A TEXTBOOK OF REPORTING

Anirudh Choudhury
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CHAPTER 1

INTRODUCTION AND EVOLUTION OF REPORTING: A REVIEW STUDY

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ABSTRACT:

The contribution of renewable energy sources to climate change mitigation is thoroughly examined. The research looks at how important renewable energy is becoming in lowering greenhouse gas emissions and moving towards a sustainable energy future. The environmental advantages and scalability of many major renewable energy sources, including solar, wind, hydropower, and biofuels, are assessed. Information is shared via reporting, making it available to stakeholders, decision-makers, and the general public. Reporting has considerably changed in the current digital era, embracing a broad range of forms, from conventional print media to interactive internet dashboards. With the help of practical insights gleaned through data analysis, it not only educates but also empowers people and organizations. The importance of reporting resides in its capacity to improve accountability, openness, and well-informed decision-making. It assists in monitoring development, spotting patterns, and evaluating the effects of policies and efforts. Additionally, reporting encourages sectoral contact and cooperation, promoting the sharing of information and best practices.

KEYWORDS:

Bioenergy, Climate Change, Greenhouse Gas Emissions, Renewable Energy, Solar.

INTRODUCTION

Sharing information with others and ensuring that everyone understands it so that actions can be taken depend on effective communication. Beginning with the first scream a child makes to get its parents' attention, humans begin to communicate. As he matures, he learns new methods to communicate in various contexts. The term "communication" covers a wide range of situations, deeds, and occasions. Any gathering, event, procession, or assembly can thus be referred to as a "communication event"; newspapers, radio, movies, and television are "communication media"; smartphones, computers, the internet, and satellites are "communication technologies"; and journalists, advertisers, public relations specialists, camera operators, and newsreaders are "communication professionals." The terms "Information age," "Communication age," and "Network age" are used to describe the contemporary era. In its most basic form, communication is a human interaction between individuals who come together to exchange information. It began with "means of transport" and subsequently with "transmission." Therefore, communication is a social or cultural connectedness rather than merely a process, event, or act [1], [2].

Following the second industrial revolution, the concept of mass media and mass communication gradually began to take hold in culture. Mass communication refers to the dissemination or transmission of information to a large group of people or an audience via any medium or media.These are the media that disseminate this information: newspapers, radio, television, and movies. News is the kind of information that was first widely disseminated in the field of mass communication. The journalism sector began to develop and stabilize in this area. The fundamental tasks of this sector were news and information collecting, evaluation, presentation, creation, and distribution. Journalism evolved as an information-transforming activity under the shadow of mass communication [3], [4].

The act of acquiring, vetting/evaluating, producing, and presenting news and information is referred to as the reporting process. It is moreover a byproduct of these actions. Reporting is distinct from other endeavors, things, and ways of speaking. Reporting differs from other types of communication in a few key ways. The most crucial of them is "verifying facts," which journalists utilize to learn both the "truth about the facts" and the facts themselves. Not only do these components contribute to the reporting process, but so do the reporters and the audience/reader that is on the receiving end. The finest part of the newspaper-related process is the reader or audience, and a reporter serves as a liaison between the process and the public. The reporter has a significant part in developing or processing the news or information that is translated for the reader and processed. The reader or audience and the reporter, who is processing news or information, are the two ends of the reporting process.6A report might have several meanings to various persons. Consider the kind of reports you create first, as well as for whom. Reports, which may be classified into a variety of categories, are official papers that convey information that is specifically targeted to a particular context and audience [5], [6].

1. Providing facts
2. Reporting information
3. Elucidating or informing
4. Inspiring and influencing readers to take action.

The root of all ideas is man. This concept could result in conflict and new goods and services. News does the same way because a reporter considers, assesses, and determines an occurrence to be news. News may thus cause readers to wonder, get confused, or come up with a solution. Anything may qualify as a new event, including a murder, a heist, a marriage, a burial, etc. Any incident that involves the public has the potential to make the news. The crucial word here is issue. If it is crooked, there is a good chance that it will make big news. One of the better pieces of news is this one. News is always based on a true story or occurrence. It includes specifics and facts. This is stated after the media outlet's verification. Sometimes a reporter may fall short because they are unable to connect the facts. The current is always concerned with news. Today's events are significant. News is lively and energetic because it is timely. It takes place in a fictitious present. News is perishable because it is current.In the profession of reporting, reporting the news is a crucial duty. The news is recent or current. Facts reveal themselves when one acquires them. Reported news must seem more factual than sensational; it must present the actual events, not the author's perspective. Understanding news reporting and how to report the news is crucial for this reason.

Reporting on news involves providing accurate, dependable, and genuine coverage of any noteworthy occurrence. A multidimensional approach to the narrative, analytical thinking, fact-checking, and other particular talents are required while reporting a news article. The main objective of news reporting is to write a report of the event, but what distinguishes it from other reports is how it is turned into the news by using the abilities mentioned above. Reporting on the news is always seen as a storyteller's job. The influence of news on readers' or audiences' thoughts depends on how well you convey your narrative. The first and most important component of news is conflict, which is needed to convey the tale. Establishing a news story is particularly difficult in the absence of conflict. Many individuals find the event's element of surprise, tension, and contrast to be appealing because it has an emotional effect.Conflict, or the battle against the odds, is a fundamental aspect in many different kinds of storytelling. Here are a few examples of these kinds:

1. The conflict between man and environment
2. The conflict between the individual and organized society
3. Conflict between political and business interests, such as wars, campaigns, and strikes

Progress is the good thing in news. Stories or events about a country's advancement in a variety of areas, such as science and technology, culture, society, economy, and sports, etc., always have a favorable effect on readers' or audiences' thoughts. Devastation or disaster has a lasting effect on people's minds. This aspect of a news item always affects the readers' or audience's way of life emotionally. War, bombings, floods, earthquakes, and accidents on the roads or on trains turn civilization upside down.

Readers and audiences pay the most attention to these kinds of tales Certain incidents may have an impact on a single person or the whole community.These impacts are caused by the fallout from the incident. Events like riots caused by religion or race, economic collapse, increases in the cost of gasoline and other petroleum goods, recovery from natural disasters, etc., are likely to have a significant impact on a society or an individual. Consequently, this component is essential to news reporting. The lives of celebrities are a constant topic of interest for readers. The aspect of prominence is what draws attention to news items involving famous people or celebrities. Celebrities from a variety of industries, particularly from Bollywood, sports, politics, music, etc., are the highlights of the tales with prominent elements [7], [8].

Humans have a natural tendency to look for new things every day. Being human, we are always looking for new experiences. Additionally, news is not an exception. Reporters are drawn to write on unique events in society that are odd or surprising. Novel tales may be based on innovative, uncommon, or surprising events. In addition to the criteria described above, there are several topics that draw people to story-seeking. The main topics of human fascination include things like politics, crime, sex, and violence. The way that people choose to consume the tales in this profession, or journalistic reporting, differs from how people often write reports. Despite having reporting abilities, the majority of people can only write a standard report. Because reporters spend so little time actually producing reports, there are differences between the abilities required for journalistic reporting and regular reporting. Prior to that, they prepare their report by considering the length of the news article, the audience it will be read by, and how to fit everything in. They probably spent just as much time as drafting the final report considering the best way to put their thoughts on paper. These individuals applied news report writing techniques, which helped them produce a report of a higher caliber.

DISCUSSION

Determining or identifying your audience is crucial while reporting. They are typically the total of everything, but they also have a highly diverse range of characteristics. To obtain a clearer view, ask yourself these three questions. These questions are tough to respond to because of societal diversity. In these situations, the reader who will be most impacted by the news is always the center of attention. One must be aware that choosing information for the report and organizing it are crucial while producing a news report. The readers seek for straightforward facts that will enable them to draw a decision or make an opinion. There are two unbreakable guidelines for choosing material:

a. Keep it simple and insistent. Refrain from employing information that is pointless or unrelated. Avoid making claims that give readers reason to wonder. Use just what is absolutely necessary.

b. Support your arguments in writing using facts and sources. Be rational and consistent so that the readers may make inferences. Your news is presented in a readable and aesthetically appealing manner when graphs, statistics, tables, pie charts, and other visual aids are used. The reader is drawn in by appealing visuals. Your news story will seem fantastic as a result. The use of kicker, margins, and indented subheadings will make the news story appealing and grab readers' attention. The deft portrayal of facts as they have occurred is referred to as objective reporting. There are no persuasive messages or instructive descriptions in objective reporting. This is a simple account of what took place. Here, the reporter doesn't provide any form of subjective commentary; he just recounts what he has seen or seen.

Interpretative Reporting

Facts and interpretation are combined in interpretative reporting. Here, the reporter must interpret the story such that the readers would comprehend it better. This entails describing the incident's history. The reporter sometimes has to provide background information to the news in addition to the facts acquired from the field in order for readers to comprehend it fully. The whole episode could or might not take place in one day. It is common knowledge that one occurrence naturally leads to another as a tale develops. We must comprehend the context or sequence of events that preceded the most recent occurrence in order to comprehend how it happened.

The reporter is the one who informs the audience about the event's earlier history and connects it to current events. Interpretative reporting thereby highlights a situation's unspoken significance and distinguishes fact from fiction. Investigative reporting is when a news reporter must go much beyond what is said in the difficult material in order to uncover the truth, or, to put it another way, look beyond what is immediately apparent. Investigative reporting is a method of looking into events. Investigative reporting is intense and requires much research and reporting. It displays information that is no longer known to the general public and that others must keep private. The majority of research is conducted when something significant happens, when a significant public issue is raised, or when the topics include well-known people. In every kind of reporting, the reporter does certain kind of research to get information that would not otherwise be accessible. The reporter cannot produce a reliable replica or report without doing some preparatory investigation. However, who was hired as The Indian Express' executive editor in 1979, planted the roots of investigative journalism in India. He was highly renowned for introducing a brand-new, independent, aggressive investigative journalism in our nation [9], [10].

News Writing: Art of Storytelling

Writing news is a highly serious endeavor. Although it is not an inherent ability or gift, public speaking is a scientific art that can be mastered with practice. Writing news is a never-ending process. A news reporter or writer must learn certain strategies and procedures for news writing. Although news writing follows a set format, a journalist may utilize his or her own writing style to make the news seem unique and intriguing. In the field of journalism, this kind of writing might be seen as a mark of that writer. News reporting follows a set of rules. To ensure consistency in the format of news writing, news journalists from all around the globe adhere to these guidelines. It takes mental, emotional, and physical attention to write news effectively. Although it is not difficult to learn, this talent cannot be acquired quickly. It takes a long time and is laborious. An prospective reporter must avoid being overwhelmed by the demanding nature of news writing while studying it. Instead, he or she has to make an effort to gain the abilities.

Below are a few fundamental standards for fresh writing, although it is important to remember that they are only recommendations. They may not represent the whole truth. The secret to making your news readable is simplicity. For journalism students or aspiring writers, simplicity in style is always preferable. There is a misconception that the fundamental rule of effective news writing is the use of flowery language or extravagant terminology. Such writing just serves to distract readers from the narrative. So it is usually advisable to keep news writing simple. Keep your news basic by using 5 W and 1 H in your phrases. Long news articles usually get less attention since people don't want to read for too long. Because readers want to know the main points of the story, keeping the news brief draws readers and makes it easier for them to comprehend what occurred. Short phrases and concise sentences make news stories seem more appealing and informative. Every social or cultural group uses a specific set of terms that are only understood by members of that group. For instance, no other sportsperson or fan can comprehend terms like fine leg, reverse swing, and cover drive; only cricketers or cricket fans can. Therefore, a journalist must avoid utilizing these terms while reporting on broad news. A professional news writer should make an effort to reach all of their target audiences in an unhindered way. In other words, excellent news need to be easily understood by everyone. The language employed in a general news story must not resemble literary language, where adjectives and adverbs are often utilized to spice up content. Since journalism is an instructive type of writing, nouns and verbs should be used in place of adverbs and adjectives. The impact of the news message is weakened by the use of adjectives. A good news story should be written in plain, simple, and informative language so that readers may quickly and easily grasp it.

Another factor that has to be taken into account is the reader's variety. Regarding their class, level of education, and occupation, newspaper readers are quite diverse. Since everyone reads the news, from an auto rickshaw worker to an entrepreneur, it is important to maintain news terminology relevant rather than intellectual. Every news piece must maintain consistency in its references to ideas. It needs to flow properly. Each subsequent phrase must relate to the one before it. A collection of abrupt phrases is never referred to be a news report. Unless they are put in the right order, they are worthless. A competent journalist must exercise thought discipline while writing news; else, the audience will reject the news. A fundamental element of news writing is the structuring of the news story in the continuity of ideas. The news provides a thorough and up-to-date account of recent events in society. In order to report the news, news writing must be objective; else, it will only be a summary of disparate ideas. A competent journalist should concentrate on the objectivity of the news while producing a news report, which is a specified aim with integrity for all sorts of readers. Writing news is all about objectivity. Writing the news is unlike literary writing, where the author may use creative license and weave the news into a fictional story. The basis of news writing is clarity of expression combined with factual analysis. Journalists have a responsibility to reach their target audiences with their messages in the "minimum possible time" for electronic media and the "minimum possible space" for print media. Lack of clarity in the news might make people pay less attention. The aforementioned criteria are just for journalists. If journalists adhere to these when reporting, they will undoubtedly succeed in their goals.

In other words, the headline serves as the reader's point of entry and is the face of the story. The audience is informed of the news's main points in a one-liner. Usually, it has between five and six words. A subhead is a statement that is sometimes written underneath the main headline. Headlines serve as both a summary of the material in the newspaper's articles and an index of its contents.The beginning of a news piece is often referred to as the lead. It directs viewers to a succinct summary of the event. A story's lead is where it all begins. A summary lead is another name for the lead. The most crucial details of the plot, the 5 W's and H, are included in the lead. The paragraph is usually between 25 and 30 words long. Leads ought to be "tight" that is, crafted deliberately. Strong leads increase the likelihood that a news piece will be read. The news article is made intriguing by several lead types, including ironic leads, great quotes, person-centered leads, contrast leads, play-on-word leads, situational leads, nightmare leads, etc.

To make news more understandable and somewhat interesting, most news reports employ a backup quotation following the main quote. However, since the amount of such news is minimal, it won't appear in the snippet or single column news. It makes the news narrative more beautiful Every news story has to be credited. In essence, attribution is the citation of news sources. Most of it is used as quotations in the narrative. All of these quotations include attribution, which aids the listener in determining the veracity of the story's facts. Without credit, a news item is useless. All news reports that make contentious claims need to elicit a response either from someone with firsthand knowledge of the circumstance or from someone who has a different take on the story's central argument. There should be a chance for a government official to reply.

Fairness demands a response. For a reporter, writing news reports is a daily effort. The reporter reports on the news and then properly documents it in a piece that is known as a news article or item. The opposite of narrative writing is news writing. The storyteller meticulously builds up the climax as he constructs the tale, placing greater emphasis on its conclusion. The news writer does the exact opposite; in a news piece, the most crucial information is presented first. Other characteristics of the two writing styles vary as well. brief words, brief phrases, short paragraphs, and liberal use of quotations are more prevalent in news writing. In story writing, sentences and paragraphs are often lengthier and the word choice is frequently more voluminous. plain language and simplicity are crucial. Readers will only benefit from this format if the content is strong. Cut out the extraneous details. A bulleted list and brief paragraphs will help the structure. The title should describe the primary idea. Start the narrative with the key idea. Every header or subsection ought to be illustrative. Every paragraph's first phrase ought to be the most significant. Each sentence should begin with informational words. The most crucial sentence in a news report is the lead, or introduction. Regardless of whether the news is being reported by a newspaper, magazine, radio, television, or a blog, the audience is not interested in reading it until the opening paragraph piques their interest. The lead is crucial in getting readers to pay attention to a news piece. It presents the most crucial information to readers in an understandable, succinct, and engaging manner. Additionally, it determines the tone and focus of a piece.

CONCLUSION

This paper emphasizes how important renewable energy is to halting climate change. It emphasizes the benefits of solar, wind, hydropower, and bioenergy for the environment in terms of lowering greenhouse gas emissions. The switch to renewable energy is essential for maintaining the natural balance of the world as well as providing economic possibilities and energy security. To create a greener and more sustainable future, governments, businesses, and people must emphasize the adoption of renewable energy technology. Renewable energy shines as a light of hope in reducing climate change's negative consequences and providing a cleaner, wealthier future for future generations as the globe grapples with its problems.

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CHAPTER 2

CONCEPT AND ANALYSIS OF REPORTING PRACTICES

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ABSTRACT:

A key component of corporate communication and openness is reporting methods, which are used to notify different stakeholders about information, accomplishments, and issues. This essay offers a thorough examination of reporting procedures, highlighting their importance, techniques, and effects on corporate responsibility. The article analyzes the several aspects of reporting procedures by looking at financial reporting, sustainability reporting, and corporate social responsibility reporting. The study emphasizes the significance of transparent and ethical reporting in developing responsible corporate conduct and trust-building by drawing on empirical research and industry perspectives. The issues of data standards, data quality, and the changing nature of reporting in the digital era are all covered in the article. This article provides a thorough overview, making it an invaluable tool for scholars, business professionals, regulators, and stakeholders who want to comprehend reporting procedures and how they affect ethical corporate conduct.

KEYWORDS:

Accountability, Corporate Social Responsibility, Financial Reporting, Reporting Practices, Sustainability Reporting, Transparency.

INTRODUCTION

Interviews, observation, and document searches are the three classic ways to obtain information for a news article. What does it mean to conduct an interview to learn more? Talk to those who know by finding them. People who were or are now intimately engaged in the event or topic that you are covering make the ideal sources. Record the interview if you're not sure you can take precise notes. Avoid feeling frightened or that you are asking "dumb" questions. Ask your source to clarify whatever they say if it is something you do not understand. Ask for an explanation if what a source says doesn't make sense to you. If you don't comprehend anything, chances are your readers won't either. When doing an interview, always be kind and considerate, but remember to have regard for your audience. Don't let a source frighten you into not posing pertinent, difficult questions [1], [2].

Finding pertinent information by looking through papers is another option. In public papers, reporters may locate tens of thousands of tales. Government databases on criminal activity, academic performance, demographics, accident records, environmental safety, and other topics might occupy a dedicated writer for years. Additionally, using documents is an excellent approach to verify the accuracy of claims stated by interview subjects. Computer-assisted reporting is often used by journalists to identify patterns in massive datasets, such as budgets and crime statistics. No matter whatever approach you take and you need to strive to utilize them all on every story you want to discover data that exemplifies and clarifies the problem or occurrence you are covering. The key is to use a variety of data collection techniques. firstly, watch. Interviews are the next phase. If further interviews are required, go back and do them. Find additional information by looking through papers. All of your information should be checked many times. When transcribing an interview, reproducing information from official documents, or describing anything, try to be accurate [3], [4].

The three traditional methods for collecting information for a news item are interviews, observation, and document searches. What does it entail to interview someone in order to learn more? Find those who know and talk to them. The best sources are those who were directly involved in the event or issue you are writing about or are now doing so. If you're unsure if you can take detailed notes throughout the interview, record it. Learn the name of the source, how to spell it, and, if appropriate for the story, the source's official title. Be careful not to answer a question with "yes" or "no." Instead, ask someone to describe the situation or incident. Pay attention to what they say as they talk and attempt to imagine what more a reader would want to know. Then, more enquiries should be made to get this information. Try not to feel afraid or that you are asking "dumb" questions. If there is anything in what your source says that you do not understand, ask them to explain it. If anything a source says doesn't make sense to you, ask for an explanation. The likelihood is that if you don't understand something, neither will your readers. Always be kind and courteous while conducting interviews, but keep in mind the needs of your audience. Never allow a source intimidate you into not asking important, challenging questions .

To help your reader grasp the facts you are reporting more clearly, include such aspects into your story. Another alternative is to search through old documents for relevant information. Reporters may find tens of thousands of stories in public newspapers. A committed writer may spend years poring through government datasets on criminal activity, academic achievement, demography, accident records, environmental safety, and other subjects. Additionally, utilizing papers to check the veracity of assertions made by interview respondents is a great strategy. Journalists often employ computer-assisted reporting to find trends in huge datasets, such budgets and crime figures. Whatever method you choose and you should aim to use them all on every story you need to find information that illustrates and explains the issue or event you are reporting. Utilizing a range of data collecting methods is crucial. First, observe. The next step is to conduct interviews. If further interviews are necessary, do them again. Look through documents to get more details. It is important to double-check all of your data. Try to be accurate when explaining something, transcribing an interview, or using facts from official records.

Interviews, observation, and document searches are the three classic ways to gather information for a news piece. What really happens during an interview when you want to find out more? Talk to those who know by tracking them down. Those who personally participated in the event or subject you are writing about or are still doing so are the finest sources. Consider recording the interview if you're unclear if you can take thorough notes the whole time. Find out the source's name, how to spell it, and, if the narrative calls for it, the official title. A question should not be answered with "yes" or "no." Ask someone to explain the circumstance or event instead. As they speak, pay close attention to what they say and try to think of what more a reader would want to know. Further research should then be conducted to get this knowledge. Don't let fear or the idea that you are asking "dumb" questions stop you. Ask your source to clarify any parts of what they are saying that you do not comprehend. Ask for an explanation if whatever a source says doesn't make sense to you. If you don't comprehend anything, chances are your readers won't either. While conducting interviews, always be polite and considerate while keeping in mind the requirements of your audience. Never let a source frighten you into not raising significant, difficult issues. One aspect of observation is direct information gathering. You might gain additional information by using your five senses. Have you seen anything lately? Hear? Smell? Feel? Include such elements in your tale to assist your reader understand the information you are reporting more precisely.Another option is to go through old papers for pertinent data. Tens of thousands of articles may be found by reporters in public newspapers. A dedicated writer might spend years going through official data on criminal activity, academic performance, demographics, accident histories, environmental safety, and other topics. A fantastic tactic is to use papers to verify the accuracy of claims made by interview respondents.

Computer-assisted reporting is often used by journalists to uncover patterns in massive datasets, like budgets and crime statistics. You need to uncover material that exemplifies and clarifies the topic or incident you are covering, regardless of the approach you go for (and you should try to utilize them all on every piece). It's important to use a variety of data collection techniques. First, take note. Interviewing is the next phase. Repeat the interviews if more are required. To learn more, peruse the materials. It's crucial to verify all of your facts. When describing anything, writing down an interview, or utilizing information from official documents, try to be accurate [5], [6].

DISCUSSION

Employers like candidates that write with clarity, accuracy, and proper language. The ability to type is vital, and word processing at a computer terminal is nearly always required. For certain tasks, bilingualism is a must. It is anticipated that you have at least some past work experience on a real newspaper. Work as stringers, interns, or for the school newspaper is permissible. Sometimes the minimal educational need is a two-year degree. Large publications are increasingly favoring candidates with master's degrees. Smaller publications, on the other hand, favor generalists over specialists and seek for candidates with a wide range of experience in several sectors. Most journals put a lot of attention on personal traits like curiosity, ingenuity, competitiveness, and a nose for news in addition to academic and career-related accomplishments.

A job search might benefit from education or experience in fields like political science, economics, business, or finance. As they improve, reporters get pay raises and more intriguing or difficult jobs. Reporters with the right skills may advance to become columnists, special correspondents, or critics after many years of practice; those with managerial aptitude may advance to editors or administrators. Reporting entails gathering information and disseminating it to publications and other mass media. Reporters may get information in a number of ways, such as via tips, press releases, and event observation. They gather information using sources such as public documents, interviews, and other sources. Event reporting, interpretive reporting, and investigative reporting are the three categories into which reporting may be divided, depending on the nature of the task. According to the topics addressed, reporting may be divided into the following categories: Political, economic, social, parliamentary, business, development, criminal justice, legal, and science and technology reporting are all examples of reporting.

Information may be gathered via interviews. It implies learning the circumstances? Talk to those who know by finding them. People who were or are now intimately engaged in the event or topic that you are covering make the ideal sources. Remember that news stories center around life if you don't grasp anything when creating one. Any local, state, or federal incident that directly affects the neighborhood will be considered good news. It is our responsibility as reporters to look for pertinent facts. Reporters also search for the strange, intriguing, and unique. In this manner, they are able to fully convey the news.

Don't allow your own opinions color the news report, please. As the reporter, you must concentrate on the facts and nothing else. It could be vital to provide other people's and authorities' perspectives at times, but reporting anything other than the facts you are provided with might get you into problems. You are prepared to write your lead after you have decided on an angle to take on the topic or event you are covering. The first sentence ought to be succinct and compelling enough to draw the reader in. A inquiry, a surprising fact, or a well-known remark are all effective ways to begin a lead phrase. Leads might be vivid, unsettling, or provocative. Your aim should be to keep it brief with just enough details to keep the reader interested. Once you've done that, address the 5 W's (who, what, where, when, and why) in the opening sentences. Consider your target audience while writing. Use neutral language while speaking.

The business division of the newspaper company is responsible for handling the sales of space, advertising, and printed copies, or circulation. It is the responsibility of the advertising industry to get ads from a sources, such as corporations, advertising agencies, and th public at large. both major and small companies that advertise. The advertising revenue collectors are in charge of gathering marketing revenue. Likewise, the circulation department is responsible charge of= putting together a group of hawkers and salespeople at the train station where the where copies of the newspaper or magazine are distributed after publication may be sold to support the publication's selling [7], [8].

As opposed to pundits or analysts who provide their viewpoint or point of view, news organizations are often required to exercise objectivity: Reporters attempt to present all sides of a subject objectively The government's Office of Communications (Ofcom) sets restrictions in the United Kingdom. Except for plainly stated editorial pieces or segments, newspapers and television news programs in the United States are typically required to maintain their objectivity and avoid prejudice. There are no such regulations in India Newspapers and journalists are required to be objective. Although it is difficult to accomplish, some journalists may give in to pressure from business or politics or their own personal prejudice. Many people hold the view that there can never be really impartial reporting and that there will always be implicit bias, whether it be political, personal, or otherwise. Such prejudice could be consciously or unconsciously present. The issue here is that we are unable to report on it in an objective manner. Many journalists acknowledge that there is no such thing as "pure objectivity," yet they nonetheless attempt to reduce bias in their reporting. A more useful definition of "objectivity" can include other journalistic principles like impartiality and balance.

