he carries the procedure, it may not be the most cost-effective or correct way. Outsourcing alleviates unwanted cost that may result from the errors committed or expenses associated with training.

- **Tax preparations**

  When outsourcing tax preparation services, the main business objective is to ensure that the business grows. Furthermore, outsourcing such services will increase the chance of procuring new clients, and in the end, you get plenty of time to concentrate on other revenue-generating activities.

Outsourcing the accounting services means that a business will enjoy accuracy and efficiency, given that outsourcing firms have more than enough professionals with extensive experience which increases efficiency and productivity.

Outsourcing is an Investment: Each business is unique TPS calculates a monthly fee for each prospective client by actually diagnosing the existing accounting files, followed by a conference call with the owners and management team to review the results of the diagnosis. During the call, TPS and the prospect will explore the challenges and issues related to the accounting function to determine the scope of the work.

THE OUTSOURCING OF ACCOUNTING LIFECYCLE

1. MAKING THE DECISION

Before outsourcing a process or a set of processes, finance and accounting leaders should conduct four different, but frequently overlapping, evaluations to ensure a sound outsourcing decision (whether positive or negative) that aligns with corporate strategy, objectives, capabilities, and plans. Those four evaluations include:

• **Identify Strategic Drivers** – Identifying the company-specific strategic drivers for the outsourcing decision is essential to keep everyone on the same page throughout the process;

• **Evaluate the Full Range of Options** –
A thorough evaluation of the full range of options includes consideration of shared service arrangements, as well as all potential "sourcing" and "shoring" possibilities;
• **Assess Internal Capabilities** – Assessing the internal capabilities of each sourcing option must include an honest evaluation of systems and controls as well as the skills necessary to transfer and effectively manage the outsourced process or processes; and
• **Determine Scope and Logic –**
Determining the scope and logic is an essential element of building and finalizing the business case for an Outsourcing of Accounting decision. Before examining those evaluations in greater detail, it is useful to review why companies outsource finance and accounting processes. Organizations use outsourcing, including Outsourcing of Accounting, to achieve one or more of the following benefits:

1. Reduce costs;
2. Gain access to better talent;
3. Address staffing issues and labour shortages;
4. Gain access to better technology;
5. Improve processes and productivity;
6. Reduce risks associated with ineffective in-house processes; and
7. Re-assign employees to higher-value activities

2. Selecting the Provider
The success of the process of selecting an outsourcing provider depends largely on the rigor and comprehensiveness of the outsourcing decision-making process that led to the search. An effective decision-making process will highlight important issues that need to be examined in the selection process. For example, if an assessment of internal capabilities reveals that a company does not possess sufficient expertise and resources to manage the transition of multiple processes to an external provider, the search should extend to prospective outsourcing partners who possess that capability. Many other considerations need to be addressed during the selection process if it is to result in a successful choice and a beneficial relationship. Those considerations and needs must be prioritized and communicated, usually through the RFP, in a way that enables the individual or team responsible for selection to understand and compare the merits of each outsourcing provider's proposal with the greatest possible consistency (i.e.: compare apples to apples). The need to prioritize selection criteria and to conduct thorough due diligence exists even when a company seeks to outsource a single finance and accounting process, as U.S.-based Susquehanna Trust & Investment Co. demonstrated.
The company, a financial holding company's subsidiary that provides tax-processing services to financial institutions and financial services Companies, sought to outsource tax services. They did this primarily to address difficulties in recruiting qualified staff to handle the highly specialized back-office tax work the company conducts. The company's senior vice president of risk, compliance and tax led the selection process, which identified the following four key criteria on which she and her staff focused while comparing.

➢ **Size of Outsourcing Firm:**
The vice president believed her company would enhance its chances of receiving excellent service by "making sure that we weren't the biggest fish
in the pond or the littlest fish in the pond" compared to the rest of the provider's
customers.

• **Reliability and Flexibility:**
The vice president wanted to make sure the outsourcing provider could continue to deliver service if Susquehanna Trust & Investment encountered any major systems issues, entered into any mergers or acquisitions, or converted to a new accounting system. Similarly, if significant external changes occurred, such as a major tax law being passed in the last quarter of the year, Susquehanna Trust & Investment wanted assurances that the provider's finances

were sufficient to accommodate any programming or staffing changes that might become necessary.

