Corporate Reporting

Part1.

1. **What is corporate Reporting?**
   Corporate reporting refers to the presentation and disclosure aspect of reporting and includes Intergraded Reporting, Financial Reporting, Corporate Governance, Corporate Responsibility etc. Corporate reporting should provide relevant and useful information to the investor and other stakeholders.

2. **Objectives of Corporate Reporting:**
   (i) To provide information to the investor, creditors and other stakeholder in making rational investment, credit and other similar decision.
   (ii) To assess the amount, timing and uncertainty of prospective net cash inflows to the related enterprise.
   (iii) To provide information about an enterprise financial performance during a period.
   (iv) To provide information that is useful to managers and directors in the interest of owners.

3. **Objectives of Financial Reporting:**
   You can write same answer as question no 2

4. **Statutory Reporting:** It is that reporting which is required as per any legal reporting framework like as per Companies Act 2013 in India. It includes Statement Profit and Loss, Balance Sheet, Cash Flow Statement, Auditor's Report, Director's Report.

5. **Non-Statutory Reporting**: It is that reporting which is not required as per any legal reporting framework like as per Companies Act 2013 in India or as per any other legal compulsion but company may prepare and publish it voluntary. It includes a statement human resource accounting, report on social accounting, a statement of inflation accounting.

6. **GAAP:** It means General accepted Accounting Principle. These are a set of common accounting principle, standard and procedure issued by the Financial Accounting Standard Board (FASB). GAAP aims to improve the clarity, consistency and comparability of communication of financial information.

7. **Users of Accounting Information:**
   Internal users: Owner/ Shareholders, Management, Workers,
   External users: Investor, Bank, Lender, Government, Suppliers,

8. **What is IFRSs? Who issue IFRSs?**
   IFRS stands for International Financial Reporting Standards. These are issued by International Accounting Standard Board. These are rules and regulation that a company must maintain and report their account. These are common rules so that financial statement can be consistent, transparent, and comparable around the world.

9. What is Inductive approach in corporate reporting?
   In this approach we go from particular to general. On the basis of particular observation and measurement, generalised conclusions are drawn. This approach begins with observation of financial information of business enterprise and proceeds to draw generalisation and principle of accounting

10. What is deductive approach in corporate reporting?

In this approach we go from general to particular. This approach begins with basis accounting assumption and proceeds to derived by logical means of the accounting principle.

In case of IND- AS, Students you are asked to first read the heading of IND-AS then reamber the heading then read objective of each standard then read definition of other.

1. **INDIAN ACCOUNTING STANDARD 108 : OPERATING SEGMENTS**
2. **INDIAN ACCOUNTING STANDARD 12 : INCOME TAXES**
3. **INDIAN ACCOUNTING STANDARD 24 : RELATED PARTY DISCLOSURE**
4. **INDIAN ACCOUNTING STANDARD 36 :IMPAIRMENT OF ASSETS**
5. **INDIAN ACCOUNTING STANDARD 38 : INTANGIBLE ASSETS**
6. **INDIAN ACCOUNTING STANDARD 37 PROVISION, CONTINGENT LIABILITIES, AND CONTINGENT ASSETS**
7. **INDIAN ACCOUNTING STANDARD 19**

EMPLOYEE BENEFITS

8. OBJECTIVE OF INDIAN ACCOUNTING STANDARD 108 : OPERATING SEGMENTS:

(i) This standard provides guidelines for identification of operating segment.

(ii) This standard provides guidelines to Identify the reportable segments and the application of aggregation.

(iii) This standard provides guidelines about the disclosure of each operating segment in such a manner which enables users to make informed decisions based on their assessment of the economic environments in which the different businesses of an entity operate.

9. SCOPE OF IND– AS 108

Ind AS 108 should apply to companies to which Indian Accounting Standards notified under the Companies Act, 2013 apply.

If an entity that is not required to apply Ind AS 108 chooses to disclose information about segments that does not comply with Ind AS 108, it should not describe the information as segment information.

If a financial report contains both the consolidated financial statements of a parent that is within the scope of Ind AS 108 as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements.