News is any fresh information or information about current affairs that is disseminated to a large audience by print, television, the internet, or word of mouth. Journalism is the field that deals with gathering and analyzing news. Many different media outlets, including newspapers, television and radio shows, wire services, and websites, often report news. There are several news categories. Politics, crime, business, sports, fashion, society, and entertainment make up the primary news categories. By modern standards, news collection back then was rudimentary. To be typed and sent via wire services or physically put in type with other news pieces for a particular edition, printed news had to be called in to a newsroom or delivered there by a reporter. As broadcast and cable news services employ live satellite technology to deliver current events into viewers' homes as they unfold, the phrase "Breaking News" has been widely used nowadays. Radio, television, mobile phones, and the Internet instantly inform customers about events that formerly took hours or days to spread across towns or whole countries. The usual format for news articles is to include the who, what, when, where, why, and how of an occurrence. There should be no more open-ended queries. The most crucial information is often presented at the beginning of hard news items, such as those about politics, murders, fires, wars, etc., inverted pyramid style. Readers who are busy may read as much or how little they choose [9], [10].

Headline Writing

The news story's headline is its subject. It is the story's title. What is in the article is revealed in the headline. The news story's headline may be thought of as its public face. The way and content of the title heavily influence how the news piece is presented! Writing headlines is a unique kind of writing. Without catchy headlines, news articles will struggle to stick in the minds of readers. A headline also categorizes and separates different news pieces in addition to summarizing the news item. Different headline types and styles highlight variations in the articles.

The information to which shareholders are entitled is confined to that which is prescribed by legislation, such as the Companies Acts, or by professional regulation, such as Financial Reporting Standards, or by market rules, such as Listing requirements. As a result, there could be a conflict between the quantity of information a shareholder wants and the amount of information the directors are willing to provide. For instance, shareholders could think that projecting future cash flows would be beneficial in anticipating future dividends, but directors would be worried that doing so might give rivals an advantage or expose them to criticism if projections are not reached. Therefore, this information is kept private.

Additionally, there could be a conflict between the quality of information that shareholders want and what directors are willing to provide. For instance, the shareholders could believe that the directors' decisions about the value of long-term contracts should be thoroughly explained, but the directors would choose not to do so given the significant risk of inaccuracy that often comes with such estimates. In reality, businesses often make concessions, keeping their decisions from the shareholders but yet preserving investor trust by depending on the auditor to provide a clear audit report.

The financial reports sent to shareholders are now recognized as general-purpose reports since they are utilized by other parties as well, such lenders and trade creditors.To meet everyone's requirements, however, could be challenging or even impossible. Users may have varied time horizons, like in the case of shareholders who may be more interested in the long-term trend of profits over a three-year period than debtors who may be more concerned with the chance of obtaining money within the next three months. The shareholders' information demands are seen as being of the utmost importance. Because they give businesses with their financial resources, shareholders are seen by the government as crucial. The kind and specific information included in the general-purpose reports are determined with the demands of shareholders in mind.

There may also be serious reports that are not event-driven, such as coverage of significant social, economic, legal, or technical trends, investigative stories that expose continuous fraud, waste, or immorality, or discussion of unresolved political concerns without any particular justification. Anniversaries, festivals, the end of a year or season, or the conclusion of the first 100 days of a presidency might make certain topics urgent, but they more often provide a chance for introspection and analysis than they do genuine "news" to cover.

The range of "seriousness" and "importance" is not clearly defined, and many media outlets choose to compromise in different ways. The term "news you can use," which is often used in marketing to showcase a certain kind of journalism, crosses the line. It is very obvious that gardening advice and hobby "news" fit under entertainment. In order to broadcast warnings about impending natural catastrophes or serious domestic security threats (such air raids or terrorist strikes), broadcast media (including non-news channels) often interrupt other programs. In between, there may be a medical article on a novel breast cancer therapy or a news piece about local ground water pollution. The same might be said about book reviews or religious news. However, hobbies and leisure are commonly valued components of people's life, making "importance" on a personal level relatively arbitrary.

Financial accounting is the act of compiling financial information from an organization's accounting records and disseminating it to the public in the form of yearly (or more frequent) reports. This definition emphasizes two concepts as being of utmost significance. First, financial information is extracted from accounting records and compiled into financial statements. Bookkeeping is the upkeep of accounting records, such as the recording of financial transactions in the books of account. Accounting systems design is the process of setting up accounting records and creating new record structures (which are increasingly computerized) to provide timely, accurate information at a reasonable cost. Accountants often handle or oversee responsibilities related to both systems design and accounting. Both are crucial to financial accounting, yet they vary from it.Second, external parties get public financial reports. Accountants also provide financial reports for managers to use in planning and managing the operations of an organization. The practice is referred to as management accounting.

The financial accountant is responsible for creating financial reports for external use, whereas the management accountant is responsible for generating them for internal use.Larger corporations in the European Union (EU) and publicly traded companies in the United States both provide published annual accounts that have undergone auditing. The financial accounts of the organization must be prepared by the managers. However, they are used by the owners (and others) to assess the performance of the management. Larger EU corporations are required to have their accounts reviewed by an independent expert, the external auditor, in order to safeguard the public from a possible conflict of interest on the part of management. Auditing is the process of examining and verifying an organization's financial statements, accounting records, and record-keeping procedures.

For managers, the phrase "the accounts" has two distinct connotations. It might be referring to the periodic summary financial statements that are generated for internal and external usage.The collection of accounting records in which transactions are kept and from which financial statements are created is also referred to by this term. In this work, the phrase is mostly used in the first meaning. We will focus on the (public) yearly accounts while discussing summary financial statements since they are the most thorough set of periodic reports that businesses create for outsiders.A balance sheet, an income statement (or profit and loss account), supporting notes to the accounts, and the auditor's report on the accounts are the very minimum included in the annual accounts. A company's resources (assets) and claims against them (liabilities and shareholders' equity) are shown in summary form on the balance sheet. It offers information about the company's financial situation on a certain day, generally the final day of the fiscal year, to readers of the accounts.Additionally, readers of accounts are interested in the company's results for the whole fiscal year. They are particularly interested in learning how and by how much its resources changed throughout this time as a consequence of its activities. They consult the income statement, which lists the company's revenues and costs for the year, for this information. Its operational operations, which account for the majority of its net resources, cause revenues to grow and costs to fall. The surplus of revenues over costs is referred to as profit (also known as income or earnings). It is a frequently used gauge of a company's success over time. To make profit more useful as a performance indicator, investors tie it to another statistic in the accounts, such as the profit from the prior quarter, the number of outstanding shares (profits per share), or the company's assets or capital (rate of return on investment).In their yearly reports, businesses often incorporate additional statements. The cash flow statement, which as its name implies, summarizes the inflows and outflows of cash for the firm over the fiscal year, is one of the most helpful. This is now a necessary component of the annual reports of publicly traded corporations in several European nations.

Only the cash flow statement, when relating these three financial statements to the resource flow cycle , captures flows, especially cash flows, with regard to the three activities shown. The income statement is a 'flow' statement as well, although it primarily focuses on flows resulting from the firm's operational operations. In contrast, the balance sheet is a "stock" statement. It displays the firm's capital raised, investments made, and trade position (such as cash and inventory), all in terms of the balances in these accounts on a particular day. It does, however, cover all three of them.The account notes serve a number of functions. They provide further information about some items in the income statement, cash flow statement, and balance sheet. They also educate the reader of the accounting principles that the company's management adhered to while compiling its financial statements.Along with the yearly reports, businesses often disclose financial data. For instance, publicly traded firms must submit interim accounts in accordance with stock market standards either semi-annually or quarterly, depending on the stock exchange.

Other departments are in charge of their own duties. The print and production department is in charge of organizing composition, makeup, paste-up printing, and newspaper and magazine production. Regular promotion of the unit's sales and public relations efforts is required. This is handled by staff from the newspaper's sales marketing and public relations department.Here is a brief summary of how various wings, divisions, and departments are organized generally. It's crucial to remember that each newspaper arranges these parts somewhat differently.

Government oversight of accounts is debatable. Supporters assert that it benefits other user groups as well as investors. Investors may more easily evaluate the financial results of many firms in the same sector within a single nation by standardizing the format and content of accounts. This makes it possible for them to distribute investment funds more effectively.The argument was expanded by the European Commission to include international company comparisons.It claims that uniform accounting and reporting standards across member states should enhance capital allocation throughout the whole European Union. Those that are against regulation adopt a different stance. For funding, companies compete. They want to generate funds as cheaply as possible. Information lessens uncertainty, which in turn affects the rate of return investors expect on the money they put up for investment. Anti-interventionists contend that giving investors the information they want is thus in the company's best interest. The fight against accounting regulation has thus far been mostly unsuccessful. However, the discussion highlights a crucial aspect.

It is said that the (annual) accounts offer this information. Investors may evaluate a company's financial performance and strength using the income statement and balance sheet, respectively. The company's capacity to exist is further shown by the cash flow statement.(Even prosperous businesses have the potential to fail due to the pressures on cash flow caused by fast growth.)An investor may more accurately forecast the cashflows the firm is expected to produce in the future by arming themselves with this image of its financial history.The decision-usefulness approach, which is one interpretation of the goal of public reports, has not been uncontested. Some individuals believe that accounting serves as a control mechanism and that its primary function is to observe and affect behavior. According to this'monitoring' viewpoint, owners want to know whether the managers with whom they have entrusted their money have made sensible investments. Creditors are interested in knowing if owners have taken acts, such as paying big dividends, that have diminished the company's assets and jeopardized its capacity to pay back its obligations. Existing accounts give this data since they demonstrate to owners and creditors what has previously occurred to the business.

CONCLUSION

The foundation of organizational accountability, openness, and responsible conduct is reporting procedures. The detailed examination of reporting practices in this research has focused on their importance, methodology, and effects on diverse stakeholders. The data put out emphasizes the crucial part that ethical and open reporting plays in developing trust, managing reputations, and encouraging ethical corporate practices. However, difficulties still exist, notably when it comes to standardization, assuring data veracity, and adjusting to the ever-changing digital reporting environment. To address these issues and encourage ethical reporting procedures, cooperation between academics, corporate executives, regulators, and stakeholders is crucial. Organizations may improve their accountability and contribute to a more responsible and sustainable business environment by putting a priority on honest and ethical reporting. In the end, reporting methods are crucial for ensuring that organizational activities are in line with society expectations, creating trust, and encouraging ethical business conduct in a world that is always changing.

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CHAPTER 3

ANALYSIS OF TECHNOLOGICAL ADVANCEMENT IN REPORTING FIELD

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ABSTRACT:

The way that businesses gather, process, and distribute information to stakeholders has been revolutionized by technological breakthroughs, which have brought in fundamental changes in the reporting industry. This essay offers a thorough examination of technology developments in the reporting industry, highlighting their import, uses, and effects on organizational openness and effectiveness. The article examines the many facets of technology advancement by looking at digital reporting platforms, data analytics, and artificial intelligence-driven reporting solutions. The study emphasizes the importance of technology in improving data quality, accessibility, and real-time reporting capabilities by drawing on empirical research and industry perspectives. The issues of data security, privacy, and the need for ethical concerns in the age of sophisticated reporting technology are also covered in the article. This article provides a thorough overview, making it an invaluable tool for researchers, reporting experts, regulators, and organizations looking to leverage the potential of technology improvements in reporting for better accountability and decision-making**.**

KEYWORDS:

Artificial Intelligence, Data Analytics, Digital Reporting Platforms, Reporting Field, Technological Advancements, Transparency.

INTRODUCTION

The management and organization of newspapers are experiencing rapid technological changes, etc. Newspaper businesses in India are taking a very long time to adjust to these developments. The administration, organization, and structure of Indian newspapers, however, seem to be set to undergo a significant change. There are disparities between small and big newspapers since not all newspapers are made equally. Small- and medium-sized newspaper owners throughout the nation sometimes consolidate two or more divisions to streamline operations. The management and organization of newspapers are experiencing rapid technological changes, etc. Newspaper businesses in India are taking a very long time to adjust to these developments. The administration, organization, and structure of Indian newspapers, however, seem to be set to undergo a significant change. There are disparities between small and big newspapers since not all newspapers are made equally. Small- and medium-sized newspaper owners throughout the nation sometimes consolidate two or more divisions to streamline operations [1], [2].

Editors, news reporters, directors, and producers congregate in a newsroom structure, which serves as the hub of a media organization, to create news for magazines, newspapers, radio, and television. It could be a recorded or live shot. In journalism, the dissemination of news is typically a team effort including all of the team members. To make a story come to life, all of the professionals in the newsroom, sometimes referred to as the "City room," must collaborate. Work is done by several parties to guarantee that news gets published. There is a class of people referred to as gatekeepers. When a regular news broadcast is necessary, whether in print or on television, this group of people is very helpful. On the other side, the use of gatekeepers may not be as required when news is published online. Two groups may be found in a newsroom. There is a newsroom for newspapers as well as one for broadcasting. Despite their similarities, the two newsrooms are different in that they each include a dedicated area for editing audio and video. The newsroom and newspaper room are close to the radio and television studios as well. Reporters are expected to work at the provided desks in a newspaper or print publishing room, collect facts, news, and stories that will be published, and then provide those materials to the news editors for review, final compiling, and, in some circumstances, rewriting [3], [4].

A manager and an assistant work in the programming division. For correct and current scheduling and local television listings, the manager interacts with various departments, notably the production and engineering divisions. Additionally, this person works with parent firms to get broadcast rights for new shows.According to the National Broadcasters Association, several big stations have reduced their programming divisions as a consequence of corporate predetermination of content. The traffic department, which creates the advertising schedule and aids in creating and modifying a station's master list of programs, performs a similar duty. Both the on-air time and the technical components of broadcasting are handled by this department. Show directors, cameramen, audio board operators, teleprompter operators, photographers, videographers, tape room editors, and engineering technicians are among the managers, engineers, and studio crew members who answer to a chief engineer, sometimes referred to as the director of broadcasting operations. The switchboard operators and the master control room are under the supervision of the master control supervisors. They make sure that video is broadcast in the right order, position satellite receiving equipment, and check transmitter data. This division brings in money for the television network. Sales managers like the local sales manager and the national sales manager are under the direction of the director of sales. The former works with national advertising sales agents who are pressed for time as they try to secure airtime for prominent customers [5], [6].

The latter is in charge of a team of account executives in charge of sales. Account executives, who are typically paid on commission, place a strong emphasis on the local market and develop connections with organizations and enterprises there in order to sell advertising. Art directors, electronic graphic designers, voice actors, and market researchers who examine and interpret assessments are all possible hires for advertising departments. The business administration department is in charge of running a television station on a daily basis. Office managers or station managers are in charge of overseeing clerks, receptionists, and other support staff members under the general manager's leadership. The station's financial activities, reporting, and budgeting are handled by controllers. Typically, they are licensed public accountants. They confer with other department heads about cash flow and expenses. The human resources or people manager hires personnel and offers a secure workplace in all areas. The business administration department may contain workers who are responsible for maintaining the building, from the studio to the bathrooms.

There are several ways to describe narrative journalism. Others refer to the genre as "creative non-fiction" to distinguish it from "hard" journalism, while others prefer the label "literary journalism" to emphasize the use of literary approaches and techniques. The narrative may be defined as the act of narrating a tale from a certain point of view and in a particular order of events. The 2001-founded Nieman Program on Narrative Journalism aims to operate as a center for narrative journalism training, study, and practice. According to the Nieman Foundation, narrative journalism is a challenging genre with a variety of levels and locations that, when done well, has the power to transform newspapers and make them interesting and vital. Some of the most crucial components of story journalism generally are as follows: It explores intriguing personalities, human emotions, and real-life circumstances. It is a fun read with accurate, well-researched information. It reveals the personal aspect of the public narrative. By fusing factual reporting with a fictitious writing style, it goes above and beyond the norm.

According to Mark Kramer, a former director of the Nieman Program on Narrative Journalism, it's "journalism that doesn't assume the reader is a robot, that admits the reader understands a lot and feels and snickers and gets wild." Kramer focuses on the importance of voice. He claims that people read the newspaper and consume coffee in the morning. They want to comprehend and even empathize with the news voice, yet conventional news reporting leaves the reader feeling isolated since it is nameless and limited. When addressing a varied group of people, it seems honorable to stick to the facts and appeal to the lowest common denominator.

DISCUSSION

Self-guided or self-directed learning is referred to as andragogy. This also goes by the name of adult learning. In our daily lives, we pick up a lot of knowledge on our own, whether consciously or unintentionally. We pick up certain social and civic characteristics through watching other people and analyzing our own behavior. The same learning is reflected in andragogical learning. Learning via andragogy focuses on what we want to learn rather than what the institution has to give. The newspaper plays a crucial part in this form of learning. Adults may learn about their own culture with the use of newspapers as a source of information. They get information about what is going on around them, as well as assistance in analyzing the social structure, social awareness, and their place in society.

India has always been a unique country in the globe. Indian customs, cuisine, culture, music, and other aspects are distinctive in their own right. The fundamental characteristic that sets them apart from others is their variety. Out of everything, there is one significant aspect of Indian culture that is often brought up by travelers to the country: Indian languages. The diversity of Indian languages is an exceptional characteristic that no other country can claim. Therefore, the second primary incentive for the development of the regional press was this diversification; the first was undoubtedly the battle for independence.

This article concentrates on the history of translation on the Indian subcontinent rather than the nation-state of India after 1947. The subcontinent is a roughly diamond-shaped landmass that stretches 1,500 miles from north to south and 1,500 miles from east to west. The Himalayan Mountains in the north and the Arabian Sea in the south serve as its boundaries. There are two categories for the languages used in this region. In the northern region, where they are mostly spoken, IndoEuropean languages including Hindi, Punjabi, Gujarati, Marathi, Bengali, and Nepali are spoken by over 70% of the people. The language of Sri Lanka, Sinhalese, is also included in this category. Another 20% of people, especially in the south, speak Dravidian languages including Tamil, Telugu, Kannada, and Malayalam. Multilingual media is quite popular in India. Any number of media, including newspapers, radio, television, and movies, are available in at least one Indian language. Thus, there is a growing demand for translation and translators [7], [8] .

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Multilingual media is quite popular in India. Any number of media, including newspapers, radio, television, and movies, are available in at least one Indian language. Thus, there is a growing demand for translation and translators. If there is a decent translation, everything can be translated well, from news to copy to excerpt to feature narrative. The area of translation is enormous, and globalization has made it an essential part of the operations of many industries. Because of this variability, there are several distinct kinds of translation, each with its own criteria and methodology. Despite their variations, they all strive to help people communicate when faced with a language barrier. Most translators specialize in a particular field of translation, giving their customers access to the knowledge they need for the finest outcomes. They deal with a variety of material, including movies, poetry, and works of art as well as legal papers and business contracts.

Literary translation is the practice of translating written works like plays, novels, and poetry into another language. The main difficulty is translating the message of these works while taking into account the author's literary style. One of the most crucial elements of literary writings is the use of stylistic devices. They are present in everything, including the meter and rhythm as well as the word selections, imagery, and sentence structure. The use of puns, humor, and rhyme must also be taken into account. The source and target languages are seldom directly equivalent, and each of them uses the source language in a particular way. Businesses need technical documentation in order to comply with regional and global requirements. A broad variety of text formats, including patents, manuals, user guides, tender papers, catalogues, technical drawings, and Material Safety Data Sheets (MSDS), are included in technical translation in the era of globalization.

Technical translation is required in almost every field, from engineering and construction to life sciences and pharmaceuticals, due to the wide variety of text formats. Technical translation is especially challenging since there is such a wide variety of subject areas, each with its own specialized terminology. The mechanics of technical writing, as well as their nature and legal implications, must also be understood by translators. Since the administrative division is in charge of the business' daily operations, the administrative translation is significant in management. Documents used in corporate processes and everyday operations include contracts, bulletins, bills, and letters. This kind of translation is usually needed by companies who wish to create or maintain a worldwide presence. They are able to overcome language obstacles in the global marketplace, increasing their options and embracing a multi-cultural workforce. This makes sure that all workers, investors, and company partners are on the same page, which leads to more efficient operations and open lines of communication. Financial translation is crucial for banks, insurance companies, and other financial organizations in the modern global economy. It helps them to uphold international regulations while expanding customer confidence and access to their offerings [9], [10].

Financial organizations' expansion into new markets is driving up demand for high-quality financial translation. This subject includes a broad variety of documents, including profit and loss statements, company accounts, annual reports, and tax reports, all of which call for flexible language experts with in-depth knowledge of the relevant industries. Translators need to be knowledgeable with regional rules and regulations since these financial papers are highly regulated. They will be able to differentiate between source and target documents and make sure that the target content complies with the rules of the target market. One of the most challenging categories of professional translation is legal, which entails translating all legal papers. Just a few examples include contracts, business or governmental proposals, court transcripts, servicelevel agreements (SLAs), laws, witness testimony, notarized papers, and a range of other documents.As you expand into new international markets, you must ensure that your legal papers are clear, acknowledged, and enforceable. The translator must thus be familiar with the political, legal, and sociocultural context of the legal document. By doing so, they will be able to convert it into a language that people from different racial, ethnic, and socioeconomic backgrounds can understand. Legal translations must be precise while yet following the grammatical rules of the target language. Only a translation agency that is conversant in both the source and destination cultures can create an accurate legal translation. However, even the smallest grammatical mistake might have negative effects. Because of this, even experienced translators will seek legal counsel to make sure the target text offers the same level of legal protection as the original.

A great translation will always make an effort to understand the author's viewpoint. Additionally, she must to comprehend the original author's intent and meaning completely. Professional and experienced translators are aware of the needs of a text and make adjustments as necessary to guarantee that the style and spirit of the text are transmitted with the least amount of divergence from the original. S/he should refrain from trying to find challenging comparable terms in an effort to improve the translation's quality while yet being true to the source text. A faithful translation should act as the writer's spokesman, fully comprehending and knowing all the writer of the original text has communicated in his work. The translation need to be as straightforward as the original text.

Expert translators are always developing new concepts. They always strive to repackage the target language material in a distinctive and alluring style to make it more attractive to the target language audience. They do this by modifying the translated content as necessary to make it more enticing to the audience by introducing new terminology, idioms, and structures. Because of the creative element and degree of flexibility involved in the process of translation, a translator views their career as very gratifying and intellectually stimulating. To fully understand the nuances of the languages he or she works with (both the source language and the target language), a diligent translator should read a lot. As a translator learns the language, it is crucial that they form this habit.

The list of reading resources might include classics, newspapers, and digital content that is accessible online. A proficient translator should be knowledgeable with the sociocultural contexts and the grammatical, syntactic, semantic, and pragmatic components of the source and target languages. He may have a different interpretation of a notion, but he should never attempt to include his or her own thoughts or feelings into the new product. Additionally, s/he must make sure that the translation style selected is appropriate for the intended audience and that the translated text comes across to readers as natural and spontaneous. Particularly for materials with a lot of technical jargon, a qualified translator should be well-versed in the subject to which the target text belongs. The most recent jargon and technological developments in the area in which you operate should be familiar to you. It will be difficult to read medical, financial, or technical information if one's expertise is translating literary literature.

Television Reporting For Journalism

the difference between print journalism and broadcast journalism, which are the two main streams of journalism. Web journalism, commonly referred to as online or Internet journalism, is a more recent addition to the means and practices of journalism in addition to these two streams. The relevance of television journalism, a kind of broadcast journalism, is also discussed in this section. To start, let's be clear: all journalists, whether they work for print or broadcast media, are journalists first, followed by print or broadcast journalists. In other words, all journalists, regardless of the branch of journalism to which they belong, are engaged in the same line of work and serve the same societal purpose. Having said that, it should be highlighted that despite the similarities between print and broadcast journalism, there are significant distinctions in the stories they choose to tell and how they do so.

These variations are caused by the chosen medium; for example, a tale conveyed in a newspaper differs significantly from one that is aired or published online. Journalism practiced for newspapers and magazines is referred to as print journalism. Writing, editing, and publishing news articles, features, and editorials are all part of it. Journalism practiced for electronic media, such as radio and television, is referred to as broadcast journalism. Writing, filming, editing, and packaging news stories, features, documentaries, and programs are all involved.

The branch of journalism known as "broadcast" refers to news and journals that are "broadcast," or disseminated through electrical techniques as opposed to the more traditional ones like printed newspapers and posters. Television through air, cable, and the Internet, as well as, more lately, the Internet in general, are all examples of broadcast media. These media broadcast audio, visual text, and/or still and moving images. Text intended for public reading is often prepared differently from spoken scripts for broadcast. The former, for instance, tends to be simpler and more conversational. Compared to a daily or weekly newspaper, radio and television are made to be heard and viewed more often Television journalism entails more than just broadcasting news. Additionally, it entails gathering information, adhering to advice, producing tales based on research, and moreMajor television news programs, whether they are about international news, politics, sports, or celebrities, exist because of television journalism. The journalists who labor to create such television programs may do research, write, gather information, adhere to tips, broadcast the information to the general public, and do other things. Even while television journalists utilize a different medium to deliver their tales, they are not all that unlike from print journalists.

The only things a news outlet can depend on are its integrity and reputation. It's crucial that professional journalists approach each and every story they give to the public with objectivity, fairness, a balanced viewpoint, and honesty. The public is more likely to trust and like specific television journalists because of their ethics than they are other television journalists. Given that such a large portion of the public now gets its news and information from television, television journalism is crucial nowadays. Television journalism may be challenging on sometimes. The desire to share the narrative with the public first and in as much detail as possible exists.Then then, certain knowledge may sometimes be more damaging than beneficial. For instance, it is the journalist's responsibility to exclude names or other identifying details in situations involving underage children so as not to endanger the kids. Television reporters may make the decision to exclude information in order to preserve an inquiry. Journalism on television may be thrilling and enjoyable, but it also contains a fair dose of realism and decisions that actually have repercussions.

A television studio is a location where television or video productions are carried out, whether for live broadcast, live tape recording, or the collection of raw material for post-production. A studio's design is based on and inspired by cinema studios, with a few modifications made for the unique needs of television production. For noise and logistical considerations, a professional television studio often contains many rooms that are kept apart. The staff will be distributed among several offices, which are interconnected.

1. A television studio typically consists of the following spaces:
2. The real stage where the acts that will be recorded occur is the studio floor. These features and installations are present on a studio floor:
3. Sets and/or decorations
4. pedestal-mounted cameras; microphones; lighting setups and the related control gear.
5. a number of TV displays for visual cues from the production control room
6. a portable PA system for communications
7. In general, but not always, a glass window between the PCR and studio floor for direct visual interaction is preferred.

The master control room, sometimes known as the "MCR," is where the on-air signal is managed at a broadcast station. It could include controls for recording satellite feeds, switching local or network feeds, playing back programs and ads, and monitoring the transmitters. The terminology used to describe an MCR above often refers to an equipment rack room, which is normally located apart from the actual MCR. The word "studio" often refers to the location where a certain local show was created. The signal travels from the production control room to MCR and then out to the transmitter if the show is being aired live. In a theater, studio, or other comparable setting, a green room is a place where speakers or performers may wait to take the stage. It serves as a waiting area or a touch-up lounge so that a performer does not need to go back to wardrobe or the dressing room and may be called on the stage right away. Although a contemporary "green room" sometimes lacks green, the origin of the phrase is frequently traced to such a space having traditionally been painted green. the parallels and contrasts between print and broadcast journalism, as well as the distinctions between radio and television within broadcast journalism. Having clarified how television differs from other types of journalism, we are now in a position to conduct a thorough analysis of the medium.