• Potential for Change in Ownership.

Susquehanna Trust & Investment did not want an outsourcing partner that might undergo change in management, which the vice president feared might negatively affect service levels. (This concern explains why most outsourcing contracts allow for termination of the relationship upon a change in control
at either the buyer or provider's company.)

• Quality of Work Output.

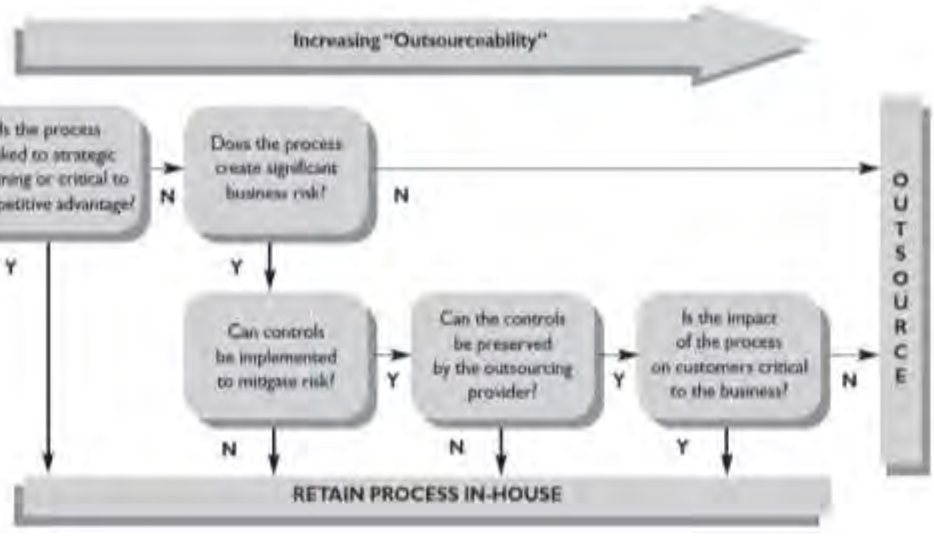
This factor, of course, represents a priority in every selection process, and quality is typically evaluated by speaking with current customers. The outsourcing provider that Susquehanna Trust & Investment ultimately selected was a firm the company had worked with in the past – a positive experience that figured into the final decision.

3. Managing the Relationship

According to *The Wall Street Journal* article cited above, as many as one-third of selection teams decided to keep their processes in-house even after investing significant time and money in evaluating potential providers. They did this because the teams decided their companies were not prepared for the magnitude of change required by a transition to an outsourcing relationship. Underestimating the amount of resources, energy and time that change management activities require represents one of the most commonly reported pitfalls of outsourcing relationships. "Choose a supplier that has a solid change
Management process and mechanism, one that can integrate into your corporate change management process," warn two prominent outsourcing advisors in a recent issue of the Chartered Institute of Management Accountants' (CIMA)
"Excellence in Leadership" series. The primary reason outsourcing providers can execute F&A processes, particularly transactional activities, more efficiently than the outsourcing buyer is because the provider executes the process differently. That difference requires employees with the company investing in the outsourcing services to interact with the outsourced processes (and the outsourcing provider's workforce) in different ways. In other words, it requires employees to change. How well an outsourcing arrangement successfully deals with that need to change depends on the parameters governing the outsourcing relationship. Those parameters, including change-management considerations, are established during the contract negotiations and continue until the agreementends at a predetermined date (or earlier if one of the parties exercises the early termination clause).

➢ OUTSOURCING THE FINANCE AND ACCOUNTING FUNCTIONS

In this decision tree, the consulting firm breaks down the finance and accounting processes a company is likely to decide to outsource or keep in-house after working through the questions:



Outsourced	Performed In-House
Accounts Payable	Corporate controllership
Payroll	Financial Planning and Analysis
Travel & Expense Management	Business Finance
Bank Reconciliation	Treasury Operations
Finance & Accounting IT Support	Tax
General Accounting	Strategic/ Key Account Collections
Fixed Asset Accounting	

This breakdown of outsourced vs. in-house processes contains general guidance on decisions that are appropriate for some, but not all, organizations. Finance and accounting executives should use the above decision tree while determining the scope and logic during the decision-making phase of the Outsourcing of Accounting lifecycle. Depending on their unique characteristics, the same finance and accounting process will pose different magnitudes of risk and strategic importance for different companies. As a result, an Outsourcing of Accounting process that one company may determine is highly “outsourceable” may be designated as one that should be performed internally by a different company.