10. What do you mean by OPERATING SEGMENTS?

An operating segment is a component
of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity.**.83**

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and

(c) for which discrete financial information is available. An operating segment may engage in business activities for which it has yet to earn revenues, for example, start-up operations may be operating segments before earning revenues.

11. The objectives of IND –AS 12, INCOME TAXES

(I) The objective of this Standard is to prescribe the accounting treatment for income taxes. Income taxes for the purpose of this Standard includes:

(a) all domestic and foreign taxes which are based
on taxable profits;

(b) taxes, such as withholding taxes (Tax Deducted at Source), which are payable by a

subsidiary, associate or joint venture on distributions to the reporting entity.

• Further, the income-tax for the purpose of this Standard could be classified as:

(a) ***Current tax*** being current tax consequence that arises due to transactions and other events of the current period that are recognised in an entity's financial statements.

(b) ***Deferred tax*** being future tax consequence that arises due to the future (i) recovery of the carrying amount of assets or (ii) settlement of carrying amount of the liabilities that are recognised in an entity's balance sheet. For example: Recovery of fixed assets means by way of depreciation or sale and for other assets by way

(II) The Standard also provides guidance as to where the current tax or deferred tax should be recognised, accounted and presented.

• An entity may incur a loss in the current period and set off against a profit in the earlier period. As the entity would recover a tax paid in the earlier year, the entity should recognize the benefit of tax recoverable as an asset.

• Items of current tax or defer tax recognized in profit and loss are subject to two exceptions:

1. An item of current tax or defer tax pertaining to other comprehensive income should be recognized in other comprehensive income
2. An item of current tax or defer tax pertaining to direct equity should be recognized in direct equity

(III) In addition, the Standard provides rules regarding:

(a) recognition of deferred tax assets arising from unused tax losses or unused tax credits;

(b) presentation of income taxes in the financial statements; and

(c) disclosure of information relating to income taxes.

12. TAX EXPENSES:As per IND- AS 12 T*ax expense (tax income)* is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax. Tax expense could be positive or negative. Thus, there could be a tax income.

13. CURRENT TAX :As per IND- AS 12 *Current tax* is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. Current tax may be current tax liability and current tax assets.

14. DEFERRED TAX LIABILITIES :As per IND- AS 12

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

15. DEFERRED TAX ASSETS :As per IND- AS 12

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:

(a)The recognition of deferred tax assets arising from unused tax losses or unused tax credits

(b)The presentation of income taxes in the financial statements and

(c) The disclosure of information relating to income tax

16. TEMPORARY DIFFERENCES: :

As per IND –AS 12: ***Temporary differences*** are differences between the carrying amount of an asset or liability in the balance sheet and its tax base. ***Temporary differences*** may be either:

(i) **taxable temporary differences**

(ii)**deductible temporary differences**

17. **TAXABLE TEMPORARY DIFFERENCES As per IND- AS 12 taxable temporary differences** which are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

18. **DEDUCTIBLE TEMPORARY DIFFERENCES: As per IND- AS 12 ♦ deductible temporary differences,** which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

19. **Onerous Contract**: As Per Ind- As 37/IAS 37, an onerous contract is a contract in which the unavoidable cost of meeting obligations under the contract exceeds the economic benefits expected to be received under it .

20. **Contingent Liability** : As Per Ind- As 37, a contingent liability is (A) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the entity;

or

(B) a present obligation that arises from the past events but is not recognised because :

(i) it is not possible that an outflow of resources embodying economic benefits will be required to settle te obligation or

(ii) the amount of obligation cannot be measured with sufficient reliability.

Example: A tax case pending before te court, the liability for payment arising or not in respect of which depends on the outcome of court decision is a possible that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the entity;

21. **Contingent Assets** : As Per Ind- As 37, a contingent Assets is a possible Assets that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the entity;

Example : X Ltd. filed a legal suit against a supplier of goods for compensation against damages on non–supply of contracted goods. This meets the definition of a contingent asset since there is a possible asset (compensation against damages) that arose from past event (contract with the supplier) and whose existence will be confirmed by the occurrence or non- occurrence of uncertain future event not wholly within the control of the entity.

Note: All the notes of Corporate Reporting is prepared by Prof. S Ghosh, RaniGanj Girls' College, With the help of IND-AS issued by ICAI and site like Wikipedia and others also used.