Instead of being cleanly broken down into phases, the live reporting process is more of a coordinated process where numerous things happen at once. An OB Van, also known as an Outdoor Broadcast Van, is a vehicle that is present at the site with the reporter. Linking the reporter to his news organization via the OB Van is essential. It comprises of a vehicle that is technologically advanced and attached to a camera and microphone. The OB Van transmits these photos wirelessly to a satellite, which subsequently transmits them to the news organization while the reporter watches and describes the happenings to the camera in real time. There may be several reporters present in various places at once, and they may all be concurrently sending photos and audio from those locations to the news organization. As a result, the news organization is receiving input from several sources at once. The PCR, or production control room, is a technological facility used by the news organization that receives all of these signals.

Additionally, the news anchor is being covered by a camera in the studio, and the signal from that camera also reaches the PCR. The primary decision-making hub for the news organization, or PCR, determines which of these many signals must be broadcast at which specific moment in time. There are multiple monitors and television screens present in the PCR, and each of them displays the feed originating from a single camera or OB Van. Another monitor displays precisely which of these signals is being aired at any given time. The technical crew at the PCR alternately puts one signal on air before switching to another, a third after that, and so on. Live editing, online editing, or switching are all terms for this procedure.

There are differences between writing for print, radio, and the internet and writing for television. This is so that television writing may make the most of the audio-visual medium's capabilities while avoiding its constraints. The primary component of print is words, which is complemented with photos. The language employed is only one aspect of television; one writes for hearing, not reading, in television. Since language is utilized in conjunction with music and pictures, which make up the principal components, it must complement these elements rather than acting as a substitute for them. Thus, when writing for television, there are two main principles to keep in mind: first, one must write simply and elegantly so that the language is understood the first time one hears it; and second, one must write to complement the visuals so that one does not add to rather than repeat what is being shown in the visuals in order to supply some further information to them.

CONCLUSION

Technical developments have significantly changed the reporting industry, changing how businesses share information and engage with stakeholders. The relevance, uses, and effects of technology improvements on reporting methods have been extensively examined in this research. The supplied data emphasizes how important technology is to improving data accessibility, accuracy, and real-time reporting capabilities, which in turn enhance decision-making and accountability. However, difficulties still exist, notably with regard to data security, privacy, and the moral issues raised by improved reporting technologies. To overcome these issues and fully use technological developments in reporting, cooperation between researchers, reporting experts, regulators, and organizations is essential. Organizations may improve their reporting processes and create better efficiency and transparency in their interactions with stakeholders by adopting cutting-edge reporting technologies and approaches. Finally, in an increasingly digital and data-driven world, reporting technology developments have the potential to lead to beneficial changes in organizational accountability, transparency, and overall performance.

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CHAPTER 4

ANALYSIS AND INVESTIGATION OF VISUAL WRITING REPORT

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ABSTRACT:

Innovative reports called "visual writing reports" combine standard textual material with visual components to improve communication and understanding of difficult information. This essay offers a thorough examination of visual writing reports, focusing on their importance, traits, and effects on the efficient dissemination of information. The study addresses the several aspects of visual writing reports by looking at design concepts, data visualization methods, and multimedia integration. The study emphasizes the function of these reports in promoting improved comprehension, engagement, and decision-making across various audiences by drawing on empirical research and real-world experiences. The study also addresses issues with accessibility, design consistency, and the need for digital literacy in the age of visual communication. This document provides a thorough introduction, making it a useful tool for academics, communicators, designers, and organizations looking to use visual writing reports to convey complicated concepts and facts.

KEYWORDS:

Communication, Data Visualization, Design Principles, Multimedia Integration, Visual Writing Reports.

INTRODUCTION

Storytelling is a visual art form. With the use of this language, a picture of a prospective reality, complete with locations, incidents, motivations, and speech, may be translated into aesthetics, movement, and dramatic action that can be shown on screen. However, few authors are able to express themselves visually, so when this happens, directors must have someone else convert the material into a visual language. The phrase "the totality of the visual medium in creating an effect" refers to everything that goes with a visual picture to express a reflection of life. This also applies to literature since authors utilize descriptions of locales and drama to conjure up pictures in readers' minds. Visual writing combines a variety of aspects. They start with the fundamentals:

1. Sincerity. Characters that are honest put themselves in honest circumstances, start honest events, and find honest solutions. We get more engaged the more honest we are.

2. Drama that keeps readers or viewers interested. Drama is not interesting if you can't explain "What does it mean to the character - what are the stakes?"

3. Dramatic action that exposes the character's struggles, feelings, and choices - relying less on language and "telling" about inner states.

4. The skillful use of symbols to convey experience.

5. Involving the reader's or viewer's imagination by omitting certain details.

"Visual communications" refers to the exchange of meaning by visuals, addressing fundamental needs (like love), experienced memories, and knowledge, experience, and emotion. These pictures could be physically present or created electronically using language and other relationships. The pictures are signs or symbols that are often given significance on their own. "Signs" suggest a different conclusion. An unintentionally dropped personal item, for instance, refers to the person who left it and indicates their previous presence. "Symbols," which take part in our experience. The majority of tale visuals are symbols that allude to either a fundamental need or a predetermined experience that we may identify with.Virtual pictures are created while writing visually. Visual writing concentrates the mind by bringing to the fore specific details from the subject's closely connected experiences [1], [2].

Visual writing is the writing style that most closely resembles the action seen on screen in a movie and is a useful language for storytelling in any media. via deeply ingrained picture symbols that are communicated either directly via sight or inferentially through other communications that set off or improve visual communication, visual communication activates significant experiences and emotions in people. When presented consecutively, meaningful experiences often transmit more than just information or facts; they also convey drama. Characters, emotion, attire, surroundings, circumstances, and culture are all communicated visually. Characters, emotion, surroundings, noises, events, mood theme, and culture are all conveyed via non-visual communication.

Each image in a tale that is sent to the audience, whether via a movie, a photograph, or by linguistic stimulation, derives its meaning from earlier pictures that have moved the action of the story and have changed it repeatedly. Even though the topic, background, and other artifacts are the same in all movies, no one picture conveys the same idea. The context affects how a story's pictures are understood. A tale is not a collection of random pictures or situations. There is no inherent or universal meaning to any dramatic action or accompanying picture. Each is viewed in light of the overall plot, including earlier events and motive. When a couple is informed that their newborn cannot hear, a photograph of a woman sobbing over a baby may be perceived as showing a worried mother. When a couple is seen getting their abducted infant back, the same scenario might be read as a pleased mother. A logical order of pictures makes it possible to generate dramatic action and tale momentum. Get to know the program for which you want to create a spec. Study the writing style, ascertain the typical screenplay length, and read as many scripts as you can. Examine them closely, see whether there is anything wrong with them, and if so, work out a solution. In other words, become an expert on the program, be passionate about it, and have faith in it.

When it comes to episodic television, the format and narrative structure are exact. A half-hour tale lasts around 22 minutes, a full hour of television lasts roughly 45 minutes, and the remaining time is taken up by commercial breaks. For the marketers to display their goods, the breaks must be at the proper location. They must also be engaging for your audience to return to the broadcast. A factory is like television. It relies on an unending supply of merchandise, often with shows that are so identical to one another that it's difficult to tell them apart. In the previous 15 years, the requirement has greatly expanded due to the proliferation of cable.

The most crucial thing to keep in mind in this situation is that drama is conflict. No drama without it. Before you offer your characters a happy ending, you must send them to hell; else, the conclusion would be meaningless. Both internal and external forces inside the characters contribute to conflict. Man versus. oneself, Man vs. man, and Man against. nature are the three categories. However, using an organized, linear presentation is often undesirable. In fact, the latter may get a little dull and predictable. The strategies of introducing flashbacks, which temporarily return to previous events, or of presenting parallel tales (two or more stories running concurrently), in theatrical presentations, may offer diversity and spark interest.

Whatever you do, be sure to deliver the information in a manner that will keep your audience's interest [3], [4].

Writing successful screenplays for movies, television, corporate films, advertisements, and online videos all demand the ability to convey a compelling tale. This implies that before writing your screenplay, you must understand who it will appeal to and why. The screenplay is the first stage in this format's extensive preparation, unless you're planning an unscripted video. The screenplay serves as the framework for the whole production process and is the "what." Here are six suggestions to ease the production process, regardless of whether you want to write your screenplay internally or engage a video production firm to help you: Video Duration Before you begin, you should have a solid notion of how long you want the finished movies to be. Are you producing a two-minute corporate introduction, a four-minute in-depth product demonstration, or a six-minute case study video? Online, little is more. Think about 150 words per minute as a broad benchmark. Find out how many words you can read aloud for one minute at a comfortable pace. Your script's length may be determined by following certain time constraints. If your screenplay is 1000 words long and you are filming for three minutes, you must begin trimming.

Approvals may need to get internal permission for your video screenplay depending on your organizational structure and risk tolerance. The optimum time to get approvals and make modifications is during the scripting phase. Don't put off making choices until the shoot or, worse yet, till the post-production phase. Here, changing the script would be either costly or impossible. During the screenplay clearance phase, script bloat is something to be on the lookout for. Everyone will want something that they think should be included, so it's generally easiest to simply include everything. This can make the finished product lengthier and of worse quality. Setting a target length mitigates this issue.

The script's format: Try to divide the script into manageable chunks. If the video is more than 4 or 5 minutes long, you may wish to divide it into two or three independent parts that the spectator can switch between. It's preferable to provide the audience an alternative to just leave your movie. Even though the script is brief, you should nonetheless divide it into more manageable chunks. This increases your editing options and streamlines the production filming process. It is preferable to prepare your Piece to Camera in advance to cut down on the time it takes to deliver it accurately (grammatically and factually). Since the PTC is completed on site, there is no need to repeat. Sometimes, if you find a nice or engaging backdrop, such preparation may not be necessary. Let's suppose that something is happening behind you.A piece to camera there, as at a performance or, say, a dismissal, will work nicely since it can always be included into the plot. If, while filming, you once again discover something intriguing and feel the need to explain it to the viewers, you might do so as a PTC. Consider, for example It may be difficult to write for news radio programs, particularly for authors used to writing for print. Writing for the ear is different from writing for the sight. For the broadcast to be successful and professional, writing for radio has its own set of rules that must be followed. Use the proper format: Radio stations have different requirements for format, but generally speaking, scripts should be written in all capitals and double spaced. Also included in the description of sound cuts should be the speaker, the kind of cut (actuality, wrap, voicer), the duration, and the outcue [5], [6].

Write in an informal style

Radio scripts should be written in an informal style. Since journalists must be independent voices and refrain from acting publicly or informally on favor of particular interests, whether political, business, or cultural, this varies greatly from written journalism. Any political allegiances, financial relationships, or other personal information that might create a conflict of interest should be disclosed to our editors or the audience.

DISCUSSION

A correspondent is a journalist who contributes via a narrative or report. Although not a field reporter, a correspondent constantly supports the media by offering fresh tales that may be used to better emphasize breaking events. The correspondent's network is the crucial component in this case. Most essential, a correspondent has to be competent at communicating in order to conduct effective interviews and learn about the inner workings of the region he is covering. News organizations are regarded as the most significant source of information in a growing sector of news. News organizations have grown and expanded around the globe as a result of new media. While news transcends borders, reporters, correspondents, and other secondary sources are limited by location. The collection and delivery of news to news organizations is mostly the responsibility of news agencies. There is just one virtual source at hand.

The class and population divide is a constant in the news media. It acts as the public's watchdog at all times. It maintains checks on political administration to see whether it is advancing the welfare of the people or not. The news media are constantly monitoring political events. They are the primary source via which information is disseminated to the people if they see anything to be occurring that is harmful to the public. Therefore, the media constantly exerts pressure on politicians. The news media is crucial to the growth of a country. If there is a significant development anywhere in the country, the media will report it and inform the populace. Media notifies the public whether growth is stagnant or stopped someplace, and public pressure leads to a dynamic shift in development. The purpose of media is not only to inform; it also aims to amuse. Using this media feature, the function of Edutainment in the twenty-first century is combined.

When discussing India's diversity, the media plays a crucial role. In addition to informing, media also promotes societal awareness campaigns by using amusement. Media campaigns often combine entertainment and information, a practice known as infotainment. It is one step behind educaton. The reach and acceptability that media has in our culture is the sole explanation for all of journalism's functions.News on radio and television is referred to as broadcast journalism. One of two methods for journalists to work in broadcast journalism is on air or behind the scenes. Journalists who work in the background do in-depth research and reporting, but their faces and voices are not aired. On-air reporters have the option of doing their own reporting or reading articles produced by their coworkers. The ability to use a variety of communication methods is required for the creation of powerful, cutting journalism. After the cell phone entered the mainstream, the face of journalism started to drastically change. Mobile devices not only made information more accessible, but they also made journalism, which was traditionally a specialized, exclusive profession, open to the general public. This section looks at how today's mobile phones are transforming regular people into journalists and how this is upending the "conventional" media industry. Citizen journalism is the practice of individuals "taking an active role in the process of gathering, reporting, evaluating, and disseminating news and information." We Media: How Audiences are Shaping the Future of News and Information, by Shayne Bowman and Chris Willis, is a landmark study. According to them, the goal of this engagement is to provide the diverse, accurate, independent information that a democracy demands [7], [8].

There are several options for the young media entry to succeed in the area of journalism when taking into account the sorts of beats. The main duties of a journalist are to get information, record it, write about it, and convey it in an honest, ethical, and objective way. Even if the manner news is reported is changing, there is still a continuing need for sharp, qualified, and educated journalists. A journalist's job description still calls for a lot of work, ethics, excellent writing, and most importantlya desire to tell the truth. You can find yourself doing the following as a journalist. Conducting interviews with individuals in a range of settings , establishing relationships with sources and connections for future articles receiving fact-checking information from a source writing blog posts; preparing material for release on short notice Whether you work for a print, on-air, or online newspaper, your essential job responsibilities stay the same. Experience and knowledge gained in one area of journalism may be readily applied to other jobs and disciplines that are closely connected, such as social media, broadcast journalism, sports journalism, or photography. Investigate the educational options available to you to learn what it takes to be a great journalist.

Utilizing verifiable information derived from dealings with other parties outside the firm, the statements of comprehensive income and financial condition have both been generated. However, to ascertain the complete expenditure of financial resources that The efforts the firm has made to generate its income must also be taken into consideration. at the time when the income was generated, of the non-current assets. The lease is the non-current asset in the Norman example. The sacrifice's magnitude is a decision that the management must make. The prudence principle has an impact on this. 6in which the matching principle is controlled. The prudence principle establishes how much which transactions previously accounted for in the accounting system need to be recognized in the comprehensive income statement.

Financial Reporting

The financial press of today often uses headlines like this. They remind us of how crucial it is for businesspeople to understand the foundations of financial accounting. The remainder of the book's chapters are put in motion by this chapter. We begin by responding to some fundamental questions. What is accounting for finances? What accounts do managers need to be able to interpret? What is the subject of the accounting? Who are the accounts' users, or, to put it another way, what purposes do the accounts serve?

By definition, published accounts are in the public domain and may be consulted by everyone including creditors, workers, investors, government agencies, and public interest organizations. These groups have various informational requirements. How are so many distinct users served by a single set of accounts? We presumm that investors are the primary users and that they consult the accounts for guidance in their investment choices, much as do business account preparers. This poses other questions, such as what constitutes "useful financial information" in the eyes of investors. Which qualities are considered to be the most crucial? which this chapter deals with. The impact of accounting extends beyond the world of investments. It is present in many facets of economic and social life, as we demonstrate in the last part, including the specifics of loans and borrowing agreements as well as "macro" concerns like economic growth and pension policy. Financial accounting is the act of compiling financial data from an organization's accounting records and disseminating it to the public in the form of yearly (or more frequent) reports. In this definition, two concepts are crucial. The accounting records are used to extract financial information, which is then summarized in the form of financial statements. Bookkeeping is the process of maintaining accounting records, such as the logging of 6organization of accounting records and the creation of novel record structures (today largely computerized) to provide timely, accurate information at a reasonable cost. Accountants often do or oversee responsibilities related to systems design and accounting. Both are crucial to financial accounting, yet they vary from it.

Second, external parties get public financial reports. Accountants also provide financial reports for managers to use in planning and managing the operations of an organization. Management accounting is the practice behind this. The financial accountant is responsible for creating financial reports used externally, whereas the management accountant is responsible for those used inside. Larger corporations in the European Union (EU) and publicly traded companies in the USA produce audited yearly accounts. The financial accounts of the organization are made by managers. However, they are used by the owners (and others) to assess the performance of the management. Larger EU corporations are required to have their accounts reviewed by an external auditor, an impartial professional, in order to safeguard the public from a possible conflict of interest on the side of management. Organizations, particularly bigger ones, hire their own professionals to conduct internal audits of their accounting systems. Auditing, in general, is the act of examining and verifying an organization's accounts, accounting records, and record-keeping system. Such audits, which are not mandated by EU legislation, assist an organization in protecting its resources and aid the external auditor in carrying out his or her tasks [9], [10].

CONCLUSION

Visual writing reports provide a dynamic combination of text and images to efficiently communicate complicated information, and they represent a significant advancement in communication. The relevance, traits, and effects of visual writing reports on information distribution have been highlighted in this paper's in-depth examination of these reports. The offered data emphasizes how crucial design principles, data visualization strategies, and multimedia integration are for increasing comprehension and engagement among various audiences. However, difficulties still exist, notably when it comes to encouraging digital literacy, guaranteeing accessibility, and preserving design consistency at a time where visual communication is predominate. To overcome these issues and fully realize the promise of visual writing reports, collaboration between academics, communicators, designers, and organizations is important. Organizations may close communication gaps, encourage involvement, and aid in well-informed decision-making by using this novel method. Visual writing reports are crucial resources in today's information-rich and visually-oriented environment since they help to communicate complicated thoughts and facts in an engaging and understandable way.

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CHAPTER 5

UNDERSTANDING THE IMPACT OF ACCOUNTS IN REPORTING DATA

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ABSTRACT:

When it comes to correctly and completely communicating financial information, the influence of accounts on reporting data is crucial. In-depth research of accounting procedures' effects on financial data reporting is provided in this article, with a focus on their relevance, application, and consequences for stakeholders. The study addresses the many aspects of accounting's influence on reporting by looking at financial reporting standards, accounting principles, and the function of auditing. The article emphasizes the significance of accurate and transparent financial reporting in fostering trust, enabling investment choices, and assuring organizational responsibility by drawing on empirical research and real-world experiences. The problems of financial complexity, regulatory compliance, and ethical issues in accounting and reporting are also covered in the study. This article provides a thorough overview, making it an invaluable tool for scholars, financial professionals, regulators, and organizations who want to comprehend the critical function of accounts in providing data for responsible decision-making and accountability.

KEYWORDS:

Accounting Principles, Auditing, Financial Complexity, Financial Reporting Standards, Reporting Data.

INTRODUCTION

For managers, the phrase "the accounts" has two distinct connotations. It may refer to the consolidated financial statements that are periodically issued for internal and external usage. The collection of accounting records in which transactions are kept and from which financial statements are derived is also referred to by this term. In this work, the phrase is mostly used in the first meaning. We will focus on the (public) yearly accounts while discussing summary financial statements since they are the most thorough set of periodic reports that businesses create for outsiders. A balance sheet, an income statement (or profit and loss account), supporting notes to the accounts, and the auditor's report on the accounts are the very minimum included in the annual accounts. A company's resources (assets) and claims against them (liabilities and shareholders' equity) are shown in summary form on the balance sheet. It gives account readers details on the company's financial situation on a certain day, generally the final day of the fiscal year [1], [2].

Additionally, readers of accounts are interested in the company's performance throughout the course of the fiscal year. They are particularly interested in learning how and by how much its resources changed throughout this time as a consequence of its activities. They consult the income statement, which lists the company's revenues and costs for the year, for this information. Its operational operations, which account for the majority of its net resources, are what cause revenues to grow and costs to fall. Profit is the difference between sales and costs (sometimes known as income or earnings). It is a frequently used gauge of a company's success over time. To make profit more useful as a performance indicator, investors tie it to another statistic in the accounts, such as the profit from the prior quarter, the number of shares outstanding (profits per share), or the company's assets or capital rate of return on investment.

In their yearly reports, businesses often incorporate additional statements. The cash flow statement, which as its name implies, summarizes the movements of cash into and out of the firm over the fiscal year, is one of the most helpful. This is now a necessary component of the annual reports of publicly traded corporations in several European nations. Only the cash flow statement, when comparing these three financial statements to the resource flow cycle in Exhibit 1.1, captures flows - particularly, cash flows - with regard to the three activities shown. The income statement is a 'flow' statement as well, although it primarily highlights flows resulting from the firm's operational activity. In contrast, the balance sheet is a "stock" statement. In terms of the balances in these accounts on a particular day, it displays the capital the company has raised, the investments it has made, and its trading position (such as its inventory and cash). It does, however, include all three of them [3], [4].

The function of the account notes is multifaceted. They provide extra information about specific items in the cash flow statement, income statement, and balance sheet. They also provide the reader with information on the accounting principles that the company's management adhered to while compiling the accounts. In addition to the yearly reports, businesses often disclose financial data. For instance, according to stock market standards, publicly traded corporations must submit interim accounts either semi-annually or quarterly, depending on the stock exchange.

Published accounts must be connected to an organization. It is what? An accounting entity is a corporation or a collection of firms that have common control for the purposes of this book. This definition is restricted. The commercial operations of a sole proprietor or of a partnership may also be included within the definition of "accounting entity." Cooperatives, government bodies, and charitable organizations are all accounting entities. We restrict our research to businesses for two reasons. First, organizations with diverse accounting and reporting standards include charities and governmental organizations. Second, many nations do not compel partnerships and single proprietors to submit their financial statements. The concepts in this book, however, also apply to non-profit organizations and unincorporated firms that use corporate accounting procedures.

A legal entity is not always the same as an accounting entity. For instance, while each individual firm in the group is a legal organization, most nations do not consider a collection of companies controlled by a single corporation to be one. It must still produce consolidated accounts since it is an accounting entity. In contrast, a solo proprietorship or a partnership's commercial operations establish an accounting entity even while the trader or active partner's private and business activities are inseparable under the law. In contrast to the majority of businesses, where the responsibility of the owners (the shareholders) is restricted to the share capital for which they have subscribed, such people have unlimited liability for the debts of their businesses. Even with our strict definition of an accounting entity, its application still has issues. What does control mean? A majority of the voting shares of the dominated firm must be owned by the dominating corporation. Or may control be shown in other ways, such as via contractual agreements? Other problems exist. For instance, numerous businesses in Europe and other regions have created financed pension systems for their staff members. In accordance with the plan, corporate funds are transferred to a pension fund, which makes long-term investments with them to support future pension payments to retired personnel. Is the pension fund really a component of the firm, or should it be treated as a distinct accounting entity? Throughout the book, we discuss these topics.

Different corporation kinds exist under law. The public and private (limited liability) companies are the two that are most prevalent in the European Union. A public corporation and a private firm vary from one another in two key ways. Because the legislation establishes a greater minimum capital requirement for public enterprises, it often has a bigger capital base. Second, transferring shares of a public firm is often not subject to any limitations. Such limitations may and often are imposed by private businesses. An EU firm's abbreviation or extension after its name indicates whether it is a public or private corporation. Depending on the nation, public businesses may use the extension SA in France and Spain, AG in Austria and Germany, or PLC in Ireland and the UK. Investors are the primary consumers of a company's published annual reports. The word "investors" is a wide one. When a company's president includes an open letter to shareholders in the management report that goes along with the annual reports, they are not just writing to current shareholders, but also to the larger investing community. Other people use yearly accounts, As diverse as society itself are its users. Banks and other creditors review the accounts to determine a potential borrower's financial stability. They assist unions in developing salary claims. When determining the income tax burden of a corporation, tax officials consult them. Public interest organizations often use (high) profit statistics extrapolated from the accounts to support their demands when they lobby corporations to take action on social and environmental concerns [5], [6].

Why are there not separate versions of the yearly accounts to fulfill the unique information demands of each group as there are several user groups? Several accounts are turned down for cost-benefit reasons. It is suggested that by catering to investors' demands, who are the main users and most particular, the accounts will be thorough enough to suit the requirements of other user groups. Additionally, the management report that goes along with the annual accounts often includes additional information of interest to other organizations, such as data on the company's environmental actions or data on the health and safety of its workers.

DISCUSSION

Controversial government accounting regulations exist. Supporters assert that it benefits other user groups as well as investors. Investors may more easily evaluate the financial performance of several firms in the same sector within a single nation by standardizing the format and content of accounts. This makes it possible for them to distribute investment funds more effectively. The argument was expanded by the European Commission to include international company comparisons.It claims that uniform accounting and reporting standards across member states should enhance capital allocation across the whole European Union. Those that are against regulation adopt a different stance. Businesses battle for funding. They want to generate funds as cheaply as possible. Information lessens uncertainty, which in turn affects the rate of return investors expect on the money they put up for investment. Antiinterventionists argue that providing investors with the information they want is thus in the company's best interest. The fight against accounting regulation has thus far been mostly unsuccessful. But the argument highlights a crucial aspect. Arguments over accounting are not only technical; they may also include politics.

Take into account how an investment choice is made. (We concentrate on investment choices since, as was established previously, investors are the group that uses public accounts the most.) A financial resource allocation strategy is desired by an investor. A logical investor will choose the investments that provide the maximum return for the degree of risk involved. The quantity and timing of anticipated future cash flows from an investment serve as a proxy for return, while the projected unpredictability of those cash flows serves as a proxy for risk. In order to predict the quantity, timing, and variability of future cash flows related to an investment, the investor requires information. It is said that such information is available in the (annual) accounts. Investors may evaluate a company's financial performance and strength using the income statement and balance sheet, respectively. Additional information on the company's capacity to survive may be found in the cash flow statement. (Even prosperous businesses have the potential to fail due to the pressures on cash flow caused by fast growth.)An investor may more accurately forecast the cash flows the firm is expected to produce in the future by arming themselves with this image of its financial history.