The defining characteristic of effective Outsourcing of Accounting decision-making should be its completeness. The potential benefits of outsourcing are attractive, but those objectives need to be evaluated in the context of many other dynamics, including

(a) The company’s strategic objectives,
(b) Recent investments in finance and accounting processes earmarked for possible outsourcing,
(c) Other options that might deliver similar benefits (e.g., shared services), and
(d) The degree to which the company possesses the capabilities necessary to operate the process, as well as to manage and execute the different outsourcing phases.

Finally, if the evaluations within the decision making process are to prove beneficial, they should be summarized, documented and understood by the individual or individuals responsible for the next step in the Outsourcing of Accounting lifecycle: selection.

Conclusion

The use of finance and accounting outsourcing is increasing throughout the world. Outsourcing of Accounting arrangements offer companies opportunities to significantly reduce costs, access better skills and technologies, and achieve other benefits. These include sharpening the organization’s focus on core competencies, or moving finance and accounting professionals away from transactional duties and toward more strategic responsibilities. To achieve those opportunities, companies pursuing Outsourcing of Accounting arrangements must avoid problems that damage relationships with providers and lower the returns on their Outsourcing of Accounting investments. Outsourcing of Accounting should be of significant interest to finance and accounting professionals due to the discipline’s growing use, its risks and benefits, and its growing importance to a finance and accounting department.

This guideline has identified steps throughout the Outsourcing of Accounting lifecycle to help finance and accounting executives and others get from the initial outsourcing decision to its effective conclusion. These steps can help prevent Outsourcing of Accounting investments from succumbing to problems that have limited the effectiveness of IT and HR outsourcing. By following these steps, Outsourcing of Accounting buyers can improve the likelihood that the outsourcing relationships they enter into achieve their objectives and, in doing so, help strengthen the competitiveness of their companies as a whole.

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Ethics in Accounting & Auditing

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Abstract
Ethics in accounting and auditing has a far reaching impact on all the stake holders of theorganization. Breach in the ethics of auditing and accounting is due to greed, irresponsibility, dishonesty, falsification, corruption and breach of trust by auditors etc. Due to this many frauds have happened in India and all over the world. The accounting frauds in India run to several crores of rupees. Starting with Satyam scam, 2G spectrum, common wealth games, coal gate, kingfisher airlines and the latest one being Nirav Modi's case. It is essential for the government to tighten the regulations and ensure regulatory compliance so that there is no recurrence of the scams mentioned above. It is suggested that Forensic accounting should be used as a preventive tool rather than an investigative tool. If forensic auditing is made mandatory in all financial and corporate sectors, this will help in bringing down the scams involving thousands of crores of rupees.

Keywords: **Ethics, breach of trust, scams, frauds, regulatory compliance**

"A good accountant, to add value to society, has to have a number of characteristics. He or she has to have integrity."' Glyn Barker, UK managing partner at PricewaterhouseCoopers

Businesses are established with the primary purpose of earning profits. The resources required for the same are sourced from various parties-shareholders, banks and other financial institutions.

The ownership is separated from the management, and the agency theory requires that the management team which is at the helm of affairs report periodically to the owners and other stakeholders about the important activities and their impact on the business in terms of profitability and stability.

Ethics is a voluntary phenomenon. It refers to transparency, moral principles and acceptable code of conduct. Ethics in auditing is refers to conforming to the ethical standards laid down by the industry or society. Ethics in accounting refers to true financial reporting of company assets, liabilities and profits without being manipulated by the management. Ethics in accounting and auditing are very important for any business as it has a far reaching impact on the managers, shareholders, creditors and other parties concerned.