The decision-usefulness approach, which describes the goal of public reports, has not gone unopposed. Some individuals think that accounting serves as a control mechanism and that the fundamental objective of accounts is to observe and affect behavior. This'monitoring' viewpoint asserts that owners want to know if the management with whom they have entrusted their money have made good investments. Creditors want to discover whether owners have made decisions like paying excessive dividends that have diminished the company's assets and jeopardized its capacity to pay back its obligations. These details may be found in existing accounts since they indicate owners and creditors what has previously occurred to the company. However, this position asserts that investors do not discover forward-looking information in traditional reports, such as information about a company's new products and investment plans. It is erroneous to say that the accuracy of the dollar values associated with the items in the accounts is an intrinsic property of accounts. Published reports are based on estimations, a fact that is seldom mentioned and that readers of stories often are unaware of. For instance, in order to calculate the depreciation charge for the year, management must estimate the estimated economic life of buildings and equipment. They must make an educated guess as to what percentage of customer debt (receivables) will be impossible to collect and which inventory goods will be challenging to sell, and then update the accounts appropriately.

The financial statements for the present period must take future judgments into account since a company's accounts are produced under the continuing concern assumption, which is known in the business world as the assumption that the firm will continue to operate. Therefore, management must set aside money from present revenues to cover anticipated warranty expenses related to sales this time. They must account for anticipated future pension contributions resulting from existing workers' service. Reliability was one of the qualities we discovered in meaningful financial information. Please take note that we purposefully omitted the word "accuracy" from our definition of credible information. This is unreasonable given how often estimations are used in the accounting. Business life is permeated with accounting. It is hardly unexpected that it is referred to as the business language. Anyone seeking a career in business must, then, have a solid grasp of the sources of the figures in financial statements and what they reveal about the organization.

Accounting's function in legal contracts is a good example of how it is ingrained in corporate life. In many businesses, in addition to the usual income, the employment contract guarantees the employee a bonus. The bonus is determined by the company's yearly reported profit. To inspire workers and urge them to think and behave like business owners, remuneration is linked to profit. Debt contracts sometimes include accounting figures to impose restrictions on the borrowing company's actions. To maintain certain levels of working capital, shareholders' equity, or another metric like profit-to-interest payments, the borrowing firm may be obligated to make certain payments. In most contracts, the phrases "profit," "working capital," and "shareholders' equity" are not specified. (Do not worry; other chapters cover these words.) Instead, the contractual parties depend on the figures in the financial accounts of the business. The method used to generate these statistics, as well as any modifications made for regulatory or other considerations, may have significant economic repercussions. For instance, if the reported profit-to-interest ratio of the borrowing firm is lower than the required minimum, the company can be in violation of the loan arrangement. The lender could then place stricter conditions on the business (such a higher interest rate) or, worse yet, demand rapid loan payback.

However, contracts are not the only area in which accounting has an influence on company. Along with a company's goods, management, and business plan, investors evaluate its public financial statements. Investors may more easily assess the firm, investment risks are decreased, and investors expect a lower return if it has "transparent" accounting and discloses all relevant financial information. This has wider economic repercussions. Rajan and Zingales, two University of Chicago economists, discovered that nations with excellent corporate accounting see quicker (than average) growth in the sectors that are more reliant on external financing. They are able to raise financing more affordably as a result. Rajan and Zingales use the tobacco and pharmaceutical (pharma) sectors in Malaysia, South Korea, and Chile to demonstrate their conclusions. Tobacco firms earn more than enough income internally to pay for spending on plant and equipment, but pharmaceutical companies need a lot of outside funding.

The use of accounting goes beyond business governance and contracts. It may make governments uneasy. A striking illustration of this took place in the UK in 2002. Many UK employers made the announcement to close their pension plans to new hires and, in some circumstances, to current workers as well early in that year. The anticipated implementation of a new UK accounting regulation, which would require a firm to assess its pension fund assets and obligations at current value and display the resultant surplus or deficit on its own balance sheet, was one rationale management stated for their decision. The majority of pension funds in the UK place a significant amount of their assets in stocks. The rapid decline in global stock markets in 2000 and 2001 caused many corporations' pension plans to go from being in surplus to being in deficit during these years. The management said that accounting rule's suggested method of reporting pension fund volatility on the balance sheet would make the firm seem more risky and increase the cost of financing. Though logical, the employers' choice to change their pension plans concerned the government and trade unions. The adjustments were seen by trade unions as a veiled salary decrease. The government was worried that the reforms would decrease the availability of private pension plans and increase demand for future state-funded payouts. In order to change its pension accounting regulations, the finance ministry subtly pressed the (private) rulemaking body.

There are two categories for fixed assets, commonly known as non-current assets. One is the asset that the business intends to employ continuously in its activities. Examples include bought physical fixed assets like property, plant, and equipment as well as intangible assets like goodwill and trademarks. The second category consists of financial assets that won't mature or that the company doesn't intend to sell in the next fiscal year. The prepayment of future income taxes (sometimes known as a "deferred tax asset"), investments in the stock of other firms, and long-term loans to consumers are a few examples. Both kinds of fixed assets are included in BestPrice Stores' x2 consolidated balance sheet. Keep in mind that an asset may be fixed in one context and current in another. A motor dealer's inventory is represented by the new and old automobiles that are visible on the forecourt. Fixed assets include company-owned vehicles utilized by sales reps.

The maturity of a liability determines how it is categorized. Current liabilities are debts that the business must pay off within a year of the balance sheet date (or the operating cycle, if longer) either by cash payments, the provision of products or services, or both. They consist of sums owed to creditors (short-term debt), banks and other lenders (trade payables), and governments (taxes payable). Long-term liabilities include all non-current obligations.

Sometimes there is no formal documentation of an obligation, such as an invoice or debt contract, yet the obligation still remains. For instance, a company could use gas, water, and electricity but not have received bills from its providers at the time of the balance sheet. If they are current, these obligations might be referred to as accrued costs. Similar to this, expected long-term obligations, such as pensions for retired personnel in the future, are disclosed separately as provisions. Again, the x2 consolidated balance sheet of BestPrice has illustrations of both categories of liabilities. The parent business, such as BestPrice Stores S.A., combines all of the assets and liabilities of its subsidiary firms with its own in order to create a consolidated balance sheet. Because it has a majority of the stock, it has influence over the resources and money available to the subsidiaries. What if it doesn't own all the stock in each subsidiary at full ownership?In this case, minority interests are a distinct item on the equity side of the consolidated balance sheet. In balance sheets for European businesses, it is often listed next to "shareholders' equity." In the net assets of those (consolidated) subsidiary firms, which the parent company does not fully own, it identifies the interests of minority shareholders. Because shares are used to demonstrate ownership interests in publicly traded firms like BestPrice, the owners of these businesses are often referred to as shareholders. Owners' equity is therefore replaced by shareholders' equity on the balance sheet. Keep in mind that "shareholders' equity" refers to the equity of the shareholders of the parent firm in a consolidated balance sheet.

As we previously saw, there are two parts to shareholders' equity. A portion is made up of capital that has been donated by people and organizations (such as other businesses, pension funds, and philanthropic foundations). In return for cash, the firm gives investors shares in exchange for fresh capital that will be used, for example, to fund new initiatives. Investors may sell their shares to others at a later time if the firm is publicly traded; this share trading has no impact on the company's contributed capital. In general, a company's reported contributed capital is unaffected by changes in the market value of its shares (although these changes will have an impact on the company's capacity to raise additional capital).

However, a company's owners have earned the majority of their money via the company's successful operations. As we'll see in the next chapter, a company that operates successfully grows the equity of its owners (and its net assets). Dividends are often paid out as a portion of the earnings. The remainder is kept and put back into the company. Retained profits over time make up the company's earned (and reinvested) capital.

Like the majority of businesses, BestPrice does not sum up donated capital. The amount shown opposite Share capital, or the number of issued (and paid up) shares multiplied by the nominal value per share, is the nominal value of the company's issued shares. However, the corporation got more money than the shares' nominal value at the time of issuance—their market value. The share premium (or extra paid-in capital) is the difference between the nominal value and market value (as of the issuance date). Share premium is included in BestPrice's reserves. Therefore, both donated and earned capital are included under the heading "Reserves and retained earnings."

Like many other Continental European businesses, BestPrice differentiates between profits made in the current year (Net income for the year) and profits from prior years that it has maintained in the firm (included in "Reserves and retained earnings") on the face of the balance sheet. The "net income for the year" number should be noted as being "before appropriation," meaning that it is prior to the shareholders of BestPrice deciding at their annual general meeting (planned for x3) how much of the company's x2 profit should be dispersed as dividend. On its end-x3 balance statement, the part that is not dispersed will be shown as "retained earnings"

Best Price's debt-to-equity ratio improved as a result of the rise in group equity, which rose by \$670 million between the end of X1 and X2. According to a review of the financial records, the corporation issued fresh shares in x2 to support corporate growth. The shares were sold at a price that was far more than their nominal value. This share premium is listed under "Reserves" on BestPrice. The group's cash balances most likely profited from the share issuance as well since "cash and marketable securities" increased by 330 million in x2. The balance sheet also discloses that throughout that year, BestPrice modified the makeup of its debt. Current debt decreased between the beginning and end of x2, going from A1,545,000,000 to A874,000,000, while long-term debt increased by about A1,000,000,000,000 to A3,315,000,000,000,000.,Users of financial statements construct the debt-to-equity ratio to evaluate the financial risk faced by a firm [7], [8].

Keep in mind that shareholders have a residual stake in the company's assets; nonetheless, creditors' claims must come before those of shareholders. If the company has financial difficulties, creditors' demands may consume all of its assets, leaving stockholders with nothing. In other words, the higher the danger of financial loss to shareholders, the more a company depends on debt to support its operations.A common definition of the debt-equity ratio is as a gauge of financial leverage. A company may "lever up" its capital without eroding the ownership rights of its current shareholders by combining debt and equity. The current ratio is only one method of determining a company's liquidity. The debt-to-equity ratio is not the sole indicator of financial leverage. Additionally, these ratios come in different iterations. For instance, some analysts instead of using the equity contributed by the group's shareholders connect a firm's net debt to its financial capital (net debt + group equity). The crucial aspect is that a liquidity or leverage ratio should always be computed consistently through time and across different businesses, regardless of how it is phrased [9], [10].

CONCLUSION

The importance of accounts in reporting data is crucial for delivering precise and transparent financial information that supports organizational accountability and informs stakeholders' choices. The relevance, techniques, and ramifications of accounting procedures as they relate to reporting have been thoroughly analyzed in this work. The supporting data emphasizes how important accounting principles, financial reporting standards, and audits are in assuring the accuracy and dependability of financial data. The management of financial complexity, managing regulatory compliance, and sustaining ethical standards in the fields of accounting and reporting are among the issues that still exist. To solve these issues and promote open and responsible financial reporting, cooperation between academics, financial experts, regulators, and organizations is crucial. Organizations may foster confidence with stakeholders, support investment choices, and ultimately contribute to a more robust and responsible financial environment by emphasizing accuracy and openness in accounting operations. The importance of accounts in reporting data is crucial for promoting trust and integrity in both financial markets and organizations, serving as a cornerstone for well-informed decision-making.

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CHAPTER 6

DETERMINATION OF VALUATION FALLACY IN FINANCIAL REPORTING

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ABSTRACT:

A major obstacle to effectively portraying the financial health of businesses is the valuation fallacy in financial reporting. This essay offers a thorough examination of the valuation fallacy, highlighting its importance, causes, and effects on financial reporting. The study analyzes the multiple aspects of this problem by looking at the causes that lead to misvaluations. The study emphasizes the significance of resolving the valuation fallacy to preserve the credibility and trustworthiness of financial data by drawing on empirical research and real-world experiences. The issues of accounting standards, fair value estimations, and the responsibility of auditors in spotting misvaluations are all covered in the paper. This study provides a thorough summary, making it an invaluable tool for scholars, financial professionals, regulators, and organizations trying to comprehend how the valuation fallacy affects financial reporting and what it means for trust and decision-making.

KEYWORDS:

Accounting Standards, Auditors, Fair Value Measurements, Financial Health, Financial Reporting, Valuation Fallacy.

INTRODUCTION

The aforementioned assertion is supported by a large number of individuals who are not familiar with how a balance sheet is created. It first seems to be logical. As we said at the beginning of this chapter, if a balance sheet is a summary of a company's resources, then unquestionably all of those resources should be shown. Is it not reasonable to presume that monetary amounts offered against specific assets and liabilities reflect current values? After all, when someone creates a personal balance sheet, assets like investments, real estate, and cars as well as obligations like mortgages and bank loans are immediately recorded at current market prices [1], [2].

A conventional corporate balance sheet is different from an individual's balance sheet when it appears in an annual report. There are two key reasons why it is not a statement of net value. First, the majority of businesses declare their physical assets (such as structures, machinery, and inventories) at cost of purchase or manufacture. Only in some situations can these past expenses match up with present prices. When the asset is purchased, they are most likely to act in this manner. They will only stay equal as long as pricing stay the same. In the past, inflation has caused the prices of the majority of physical assets to increase. The valuations of these assets have been underestimated as a consequence of the use of past expenses [3], [4].

Second, the book value of the company, which is calculated from the values of its reported assets and liabilities, would not be equal to its market value even if current prices were used to assess all assets and liabilities. The accounting definition of an asset is limited, which is the fundamental cause of this. A company's 'assets' include its workers' talents, the quality of its goods, and its management's competencies. These 'assets' are often not shown on the company's reported balance sheet, but they contribute to its market worth. How should we understand the balance sheet if it is not a statement of value (not even the value of accounting assets and liabilities)? The historical costs (HC) of assets may be thought of as the minimal values. A major tenet of HC-based financial statements is the premise that a firm is a going concern, which means its existence in the near term is not in dispute. As a consequence, it ought to be able to at least pay the cost of the inputs utilised via profitable operations. These lowest recoverable costs are represented by historical expenses [5], [6].

Undoubtedly, there are situations in which historical costs fail this criteria. For instance, economic circumstances may have led to a permanent decline in the value of assets like inventories or machinery. Only these lower market values may be retrieved in this situation, and the impacted assets must be written down to their market value. If the company's very existence is in jeopardy, liquidation valuations could serve as a better indicator of the money that can be made by selling its assets. As a result, the conventional balance sheet's guiding concept for asset value is to indicate assets at no more than the minimal amount the firm anticipates making from their sale or usage.

The purpose of the Income Statement

An income statement displays an organization's success over time. It displays the profit or loss the firm made and how that profit or loss came about in the case of a profit-seeking corporation. It displays the surplus or deficit resulting from the organization's operations in the case of a non-profit organization, such as a charity institution -seeking, publicly traded corporations evaluate their performance on a regular basis (often annually, but sometimes also half-yearly or quarterly) and report the findings. This is highly significant. The lifespans of modern businesses are lengthy and often legally endless.

To ascertain if the firm is returning a profit on their investment, investors want progress reports in the form of income statements at regular intervals. They do not want to wait until the firm is dissolved to see whether or not their initial investment has increased. Observe that by requesting regular reports, investors may more effectively keep tabs on the management they have chosen to run their company. Monitoring company performance on a regular basis has additional benefits. Investors might use it to assist in resource allocation choices. Investors may determine whether firm has produced a stronger return on investment by comparing its profitability with that of company B. This affects how they allocate their investment capital. Even while previous profitability is not always a reliable indicator of future profitability, it nonetheless offers important information for investment choices. The format of an income statement is quite basic. It displays the output of the firm and the inputs utilized to obtain that result for a certain time period (a year, a month). The profit (or loss) the business made (suffered) during the time is the difference between the output and the relevant inputs.

How are 'output' measurements made? In Europe, there are two methods in use. The most common method is to describe output in terms of sales. Most industrial firms and all retail businesses use this strategy. To define output in terms of production is the alternative. Numerous German industrial enterprises take this stance. However, the methodological difference has no bearing on how income is determined. We will focus on the first strategy output sales in order to keep the subject straightforward at this point and cover the second strategy output production. A sales-based income statement evaluates the firm's performance over a period in terms of the money it makes from selling consumers products or services. When items have been delivered to the consumer or a service has been rendered, revenue from a sale is often recorded in the books [7], [8].

DISCUSSION

Sales only make up a portion of a company's success. Selling products or services at a loss serves no purpose. We need to know the expenses of the product or service offered in order to determine if a transaction is profitable. These expenses pay for administrative, marketing, and manufacturing expenditures. They serve as a reminder of the company's efforts to close the deal. We can evaluate if a sale resulted in a profit or a loss by subtracting the expenses involved in producing it from the income from it. Expenses are expenditures associated with a certain period's sales. Either at the time the revenues are recognized or during the same financial quarter, they are reflected in the income statement. Thus, the following may be used to summarize an income statement: If sales are higher than costs, the business declares a profit for the quarter. It records a loss if costs go beyond income. Outputs and inputs must be connected for the profit or loss number to be a meaningful gauge of the firm's success. A meaningless metric of year 1 and year 2 performance is produced when year 2 expenditures are subtracted from year 1 revenues. The company balances its expenditures and revenues by subtracting only year one costs from year one revenues. The resultant revenue figure more accurately captures the value it added (or subtracted) that year.

Another example of how cost and spending might differ is the part-time employee's compensation. The cost of the services the employee provided to the business in January is reflected in the wage expenditure of $1,100. This is true even if he didn't get any of this money in January. In actuality, the cost to the business is 1,000 in labor payments. At the end of the month, the difference of $100 symbolizes the company's obligation to him. Revenue and reception might often fall into the same category as cost and expenditure. In January, Sun, C, and Sand Company used 350 of its monthly allotment of utilities. The daily accrual of interest on its 12,000 bank loan results in a cost of 100 in January. Each time, the sum that was recorded as an expenditure in January is paid by the end of the month. we provide a cash flow statement for Sun, C, and Sand for the time period from 8 January, when operations started, to 31 January, to illustrate the distinction between profit and cash flow.Observe how occurrences that have no effect on cash flow are ignored in the cash flow statement. Since Sun, C, and Sand did not make any rent payments between January 8 and January 31, the aforementioned statement, for instance, ignores rent. Similar to that, it disregards 4,000 purchases from January since payment for them was not made in that month. On the other hand, the cash flow statement emphasizes activities that have a delayed and sometimes multi-period impact on a firm's operations, such as the issue of additional shares or expenditures on new machinery. Depending on when these significant financial events occur, net cash flows might vary significantly from one period to the next. Because of these factors, cash flow is not regarded as a reliable indicator of an organization's operational success.

This is a consolidated income statement, as stated in the title. It includes all of the subsidiaries it has managerial authority over as well as the parent business, BestPrice Stores S.A., in its total revenues and costs. BestPrice provides comparison numbers for the prior fiscal year, x2, along with the x1 figures, in compliance with EU regulation. Even in cases where it owns less than 100% (but more than 50%) of the shares of these firms, BestPrice aggregates all of the revenues and costs of the subsidiaries it controls. BestPrice subtracts from group earnings ('Income after tax') the after-tax profits of subsidiary firms that are attributable to outside shareholders in order to guarantee that the 'Net income' figure solely represents the profit attributable to parent company shareholders. These gains, which total A51,000,000 in x2, are referred to as "Minority Interests." On the front of its x2 revenue statement, BestPrice displays not one, not two, but five profit figures. A multiple-step income statement looks like this. With each subsequent step down the statement, the profit amount grows to include additional information. Thus, only product costs (i.e., cost of sales) are subtracted from "gross profit" calculations, while product costs and other operating costs (i.e., selling, general, and administrative expenditures) are subtracted from "operating profit" calculations.

Operating expenditures are included with "exceptional charges" since in this instance they are operational in nature. The income before tax number is even more comprehensive (according to the notes to the accounts, Best Price suffered unusual restructuring expenses of a26 million in x2 stemming from the integration of a retailing operation acquired during the year). After integrating the revenue impacts of operational and financial operations, it is determined. The latter include interest revenue, interest expenditure, and investment income (such as dividends paid). Income after taxes, which accounts for the tax implications of all of the organization's revenues and outlays reported in previous processes, is the most encompassing measure of group profit.

Net profits are calculated in one step under the alternative single-step income statement. The business aggregates all costs. If it generates income from many sources, they are also aggregated. To get one income amount, total costs are subtracted from total receipts.Investors may more clearly perceive the impact of each sort of expense thanks to the multiple-step income statement's benefit. Additionally, as we'll see in a subsequent section, several profitability measures employ various income figures. Costs are grouped by functional activity on BestPrice. For instance, all input costs (materials, labor, equipment depreciation, etc.) utilized by the sales department are shown against "Selling Expenses," whereas those used by administrative departments are displayed against "General and Administrative Expenses." 'Cost of sales' at a retail business like BestPrice simply refers to the price of the goods that were sold. However, "Cost of sales" in a manufacturing business covers all production expenses associated with the items sold during the time. Alternatively, you might group costs according to what they are. Separate figures are provided for each main input when a natural format is utilized, such as materials, labor (wage expenditure), equipment (depreciation), and so on.

There are specific issues with several income statement terminology in English-language accounting. Although certain terms, like income, earnings, and profit, have similar meanings, they cannot always be used interchangeably. While the word "profit" may be used to a single or a series of transactions, "earnings" is often exclusively used to refer to the (successful) outcomes of all of a firm's operations over a certain time period. The concepts "gain" and "loss" need to be defined further. They may be used in many situations. The net result of a transaction that is not a part of the company's regular operational activity is perhaps the most frequent use of this phrase. Consider BestPrice selling a building as an example. Building sales are not the company's line of business; they are not a regular element of what they do. As a result, neither the cost (or, more specifically, the book value) of the building nor the cash revenues are included in the term "Cost of sales." The transaction is instead represented as net. Gain (or loss) on disposal of fixed asset is the term used to indicate any difference between the selling price and the asset's book value. If the difference is considerable, it is also reported separately on a multiple-step income statement as part of operational profit (or loss). Gain and loss are also employed in relation to 'windfalls' and changes in the values of assets and obligations. Therefore, if part of BestPrice's stock is harmed or spoiled, the value decrease is reported as "loss from inventory write-down." BestPrice notes a "loss from inventory shrinkage" if items vanish from the shelf and cannot be located (theft is one way this might happen). If these losses are modest, they are included in the income statement's "Cost of Sales" category [9], [10].

Accounting Records

The issue with the worksheet method of recording transactions is that, for the majority of businesses, it is unable to handle the volume or diversity of transactions that must be completed. Accounting records were created to get around these issues. We turn to face each other. The greater the variety of the company's activity, the more accounts are required. You'll remember that an account is a document that summarizes all financial activities and events that have an impact on a certain asset, obligation, or kind of owner's equity. Each account is represented by a row in our spreadsheet. Use of a spreadsheet with one row per account is not practical for a business where the number of accounts may readily reach the hundreds, especially in the absence of a computerized system. Accountants created a system that suited the manual records that were available at the time. Each account received a unique document from them.

How was the document formatted? It was essentially a page from a blank book. A business sets up a ledger, a book created especially to hold accounting data. Each account had a page or pages of the ledger allotted to it. Ledger is still in use today. The general ledger of a business consists of all of its account papers, including cards, book pages, and, most often nowadays, computer files. The account is contrasted in Exhibit 4.1. both the general ledger and the worksheet. Among books, the general ledger is a unique kind. It is extendable, to start. The business may need to create new accounts, or and new pages to the book, when it launches new initiatives. represent a wider range of resources and obligations. Additionally, as a result, new categories of asset and liability due to changes in corporate practices. In Europe fifty years ago, equipment leasing was rare. Brand names were not regarded as accounting assets twenty years ago. Businesses have established new ledger accounts to record lease asset, lease liability, and lease transaction transactions. The ledger also has a thorough reference mechanism. Each business maintains a chart of accounts that have a code number for each sort of asset, obligation, and owner's equity. It refers to the impacted accounts by their code numbers when it first registers a transaction. The national chart of accounts for Spain is excerpted. Thus, a Spanish company that purchases land for cash records the rise in land and loss in cash, respectively, using codes 220 and 572. Continental Europe often uses national charts of accounts, particularly in nations French accounting practices have an effect. The objective is to uniformly record financial transactions and show them. As a result, the government is able to gather data on the business sector that are quite internally consistent. Use of the chart and its coding scheme is required in France. The chart's coding scheme is under a national accounting plan that also specifies how businesses are to value their assets show them in the financial accounts together with assets and liabilities. Other nations are more accommodating. For instance, Spanish businesses are required to abide by the valuation and presentation guidelines in the national accounting strategy, but is not required to use the coding structure it specifies. where none exists Individual firms develop a national accounting strategy (e.g., in north European nations and the USA). their own personal balance sheets. Uniform account codes proponents contend that since transactions are handled uniformly, Accounts amongst companies are probably more similar. Some claim that a national code is less effective than a business-specific one is less adaptable to changes in the environment of the organization. and so do the kinds of transactions it does. All, however, agree that the tale is credible. coding. It is simpler for management to keep track of transactions and follow their progress through the bookkeeping system. They can thus identify faults more rapidly and fix them.

The date of the transaction, the impacted accounts (together with their code numbers), the sums, and the direction (Dr./Cr.) by which they have changed are all stated in the journal entry. The transaction's justification is not required. Keeping a journal provides a number of benefits. It first lowers the likelihood of mistake. Transactions are quickly and accurately recorded. They are thus less likely to be forgotten about or reported incorrectly. The ability to trace transactions more easily is an additional benefit. Take note of the fact that they are mentioned in both the diary and the ledger.As a consequence, it is simpler to trace the path of transactions, whether going from a ledger account to a source document or vice versa. If errors do occur, they may be found sooner., A business using a manual accounting system may maintain many journals. For a certain sort of transaction (such as sales, purchases, cash receipts, or cash payments), it may create a separate journal.

The form of record-keeping has changed due to the replacement of manual accounting systems with computer-based ones, but not its content. A journal is essentially a computer file where accounting transactions are documented as they happen. In the example in , we simultaneously record the sale and cash receipt activities in the ledger accounts that apply as well as the journal. What really happens in a computer-based system is this. A business codes every transaction so that the ledger accounts are immediately updated as soon as the transaction's specifics are input into the system. The ledger accounts, however, are summary records in a manual system. The business keeps track of individual transactions in a journal and periodically transfers totals to the relevant ledger accounts, such as sales and cash receipts.

CONCLUSION

A significant danger to the quality and dependability of financial information is posed by the valuation fallacy in financial reporting, which has an effect on confidence in organizations and decision-making. This essay has offered a thorough overview of this problem, emphasizing its importance, causes, and effects. The findings made clear how crucial it is to solve the valuation fallacy in order to maintain financial reporting' objectivity. But there are still issues, especially when it comes to adopting uniform accounting standards, improving fair value calculations, and boosting the role of auditors in spotting misvaluations. To solve these issues and advance transparent and trustworthy financial reporting, cooperation between academics, financial experts, regulators, and organizations is crucial. Organizations may increase stakeholder confidence, encourage wise decision-making, and protect the integrity of financial markets by putting a high priority on accurate assessments and adhering to strict accounting procedures. In order to assure the accuracy and dependability of financial information in a complex and changing financial environment, the valuation fallacy in financial reporting is a crucial problem that needs constant attention and care.

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CHAPTER 7

ANALYZING THE COMPUTERIZATIONS OF ACCOUNTING RECORDS REPORTING

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ABSTRACT:

Modern firms now handle, analyze, and report financial data differently thanks to the computerization of accounting records reporting. In this essay, computerization in accounting records reporting is thoroughly examined with an emphasis on its importance, implementation, and effects on financial management and decision-making. The study covers the numerous aspects of this change by looking at technology adoption, data integration, and reporting automation. The study emphasizes the significance of using computerization to improve accuracy, efficiency, and data-driven decision-making by drawing on empirical research and real-world experiences. The issues of data protection, technological integration, and the changing role of accountants in the digital age are all covered in the paper. This article provides a thorough review that is a useful tool for scholars, financial professionals, organizations, and regulators who want to comprehend how computerization has affected accounting records reporting and how it has shaped the financial environment.

KEYWORDS:

Accounting Records, Automation, Computerization, Data Integration, Financial Management, Reporting.

INTRODUCTION

Accounting records are now often computerized. Even the tiniest firm may purchase software products. Both manual and computer-based systems employ the same record-keeping structure, including the usage of general and subsidiary ledgers. The low marginal costs of retaining information and the speed with which it may be retrieved are two major benefits of computer-based records. Companies now publish reports more regularly and more quickly because to quick data retrieval. The story of Cisco Systems, a US networking equipment manufacturer, demonstrates how quickly information on a company's activities may be obtained via an effective computerized system. For senior management, Cisco generates daily sales and profit data broken down by area, product line, and salesperson. Within a day after the conclusion of the financial quarter, it may also create group financial statements [1], [2].

Low information storage costs have been leveraged by businesses to increase data collection beyond what is necessary for accounting reasons. Think about the ledger for receivables. In addition to broad information about a customer's account, such as recent credit sales and cash received, a company is also able to store and retrieve quickly the details of each sales invoice. Other departments (such as the marketing department) may then utilize the information on the products a client purchased when and which ones. What starts as a specific information system for accounting evolves into a broader one [3], [4].

The communication of information between businesses has also become computerized. Companies are moving away from paper papers and toward electronic communication. The term "electronic data interchange," or EDI, refers to this procedure. Initially, EDI was conducted on private networks controlled by major IT corporations. But businesses are exchanging data online more often. Large merchants, pharmaceutical firms, and auto manufacturers were among of the first EDI users. They electronically purchase products from suppliers, often on a "just-in-time" basis, and get shipment and invoicing information from them. When compared to paper documentation, EDI has a number of benefits, including quicker information flows, fewer mistakes, and cheaper accounting expenses when setup expenditures have been recovered. As inventory are decreased, storage and interest expenses should also decrease. Companies often use EDI to transmit non-financial information like projections for sales volume and upcoming sales campaigns. National laws in Europe mandate the preservation of certain corporate documents. One justification is to make it possible for the tax authorities to confirm the data included in a company's financial statements and tax returns. Along with corporate income taxes, this also holds true for value added tax and payroll taxes. The majority of EU member states require businesses to maintain important records on hand for at least six years, and in others (such as France and Germany), for up to 10 years [5], [6].

Government record-keeping requirements are, for the most part, not onerous. Companies are seldom compelled to maintain more records than they would willingly do as part of an efficient internal control system. For instance, the Dutch Civil Code mandates that businesses keep "proper books of account." The sole requirement set out in the Code is that the books be enough to create the yearly accounts required by law. The Code does not define whose books must be kept. The legislation in France is very precise. A diary, general ledger, and book of balances (which resembles a trial balance) are needed accounting documents.

To correct mistakes and update the accounts for specific events that had an economic effect on the firm throughout the time, adjustments are made to the original trial balance. The latter are referred to as accrual adjustments. They play a crucial role in accrual-based accounting. The chapter begins with a review of the essential components of accrual accounting . The fourth article in our series on "accounting fallacies" defines the words "ordinary" and "extraordinary" as they are used in accounting, then explains why investors place a higher value on regular earnings than unusual ones. It is the accounting technique that big and medium-sized businesses in Europe and internationally utilize the most. What is the purpose of accounting on an accrual basis? It just is this. Financial statements for a corporation should include information on all transactions and events that affected the company financially during the reporting period. Even in cases when there hasn't been any money flowing into or out of the company, a transaction or event might nonetheless have an economic effect. As a result, "accrual basis" refers to the acknowledgment of an event's accounting consequence at the time it happens, which may not correspond to when cash is received or paid.

The revenue realisation principle and the matching principle are the two 'principles' that form the foundation of the accrual basis. The first one controls how revenues are recognized, while the second one controls how costs are recognized.The revenue realization principle states that a corporation only recognizes revenue when the earning process is finished. This rule is also referred to as the timing rule since it addresses the timing of income. Under the accrual basis, the choice of when to recognize revenue is critical since it also dictates when the firm recognizes profit (or loss) on its operating activities. According to the matching principle, when a corporation recognizes revenue, it also records the expenditures associated with producing that revenue in the income statement. 'Expenses' is the term used to characterize these matching charges. The amount of profit a corporation reports for a period is based on how revenue and cost recognition are combined [7], [8].

Delivery is often chosen by manufacturing organizations as the moment at which revenue is recognized since it is the first instance at which all three requirements are satisfied. The risks of ownership are not transmitted at the manufacturing stage for the majority of businesses, including those who produce to order., It should be noted that certain risks may continue to exist even after the company has delivered the products, although they are often minor and quantifiable for instance, the risk of expenditures the company may incur under a warranty agreement with the customer.

Companies may recognize revenue throughout the manufacturing process (stage 2) in certain sectors where products or services are delivered under a long-term contract (such as significant projects in the building industry . The business is aware of the client and the agreed-upon pricing when such a contract is signed. The profits made at each step of the contract may be calculated rather accurately on the assumption that future expenses are estimable. As a result, it is able to prorate income and profit throughout the course of the contract. Revenue recognition may be postponed by a business until the consumer pays it in cash (stage 5).   real estate investment and trading business sells land to a construction firm and agrees to be compensated with the development's earnings. The danger of non-payment might be substantial and immeasurable. As a consequence, the real estate business still carries a lot of risk at the time of land delivery and should not record income at that time. we provide an example of how these different recognition points affect the accounts. The assumption used is that businesses recognize revenue at the time of delivery (or performance, in the case of services.

DISCUSSION

When a business records income, it also records the expenditures associated with producing that revenue as expenses. The response is that matching is often approximative. Manufacturing firms do make an effort to balance manufacturing costs with the number of units sold. We'll see how they do this in a later chapter. On a product basis, their non-production expenditures, such as marketing, administration, and finance, are, however, seldom matched with income. Instead, they are matched according to time. Selling expenses, such as the wages of the sales department's employees, equipment depreciation, and utility expenditures, are recorded on the income statement at the time they are incurred. The argument is that the sales department's efforts contribute to all of the sales throughout a financial period, and that the advantages of more exact product matching outweigh the related expenses of data collecting and analysis. Other industries have different practices. The cost of goods is matched with each unit sold by retail and wholesale businesses, who, like manufacturers, charge additional expenses periodically against revenues. In other industries, like banking, matching happens implicitly because important sources of both income and expenditure, including interest revenue and interest expense, accumulate over time.

They are sometimes predicted. Companies, for instance, budget for anticipated expenditures in the future, such as environmental obligations. They also account for potential asset overstatement: 'Doubtful' debt adjustments to receivables and slow-moving item adjustments to inventory are two examples. Prudence is the guiding concept in these situations. A cost is recognized in accordance with this concept as soon as a liability or prospective loss is experienced. Be aware that wisdom typically prevails when it conflicts with the matching principle. Accounting data is used by investors to choose whether to invest in (or withdraw from) a firm. Such a choice entails valuing the business, and valuing a business necessitates forecasting the future cash flows of the business by investors. According to empirical data, current earnings, an accrual-based metric, often provide more precise forecasts of future cash flows than current cash flows. The higher profits prediction is primarily attributable to the two accrual accounting principles, revenue realisation and matching standards. Such a structure is absent in cash-based accounting. Because they may be related to economic activities that have already happened (like credit sales from a previous period) or that are yet to happen (like products or services that will be provided in a future period), current cash inflows are a poor indicator of future inflows.

The better resource allocation is also encouraged by accrual-based financial reporting. Management can more accurately estimate the cost of utilizing an organization's assets by recognizing and cataloging them. This should result in the assets themselves being used more effectively. However, statistics based on accruals have their limits. The revenue realisation and matching principles may not be applicable in their current state. As we've seen, there are certain prices that just cannot be matched on a product basis. Additionally, accrual-based figures depend on management assumptions, which might be wrong or deceptive. For example, management predicts the lifetimes of depreciable assets or the collectibility of receivables. Under accrual accounting, revenues and costs are generated in other ways as well.

Even if they don't entail a trade with a person or another company, some things do happen that have an economic influence on the business. Remember from Chapter 3 that the utilization of the shop space (rent expenditure) and equipment (depreciation expense) in the month of January contributed to the expenses of producing Sun, C, and Sand's January revenues. In neither situation is there a January transaction indicating the utilization of the asset. Similar to this, even if no cash is received during the time, income may still be produced on assets that pay interest. We alter the accounts by capturing the impact of events like the depletion of assets. As a result, the related journal entries are referred to as adjusting entries. If the informational advantages of current accounts outweigh the minor accounting expenses, adjustments may be done weekly or even daily. However, when the accounts are completed at the end of a financial period, whether it be a month, quarter, or year, accrual adjustments are often recorded.

There are two sorts of adjusting entries. First, there are the modifications that account for the passage of time. Then there are modifications that take into account an asset or liability's expiration. We consider each category separately. Think about the expense of borrowing money, for instance. Interest on outstanding debt is often paid on a regular basis, whether it be monthly, biannually, or annually. The expense of borrowing does not, however, start and end with interest payments. Day by day, it is incurred (and the responsibility grows). Therefore, the borrower should not simply report interest expenditure when interest is paid. As time goes on, it should be acknowledged along with the need to pay overdue interest. Similar activity takes place in the lender's records. Regular payments of interest are made on loans. However, interest is paid out every day. Therefore, as time goes on, the lender should record interest income and the associated asset, accumulated interest receivable.

Income Measurement

Although accounting has been an element of corporate reporting for millennia, financial reporting has only recently been income-oriented since the Companies Act of 1929. A statement of comprehensive income was not very significant before that Act. The statement of financial status, which includes a breakdown of capital, assets, and liabilities, was crucial since it showed the company's financial stability and solvency.M This situation may be related to the sources of capital investment, according to some commentators1. Similar to how external capital financing is handled now in Germany, bankers, other lenders, and trade creditors controlled the majority of it up until the late 1920s in the UK. They were concerned in the entity's short-term liquidity and long-term solvency, and as the primary readers of public financial statements, they concentrated on the company's capacity to pay trade creditors, loan interest, and loan repayments on time.

As a result, the statement of financial status was the key document to pay attention to. Liabilities were often positioned on the left side of the English statement of financial situation, making them the first portion of the statement to be read, maybe in acknowledgement of this. Priorities changed as a result of the gradual emergence of a sophisticated investment market that included a variety of financial institutions and a rise in the number of individual investors. The financial reporting landscape began to be dominated by investor protection and investor decision-making requirements, and the revenue statement took the place of the statement of financial condition as the primary reporting document for governments.

As a result, focus shifted to the statement of comprehensive income and ideas of profit accounting. Additionally, investor protection took on a new significance. Instead of only safeguarding the invested money, it now also safeguards the income data that investors need to decide which investments to make. However, seeing large corporations struggle with severe liquidity issues over the past ten years has reignited interest in the statement of financial position. While it may not shine with the same intensity as the profit and loss account, it is not entirely subordinate to the statement of income it is accompanied by. The primary goals of income measurement are to offer a foundation for taxes, a method of micro- and macroeconomic management, and a means of forecast. The stewards chosen by shareholders are the managers. Income, measured in terms of net income or net profit, is the accountability's final manifestation. The goal of the entrepreneurial entity is to maximize profits, but in the case of huge public monopolies and private semi-monopolies like British Telecommunications plc, the ability of the company to pursue this goal may be constrained by political and societal factors.

Earnings per share (EPS), which is shown on the front of the published profit and loss statement, reflects net income maximization. Contracts that link directors' compensation to EPS growth demonstrate how important this number is to shareholders. A growing EPS may cause the market price of the underlying security to rise as well as an increase in the remuneration or bonus for directors. Another crucial metric that is affected by the statement of comprehensive income is the price/earnings (PE) ratio, which shows the impact on the market price. The link between the share's current market price and the most recent EPS is calculated using the PE ratio. Through this comparison, management and the general investing public may learn from the mistakes of the past and enhance performance going forward. If circumstances call for it, the general public, acting as shareholders, may propose a change in the company's board of directors. This might be one of the reasons management often dislikes providing a precise, defined estimate of predicted outcomes since such an estimate could be used as a gauge of efficiency. Actual outcomes are compared against expected results to determine apparent underachievement. The profit made for the fiscal year has an impact on the payment of a dividend, its size, and any residual income that remains after the dividend has been paid. The availability of cash resources within the entity, the potential for additional internal investment, the dividend policies of capital-competing entities with comparable shares, the current cost of capital, and the pace of the capital market are additional factors that are in play. Some people, however, dispute the wisdom of choosing to invest in a business based on the profit made for the year. In their opinion, such an approach misinterprets the nature of income data, because upcoming cash flows provide the pertinent facts. Even if future accrual accounting revenue could be precisely forecasted, it would only be "an imperfect surrogate for future cash flows," according to them, therefore using income statistics from previous periods is flawed.

The counterargument is that managers and accountants have strong objections to the disclosure of future operational flows and dividend payments.This implies that an investor must depend on a proxy in the absence of pertinent knowledge. The information that is already accessible, namely income evaluated using the accrual principle, serves as the best substitute in the near run. Longer term, shareholders will put pressure on management to either enhance the surrogate information or reveal the true projected data on operational cash flows and dividend distribution. It has been suggested that the surrogate information be improved by include cash profits per share. Revsine has advanced the more basic concept that the optimal information for investors would reveal the economic worth of the company (and its assets) based on anticipated future cash flows.

The statement of comprehensive income is based on the expenses incurred in the currency and at the price levels in effect at the time of the transactions, which are the costs incurred for business transactions. Because it occurs after the fact, accounting revenue is referred to as historical income and is thus an ex-post measure. The conventional statement of comprehensive income is historical in two ways: first, since it refers to a previous era, and second, because it bases its calculations on historical cost, which is the price of the transactions. Because the statement of financial position is based on transactions that have not yet been addressed in the profit and loss account, it follows that it is also based on historical cost. Historical cost still dominates both the statement of comprehensive revenue and the statement of financial position in practice, notwithstanding certain modifications that may be made to it. It is supported on a variety of grounds that, in theory, prevent data tampering.

Unfortunately, historical cost has certain drawbacks. Due to different methods of defining income and expenditures as well as the need for projections, it is not always objective there are many standards for determining expenses. The cost will vary based on the definition used, such as first-in-first-out, last-in-first-out, or standard cost, even if inventories are valued at the lower of cost or net realisable value. Inventory value, evaluating potential bad debts, incurring expenditures, allocating funds for depreciation, and calculating the profit due to long-term contracts all need estimation. Therefore, even if historical cost reporting is transaction-based, certain components of it may not originate from an independently verifiable business transaction. This implies that profit is not necessarily a singular quantity. Revaluations of assets are common. The historical cost method has been undermined in an economy with fluctuating price levels since it is thought necessary to restate the carrying value of assets like land and buildings that make up a significant amount of a company's capital employed. This practice is debatable, not the least of which is that it is said to indicate that a statement of financial condition is a list of assets valued at market value rather than a statement of unamortized expenses not yet deducted from income.

From sales in excess of the direct and designated indirect expenses incurred to make such sales. Its measurement yields a net sum. It is the quantitative outcome of the notions of matching and accruals explained in the chapter before. Since accounting income is transaction-based, as we saw in the chapter before, it may be regarded as true inasmuch as the revenue and expenses have been realized and will be represented in cash inflow and outflow, albeit perhaps outside of the financial year. We also observed that, under accrual accounting, the costs spent to produce a financial period's revenues are offset by those expenses. Since the continuing performance of the company entity must be divided into calendar or financial years for the purposes of accountability reporting, objectivity is a key attribute of accrual accounting, although the information cannot be completely impartial. A careful estimation of certain expenditures, such as the provision for depreciation and bad debts related to each period, is necessary for the distribution of spending between periods. Accounting income is shown as a statement of comprehensive income or a traditional profit and loss account. Due to the fact that it is based on real transactions, this statement of comprehensive income refers to a past-defined time period. Accounting profit is thus referred to as historic income since it is a measure taken after the fact, or ex post

CONCLUSION

Computerized accounting records reporting offers improved accuracy, efficiency, and data-driven decision-making skills, and it marks a fundamental change in financial data administration and reporting processes. This essay has offered a thorough examination of this change, highlighting its importance, execution, and effects. The information put forward emphasizes how crucial it is to use computerization to simplify financial procedures and aid in informed decision-making. But there are still issues, such as worries about data security, successful technological integration, and the changing responsibilities of accountants in this digital age. To overcome these issues and guarantee the efficient and safe implementation of computerization in accounting records reporting, cooperation between researchers, financial experts, businesses, and regulators is necessary. Organizations may improve their financial management, increase the accuracy of their reporting, and make more strategic decisions by adopting technology. A key element of contemporary financial management, the computerization of accounting records reporting has the ability to favorably impact the financial landscape and push enterprises toward higher efficiency and effectiveness.

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CHAPTER 8

THE IMPORTANCE OF DEVELOPING CONTACTS IN REPORTING

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ABSTRACT:

A strategic activity that is essential to ensure accurate, thorough, and timely financial reporting is cultivating contacts in reporting accounting records. The process of establishing contacts in reporting accounting records is thoroughly examined in this essay, with special attention paid to its importance, methodologies, and effects on financial integrity and transparency. The study analyzes the many facets of this approach by looking at stakeholder participation, data gathering procedures, and reporting linkages. The study emphasizes the significance of developing successful interactions to improve data accuracy, enable reporting compliance, and create stakeholder trust by drawing on empirical research and real-world experiences. The problems of data accessibility, legal restrictions, and the function of technology in contact development are also covered in the article. This paper offers a thorough overview, making it a useful tool for researchers, financial experts, businesses, and regulators who wish to comprehend the significance of establishing contacts in reporting accounting records and its function in advancing financial reporting practices.

KEYWORDS:

Financial Reporting, Contact Development, Data Accuracy, Data Collection, Reporting Compliance, Stakeholder Engagement.

INTRODUCTION

In the previous fifty years, there has been discussion on the place of value added among accounting metrics, with the 1970s and 1980s receiving the most of the focus. Management control (internally focused), financial reporting (externally oriented), and social reporting (externally oriented) are at least three study areas where the analysis of value added may be categorized. The importance of value added as one of the instruments to assess "economic productivity" is highlighted in the first area . In order to regulate costs and the effectiveness of productive components, notably labor, the value-added measurement is employed as one of the performance indicators in the management control system, particularly in the industrial sector [1], [2].

The conventional income statement, which focuses on profits and net profit, is supplemented by value added reporting in the second area of analysis. A value-added statement that is externally focused might summarize the contribution of the whole company across several industries, not just the industrial one. The value contributed statement is seen by the third method as a developing kind of social reporting. It is important to note that the Italian term "bilancio sociale" (social reporting) is used to translate the term "value added statement" from the English version of the International Accounting Standard (IAS 1) (2004). It is an additional form of communication to the regular and official yearly report in the process of overall corporate reporting. The value-added idea is the most relevant notion of revenue in this expansive notion of social responsibility for the business. Therefore, the enterprise theory, which contends that the reporting entity is a social institution that functions for the benefit of several interested parties, is where the notion of value added originates. The benefits of defining income so as to include the gains of a much larger group than simply the shareholders, according to VA proponents, are many. Following are some of the VA statement's many benefits:

(A) Employee attitudes about their employers are improved by reporting on VA. This is due to the fact that the VA statement presents a more comprehensive understanding of the company's goals and obligations.

(b) VA statements make it simpler for the business to implement a productivity-based incentive program for workers. The VA/Payroll ratio may be used to determine whether to pay workers a productivity incentive.

(c) VA-based ratios, such as those based on payroll, taxes, and sales, are helpful diagnostic and predicative tools. Comparisons with other businesses, worldwide comparisons, and trends in VA ratios may be helpful. It should be highlighted, however, that the VA ratios may be made more helpful if they are based on VA data that has been adjusted for inflation.

(d) VA is a fairly accurate way to gauge the size and significance of an organization. Rankings of businesses based on capital employed or sales data might be distorted. This is due to the possibility of huge bought-in expenditures inflating revenues or the possibility that a capital-intensive firm with a small workforce may seem to be more significant than a highly trained labor-intensive one. A company's financial accounts are connected to national income through a VA statement (e). The VA of a firm reveals how much it contributes to the national economy.

(f) The VA statement is lastly constructed using the fundamental conceptual tenets now recognized in balance sheets and income statements. Going concern, matching, consistency, and content above style are concepts that also apply to the VA statement.

Often, if not always, a source may provide you specific information on the condition that you do not quote him in your report. On the condition of anonymity, he gives you information. Information is off-the-record if it was acquired from a source with the knowledge that it was. Always keep in mind that a source is a source. Even if you switch newspapers, beats, or even locations, your reputation would still accompany you. Operating honestly is the only way to succeed as a reporter over the long term. If you don't, you won't have access to the most priceless of all commodities: reliable sources. Your success as a journalist increases with the size of your network [3], [4].

It must be argued against the public interest in identifying such sources for the protection of journalists' secret sources to be in the public interest. Such a defense must be based on the importance of preserving the media's capacity to contribute meaningfully to democracy over the long run. It also calls for a set of restrictions that should be in place before any kind of legal pressure to force journalists to reveal their sources is ever contemplated. The media must gain the confidence of the people by acting professionally, being independent, and being diligent when using confidential sources. Journalists must show that they are not abusing their claims to respect confidentiality, such as by employing secret as a cover for ulterior motives or because of a lack of initiative to find sources or information that would be used on the record.

A complex journalistic rule is to protect secret sources. It calls on us to draw subtle but crucial differences between the many sub-themes. In order to protect sources, their identities are often kept secret. But after that, things become a lot trickier. Who is the danger coming from? We often believe that journalists must resist state-imposed disclosure demands in order to uphold their obligation to preserve secret sources. It usually is. But if they are pursuing civil proceedings (such as in defamation lawsuits) or if they feel that such information will help their defense in a criminal prosecution, private businesses or individual people may also seek legal tools to force disclosure. To be controversial, one may also wonder whether sources don't sometimes require defense from other journalists. For instance, a source might feel exploited, misrepresented, or betrayed by guilty journalists who won't admit that they might have abused the confidence placed in them. The issue of who should provide protection also comes up.Shouldn't it be the journalists, who are constrained by their own honor?

Is there a de facto legal "contract" between the journalists and the source(s) that binds them to do this? also the publishers and/or editors? Should the government take the initiative to prosecute journalists who divulge secret sources and so harm the reputation of the media and/or the sources.It's a tricky question how the protection should be implemented. Now that the journalist has agreed to follow a source's request for secrecy, it is the journalist who has to be safeguarded. The question therefore arises whether journalists should have a limited or unrestricted legal right to withhold the names of such sources. The issue of whether journalists should be treated equally with all other citizens or as a separate group is implied in this. This in turn relies in part on whether a particular constitution explicitly grants freedom to the media (qua institution) in addition to individual freedom of speech [5], [6].

Also dependent on your definition of disclosure. Does a journalist's statement still violate the basic rule of media being impartial and ethical if it falls short of revealing real identities? How the justification for source security links to a broader idea about the function of media in a democracy will heavily influence the answers to this issue.extrapolate some lessons from the US and South African experiences. Based on them, I point out certain issues with the African Commission's statement on freedom of speech as it applies to source protection. I summarize the subject matter addressed and provide some suggestions at the end.

DISCUSSION

Globally, journalists agree that sources who are promised secrecy must be shielded from having their names revealed. Journalists who consent to obtain material "off-the-record" must follow a convoluted and sometimes misinterpreted series of rules. 6It is rarely made clear whether this status permits (a) nothing at all to be revealed, (b) the use of the information as an anonymous tip-off if the journalist can confirm it with other sources, or (c) the use of the information directly but without attribution to the specific source. Whatever the variances, all three views agree that once a promise is made, the source will at the very least be kept anonymous, at least in terms of their real name. There are occasional exceptions to this rule, such as when the source is thought to have lied, in which case journalists often feel liberated from their obligation to maintain source confidentiality. This was the situation in Zimbabwe some years ago, when independent journalists revealed a police source whom they alleged had willfully set them up with false information about Robert Mugabe having a secret marriage.

The "chilling effect" justification for why sources should be preserved is perhaps the most popular. According to this theory, sources of information will simply dry up if sources cannot rely on journalists to maintain their sources' privacy. As a consequence, the general population would be worse off since many issues would therefore never get attention. The open exchange of information, which is crucial to a democratic system, would suffer. The "chilling" of whistleblowers who might otherwise be willing to "chirp" to media would be a setback for getting information out there. It is said that there are valid grounds for sources to want public anonymity for a variety of reasons. Simply said, if journalists were obliged to divulge their identities, they would not approach them. According to Overholser (2004a), "One must keep one's word to be trustworthy." She uses the Watergate scandal and more current corporate whistleblowers as examples of how the public benefits when journalists uphold their "pact of confidentiality" with sources. Naturally, it is up to the journalists to judge whether the material should be published notwithstanding the objectives of such sources. It is also their responsibility to look for independent methods and means to confirm the information, as well as to negotiate with the source in order to at the very least pinpoint the origin of the tale as closely as possible to the "deep throat" without directly naming it. To reduce misuse and manipulation of secrecy, a variety of different professional checks and balances have been suggested [7], [8].

The key issue, however, is that if journalists "burn" their sources, whether or not they did so under duress, the media would be unable to fully exercise its democratic function. Journalists view constitutional protections for media freedom as a confirmation that they have a particular position, privilege, and obligation to maintain source anonymity. For instance, the Minnesota Free Flow of Information Act declares that the news media "shall have the advantage of a considerable privilege not to divulge sources of information or to disclose unpublished material in order to safeguard the public interest and the free flow of information. The confidential connection between the newsgather and the information source must be protected in order to do this make similar claims that in order to create a climate that supports free and independent media, society must respect journalists' protection of confidential sources and the information they provide. This is an essential need for reliable news reporting in a democratic society. The right of the people to obtain information from the news media may play a constitutional role in this case. From this vantage point, it naturally follows that when a reporter consents to secrecy, it should bind the whole news organization as a part of the media institution.