Preparation of financial statements or Accounting of any business transaction helps an business to run in an efficient, effective and accurate manner. This in turn, helps in planning, decision making and controlling process. Financial statements in India are governed by the Accounting standards. These Accounting Standards are epitome of various concepts, conventions, principles and practices to be followed in presenting the financial affairs which reflect a true and fair view of financial statements. The council of the Institute of Chartered Accountants of India (ICAI) constituted the Accounting Standard Board (ASB) in April 1977, which so far has formulated various accounting standards in India. Companies in India are bound to prepare the financial statements according to the Accounting Standards.

For the reports prepared by the management to be acceptable by the interested parties, it is essential that they are authenticated by an independent body-the audit firm. The financial statements are prepared by the accountants, and stamped as true and fair by the auditors. The audit report is always accompanied by the audit report. The audit report adds credibility and enhances the degree of confidence of users of these statements. The audit report however, does [1]not ensure that the financial report is free of error or fraud. The auditors have to use their judgment and professional skepticism based on their expertise and knowledge[1]in ensuring it. However, professional competence alone cannot ensure due diligence in performing their duties. They have to be self-regulated in order to perform their statutory role without being influenced by the management.(Roy & Saha 2016)

Internal audit committee can function independently and effectively only if the audit committee is capable and unbiased. The statutory auditor, who relies partly on the reports of the internal auditors, bases his reports on the reports of the internal auditor. The quality of the final annual audit report, therefore, depends upon the quality of the internal auditing. The annual audit is one of the cornerstones of corporate governance. It is a vicious circle. What is really required is that these organizations have strong corporate governance standards. However, good corporate governance structure does not necessarily lead to good corporate governance. It is organization culture which is a critical determinant of the quality of corporate governance[2].

In India, the professional conduct of auditors, and the process of auditing is governed by the Chartered Accountants Act, 1949 enacted by the Parliament for the regulation of the profession of Chartered Accountants and Company's act 1956, Securities exchange board of India, Reserve bank of India and Comptroller and Auditor general of India.

The two schedules along with the decisions of the Courts on professional misconducts, decisions, directions, guidelines, statements, clarifications and also interpretations of the Council on the various clauses of these two schedules constitute the Code of Ethics for the accountancy profession.[3]

What is Auditing?

Accounting: Systematic examination and verification of a firm's books of account, transaction records, other relevant documents, and physical inspection of inventory by qualified accountants (called auditors)[4]

An audit is an objective examination and evaluation of the financial statements of an organization to make sure that the records are a fair and accurate representation of the transactions they claim to represent.[5]

As per SA 200, Basic Principles Governing an Audit, issued by the Institute of Chartered Accountants of India (ICAI), an audit is the independent examination of financial information of any entity, whether profit oriented or not, and irrespective of its size or legal form, when such an examination is conducted with a view to expressing an opinion thereon.

Manipulation or distortion is referred to as 'creative accounting' in UK and 'earnings management' in US. It is also referred to as income smoothing, earning smoothing, financial engineering or cosmetic accounting. It is a process whereby the accountants use their knowledge of accounting rules to manipulate the figures reported in the accounts of the business. (Amat, Blake & Dowds 1999). Creative accounting is the transformation of financial accounting figures from what they actually are to what preparer's desire by taking advantage of the existing rules and/or ignoring some or all of them. (Naser K 1993). Why do companies manipulate financial statements? The reasons are many.

[1] http://iica.in/images/1Chapters.pdf
[2] http://www.business-standard.com/article/opinion/toshiba-a-case-of-internal-audit-failure-115080900760_1.html
[3] http://www.caalley.com/icai_faq/FAQonEthicalissues-ESB.pdf
[4] http://www.businessdictionary.com/definition/audit.html
[5] https://www.investopedia.com/terms/a/audit.asp

Breaches in ethical accounting and auditing are due to:

a) Unlimited Greed
b) Complete Disregard for accountability on the part of top management.
c) Only concern is growth and profitability.
d) Unlimited risk taking/blind risk taking.
e) Irresponsibility & greed on the part of banks who invested in these companies and their overseas subsidiaries.
f) Dishonesty in preparing financial statement.
g) Falsification of basic facts/figures and key financial data.
h) Breach of trust by the Auditors.
i) Personal wealth accumulation at the cost of public loss and loss to society.
j) Corruption involving government & public servant to benefit corporate by subverting the law.
k) Using short cuts as replacement for hard work. (Chouhan & Naghshbandi 2012)

Need of ethics for professional accountants and auditors –

The question is why ethics in accounting and auditing profession has special significance? The reasons for this are as follows:

a) Professional accountants and auditors should maintain the credibility of their profession, the public interest should be considered above the personal interest.
b) Professional accountants and auditors are accountable to their employer. Their objective should be to solve problems and create value for his employer.
c) Professional accountants and auditors should comply with the technical standards of professional service and professional conduct.