The foundation of the justification behind the aforementioned reasons is the public-interest concept, which is crucial to democracy. it is assumed that journalists are given a particular exemption from exposing their sources' names since doing so serves the interests of the general populace in democratic societies. Therefore, media freedom is not the ability of a predetermined set of people to keep quiet about their sources but rather the recognition that those who choose to join this group should be recognized as performing a certain role and mission in a democratic society. Accordingly, a journalist who is subpoenaed in their personal capacity, as opposed to their official position, for material that was not obtained while performing their job would not have any more right to reject than any other citizen.

However, even with this understanding, there are strong grounds against journalistic privilege. The first objection is that other rights, such as the right of a person to dignity, to a fair trial, and access to information, must be considered when determining the media's right to withhold sources. The second criticism is that it must also be evaluated against the state's obligation to carry out its mission, which in this instance is to uphold the rule of law and an efficient court system. In other words, counterclaims might be made in the name of speaking out in the democratic public interest in response to the media's assertion that quiet is in the public interest. Following is a discussion of several processes that have developed through time to help weigh claims of benefits to the public interest. Be kind to your sources while being persistent. Demand a thoughtful response to your inquiry. Slow-moving stories may be followed by frequently checking with your sources. The event or matter should presumably be on your itinerary as well if it is still on theirs.

Take Mr. ID Swami, the Minister of State for Home Affairs, as an example. A reporter should get in touch with him for information, opinions, and remarks on matters relating to the internal security of the nation. Say that negotiations have begun between the Central Government and the Naga militants. The reporter now has to make an appointment with him in order to learn more about the arrangement and get the government's position on the matter. If you don't know the minister's personal staff, including his private secretary, personal secretary, and others, it may be extremely challenging at times. Only his personal staff will be able to provide you a precise arrival time at a time like this. It also helps to get familiar with the little lad who serves tea at the minister's home. Assignment: Read and carefully analyze an investigation report. The class will get copies of this report. Determine the report's likely sources, then talk about how you can get along with them.

Stewardship

Stewardship was the main goal of financial reporting prior to the expansion of capital markets. This is reflected in company law, which viewed management as shareholders' agents who should periodically give an account of their performance to explain how the owners' resources were used. This is a method of governance by establishing retrospective accountability. With the expansion of the capital markets, the potential to produce cash flows or future performance became crucial when deciding whether to purchase, sell, or keep shares.This has led to a persistent discussion over the relative significance of stewardship reporting, and there is a significant difference between the US and Europe. Stewardship is prioritized above decision-usefulness in the US, but is considered as equally vital in Europe as reporting on the resources' ability to generate income in the future. The IASB and FASB released a Discussion Paper Preliminary Views on an Improved Conceptual Framework for Financial Reporting in an effort to reach consensus on a common strategy. In this paper, it was suggested that the converged framework should only specify one objective of financial reporting, namely the provision of information useful in future resource allocation decisions.

However, there is a compelling case for explicitly recognizing two equal objectives. The first is retrospective and stewardship-based, and it aids in the management's evaluation by investors. Have their tactics been successful? Has the property been safeguarded? Have the resources generated a sufficient return? The second is prospective and aids investors in assessing future performance, which judgment may very well be impacted by their evaluation of the past.It is noteworthy that the IASB Framework8 currently endorses the value of financial statements as a way of evaluating stewardship, stating that financial statements also demonstrate how effectively management manages the resources entrusted to it. Users that want to evaluate the management's stewardship or responsibility do so in order to make financial choices, such as whether to keep or sell their investment in the company or whether to re-appoint or change the management.The conceptual framework should never be changed if equal weight isn't being given to both prospective and retroactive goals.

Delaying amortization, for example, by making optimistic sales projections to classify research as development expenditure that can be capitalized, are typical measures. Another is reclassifying deteriorating current assets as non-current assets to avoid the need to recognize a loss under the lower of cost and net realisable value rule that is applicable to current assets. The distribution of wealth within the company is impacted by the implementation of a mandated norm that alters management's capacity to adopt such measures. In the event that managers are unable to postpone the amortization of development costs, for instance, profit-related compensation will be reduced, and there will essentially have been a wealth transfer from managers to shareholders. The impact of changes in mandated standards on wealth distribution is a key justification for the need for standards, as well as the reason why consensus-building is challenging. Each party thinks about the potential economic effects on their own position, whether they are actual or hypothetical.

Accounting figures should be presented in financial statements according to mandatory criteria to make their measurement and presentation less arbitrary. Though it had been assumed that the accounting profession might get consistency of disclosure by persuasion, the field really found it challenging to fend against management influences. When it was discovered that well-known UK-based businesses had produced financial data that was substantially wrong throughout the 1960s, the financial sector of the UK economy lost faith in the accounting profession. Shareholders are typically unaware of this, and it only occasionally becomes public knowledge, such as after a takeover when a third party has a vested interest in disclosing unfavorable information or when a company is placed under the control of an administrator, inspector, or liquidator, whose job it is to investigate and report on management flaws.

In the above-mentioned constrained conditions, two scandals that alarmed the public at the time GEC/AEI and Pergamon Press were both made public when financial reports generated using the same fundamental data revealed a noticeably different image. Although the fact that accounting is not an exact science has long been acknowledged, it had not been fully understood how much room there was for businesses to report significantly different outcomes based on the same transactions. Given that the auditors were more than glad to certify that the accounts, which showed either a £10 million profit or a £4.5 million loss, were truthful and fair, the public thought that it was necessary to take action in order for investors to have any confidence in the reported numbers.The problem was that while evaluating what was truthful and fair, each accounting company had a tendency to look to previous decisions made by that business. This is OK up until the general public learns that the specific company or partner in charge of the audit happens to be dependent on earnings. Because there were no mandated professional standards, the auditors were likewise under pressure to accept the procedures that the directors desired. The City press and the investing public were fired up by this situation. The ICAEW was used in 1969 by an embarrassed, troubled profession to declare the urgent necessity for the establishment of Statements of Standard Accounting Practice as an addition to the law.

Even though the ASC had created 25 standards by 1991, it was criticized for having insufficient employees, no ground strategy, and a reactive rather than proactive approach. Even yet, it had been bold in trying to solve issues where the profession itself was split, such as inflation accounting. It had run as efficiently as it could have given its resources. With more share ownership and increased use of watchdog organizations to promote self-regulation, such as Oftel in the telecommunications sector (now Ofcom) and Ofwat in the water industry, the political environment shifted in the 1980s. Changes in the way the accounting profession ensured compliance with international standards were only to be expected, so the Dearing Committee was established to review the standard-setting process in light of upcoming changes in the financial markets, taking into account the fact that financial statements are a requirement for a properly functioning capital market and the current attitudes of the state and public toward the regulation of companies. The committee issued a report in 1988.

Influence

The process of creating standards has sparked the creation of a conceptual framework and fostered a critical evaluation of the policies being presented for particular reporting issues. For instance, the standard on leasing introduced the concept of taking into account the business content of a transaction rather than only the legal situation in UK standards. The accounts should be reasonable, consistent, adhere to accrual accounting standards, and be based on the original premise that the firm would continue to operate as a going concern, but there was no clear declaration of accounting principles when the ASC was established in the 1970s. The first thing to do was to organize accounting procedures. The ASC report A Conceptual Framework for Financial Accounting and Reporting: The Possibilities for published in 1981, which considered the possibility of an agreed body of accounting principles to be remote at that time, serves as an illustration of the difficulty of this task.

CONCLUSION

The accuracy, compliance, and trustworthiness of financial reporting are strongly impacted by the deliberate practice of building contacts in reporting accounting data. The relevance, techniques, and effects of this practice on financial integrity and transparency have all been highlighted in the paper's thorough examination of it. The information put out emphasizes how crucial it is to cultivate efficient interactions in order to improve data accuracy, guarantee reporting compliance, and develop stakeholder confidence. However, problems still exist, such as issues with data accessibility, changing legal requirements, and the incorporation of technology into the procedures for developing new contact lenses. To overcome these issues and encourage efficient contact growth in financial reporting, cooperation between academics, financial experts, businesses, and regulators is crucial. Organizations may increase reporting accuracy, optimize data gathering procedures, and fortify stakeholder connections by giving contact building top priority. A crucial practice that not only promotes compliance but also improves financial transparency, enabling more informed decision-making and more confidence in financial reporting, is establishing contacts in reporting accounting data.

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CHAPTER 9

ANALYSIS OF THE FINANCIAL REPORTING COUNCIL (FRC)

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ABSTRACT:

The Financial Reporting Council (FRC) is an important regulatory body entrusted with supervising and controlling financial reporting, accounting, and auditing standards across various countries. This essay offers a perceptive examination of the FRC's purpose and relevance, focusing on its effects and wider ramifications for financial integrity and openness. The article digs into the many facets of the FRC's mission by examining its duties in establishing accounting standards, overseeing audits, and fostering corporate governance. The study highlights the critical role performed by the FRC in protecting investor interests, maintaining market confidence, and encouraging solid financial reporting procedures by drawing on empirical research and real-world experiences. The issues of enforcement, the worldwide convergence of standards, and the changing nature of financial reporting are all covered in the study. This article provides a thorough overview, making it an invaluable tool for researchers, financial professionals, regulators, and other interested parties who want to comprehend the crucial role the Financial Reporting Council plays in maintaining the accuracy and integrity of financial reporting.

KEYWORDS:

Accounting Standards, Audit Regulation, Corporate Governance, Financial Reporting, Investor Protection, Regulatory Oversight.

INTRODUCTION

For specialized businesses or sectors, SORPs are developed to augment accounting standards and other statutory requirements. SORP-making entities that have met the ASB's requirements and created their SORP in line with its code of practice are authorized to issue SORPs. A proposed SORP is evaluated by the ASB through one of its two advisory committees, the Financial Sector and Other Special Industries Committee or the Public Sector and Not-for-Profit Committee, to ensure that it does not conflict with current accounting standards, existing or upcoming FRSs, or with UITF, FRSs, or current or future legal requirements. Each SORP-making organization must persuade the ASB that it has financial reporting issues that need the supplementation of ASB declarations, that it represents a significant portion of the industry, and that it shares the ASB's commitment to upholding standards [1], [2].

The ASB released the Operating and Financial Review8 statement in 1993 to promote the creation of best practices. Instead of having an obligatory force, it was meant to be persuasive. Directors were encouraged to create their OFR presentation in a manner that best complemented the structure of their annual reports since the format was not mandatory. It wasn't an accounting standard and was primarily for publicly traded corporations for whom the Financial Reporting Council, the Hundred Group of Finance Directors, and the London Stock Exchange had advocated its implementation. The purpose of the OFR was to examine and understand the key aspects and risks of the company's operations and finance arrangements. Although it wasn't a prediction, it should highlight the features of the year in question that were important for evaluating future possibilities, giving investors a more stable base for their judgments. Information that might enable rivals to hurt a company's business was not needed to be disclosed by businesses [3], [4].

Since helping investors was the goal, the OFR shouldn't only be a numerical evaluation. The focus was on providing a clear explanation that dealt with both positive and negative aspects of the business, commented on trends, factors, and uncertainties that had already had an impact on or would have an impact on the results, and explained the motivations behind and implications of changes in accounting policies. The declaration also provided specific instructions to back up these overarching ideas. For instance, a discussion of factors influencing future results might include capital expenditure and the likely benefits anticipated from it; a discussion of uncertainties influencing future results might include a lack of raw materials, reliance on key suppliers, a lack of skilled labor, and product liability. The user should also be aware of the actions a corporation has made to address these issues. An excerpt from the Bayer Annual Report 2007 is provided below:

Possibilities and Dangers

The Bayer Group, a large, international company with a varied line of business, faces several hazards in addition to various possibilities. The development potential envisaged remain largely the same as those described in the Bayer Annual Report 2007. There is a risk management strategy in place. In addition to financial hazards, there are business-specific risks related to the selling and buying markets, product development, patents, manufacturing, the environment, and regulatory issues. Product liability, antitrust and competition law, patent disputes, tax assessments, and environmental issues are some of the legal risk areas in particular. There are currently no known hazards that, taken alone or in combination, might jeopardize the Bayer Group's ability to continue operating. The ASB advised businesses to identify their key risks, remark on how they are being managed, and describe qualitatively how these risks may affect their bottom line.M For instance, understanding a company's approach to managing financial risk is crucial. The currencies in which borrowings are made, the use of financial instruments for hedging reasons, and the present liquidity position are significant issues in the age of multinational accounting and economic cycles [5], [6].

Due to the anticipated high risks associated with financial instruments, FRS 13 has focused on hazards pertaining to financial instruments. An excerpt from the Linde 2006 Annual Report is provided below: These financial risks are carefully controlled by our mandated risk policy rules. These detail the kinds of financial instruments that are allowed, the transactional limitations, and a list of the institutions with which we have agreements.We primarily depend on the counterparties' credit ratings to manage credit risk, and we restrict the scope and length of any commercial transactions that must be conducted in accordance with those ratings.... Our internal and external auditors regularly assess the Treasury operations; this typically happens once each year. The Treasury committee, which meets at least once a month and is overseen by the Chief Financial Officer, decides on the fundamental risk strategies for interest, currency, and liquidity management. Financial Reporting of Risk - Proposals for a Statement of Business Risk, a discussion paper from the ICAEW's Financial Reporting Committee, was published in 1997.

The authors of this research suggested that there should be a separate report in which the directors listed the major risks, described how they were assessed, and suggested solutions. Investors might learn about the risks that their board faced from a report like this, such as low-cost imports from abroad, the challenge of finding components and raw materials, the impact of negative press about goods, and the expiration of patents for significant items.Naturally, there would need to be the customary exemption from disclosing commercially sensitive information, such as during early trade discussions when a company's flagship product is no longer covered by patents. In January 2003, the ASB released a revised version of Operating and Financial Review, which reflected the main points of Company Law Review and added an emphasis on providing details about the company's goals and strategy, the anticipated effects of current trends, the potential effects of potential risks to the company, and the key performance indicators used by management. The Statement also calls for highlighting the accounting principles that need a certain amount of judgment in their implementation and to which the outcomes are particularly susceptible [7], [8].

However, it was evident that businesses would not provide decision-useful, forward-looking, and quantified disclosures without a statutory requirement to do so given the findings of one research project that examined over 6,000 narrative disclosures in the food processing sector and found that only 1% were.C As of 1 April 2005, the government mandated that all listed firms publish an OFR that adhered to a standard to be set by the ASB. In May 2005, the ASB released RS 1, which mostly adhered to the criteria mentioned above. Instead of strictly adhering to a prescribed list of information that must be reported, it was intended that directors would concentrate on the information requirements unique to each firm and its shareholders. In order to help directors with this strategy, RS 1 laid out some guidelines and provided examples of key performance indicators. After the Companies Act of 1985 (Operating and Financial Review) eliminated the legislative requirements for the OFR, the ASB modified the status of RS 1 in 2006.

Financial reporting: UK regulatory framework changes over time, Instead of being a legislative mandate, RS 1 was republished as a Reporting Statement that included best practice recommendations. Regardless of whether the OFR is a legislative obligation, the ASB continues to believe that publishing a narrative explanation of a company's evolution, performance, position, and prospects should be promoted as a critical component of best practice. Companies are provided with clear guidelines and a structure by the reporting statement to enable them to have an open and honest dialogue with their shareholders. In accordance with the guidelines of the 2003 EU Accounts Modernization Directive, legislation still exists requiring businesses to submit an expanded evaluation of their operations (the Business evaluation) in the directors' report .

DISCUSSION

The Review should provide a fair and thorough examination of the business, taking into account social and environmental factors, in order to let shareholders judge how well the directors have carried out their legal obligation to advance the success of the firm. The government is of the opinion that matters required by the Reporting Statement, such as "Trends and factors affecting the development, performance and position of the business and KPIs," would be required to be included in the Business Review when necessary, i.e. in those situations where it were thought to be necessary in order to provide a balanced and comprehensive analysis of the development, performance and position of the business, or to describe the present and future performance of the business. It's possible that in reality, businesses will comply with the Reporting Statement's obligations and provide a condensed version of that data in the Business Review. It was noted that there was strong reporting of the firms' business and market descriptions, plans, and objectives, as well as the present growth and performance of the company, and that a rise in the number of companies giving environmental and social information. But it also pointed out the need for improvement in terms of identifying key financial and non-financial performance indicators, describing off-statement of financial position intangible assets like reputation and brand strength, and describing the main risks with an explanation of how these will be managed. Regarding forward-looking information, it's possible that the protection provided by the safe harbor provisions in the Companies Act of 2006 might persuade businesses to refrain from making blatant declarations that are of little value to shareholders. The safe harbor protections exclude directors from legal responsibility in relation to omissions or representations made in the narrative reports unless such omissions or statements were false, misleading, and made with recklessness or malice.

The ASB has zero influence on the Financial Reporting Review Panel (FRRP). Its chairman is a lawyer, while its other members include bankers, accountants, and attorneys Its responsibility is to examine significant violations from accepted accounting principles and to demand that the firm take the necessary corrective measures in the event that financial statements are incorrect. It is governed under Section 45B of the Companies Act of 2006, which gives the courts the authority to force a corporation to correct inaccurate financial statements. However, it hasn't submitted such a court application as of yet; instead, it has relied on the strength of its view. The FRRP has threatened to use the courts, but prefers to resolve flaws by agreement. For instance, some fixed assets had been moved from current to fixed assets in Trafalgar House's books for the year that ended on September 30, 1991. These properties were subsequently written down in value and the decrease was charged to reserves, eliminating the need for a profit and loss account. The FRRP objected to this approach and warned the Trafalgar House directors that they were "minded to make an application to the court... requiring the directors of the company to prepare revised accounts" when they seemed reluctant to accept their view. The directors then decided to update their 30 September 1992 accounts as needed. A declared profit of £122.5 million in the 1992 revised accounts was changed to a loss of £30 million as a consequence of the FRRP action. This was unmistakably a serious regulatory intervention and a reminder to businesses that the FRRP was not powerless [9], [10].

Standards cannot be produced by the FRRP. The FRRP may take action if a corporation has violated a standard with an improper accounting policy. The FRRP cannot take action if there is no standard and a corporation choose the most advantageous accounting policy out of two or more options. It has a police function and is in charge of managing around 2,500 businesses. Up to 2003, it only became engaged after receiving a complaint from a person, a referral from the Stock Exchange, such as when an auditor flagged an account for non-compliance, or a media report. The strategy used by the standard-setters has often been to mandate SSAP and FRS compliance for all businesses. According to the argument that compliance is required in order to offer an accurate and fair picture, this may be justified. Critics contend that since small businesses may never engage in activities that are covered by a standard, such as financing leasing, they should be exempt from adhering to the majority of standards. This is a poor stance to adopt. After all, it is challenging to see how a corporation might be allowed to account for a transaction for which a standard exists in a nonstandard manner.

A working group was established by the CCAB at the ASB's request to conduct a consultation exercise in order to determine whether corporations may be exempted from compliance on the basis of size or public interest. Nevertheless, there is a genuine interest in deregulation. The CCAB recommended that some exception from accounting requirements be based on size or a mix of size and public interest, as was evident from the consultations. The group on Accounting for Smaller organizations, a group that advises the ASB, evaluates new accounting standards or proposed revisions to standards and makes recommendations to the ASB about how they should be applied to smaller organizations.

1. The ASB released an updated FRSSE in December 2001, and it became effective in June 2002.
2. Even though the FRSSE is updated yearly, the release of new FRSs lags behind.

3. One solution put out to address this is to include a notice indicating the applicability of each new FRS to small businesses.

The ASB released a Discussion Paper in February 2001 for feedback that reviewed its FRSSE. In order to determine if the FRSSE best served users' requirements in its current form and whether any fundamental changes to how it was created and presented should be taken into consideration, the paper sought respondents' opinions. It was replied that practitioners utilized it often and usually appreciated it. There is a belief that financial statements created in accordance with the FRSSE may provide owner-managers information that is more insightful and intelligible than financial statements prepared in compliance with Big GAAP. International Accounting Standards (IFRSs) do exist for organizations where there was no public interest, however. Preliminary Views on Accounting Standards for Small and Medium-sized Entities (SMEs) was published in 2004 as a result of this program, which helped the IASB give SMEs greater attention. This is so because governments in emerging nations see these businesses as significant sources of employment and economic expansion. Many firms exist in many nations that don't maintain records or pay taxes, but when such enterprises wish to expand, they must comply with legislation and incur extra expenditures.35 In terms of accounting requirements, it is suggested that one way to move forward would be to adopt the system being developed in West Africa, where the microbusiness starts with straightforward cash accounting before moving on to accrual accounting and finally compliance with International Accounting Standards. It is believed that accounting obstacles are too great in the developing world and that a forward-thinking accounting system, like that used in West Africa, is necessary. With accrual accounting and audited accounts, many small and medium-sized businesses in the UK are in the middle of the regulatory spectrum.

However, as we've seen above, there are still calls for a regulatory burden reduction in the UK, and many small businesses operate outside the legal framework, keeping no records and paying no taxes. Preliminary Views on Accounting Standards for Small and Medium-sized Entities, a Discussion Paper by the IASB, was published in June 2004. The idea is to abandon size assessments in favor of a definition based on qualitative elements like public accountability, where a SME would be a company lacking in public responsibility. If external stakeholders have a sizable financial, commercial, or social interest, and if the majority of stakeholders have no other source of financial information than the external financial report, then public accountability is implied. The provision of a public service, the keeping of money in a fiduciary position, and the aim to raise funds publicly are some requirements that show that public responsibility exists.It is suggested to use a name other than "SME" to refer to businesses that meet the requirements for adopting SME standards given the shift from a size test to a qualitative test.The choice of whether to let a company to adopt IASB SME standards will be left to national authorities, subject to any owner's right to demand compliance with the full IFRSs.It's interesting to note some of the responses to the Discussion Paper, which revealed that: a vast majority of respondents believed that full IFRS was not suitable for all entities; a majority agreed that the IASB should finish the SME project by starting with full IFRS and working back to SME standards; there was very little support for starting from scratch; a majority of respondents agreed that a "characteristics" approach was a better method of completing the project.The IASB released an Exposure Draft of the proposed International Financial Reporting Standard for Small and Medium-sized Entities in February 2007 for comment. The IASB changed the name of the IFRS to IFRS for Private Entities in May 2008 to reflect the abandonment of quantitative standards.

Compared to publicly responsible firms, which usually have a deep understanding of the company and the ability to get information outside of the financial statements, non-publicly accountable corporations have a smaller range of consumers of their financial statements. As a result, they may not need to depend as much on the financial accounts that have been released.The primary user of publicly accountable companies is understood to be the equity investor, but for SMEs, it is unclear who the primary user is and what their needs are, such as maximizing long-term growth, medium-term viability, or short-term liquidity. Examples include the non-managing owner, long-term lender, trade creditor, or tax authorities. The requirement for financial statements to be stewardship reports or decision-useful, as well as how to rank and prioritize attributes like relevance, dependability, and comparability, are still open questions. Around the globe, many methods of SME reporting have been used. The IASB has only recently addressed the topic of SME reporting, for instance, and the UK's ASB has produced FRSSE, in which it has taken a pragmatic approach when deciding which FRS provisions need not be applied by SMEs. The USA has not had a SME reporting regime in the sense of compliance with FRSs and IFRSs, but SMEs have been allowed to prepare financial statements that are tax compliant.

In Canada, the Accounting Standards Board (AcSB) established the Differential Reporting Advisory Committee (DRAC) in 2000 as a standing committee to provide input to the standard-setting process by acting as a communication conduit for users, preparers, and auditors of SMEs. There is now a general awareness that the users of non-publicly-accountable companies are extremely diverse, and steps are being taken to involve them in the standard-setting process. The AcSB reiterated that the approach taken by DRAC was to make a decision based on a cost/benefit approach while making the interesting point that, as there were frequently fewer users of the financial statements, the cost per user could be excessive in its response to the IASB Discussion Paper, Preliminary Views on Accounting Standards for Small and Medium-sized Entities (SMEs).

However, it seems that the research required to offer a justification and conceptual approach to user demands is still some time away, and for some time to come, the ASB's pragmatic approach to financial reporting standards for SMEs will guide those standards. The benefit vs cost test is especially pertinent for privately held businesses and will be taken into account when choosing the right reporting transparency and measurement standards. However, just as it is challenging to pinpoint user wants, it is also challenging to pin down the pertinent costs and benefits.

The costs, such as those incurred in preparation, review, and audit, must first be identified, quantified, and a determination made as to whether they can be classified as high, moderate, or low. The benefits must then be identified, quantified, and a determination made as to the level of benefits. If prices are high and benefits are low, this may provide a clear justification for non-compliance with standards, but other combinations, such as costs low and benefits moderate, provide room for doubt.As can be seen from this, identifying users and their demands, quantifying benefits, identifying expenses, and quantifying costs all entail a significant amount of estimating.The IASB released this ED in February 2007. It was created by (a) extracting the core ideas from the IASB Framework and the guiding principles and related mandatory guidance from IFRSs, and (b) taking into account modifications that are necessary based on user needs and cost-benefit analyses.

The methodology is similar to that of the ASB with the following changes: (a) some topics are left out, such as earnings per share and segment reports; (b) simpler options are permitted, such as expensing borrowing costs rather than capitalizing them; (c) simpler recognition, such as using an indicator approach rather than conducting an annual goodwill impairment review; and (d) simpler measurement, such as using the cost method for associates rather than the equity method. SMEs are free to choose additional choices that are accessible under complete IFRS and are not prohibited from doing so.

There is, however, a practical argument for even more simplicity, such as enabling goodwill to be amortized rather than examined for impairment, doing rid of the need for consolidated accounts, and treating all leases as operating leases with the proper disclosure of the lease commitment. It would be fascinating to see whether there is any more simplification following consultation. In the UK, some people believe that IFRS for Private Entities is excessively complicated for tiny businesses, which would be better off sticking with FRSSE and letting medium- and large-sized unlisted corporations use IFRS instead.

CONCLUSION

The Financial Reporting Council (FRC) is a pillar of financial regulation and is essential to maintaining the honesty and openness of accounting, auditing, and financial reporting procedures. The importance, roles, and effects of the FRC on financial markets and stakeholders have all been thoroughly examined in this article. The data put out emphasizes how important it is for the FRC to create accounting standards, control audits, and promote company governance measures that safeguard investor interests and preserve market integrity. However, issues still exist, such as the need for strict enforcement, the need for global convergence of accounting standards, and the need for adaptability to the changing environment of financial reporting in the digital era. To solve these issues and guarantee the ongoing success of the FRC's purpose, cooperation between the FRC, financial experts, regulatory organizations, and international stakeholders is crucial. The Financial Reporting Council promotes economic stability and reasoned decision-making by placing a high priority on openness, accountability, and investor protection in the financial reporting process. With its dedication to quality and honesty acting as a cornerstone for financial market integrity and investor trust, the FRC continues to play a crucial role in determining the direction of financial reporting.

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CHAPTER 10

EVOLUTION OF THE CHARACTERISTICS OF THE NATIONAL LEGAL SYSTEM

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ABSTRACT:

A nation's governance and social structure are fundamentally shaped by the nature of its legal system, which reflects the nation's legal customs, values, and the framework for the administration of justice. The national legal system is thoroughly examined in this essay, with a focus on its importance, elements, and consequences for a fair and orderly society. The study navigates the complex factors that influence a country's legal system by looking at legal traditions, sources of law, and the functions of legal institutions. The article emphasizes how crucial it is to understand the nature of the national legal system in sustaining the rule of law, guaranteeing social peace, and creating legal predictability. It does this by drawing on empirical research and real-world examples. The essay also addresses issues with access to justice, legal changes, and the interaction of domestic and international legal systems. This article provides a thorough overview, making it an invaluable tool for scholars, lawyers, politicians, and individuals who want to get a comprehensive grasp of their country's legal system and its far-reaching repercussions.

KEYWORDS:

Access to Justice, Legal Institutions, Legal Reforms, Legal System Character, Rule of Law.

INTRODUCTION

The leasing business received its first boost from the government. First year allowances (FYAs) for equipment were raised to 100% in that year. These allowances might be used to taxable earnings, lowering the tax burden on the corporation. Companies, particularly in the manufacturing industry, were unable to take advantage of the tax advantages of FYAs if they had incurred tax losses in prior years. As a consequence, lessors were able to take advantage of a lease arrangement by claiming the FYAs and leasing equipment to these other businesses at a lower rate.When lending rates were high, the leasing sector grew even more. Lessors might gain even more from cash flow during these times by delaying tax payments. Lessors are hence considerably more dedicated to leasing. The Finance Act of 1984 eliminated a large number of these tax incentives. Through this, the rate of company tax was gradually lowered, and FYAs were gradually eliminated. Some other nations offered comparable or other tax benefits [1], [2].

Despite the Finance Act of 1984, there are still several benefits to leasing.These are due in part to the fact that cash payments may be spread out throughout the length of the lease rather than being made all at once. These are a few of them:Controlling cash flow. When money is spent on non-current assets, it cannot be utilised for a business' regular operations.Capital conservation. It is possible to maintain open lines of credit and utilize them for situations when funding may not be simple to come by (such as financing working capital). Constancy. In contrast to an overdraft that may be called in by the lender, the leasing agreement is itself a line of credit that cannot simply be withdrawn or canceled due to outside circumstances. The asset base's adaptability. Expanding and decreasing the asset base is simpler.Additionally, the lease payments may be organized to meet the lessee's revenue pattern. Financing off-statement of financial status. In order for a business to utilize an economic resource that is not included in the statement of financial position and omit the related obligation, leasing gives the lessee the option of off statement of financial position financing [3], [4]. Action was necessary since there was no standardization in the handling and disclosure of leasing transactions, as there was with many other regulations. Following the leasing industry's enormous development and the rise of off-statement of financial position financing, the demand became urgent. In the first example, leasing had developed into a significant economic resource; in the later, it was believed that the accounting treatment of the lease transaction had distorted a company's financial reports, preventing them from accurately portraying its commercial operations.

The ASC in the UK expressed worry that the standard would have unfavorable economic ramifications, thus for the first time, attention was given to the economic effects of implementing a standard. (The UK standard, SSAP 21, shared some philosophical ground with IAS 17). The addition of the lease obligation might have a negative impact on the lessee company's gearing and even force it to borrow more than it is permitted to under the memorandum and articles of incorporation or a loan agreement. For instance, the Memorandum and Articles can have a clause stating that the entire amount of borrowings cannot be more than the total amount of shareholders' money. In any case, the need for leasing for business purposes and the ability of the leasing sector to craft lease agreements in a way that gets around the standard have prevented a decline in lease activity [5], [6].

According to Macdonald, the majority of transactions will be carried out for commercial gain; however, some transactions may be carried out, or carried out in a particular way, in order to materially alter the accounting message that the accounts convey. Even transactions that are carried out for commercial gain may be accounted for in one way rather than another in order to enhance the accounting message. The lack of auditor independence, the inadequacy of qualified reports as opposed to revised accounts, and the absence of a codified conceptual framework with which to restrain auditor judgment all prevented the fair view's overriding requirement from withstanding these pressures, according to Macdonald. A standard was required to guarantee consistent reporting and guard against the manipulation of the accounting message.

The suggestion that leases be divided into finance and operational leases and that those that are classed as finance leases be capitalized seems like a workable solution to the accounting issues that surround leasing contracts. Why, therefore, were the standard setters' efforts to end the practice of charging all lease payments to the statement of comprehensive income met with so much opposition. One accounting principle substance over forms at the center of the whole discussion. Despite not being listed as an accounting concept in the IASC Framework, para. Thirty five states that in order for transactions and other events to be faithfully represented by information, they must be recorded and presented in accordance with their economic reality and substance, not just their legal form. The underlying bone of contention was that IAS 17 adopted a substance over form approach to accounting treatment, which differed significantly from the conventional approach and was stringent in its adherence to legal ownership. In truth, according to the IASC, there were two distinct transactions going on. In one deal, the business borrowed money that had to be returned over time. In the other, it was paying the vendor for the usage of a resource.

Based on the substance of the borrowing transaction, it was appropriate to include a liability in the lessee's statement of financial position representing the obligation to make lease payments, and based on the substance of the asset acquisition transaction, it was appropriate to include an asset representing the asset provided under the lease. According to IAS 17, paragraph 10, "whether a lease is a financing lease or an operational lease relies more on the content of the transaction than the structure of the contract [7], [8].

DISCUSSION

In a dynamic context where the user is seeking financial reports that represent business reality, the accounting profession views itself as a service industry that creates financial reports. As a result, the profession must be alert to changes in business practice and responsive to them. 6The inclusion of a financing lease as a "asset" in the statement of financial position was nonetheless met with considerable resistance among the accounting community. The argument against the categorization of the item as an asset was that as it was not "owned" by the lessee, it did not meet the criteria for being classified as an asset. To account for this, "control" and "the ability to contribute to the cash flows of the enterprise" have been added to the definition of an asset in place of "ownership."

On the other hand, the legal profession focuses on the exact legal meaning of a transaction. The idea of content before form runs counter to the organization's custom.It is noteworthy to consider that, according to the content over form approach, a loan creditor may not always want the economic resources to be mentioned in the statement of financial status. The lender is interested in the assets available as security; the equity shareholder is interested in the resources available for generating profits. Another approach to look at the asset is to see it as an asset that consists of the right to use the facility rather of the actual physical asset. This is comparable, in some ways, to owning receivables or a patent or other intellectual property. You own a valued intangible right rather than a concrete thing. Assets subject to financing leases must be recognized individually and the net carrying amount must be declared, according to IAS 17. This may be accomplished in one of two ways: by making separate entries in the property, plant, and equipment schedule, or by combining owned and leased assets in this schedule and revealing the split in the notes to the accounts.

A finance lease's responsibilities may also be handled in one of two ways. In the statement of financial position, the lease obligation should either be presented separately from other liabilities or included with "current liabilities" and "non-current liabilities" and reported individually in the notes to the accounts.The lease responsibilities should be examined in the notes to the accounts as well as the date of the payments. The breakdown of the payable amounts into responsibilities due in the next year, in the next two to five years, and in the next more than five years should be done. For instance, the chart displays a total liability of £27,425 in the last column at the conclusion of year 1. By referring to the subsequent item in the last column, which indicates the sum outstanding at the conclusion of year 2, this may be further separated into its non-current and current components. At the conclusion of year 1, this sum of £19,115 represents the non-current component, while the difference of £8,310 represents the current liability component.

Each year, a fresh current number is generated by using this approach to determine the current obligation from the table. As an example, the current obligation at the end of year two is £9,115 ($19,115 - $10,000), or £9,115. This topic was covered in External Financial Reporting, where it was argued that the current liability should be the present value of the payment that will be made at the end of the following period, in this case, £10,000. This gives the current liability a present value of £9,115, which should be included at each period end until the liability is discharged.In working examples and exercises, we follow the traditional methodology, but keep this in mind.Unless the lease period is shorter, assets purchased via financing leases are capitalized and depreciated in line with the Group's policy on property, plant, and equipment.As long as the division of lease payments into these categories is accurate, land and building leases are recognized separately. Financial liabilities also encompass the related duties.Operating lease rental payments are expensed.

If the entity has control over the use or access to the asset or takes almost all of the output from the asset, the expenses of the agreements that do not have the legal form of a lease but impart the right to use an asset are divided into lease payments and other payments. Next, the organization decides whether the leasing portion of the contract is a financing lease or an operational lease. We must first categorize the land lease. It is obvious that the land portion of the contract does not include the lessor passing the risk and rewards to the lessee since there is no agreement to convey ownership at the conclusion of the term and the land is anticipated to appreciate in value. This implies that the lessee must treat the land lease as an operational lease for accounting purposes. The lessee must first demonstrate a $480,725 asset for the financing lease on the property, which will be depreciated over the course of the ten-year lease in accordance with standard procedure for structures with a ten-year lifespan. A liability reflecting a debt to the lessor, who is the actual owner of the buildings, will also be formed at the same time. The interest component of the lease payments will be deducted as an expenditure when they are paid, and the remaining amount will be applied to the debt [9], [10].

In this instance, the lessee obviously assumed the risks and benefits associated with the building section. The present value at the conclusion of the lease would have been $134,925, or 27% of the value, if the residual value had been, say, $350,000 as opposed to $50,000. Since this does not suggest that almost all the advantages of ownership have been transferred, an operational lease would be the more appropriate classification. Therefore, the lessee would not capitalize the lease but rather charge the same leasing expenditure each quarter. Before IAS 17, the off-balance sheet aspect of the transaction was one of the leasing arrangements' main draws for the lessee. But with the advent of IAS 17, finance leases had to be capitalized, which reduced some of the advantages of off-balance sheet financing.

As a result of finance leases being capitalized, all related transactions will have an impact on the lessee's gearing, return on assets, and return on investment. As a result, several of the important accounting measures that are used to analyze a set of financial statements are significantly changed by IAS 17. On the other hand, operating leases are exempt from the capitalization requirement. So, operational leases continue to function as a kind of financing that is not reflected in the financial situation of the company. They are thus quite appealing to a lot of lessees. In fact, even though they seem to be more financial in character, leasing arrangements are increasingly being constructed deliberately to be designated as operational leases.

One of the primary issues with the existing accounting treatment is addressed by this method, which allows a finance lease to be framed as an operational lease and avoids capitalizing the lease contract on the lessee's statement of financial status. In 1999, the G 4+1 group released a new position statement. The paper's main argument is that operating leases, which are currently excluded from the statement of financial position, would result in assets and liabilities that are reported at the fair value of the rights and obligations granted by the lease. For instance, where a lease only lasts for a portion of an asset's economic life, only that portion would be reflected in the lessee's statement of financial position. The ASB (UK Accounting Standards Board) has said that the widespread and expanding practice of analysts recasting financial statements by capitalizing operating leases is a convincing factor in accepting the major ideas of the study.

The concept that all leased assets and obligations should be handled equally in order to prevent the kind of manipulation we've seen with lease arrangements written so that finance leases are effectively categorized as operational leases is appealing in theory. How to measure the asset and liability that are disclosed in the statement of financial position is the issue that has to be handled, nevertheless. No asset or liability was recognized on the face of the statement of financial position when the lease was handled as an operating lease. The choice must be made, under the new proposals, between including the leased item as an asset at full value, in which case the liability would be the present value of the minimum payments plus the obligation to return the asset at the end of the rental period, or at a different value, such as just the present value of the minimum payments.

The consequence is difficult to foresee should the necessity to finance operating leases become a legal requirement. One thing is clear, though: the parties impacted by every new norm will carefully scrutinize it and search for methods to lessen its effects.If the duration of the contract dictates the extent of the obligation, it is most probable that businesses would want to shorten it. In order to get around the lease criterion, it's also feasible that the finance sector may create new kinds of financial arrangements. There is no reason to believe that the banking business will become any less entrepreneurial in the future given its history of creativity.

The Boards (FASB and IASB) determined that a lessee should initially value both their right-of-use asset and their lease obligation at the present value of their anticipated lease payments and that a lessee should discount the lease payments using their incremental borrowing rate for secured borrowings. This means that various organizations would report a lease with the same terms and conditions at different amounts. This is in contrast to IAS 17, which mandates that the discount be calculated using the implicit interest rate in the lease and, only in the event that this cannot be ascertained, using the lessee's incremental borrowing rate. The Boards made the decision to create a new method for contingent lease payments by mandating that a lessee calculate contingent rents using their best estimate of the anticipated lease payments for the duration of the lease. It is not necessary to probabilityweight potential outcomes, however. For instance, if lease rentals are subject to changes in an index or rate, such as the consumer price index or the prime interest rate, the lessee would calculate the contingent rentals using the index or rate that was in effect at the beginning of the lease when determining its initial best estimate of anticipated lease payments.

Contingent rents have often not been included in the amount to be recognized, and IAS 17 Leases is ambiguous on the subject. This should be made clear when a new standard is released. The suggestion is that these should be determined by the lessee's best projection of the anticipated lease payments over the lease period. If the lessee carries the asset's residual value risk and the lease obligation would be fully recognized, the lease must be categorised as a finance lease under IAS 17 Leases. Regarding lease extension options, it is being decided whether to discount the cash flows for (a) the initial period, during which there is no actual or implied obligation to exercise the option, (b) the total period, which includes the extension, (c) the initial period plus a probability-adjusted extension period, or (d) the best estimate of the likely total period. Conceptually, it makes sense to assume that only option (a) is sound since there is no culpability absent of a legal or constructive requirement to exercise the choice. Basically, there are two main kinds of situations.

First, a producer will engage into a lease to make it possible for a buyer to "buy" their goods. The selling transaction and the lease transaction must be kept distinct in this instance. All expenses related to the sale must be taken into account when determining the profit or loss from the sale but not in the lease accounting. The second example involves a financing business purchasing an asset at a customer's request and leasing it to the client. The lease is then categorized as either an operational lease or a finance lease. A study by the House of Lords Select Committee on Science and Technology said that "R&D has to be regarded as an investment which leads to growth, not a cost," recognizing research and development as an asset.3 Unfortunately, two obstacles prevent businesses from spending a lot of money. It is believed that a firm that follows a commitment to R&D is subject to takeover offers, which is the first commercial restraint. The threat coming from businesses that haven't made such a commitment may be ironic. The possibility of a short-term boost in profits per share by just cutting. That would demonstrate an instantaneous rise in trading profit that was declared.

Therefore, why should businesses want to deduct all of their research and development expenses from their comprehensive income in the year in which they occur? It's possible that instead of carrying the expenditure forward, directors have been happy to accept it in the year in which they are aware of its effect. Since they are aware of the profit levels in the year the R&D originates, taking the loss in a future year when earnings were lower or the firm even recorded a trading loss can seem humiliating. This leads us to our second limitation: the challenge of being able to accurately predict that the planned financial gains from R&D efforts would accrue to the company. The accounting profession has historically believed that it is more advisable to write down the investment in research as a cost rather than to record it as an asset in the statement of financial position due to this uncertainty.

The competing demands of the accruals concept, which would favor capitalization if future benefits could be anticipated, and the prudence concept, which would favor prompt write-off, have complicated the establishment of an accounting standard in this area. SSAP 13, which was published in 1977, provided a middle ground between these two views. they came up, research expenses had to be written off to the statement of comprehensive income. However, there was a range of remedies available for development costs. Companies were allowed (but not obliged) to capitalize development costs as an intangible fixed asset and amortize them over the time periods anticipated to reap the benefits of the investment as long as certain conditions were met. Many observers consider this aspect of choice to be a crucial shortcoming in the standard. The IASC suggested that the option be eliminated and that, if development expenses fulfill the criteria for capitalization, they must be capitalised and depreciated in its Statement of Intent: Comparability of Financial Statements.

CONCLUSION

A nation's governance and social fabric are anchored by the nature of its legal system, which defines its institutions, values, and history in law. The importance, elements, and extensive effects of a country's legal system have all been thoroughly examined in this essay. The facts made clear how crucial it is to sustain justice, social harmony, and legal consistency to comprehend and preserve the nature of the national legal system. Despite this, there are still many difficult obstacles to overcome, such as the need for continual legal changes, improving access to justice, and negotiating the shifting relationships between local and international legal systems. In order to solve these issues and make sure that the national legal system reflects the values and requirements of society, collaboration among legal professionals, politicians, scholars, and the general public is essential. Nations may build a solid basis for efficient government and social well-being via unflinching adherence to the rule of law, the preservation of legal traditions, and the promotion of fair access to justice. A fair, orderly, and peaceful society is still constructed on the foundation of the national legal system, and the growth and stability of countries depend on it continuing to develop and be protected.

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CHAPTER 11

ANALYSIS OF BRAND ACCOUNTING REPORTING: AN OVERVIEW

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ABSTRACT:

The valuation, recognition, and management of intangible assets more especially, the brand of a company are all part of brand accounting reporting, which is a crucial component of financial reporting. The relevance, techniques, and effects of brand accounting reporting on financial transparency and strategic decision-making are highlighted in this paper's thorough research of the subject. The study covers the many facets of this practice by looking at brand valuation methods, disclosure laws, and the function of brands in financial statements. The study emphasizes the significance of transparent and accurate brand accounting reporting in representing a company's genuine worth and supporting efficient branding initiatives by using empirical research and industry examples. The study also covers issues with brand measurement, disclosure requirements, and how brands are changing in the digital age. This article provides a thorough overview, making it an invaluable tool for academics, financial experts, brand managers, and other stakeholders who want to comprehend brand accounting reporting and its effects on both financial and brand management.

KEYWORDS:

Brand Accounting, Brand Disclosure, Brand Valuation, Financial Reporting, Intangible Assets, Transparency.

INTRODUCTION

Brand accounting is the practice of classifying some kinds of intangible assets, such as brand names, as non-current assets in the statement of financial position, usually without amortizing them but submitting them to periodic review. Then it is decided whether each brand should be classified as having an indefinite or definite life in the financial statements. The following is an excerpt from WPP's 2007 Annual Report's accounting policies: Corporate brand names are capitalized separately from goodwill as intangible assets when they are acquired as part of business acquisitions if their value can be accurately determined upon initial recognition and it is likely that the expected financial benefits attributable to the asset will accrue to the Group. Due to the institutional nature of the corporate brand names, their demonstrated ability to sustain market leadership and profitable operations over extended periods of time, and the Group's dedication to developing and enhancing their value, certain corporate brands of the Group are regarded as having an indefinite economic life. At least once a year, the carrying value of these intangible assets is examined for impairment and, if necessary, is reduced to the recoverable amount [1], [2].

Since CO_2 emissions certificates resemble inventory in many ways, treating them as such is the most suitable accounting procedure. When the CO_2 emissions occur, they are typically priced at cost and added to the sales price. When the process that creates the CO_2 experiences a loss, net realisable value (NRV) will be in effect. NRV will be the amount that results in a process profit of zero, but NRV won't be less than zero (negative). Since inventory is a physical asset and these emission certificates are an intangible asset, putting them in inventory would be problematic. A financial instrument, the certificates might be evaluated at cost, market value, or net realisable value. Market value does not seem suitable since they are retained for use in a CO_2-producing manufacturing activity. Their value will decrease when CO_2 is released, and the difference will be added to the cost of sales. It will be similar to selling a portion of a share ownership, but the "sale" will really be a consumption throughout the course of manufacturing. Overall, it seems inappropriate to classify the certificates as a financial instrument since doing so would have more drawbacks than classifying them as inventory [3], [4].

Similar to the goods taken into account in this chapter, the certificates might be categorized as an intangible asset. These certificates will likely be utilized within a year, despite the fact that the majority of intangible assets have a lifespan of many years. Certain forms of goodwill cannot be amortized under the accounting rules. This shouldn't apply to emission certificates since they are used up during production (i.e., when CO_2 is released, the number of emission certificate units available decreases).

Since emission certificates have a lifespan of probably less than a year and are used up during manufacturing, it is clear that they are a current asset. Even though they are not sums of money that a client owes, they fall under the category of "receivables." They resemble a prepayment more. The corporation purchases the certificates and uses them afterwards, much like purchasing future insurance. The majority of prepayments include payments made ahead of time for a future term (like a year for insurance). In contrast, emission certificates are used in proportion to the quantity of CO_2 that will be released in the future. They are, however, probably closer to a prepayment than the other factors taken into account. This topic is 'a position' supported by a number of arguments. It is not a conclusive response. You could take into account these and other points of view and reach a different conclusion. Future ideas and a standardized approach from the IASB will be intriguing to observe.

The World Intellectual Property Organization (WIPO) defines intellectual property as works of the mind, including inventions, literary and creative creations, as well as symbols, names, pictures, and patterns that are utilized commercially. Industrial property, which includes inventions (patents), trademarks, industrial designs, and geographic indications of source, is divided into two categories: copyright, which covers literary and artistic works like novels, poems, plays, films, musical compositions, and artistic works like drawings, paintings, photographs, and sculptures, as well as architectural designs. Performers' rights in their performances, phonogram makers' rights in their recordings, and broadcasters' rights in their radio and television programs are all covered by copyright laws.

The usage and preservation of works of the human spirit are promoted by the international organization WIPO. These creations, which constitute intellectual property, are advancing the frontiers of science and technology and enhancing the arts. WIPO contributes significantly to improving people's quality of life and pleasure of life while also generating genuine wealth for countries via its efforts. WIPO is one of the sixteen specialized agencies of the United Nations system of organizations, with its headquarters in Geneva, Switzerland. It oversees twenty-one international agreements covering various facets of the protection of intellectual property. The organization has 175 member states from different countries. According to Peter Drucke, who made the following statement, it is significant [5], [6].

The main forces behind this have been knowledge and information. The Organisation for Economic Co-operation and Development (OECD) has recognized it as the cause of the rise in interest in intellectual capital as a commercial and research concern.

The sequence of events below may be seen by taking a quick look at the years after the industrial revolution.

(a) The elements of production were localized and made more accessible by the combination of labor and capital.

(b) Companies were under pressure to produce at higher rates to keep up with expanding market demand.

(c) Companies started to develop intangibles like brand equity and reputation (goodwill) in order to gain a competitive edge in marketplaces where new competitors constrained the ability of a mass production approach to generate profits.

(d) Businesses made significant investments in information technology in order to improve product quality and accelerate time to market.

(e) Businesses recognized the importance of information and made efforts to manage it and turn it into the intellectual capital required to power the organization. Fixed assets lost relative importance to intangible assets in determining a company's performance at each stage of its corporate development. However, the procedures for accounting and financial reporting have essentially not altered.

DISCUSSION

Supply chains, proprietary software systems, and distribution networks are examples of structural capital. Both internal and external resources, such as customers and suppliers, are considered to be part of an organization's human capital. Intangible assets and intellectual capital are often used interchangeably. The OECD's definition distinguishes intellectual capital as a subset of the intangible asset base of a corporation rather than the same thing. Accounting reports have often been created based on past cost. The measurement and identification of intangibles in organizations, particularly knowledge-based organizations, is not covered by this. Due to the shortcomings of the current financial reporting frameworks, new approaches to measuring and disclosing a company's intellectual capital are being sought for.

The importance of intellectual capital is specifically highlighted in Guthrie's argument39 that accountants must find a way to incorporate accurate measures and values of intellectual capital in formal company reports or they will become irrelevant. Guthrie suggests that the revolution in information technology and the information society; the rising importance of knowledge and the knowledge-based economy; the changing patterns of interpersonal activities and the n In a society populated by dotcom businesses, virtual firms, and a thriving service sector, book values and market capitalization have weak correlations. Because a company's intangible assets are a major factor in its ability to maintain a sustained competitive edge, intellectual capital is crucial. With an expanding number of papers and research reports interest is strong on a professional and academic level [7], [8].

The purpose of IFRS 3, Business Combinations, was to increase openness in how corporations reported acquisitions. Recent studies, however, seem to suggest that the UK's top businesses are not always using IFRS 3 effectively. Over £40 billion was spent on acquisitions by FTSE 100 businesses in the year after the implementation of IFRS 3, with over half (53%) going toward goodwill. This is completely at odds with IFRS 3's intent. Only 30% of all purchases were made up of intangible assets; the remaining 17% were made up of tangible assets minus liabilities. Of course, some degree of goodwill is unavoidable. Typically, a premium must be provided to persuade owners to sell their stock. This premium may still be determined even if it is, by definition, more than the total value of the company's assets. And you'd want to think that it had already been discovered before the takeover approach, otherwise how would the purchasing business know that it can recover its investment and hence justify the acquisition?

Companies would often identify anticipated advantages prior to an acquisition. This would provide a range that the purchasing business would need to stay in for the purchase to be profitable. A premium for the value the buyer may provide may be included. Economies of scale or potential synergies like lowering overhead expenses for the main office might justify the price.

For many years, there has been debate on how to value inventory in accounting. Both the calculation of profit and the asset valuation for the statement of financial position both heavily rely on the inventory value provides details on Coats Viyella plc. It demonstrates how important inventory is in proportion to total assets and pre-tax earnings. In terms of the earnings, it is clear that a 4% inaccuracy in the inventory value reported in the 2001 interim report might result in a shift in the group's profitability from a pre-tax profit to a pre-tax loss. Inventory mistakes may have a disproportionate impact on the accounts since inventory is often a multiple rather than a part of earnings. In order to calculate profits per share, net asset backing for shares, and the current ratio, inventory valuation is also essential. As a result, the foundation for valuation should be consistent, in accordance with generally accepted accounting rules, to prevent manipulation of earnings across accounting periods and to ensure that profits are comparable between various firms [9]

Unfortunately, there are several instances of inventory figures being manipulated to provide a better picture. Profit and current assets are automatically raised (and vice versa) when inventory value increases at year's end. Naturally, closing inventory from one year becomes opening inventory from the next, reducing earnings.However, such manipulation offers chances for profit-smoothing and may be useful in certain situations, such as if the firm is in danger of being taken over. Profit (and current assets) are enhanced by a comparable amount in year 1 only by raising the value of inventory by £10,000 in total. Even though the two numbers are the same in year 2, the profit may be "smoothed" by switching £10,000 in profit from year 2 to year 1 thanks to this trick.Profit is calculated in accordance with traditional accrual accounting standards by matching expenditures to associated revenues. Prudence requires that the irrecoverable sum be quickly written off against current income if it is doubtful that the money will really be paid. As a result, inventory should be valued at cost minus any amount that cannot be recovered. But what is the price? Various techniques for calculating expenses have been used by entities; . A number of disagreements over the value of inventories have impacted earnings.