Fundamental principles of auditing & accounting:

The IFAC (International Federation of **Accountants**)[6] , APESB (Australian Accounting Professional and Ethical Standards Boards) (Fan et al 2013) and CIMA (Charted Institute of Management Accountants) (Jaber & Fadda 2016) have set out the Code of Ethics for Professional Accountants sets out the following fundamental principles to be followed by auditors.

- Integrity
- Objectivity
- Professional competence and due care
- Confidentiality
- Professional behaviour

Integrity is the quality of being honest and having strong moral principles. It means that the auditors must fulfil their responsibility with honesty, diligence, and responsibility. They must not engage in illegal activities, thereby bringing disrepute to the auditing profession.[7] The auditor shall contribute towards achieving ethical and legal objectives of the firm. If statutory auditors get rewarded for ethical performance, it might provide other auditors some impetus to be ethical in their future engagements.

Objectivity

Objectivity is an unbiased mental attitude to act/behave in a manner which is not influenced by emotions or relationships, but only facts and figures. The auditors have to engage in such a manner that they do not compromise on the quality of work based on other considerations. Objectivity requires that auditors do not allow any conflict of interest in fulfilling their responsibility to the stakeholders and are independent in performing their work.

Objectivity and independence of an auditor can be ensured in two ways- independence in

[6] https://www.iasplus.com/en/binary/ifac/0504educationies8.pdf
[7] https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Code-of-Ethics.aspx

mind, and independence in appearance. Independence in mind can be through resisting client's pressures and avoiding close relationships with the clients. Independence in appearance can be through avoiding employment offers and dependency from clients (Fan et al 2012)

Integrity

Professional competence and due care

It involves two things-One is to possess enough knowledge, and two to update oneself about relevant developments of importance. It also imposes the auditors to act diligently in accordance with applicable technical and professional standards while providing professional services.

The principle of professional competence and due care imposes the following obligations on members:

Confidentiality

Confidentiality talks about certain obligations on members to refrain from disclosing confidential information to the outsiders about the organization without proper and specific authority. The auditors cannot take personal advantage of the confidential information acquired as a result of professional right or duty.[8]

Professional behaviour

The auditors are obligated to comply with relevant laws and regulations and avoid any action that may bring discredit to the profession. The auditors have to refrain from providing relevant information to the third party as this would negatively affect the good reputation of the profession (CPA 2016)

Accounting frauds in India

The accounting frauds in India run to several crores of rupees. Starting with Satyam scam, 2G spectrum, common wealth games, coal gate, kingfisher airlines and the latest one being Nirav Modi's case.

Conclusion

It is relevant to mention that greed, personal gain and opportunistic approach has led to unethical business practices and questionable accounting and auditing practices. It is essential for the government to tighten the regulations and ensure regulatory compliance so that there is no recurrence of the scams mentioned above. Forensic accounting should be used as a preventive tool rather than an investigative tool. (Biswas, 2013) If forensic auditing is made mandatory in all financial and corporate sectors, this will help in bringing down the scams involving thousands of crores of rupees. The Central Government should introduce a simple and brief Act that makes accounting mis-statements criminal, and impose tough penalty both financial and imprisonment. The financial penalty should be reflecting the size of the fraud. With a view to enforcing the law and to expedite justice, special courts should be created. (Chouhan, 2012)

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A Study of Impact of Advertising on Consumer Brand Preference for Mobile Handsets in Ahmedabad City