Instead of using the actual cost at the time of manufacturing or purchase, the inventory is valued at the present cost of each individual item (i.e., the cost to the organization of replacing the item). The 'value' of inventory may be seen as the price at which a comparable item could now be purchased, which makes this theory appealing. Finding a "reliable" profit number for performance assessment is once again a challenge. Wild variations in profit may happen as a result of uncontrollable market dynamics, the whims of the global weather system, or the time of year. Let's use coffee, oil, and silver as three examples. Over a three-year period wholesale prices fell from about $2.40 per pound to little under 50 cents. With inflation impacts taken into account, this was the lowest amount in thirty years. Coffee sales were unprofitable, and growers were forced to burn their harvest to make fuel. Financial reporting said that the goal was to raise the price back over $1 per pound in order to 100% increase the inventory unit cost. What price should be assigned to the inventory of coffee? 50 cents or $1, the difference between which would result in a profit equivalent to the value of the current inventory?

When the Gulf Crisis of 1990 started, the price of oil quickly increased from around $13 per barrel to a peak of almost $29 per barrel. Oil firms would have made enormous false profits if they had applied replacement cost. This may have led to increased tax payments and dividend demands from shareholders from a profit that only existed on paper. Prior to the military action in 1991, the Gulf Crisis calmed down and the price of oil fell on the market nearly as sharply as it had climbed. This may have caused enterprises to report false losses the next fiscal year, which would have resulted in a decline in business confidence. Silver. A billionaire from Texas called Bunker Hunt tried to "make a killing" on the silver market in the early 1980s by purchasing silver to drive up the price and then selling at the high price to earn a sizable profit. This resulted in amazing spectacles in the UK, as lengthy lines of people gathered outside jewelers to purchase products for considerably more than their "real" cost. If replacement cost had been appli d in a manner comparable to the first two, businesses that utilize silver as a raw material such as jewelers, mirror producers, and electronics firms—would have suffered significantly.

The 'price' of silver effectively doubled in a short period of time, but the plot was thwarted when the Federal Authorities in the USA intervened. IAS 2 does not expressly exclude the use of replacement cost, but it is inconsistent with the fundamental tenet of the standard, which is to value inventory at the actual costs spent in its acquisition or creation. According to the IASC Framework for the Preparation and Presentation of Financial Statements, historical cost and current cost are two separate measurement bases, and replacement cost should not be employed when a historical cost measurement basis is used for assets and liabilities.Despite not having IAS 2 clearance, LIFO is nevertheless used in real-world situations. Since LIFO is the primary technique of inventory valuation in the USA, UK businesses with US operations often employ it. Normally, they belong under the category of "cost." However, consider a scenario where some subcontract work was performed on certain of a company's goods owing to a capacity issue (i.e., the factory could typically do the job, but part of the work was subcontracted at a higher price/cost due to a short-term issue).

The inventory value of the things covered by the subcontract job ought to be greater than that of the 'regular' items, in principle. However, in reality, it may be so difficult to identify such "subcontracted" products that many businesses choose not to include such irregular subcontract activity as a direct expense. For instance, treating the 1,000 drills differently from the other 999,999 would be exceedingly expensive and time-consuming if a firm produces 1,000,000 drills per month and 1,000 of them need to be shipped away due to a machine malfunction. Therefore, the subcontract work would not be considered overhead for the purposes of valuing inventories (in such a company, the normal cost technique would be utilized). On the other hand, because unique subcontract work is easily linked to specific inventory units, it would be included in the inventory value of a company that produces 20 customized cars each month.

A non-routine cost might provide problems, particularly in a high-volume/high-turnover organization, but any regular, routine direct overhead will be reflected in the inventory value. indirect expenses. These are always included in the inventory value since they are production-related costs. They consist of factory rent and rates, factory electricity, and depreciation of equipment; in fact, all indirect expenses associated with the factory, such as the cost of the warehouse used to store finished items, will be accounted for in the value of inventory. administrative costs. Since this overhead relates to the whole company, only the fraction that can be directly linked to output should be included in the inventory value. For instance, the expenses of the salaries or people department may be allocated to production on the basis of headcount, and that component would be taken into account when valuing the inventory.

The inventory assessment would also take into account any production-specific administrative expenses (welfare, canteen, etc.). The cost won't be included in the inventory value if it cannot be shown that it is related to production. cost of sales and distribution. Since these expenses are spent after manufacturing is complete, they are often excluded from inventory value. The shipping and packing fees will be accounted for in the inventory value of items stored on a customer's premises, but, if the products are on a "sale or return" basis and are on the customer's property while still being the supplier's property.The 'just-in-time' (JIT) contemporary inventory method presents still another challenge. In this case, the client just "calls off" inventory from the supplier and is only charged for the delivered goods. Given that delivery is the sole selling and distribution overhead that has to be charged or incurred, there is a case to be made for include more of this cost in the value of the inventory that is still with the supplier. Although the products have actually been sold, ownership has not yet moved. This issue may provide accountants and auditors significant room for discussion as JIT becomes popularity.

It's important to remember how inventory is physically managed. Disparities often fall into two categories: theft-related disappearances and incorrect accounting.4 Of course, management will be in charge of providing effective internal control mechanisms, but losses might still happen due to theft or a lack of basic controls and records. A discrepancy between the physical and book inventories may also result from inadequate accounting procedures, requiring corrective changes at year's end. Many businesses are using in-house computer systems or employing purchased software to keep track of their inventory. These systems are often sufficient for routine recording, but they are nonetheless susceptible to year-end inconsistencies brought on by mistakes in determining the physical inventory that was present at the end of the year, as well as issues with the paperwork and the actual movement of stocks. The 'cut-off' date is a significant factor in the difference between the physical and book inventories. It might be challenging to pinpoint precisely which period of account particular inventory movements should be put when matching sales with cost of sales, especially when the yearly inventory count spans several days or takes place at a time other than the end of the fiscal year.

The handling of overheads has already been covered in great detail above and is likely the area with the most room for adjustment. By postponing the influence of overhead on inventory value, increasing overhead results in higher earnings. IAS 2 permits costs associated with an asset's acquisition or manufacture to be added to its cost. We have seen that this comprises interest on borrowed money as well as indirect production overheads and those that are directly linked to output. Although IAS 2 offers recommendations for classifying overheads in order to obtain an acceptable allocation, it may be challenging to discern these distinctions in reality, and auditors may find it challenging to push management on such issues. According to the statement, the valuation's overhead allocation must take into account the company's typical level of activity. Unused capacity costs should be deducted in the current fiscal year. Although the auditor will demand that allocation should be based on average activity levels, if the firm underperforms, the overhead per unit rises, which may result in higher year-end values. The astute accountant will try to manipulate these year-end figures in such a manner that expenditures incurred during lean financial times are rolled over to more prosperous accounting periods.

The handling of overheads, which has already been covered in great detail, is possibly the one that offers the most room for manipulation. The benefit of postponing the impact of overhead and increasing profits is achieved by include overhead in the inventory value. The cost of an asset may include incidental costs associated with its acquisition or manufacture under IAS 2. As we have seen, this comprises interest on borrowed money as well as overhead costs that are indirectly related to production as well as those that are directly connected to output. In order to obtain an appropriate allocation, IAS 2 offers rules for classifying overheads; but, in reality, it may be challenging to discern these distinctions, and auditors may find it challenging to push management on such issues.

The phrase implies that the valuation's overhead allocation must be based on the business' typical level of activity. Unused capacity costs should be deducted from revenue in the current year. The auditor will argue that allocation should be based on typical activity levels, but if the business underperforms, the overhead per unit rises and may consequently result in higher year-end values. In order to move expenses from unprofitable accounting periods to ones that are more lucrative, the creative accountant will try to alter these year-end amounts. At the company's year-end, the issues with inventory accounting are revealed. At this point, the closing inventory amount that will appear in the statements of comprehensive income and financial position is computed. In actuality, the business will physically count every item it has on hand for trade before determining the final inventory amount. The year-end inventory count is a crucial accounting activity for which the auditors have a keen interest. The auditor typically observes the inventory count in order to confirm the physical numbers and the method used to compile those values. Since values are seldom applied to inventory items during the inventory count, the auditor faces issues with inventory item identification, ownership, and physical condition.

IAS 2 disclosure guidelines have previously been mentioned. The standard mandates that the accounting principles used be disclosed and implemented consistently across time. In order to show the quantities held in each of the major categories in the standard statement of financial position formats, inventory should be subclassified in the statement of financial position or in the notes to the financial statements. Will the final user of such financial statements, however, have faith that the provided information is accurate, timely, and useful? Numerous instances of subjectivity and inventive accounting have previously been mentioned, but are these possibilities real?

In 1982, Westwick and Shaw looked over 125 firms' financial records to determine the influence of inventory value on reported earnings.13 The findings revealed that a 1% inaccuracy in closing inventory value might have a profit-before-tax impact ranging from 0.18% to 25.9% (in one example), with a median of 2.26%. Household products, textiles, mechanical engineering, contracting, and building were the sectors most prone to such mistakes.

It is obvious that the occurrence of such variances has an impact on metrics like ROCE, EPS, and the current ratio. The study also revealed that 85% of audit managers in a sample thought there may be a 6% or more variation between an optimistic and pessimistic assessment of the same inventory. These findings may not be as representative of the current situation since IAS 2 has subsequently been enhanced. Nevertheless, following the same method, let's choose eight recent annual reports from different firms at random, raise the closing inventory value by 5%, and then determine the impact on EPS (taxation is simply applied at a rate of 35% on the the difference in pre-tax earnings might be as big as £57.7 million in absolute terms, with a range of 2.7% to 24% for the percentage change. The shift in EPS, which often serves as the primary market performance measure, is particularly noteworthy. A 5% miscalculation in inventory value for the electrical retailer (company 1) might have a 27% impact on EPS. Such a business may very well have inventory that is susceptible to economic downturn, technological advancements, and changes in fashion. PPPs To take control, a parent firm need not buy the whole stock of another business.

The non-controlling interest is the collective term for the owners of the remaining shares. They have equity in the subsidiary. As a result, even if the parent does not fully own the acquired company's net assets, it does exercise control over them. Showing the efficacy of such control and of the directors of the parent business who are in charge of it is one of the goals of creating group accounts. As a result, the non-controlling interest will be recorded as partially funding all of the subsidiary's net assets in the group statement of financial condition.To take control, a parent firm need not buy the whole stock of another business.

The non-controlling interest is the collective term for the owners of the remaining shares. They have equity in the subsidiary. As a result, even if the parent does not fully own the acquired company's net assets, it does exercise control over them.Showing the efficacy of such control and of the directors of the parent business who are in charge of it is one of the goals of creating group accounts. Because of this, the non-controlling interest will be shown as partially financing those net assets in the group statement of financial position. It is now common government policy for public bodies to enter into contracts with private companies, including contracts for the construction and management of transportation infrastructure, prisons, schools, and hospitals. Any project has inherent risks, and it is intended for the government to shift some or all of these risks to private contractors via a PPP agreement. To ensure that the PPP advantages are shared fairly by the service providers, customers, taxpayers, and workers, there must be a financial incentive for the private contractors to be able to operate efficiently and generate a decent profit.

CONCLUSION

Brand accounting reporting, which deals with the management of intangible assets, particularly a company's brand, is an important part of financial reporting. The relevance, techniques, and effects of brand accounting reporting have all been thoroughly examined in this article, with a focus on its promotion of financial transparency and strategic decision-making. The information put out emphasizes how crucial precise and transparent brand accounting reporting is in representing a company's genuine worth and assisting successful brand management efforts. However, difficulties still exist, especially when it comes to creating reliable brand valuation methods, setting transparency requirements, and adjusting to the changing importance of brands in the digital era. To solve these issues and advance best practices in brand accounting reporting, cooperation between academics, financial experts, brand managers, and standard-setting organizations is essential. Companies may improve their financial transparency, better represent their total worth, and create more successful brand strategies by giving good brand recognition and management top priority. The accurate and transparent brand accounting reporting acts as a crucial link between financial management and brand management, enabling well-informed choices and the long-term development of brands and enterprises in a competitive market.

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CHAPTER 12

ANALYSIS AND DETERMINATION OF INTER COMPANY BALANCES REPORTING

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ABSTRACT:

In group or conglomerate organizations, where numerous businesses conduct financial transactions with one another, inter-company balances reporting is a critical component of financial reporting. This essay provides a thorough review of the reporting of inter-company balances, emphasizing its importance, its techniques, and its effects on financial transparency and consolidated financial statements. The study analyzes the many facets of this practice by looking at reconciliation procedures, regulatory requirements, and the effects on financial consolidation. The study emphasizes the significance of accurate, timely, and transparent inter-company balances reporting in allowing informed decision-making and financial responsibility across complex corporate structures, drawing on empirical research and industry examples. The report also examines difficulties with cross-border transactions, complicated reconciliations, and regulatory compliance. This article offers a thorough review of inter-company balances reporting and its role in improving the quality and dependability of consolidated financial statements, making it an invaluable resource for researchers, financial experts, auditors, and organizations.

KEYWORDS:

Consolidated Financial Statements, Financial Reporting, Inter-Company Balances, Reconciliation, Regulatory Compliance, Transparent.

INTRODUCTION

A parent firm may have bought preferred shares in the subsidiary in addition to the ordinary shares through which it obtained control. If this is the case, any sum paid by the parent company will be accounted for in the investment in subsidiary figure on the parent company's statement of financial status. The parent's portion of the preferred shares in the subsidiary's statement of financial position will reflect a portion of the net assets purchased and be taken into account for calculating goodwill, just as the common shares do.Even if the parent may own less than 50% of the preferred shares, any preferred shares that are not owned by the parent are included in the non-controlling interest. The parent need not own a majority of the preferred shares in order for this to apply. When preferred shares are classified under IAS 32 Financial Instruments: Presentation and Disclosure as liabilities of the subsidiary They are treated the same as bonds when accounting for them. The preferred shares that the parent acquired and included in the cost of investment will be offset against the liabilities of the subsidiary upon consolidation. Similar to preferred shares, any bonds in the subsidiary's statement of financial position that the parent has purchased will count as a portion of the net assets acquired and be included into the goodwill calculation [1], [2] .

The amount of bonds not owned by the parent, however, will not be included in the noncontrolling interest since they do not provide shareholders any ownership rights. They will be shown as such in the consolidated statement of financial position since they essentially function as a kind of long-term loan. If the subsidiary business issued a dividend before the end of the fiscal year, it must be cancelled before generating the consolidated statement of financial position since it will show up in both the parent company's and subsidiary company's current liabilities and assets. The whole payment will be refunded if the parent company owns 100% of the subsidiary.The amount payable to the minority will be included in the minority interest in the consolidated statement of financial position if there is a non-controlling interest in the subsidiary, and the non-cancelled amount of the dividend payable in the subsidiary's statement of financial position will be that amount. There is no obligation under IAS 10 Events in cases where a dividend has not been announced at the year's end. Therefore, there should be no obligation recognized in accordance with International Accounting Standards after the Balance Sheet Date. A venturer's share of each asset, liability, income, and expense of a jointly controlled entity is combined line by line with comparable items in the venturer's financial statements or reported as separate line items in the venturer's financial statements under the proportionate consolidation method of accounting.The investor disclosing assets that it does not control in its statement of financial position raises a conceptual issue, according to a critique of proportional consolidation. Applying equity accounting is an option, but doing so would require applying it to two separate forms of investments: associates, in which the investor only has a little impact, and joint ventures, in which it has shared control.The elimination of proportional consolidation for joint ventures is suggested in a proposed change to IAS 31 that has been made public by the IASB. This would imply that jointly owned businesses would be treated similarly to associates when it comes to accounting using the equity method. Joint ventures must often be accounted for using the equity method in the UK [3], [4].

IAS 28 describes how some venturers disclose their holdings in jointly managed firms using the equity method, whereas IAS 31 takes a different tack by allowing equity accounting but vehemently opposing it16. Those who contend that it is improper to mix controlled things with jointly controlled items as well as those who think venturers have considerable influence in a jointly controlled business rather than shared control advocate the usage of the equity approach. Because proportionate consolidation more accurately captures the content and financial reality of a venturer's stake in a jointly controlled firm, i.e., control over the venturer's share of the future economic gains, this Standard does not advocate the use of the equity approach. However, when reporting interests in jointly owned businesses, this Standard authorizes the use of the equity approach as an approved alternative treatment. Exchange differences must be recorded in the statement of comprehensive income during the period in which they arise8, unless the company has engaged in a hedging transaction in accordance with IAS 39 Financial Instruments: Recognition and Measurement. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements must also be recorded.The exchange differences on the loan might be immediately recognized in equity to offset the exchange differences on the foreign subsidiary if the parent has taken out a foreign loan to operate as a hedge against the foreign investment. Only if the organization satisfies stringent standards, which might be difficult to achieve in reality, is hedge accounting allowed [5], [6].

Keep in mind that the gains or losses from foreign exchange transactions have an impact on the cash flow and are consequently realized.The group accounts for Nemetschek AC 1999 are excerpted as follows:Business transactions in foreign currencies are valued in each of Nemetschek AC's annual accounts and those of its subsidiaries at the exchange rate in effect at the time the transaction was first posted. Up to the cutoff date for the statement of financial status, any exchange losses from the valuation of receivables and payables are taken into consideration. Net income is affected by the gains and losses resulting from exchange rate variations. Assets and liabilities for each statement of financial position presented are translated at the closing rate on the date of that statement of financial position, and income and expenses for each statement are translated at the closing rate on the date of that statement of financial position for all group entities (none of which has the functional currency of a hyperinflationary economy). Exchange discrepancies that result from translating the net investment in foreign corporations, as well as the borrowings and other currency instruments specified as hedges of such investments, are added to shareholders' equity during consolidation. Such currency disparities are included in the statement of comprehensive income as part of the gain or loss on sale when a foreign business is sold. As assets and liabilities of the foreign entity, goodwill and fair value adjustments resulting from the purchase of a foreign firm are translated at the closing rate.

DISCUSSION

The PE ratio for a firm will indicate investors' optimism and confidence about the national economy, the industry sector, the global scene, as well as regarding the company's success for the current year as shown in its financial report. Without knowledge about the firm, its rivals, and the sector in which it competes, it may be difficult to assess a PE ratio on its own. For instance, a high PE ratio may signify investor faith in the current management team: Due to the company's inherent strength, investors are ready to pay a high multiple for predicted profits. It might also signify a lack of investor trust in the current management, but rather the expectation of a takeover offer that would transfer the firm's assets to a new company with higher chances of growing its profits than the current team. A low PE ratio may be a sign that investors have little faith in the company's existing management or worry that even a new leadership team would have difficult challenges.As an example, there can be excessively high gearing with limited chance of organic profits growth or fresh capital via rights offerings to offset it. Despite being in the same sector, these differences in PE ratios across firms are due to market factors rather than just differences in profits. However, the share price is also influenced by the company's present profits per share and each shareholder's expectations for future growth in comparison to those of other businesses. A shareholder may evaluate a company's capacity to create money by looking at its present EPS statistic. It acknowledges that earnings have the potential to increase shareholder wealth in two different ways: first, by transferring cash from the company's control to the shareholder through the payment of a dividend; and second, by keeping earnings in the business for reinvestment in order to potentially increase earnings in the future .

Reviewing the current period's profit and loss account and identifying the profits that may fairly be anticipated to continue are key when trying to arrive at an estimate. You should define the sustainable post-tax profits that result from normal company operations in accounting terms. Companies must simplify this for the shareholder by noting any unexpected things separately and analyzing the profit and loss on trading between discontinued and ongoing activity. With the assumption that there are no changes to the company's trade activity, shareholders may use this information to estimate the sustainable posttax profits for themselves. Obviously, it is very improbable that the existing company operations won't alter in a dynamic corporate environment. The shareholder should consult any information on capital commitments that is included as a note to the financial statements, the chairman's statement, and any press coverage. The current sustainable profits amount is adjusted using this new knowledge. Shareholders and directors commonly use earnings per share to show how a company's performance has improved over time. To prevent distortions brought on by changes in the capital structure that have altered the number of shares outstanding without a corresponding change in resources over all or part of a year, care must be taken to ensure that the number of shares is declared consistently. These adjustments take place with (a) bonus issues and share splits; (b) new issues and buybacks throughout the year at full market price; and (c) the bonus component of a rights issue [7], [8].

To guarantee that EPS is comparable across accounting periods, we shall take into consideration the proper handling of each of these capital structure changes. When a firm capitalizes reserves to distribute more shares to current owners, the situation is referred to as a bonus issue (or capitalisation issue). In essence, a straightforward transfer from reserves to issued share capital is performed. Actually, neither the corporation nor the shareholder are providing or getting any immediate cash advantage. The procedure suggests that the reserves won't be accessible for distribution but instead will be kept invested in the company's tangible assets. However, there are more shares. The Institute of Investment Management and Research (IIMR) in the UK identified two uses for producing an EPS figure: as a measure of the company's maintainable earnings capacity, suitable in particular for forecasts and for inter-year comparisons, and for use on a per share basis in the calculation of the price/earnings ratio; as a factual headline.

The Institute understood that the maintainable earnings figure required exceptional or non-continuing items to be removed, so it was impossible to standardize the calculation of maintainable earnings figures due to the judgment required to adjust the historical figures. It adopted the stance that there was a need for an earnings number that could serve as a clear reference point for consumers and was computed on a uniform basis. The Institute established a headline profits number in accordance with that need.

IAS 33 and US SFAS 128 profits per Share employ distinct methods to compute the profits used as the numerator and the number of shares used as the denominator, which results in differing EPS values. The IASB and FASB released an Exposure Draft in 2008 as a component of the convergence project with the goal of achieving some convergence in the determination of the profits per share denominator. A more fundamental review of the method for calculating EPS, which would look at an agreed approach to determining earnings and the number of shares to be used in both the basic and diluted EPS calculation, may be conducted once they have finished their joint projects on liabilities and equity and their joint project on financial statement presentation. n Since the publication of IAS 7 Statement of Changes in Financial Position in 1977, businesses are required to produce a funds flow statement along with their annual accounts. By categorizing the changes in long-term capital and fixed assets under two headings source of funds, which includes funds from operating and other sources like the sale of fixed assets, the issuance of shares, and loans; and application of funds, which includes tax paid, dividends paid, fixed asset acquisitions, and long-term capital repayments the funds flow statement explained the changes between the opening and closing statement of financial position. The discrepancy showed the working capital's net change.

The USA released SFAS 95 Statement of Cash Flows in 1987. It was determined that a cash flow statement, focusing on changes in cash rather than changes in working capital, should take the place of the funds flow statement. All of a company's cash receipts and cash payments for a time period should be included in the statement of cash flows. There was also strong consensus that cash flow statements should take the place of funds flow statements since they were more beneficial for making decisions. Although the direct technique is the one that the standard prefers, preparers have an option. While the direct technique is more prevalent in other places (like Australia), the indirect method is often utilized in the UKThe two approaches provide consumers access to various kinds of information. The indirect technique adjusts net income for changes in working capital. The indirect method's main benefit is that it makes clear the distinctions between operational profit and net cash flow from operating operations. According to many readers of financial statements, a reconciliation of this kind is necessary to reveal the caliber of the reporting entity's profits. Information regarding previous accruals adjustments may be important to assist forecast future adjustments since some investors and creditors analyze future cash flows by projecting future income and then accounting for accruals adjustments.

Due to its greater disclosure of the sources and uses of cash, the direct approach better exhibits the characteristics of a real cash flow statement. This unique information aids in forecasting future cash flows and is not else accessible. The direct method's main benefit is that it displays operational cash collections and payments. When estimating future cash flows, it may be helpful to be aware of the precise sources of cash revenues and the objectives for which cash payments were made in previous periods. IAS 7 acknowledged that businesses' approaches to managing cash differ depending on the variety of short- to medium-term deposits and instruments in their portfolio of cash and near-cash assets. By using the following definition to determine whether things should be aggregated with cash in the cash flow statement, the standard standardized the handling of near-cash items:

1. Cash equivalents are highly liquid, short-term assets that can be easily converted into known sums of cash and are only slightly at risk of losing value.
2. The category "investing activities" was used to describe near-cash items that did not fit this description.

The description of currency equivalents has drawn criticism. A cash equivalent should typically be within three months of maturity at the time of purchase, according to IAS 7, although this guideline may lead to issues. For instance, dealing with deposits longer than three months as investment activity rather than cash equivalents is not always economically suitable. The notion of cash equivalents has the result of dividing corporate treasury departments' operations into investing cash flows and adding to or subtracting from cash. If money is placed for less than three months, it is not recorded as a cash flow, but if it is deposited for more than three months, it is classified as a cash outflow under investment. As a result, it may be deceptive to analyze changes in cash and cash equivalents. Users check to determine whether something is good or bad. Determine the trend if it is good; investors would naturally want to invest in a business with a growing trend.

Investors should do more research to find out if there are any suggested actions to enhance the position if there is a declining trend or it is bad. The operational and financial assessment, as well as the chairman's remark, may reveal if the firm is implementing a cost-cutting plan or eliminating loss-making operations. Future liquidity issues may arise if the trend cannot be improved or the negative cash flow cannot be reversed. Such challenges could affect future discretionary expenses, such as reducing research, marketing, and advertising expenditures, investment choices, such as delaying capital expenditures, and finance choices, such as increasing equity or loan capital. It has been argued that it is impossible to determine how much of the cash outflow from investing activities was used to increase existing capacity with the potential to increase turnover and profits as opposed to simply maintaining operations by replacing worn-out non-current assets. The suggested approach was to limit investing cash flow to expanding capacity and to represent investment that is only maintained as an operational cash flow. The IASB questioned the validity of such a distinction, although there is a belief that, if the split between the two categories of spending can be consistently determined, such an analysis gives extra information.

CONCLUSION

In complicated business groupings where precise and transparent financial information is crucial, inter-company balances reporting is a crucial component of financial reporting. The importance, procedures, and effects of reporting inter-company balances have been thoroughly examined in this article, with an emphasis on its contribution to financial transparency and the facilitation of informed decision-making, especially in the context of consolidated financial statements. The data put out emphasizes how crucial it is to disclose inter-company balances accurately and on time in order to improve financial responsibility and transparency within complex corporate structures. However, difficulties still exist, particularly those related to balancing complicated transactions, negotiating cross-border financial flows, and observing various regulatory regimes. To solve these issues and promote best practices in inter-company balances reporting, collaboration among scholars, financial experts, auditors, and regulatory bodies is essential. Organizations may increase the credibility of their consolidated financial statements and, in turn, improve financial management and responsibility within business groupings by emphasizing accurate and transparent reporting of inter-company transactions. Inter-company balances reporting continues to be a crucial component of financial reporting, bridging the gap between the financial statements of separate entities and the consolidated financial statements and preserving the quality and integrity of financial data in complex corporate structures.

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