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Abstract
In India Mobile Handsets industry is one of the fastest growing, and competition oriented industry of India. The rising competition in the Mobile Handsets industry has brought the Mobile Handsets manufacturing companies under pressure to absorb the consumers and this has made the customers more empowered. The more advance in technology of the mobile phones, the higher the rank the user is seen in the eyes of other people. Many people in this world believe that their mobile phones seem to be a fashion statement. It says something about the owner, much like owner clothing. The advertising has primary and energetic impact on buying behavior of customers. With the growth of Mobile Handsets industry in India, it is necessity for effective advertising has elevated. The basic objective of this study is to examine impact of advertising on purchasing behaviour of customers and to examine the impact of pricing, features, quality, and brand name on purchasing behavior of customers. A structured questionnaire has been designed and used to collect data. For this research, the researcher chosen the simple random sampling, where the respondents were potential consumers located in Ahmedabad. The number of respondents targeted to answer the questionnaires were 100. Collected data was analysed using Reliability and descriptive statistics. Demographics such as age, gender, education, occupation and family income were also included. Findings revealed that monthly family income of consumers' impact on consumer buying behaviour.

Keywords: Customer perception, Mobile Handsets, Advertising

1. INTRODUCTION

In everyday life, devices and system based on mobile technologies have become a common in most countries. Now a day's mobile has replaced many things in the life of human being. It is used as personal organizer or personal assistant. The rapid adaption of cellular phones shows that large parts of the population have accepted the technology very quickly. Advertising research has shown that the effects of ads activities are influenced by the attitude towards an ads message the advertising company. Advertisements are mainly derived from the traditional marketing concept.

Aim of this research is to study the motives that influence consumer behavior and to find the relative importance of the various factors that influence the purchase decision of a mobile phone. In the present age all the users compare different models of mobiles on the different online platforms or specialized web sites. Pre-buying search is playing very important role in selection of the brand. Various companies offering mobile phones endorses their brand through] celebrities.

Marketers have to understand the buying behavior of consumers while designing their advertisements for the desired impact. Advertisements play an essential role in creating an image of a product in the minds of consumers. Advertisements must be catchy and communicate relevant information to consumers.

2. RESEARCH OBJECTIVE

1. To find out the factors influencing consumer's buying behavior
2. To identify how consumers are influenced to purchase mobile handsets
3. To know the factors consider in selection of a mobile handsets

3. RESEARCH HYPOTHESIS

1. There is a significant association between price and customer's buying behavior of mobile handsets.
2. There is a significant association between mobile features and customer's buying behavior of mobile handsets.
3. There is a significant association between quality and customer's buying behavior of mobile handsets.
4. There is a significant association between social influence and customer's buying behavior of mobile handsets.

4. RESEARCH METHODOLOGY

The entire research was conducted based on convenience sample of Mobile Handsets consumers in Ahmedabad by using a questionnaire survey.

4.1 SAMPLE SIZE

100 respondents were surveyed for this study and data collection was based on close-ended. The researcher used convenience sampling method in data collection.

4.2 TOOLS FOR ANALYSIS

There are many techniques which may be used for analyzing the customers' buying behavior. The researcher used SPSS packages with percentages, and chi-square.

5. LITERATURE REVIEW

Urry (2007) stated that facilitating family or friend coordination and intensifying social interaction are the crucial Factors for using a mobile phone.

Castells et al., (2007) "obtaining a mobile phone is a milestone that indicates success, not only financially but also culturally in term of the Integration within society". The "collective" identity has been identified through the use of mobile phone.

Srivastava (2005) stated that the mobile phone has shifted from being a 'technological object' to a key 'Social object' as communication with others is the main purpose for mobile phone purchasing.

Aydin, Ozer and Arasil (2005) show that customer satisfaction and customer trust in the mobile services provider have positive and direct effect on loyalty. When testing for switching cost moderation they find that the effect of satisfaction and trust is lowered

Rauch, (2005) Mobile phone usage has resulted in greater electronic interactions between friends and family at the expense of face to face interaction which have been dramatically reduced. Consequently, it could be proposed that mobile phones are changing individual cultural norms and values.

Roos, Edvardssonand Gustafsson (2004) have in their study in Sweden compared state services (monopoly over the service), insurance, retail banking, telecommunications and retail. Based on the proposed trigger theory they test for the situational trigger, relational trigger and influence trigger. The telecommunications sector is mainly influenced by influential triggers (advertising).

Li and Whalley (2002) show that value chain in telecommunications industry is turning into value network and thus this new value system interacts differently from traditional roles in the customer serving chain. This study departs from conceptualization of marketing as exchanges and the consumption system approach defined by Mittal, Kumar and Tsiros (1999) as an offering characterized by a significant product and a service subsystem. In their study of consumption of such a system they showed that there exists a crossover effect of product and service in temporal evaluations and that these effects are asymmetrical.

Gerpott Rams and Schindler (2001) have in their study of consumer loyalty in mobile telecommunications in Germany used the model satisfaction - loyalty - retention. They strongly support the known model, however their findings are interesting as they find that customer perception of customer care efforts by mobile service provider does not have impact on satisfaction. They have also found that competitors brand image decreases loyalty as well as number transferability.

Marquardt (1999) has claimed that mobile phones affect social relationships and this is disintegration of communities.

Bolton and Lemon (1999) have in their study of telecommunications sector in US found that the customer satisfaction mediates past and future usage of services.

Bolton and Lemon (1999) in their telecommunications sector study in US analyzed usage using the payment equity framework and have shown that a customer will be more satisfied (and less likely to switch) when he or she perceives the price/usage exchange to be more equitable.

6. DATA ANALYSIS

6.1 FREQUENCY ANALYSIS

VARIABLE	FREQUENCY	PERCENTAGE (%)
AGE		
21 - 25 years	60	60
26 - 30 years	18	18
31 - 39 years	12	12
40 - 49 years	6	6
50 years and above	4	4
GENDER		
Male	50	50
Female	50	50
RACE		
Gujarati	92	92
Non-Gujarati	6	6
NRI	2	2
MARITAL STATUS		
Single	62	62
Married	37	37
Widowed / Divorced	1	1
EDUCATION		
SPM	22	22
STPM	8	8
Diploma	16	16
Degree	50	50
Master	3	3
Others	1	1
MONTHLY INCOME		
Rs 10000 and below	47	47

10001 - 15000 Rs	25	25
15001 - 25000 Rs	11	11
25001 - 35000 Rs	6	6
35001 - 45000 Rs	4	4
Rs 45000 and above	7	7
OCCUPATION		
Government	50	50
Private	14	14
Students	35	35
Unemployed	1	1

Out of the 100 respondents, majority of the 60 respondents were aged between 21-25 years old (60%), 18 respondents were aged between 26-30 years old (18%), 12 of the respondents were aged between 31-39 years (12%), 6 respondents were aged between 40-49 years and 4 respondents (4%) were aged 50 years and above. The result also showed that 50% of the respondents were male with 50% being female. In the 'race' criteria, 92 respondents were Gujarati (92%), 6 respondents were Non-Gujarati (6%) and the balance (2%) was NRI races. In terms of marital status, 62 respondents were single (62%), 37 were married (37%) and under the widowed / divorced category was 1% (1 respondent). In the field of "Education", 50 respondents obtained a first degree (50%), 22 respondents had a SPM level (22%) qualification, Diploma level was 16 respondents (16%), 8 respondents had attained STPM level (8%), for a Master's degree only 8 respondents (8%) and lastly other education levels was represented by 1 respondent (1%). For the monthly income, a total of 47 respondents earned Rs 10000 and below (47%) and there were 25 respondents with monthly income ranging from 10001 – 15000 Rs (25%), 11 respondents had monthly income between 15001 - 25000 Rs, 7 respondents earned Rs 45000 and above (7%), 6 respondents earned between 25001 - 35000 Rs and lastly there were 4 respondents (9%) earning between 35001 - 45000 Rs. As for profession, the majority of respondents were working in the government sector, totalling 50 respondents (50%), followed by students with 35 respondents (35%). The private sectors comprised 14 respondents (14%) and 1 respondent was unemployed (1%).

6.2 RELIABILITY ANALYSIS

VARIABLES	NO OF ITEMS	CRONBACH ALPHA	INDICATOR
Brand Loyalty	5	0.788	Acceptable
Price	5	0.662	Acceptable
Quality	5	0.795	Acceptable
Social Influence	5	0.681	Acceptable
Mobile Features	5	0.834	Good

A reliability analysis is used to find and measure the goodness of all data. Reliability analysis is often used to ensure that all items used in each variable are free from errors and thus could provide a consistent result for the research. In this study, the Cronbach's coefficients alpha values for all factors that ranged from 0.662 to 0.837 indicated good and acceptable inter-item consistency for each factor. In Table 4.3, it showed the reliability analysis test results of the variables and the Cronbach's alpha for each variable. The coefficients for Brand Loyalty was 0.788, followed by Price (0.662), Quality (0.795), Social Influence (0.681) and lastly Mobile Features (0.834). There were three cut-off points for reliability, i.e. Poor (0.6 and below), Acceptable (0.7) and Good (0.8 and above).

8. SUGGESTION

1. More advertisement should be given, so that the consumers will come to know about new features of the Mobile handsets.
2. Companies should survey market in terms of pricing of the Mobile Handsets
3. Companies should spend more to maintain the brand name of the company

9. CONCLUSION

Under the influence of brand loyalty, consumers would continue to buy the brand, regardless of the superior features, prices or convenience offered by its competitors. The more loyal the consumers are towards the brand, the less vulnerable the customers' base would be. Consumers' with high brand loyalty are willing to pay a premium price for their favoured brand, so, their purchase intention is not easily affected by price (Yee and Sidek, 2008). But unfortunately by referring to the result of this present study, this hypothesis has been rejected. It can be concluded that Quality has relation with the consumer's buying behaviour. Not all people (especially people in Kangar) will purchase mobile phones based on the features.

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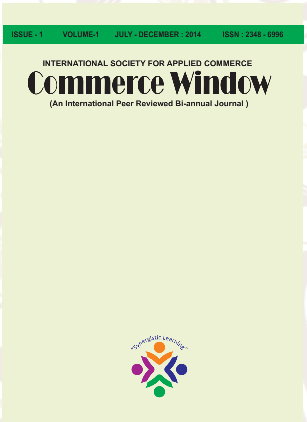

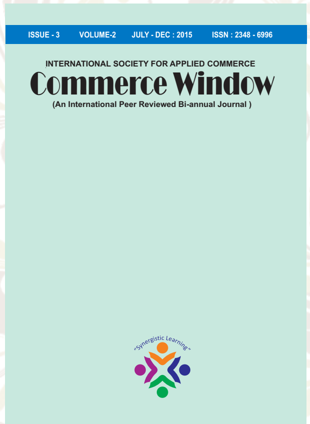

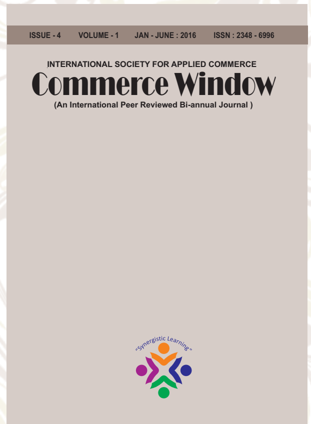

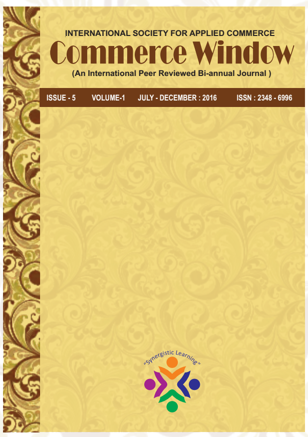

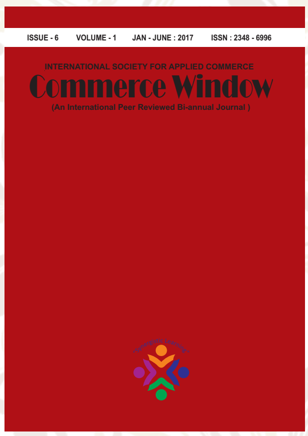

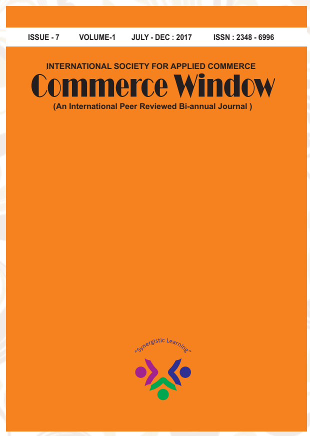

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