Paper 17- Corporate Financial Reporting

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Full Marks : 100 **Time allowed: 3 hours**

Part – I

Answer Question No 1 which is compulsory.

1. Choose the most appropriate answer from the four alternatives given: (1 Mark for right choice & 1 Mark for justification): [2x10=20]

(i) Which of the following is/are characteristics of Joint Arrangements?

A. The parties are bound by a contractual arrangement
B. It gives two or more of the parties joint control of the arrangement
C. Both A and B
D. None of the above

Answer:

C. Both A and B

A joint arrangement is an arrangement of which two or more parties have joint control and have the following characteristics:

- The parties are bound by a contractual arrangement; and
- It gives two or more of the parties joint control of the arrangement.

(ii) Cost of Inventory includes the following except ________________.

A. Cost of purchase
B. Cost of conversion
C. Cost of Sales
D. Both A. and B.

Answer:

C — Cost of Sale

Cost of Inventory consists:

1. Cost of purchase
2. Cost of conversion
3. Other costs incurred in bringing the inventories to their present location and condition.

(iii) Which of the following is/are the qualitative characteristic/s of financial statements as per IFRS conceptual framework?

A. Faithful representation
B. Comparability
C. Verifiability
D. All of the above

Answer:

D — All of the above

The qualitative characteristics are —

1. Relevance
2. Faithful representation
3. Comparability
4. Verifiability
5. Understandability

(iv) Accounting and Classification of Grants-in-aid is IGAS ________

A. 7
B. 9
C. 2
D. None of the above

Answer:

C— Accounting and Classification of Grants-in-aid is IGAS 2.

(v) Corporate sustainability reporting helps companies to_________

A. assess and manage their sustainability impacts
B. report their contributions to sustainable development
C. identify and manage sustainability risks
D. All of the above

Answer:

D — All of the above

Corporate sustainability reporting helps companies:

- assess and manage their sustainability impacts,
- report their contributions to sustainable development
- integrate sustainability into their business strategies
- identify and manage sustainability risks,
- improve governance and
- enhance reputation

(vi) Super Profit (Computed) : Rs. 9,00,000
Normal rate of return : 12%
Present value of annuity of Rs. 1 for 4 years @ 12% : 3.0374
Value of Goodwill is —

A. Rs. 2,96,306
B. Rs. 1,08,000
C. Rs. 27,33,660
D. None of the above

Answer:

C — Rs. 27,33,660

Value of goodwill = Super profit × P.V of Annuity of Rs.1 for 4 years @ 12% = Rs. 9,00,000 × 3.0374 = Rs. 27,33,660.

(vii) VB Ltd. acquires 100% stake of B Ltd. for Rs. 2,40,000. Fair Value (FV) of B's net assets at Time of acquisition amounts Rs. 2,00,000. You are required to calculate Goodwill as per Ind AS 103.

A. Rs. 2,40,000
B. Rs. 40,000
C. Rs. 4,40,000
D. Rs. 2,00,000

Answer:

C. — Rs. 40,000

Purchase consideration	Rs.2,40,000
FV of Net Assets	Rs.2,00,000

Goodwill = Consideration – Net Assets = Rs.(2,40,000 – 2,00,000) = Rs.40,000

(viii) A company which is having investments in associates or joint ventures, prepares consolidated financial statements using equity method of accounting as per Ind AS _____; in addition it shall also prepare separate financial statements as per Ind AS ___ .

A. 28, 27;
B. 27,28;
C. 23,27;
D. None of the above

Answer:

A — 28,27.

A company having investments in associates or joint ventures prepares consolidated financial statements using equity method of accounting as per Ind AS 28; in addition it shall also prepare separate financial statements as per Ind AS 27.

(ix) A joint arrangement is an arrangement of which two or more parties having joint ____________.

A. Control
B. Interest
C. Account
D. None of the above.

Answer:

A — Control

A joint arrangement is an arrangement of which two or more parties have joint control. (Ind AS 111).

(x) Which of the following is/are the responsibility/ responsibilities of GASAB?
A. To formulate and propose standards that improve the usefulness of financial reports
B. To keep the standards current and reflect change in the Governmental environment
C. To provide guidance on implementation of standards
D. All of the above

Answer:

D — All of the above.

GASAB, inter alia, has the following responsibilities:

1. To formulate and improve standard of Government accounting and financial reporting in order to enhance accountability mechanisms.
2. To formulate and propose standards that improve the usefulness of financial reports based on the needs of the users.
3. To keep the standards current and reflect change in the Governmental environment.

4. To provide guidance on implementation of standards.
5. To consider significant areas of accounting and financial reporting that can be improved through the standard setting process.
6. To improve the common understanding of the nature and purpose of information contained in the financial reports.

Part - II

Answer any five questions out of seven questions.

[16x5=80]

2. (a) (i) State how you will deal with the following matter in the accounts of U Ltd. for the year ended 31st March 2022 with reference to relevant Accounting Standard:
"The company had spent Rs. 90 lakhs for publicity and research expenses on one of its new consumer product, which was marketed in the accounting year 2021-2022, but proved to be a failure". [2]

Answer:

As per AS-26 "Intangible Assets" research cost is to be expensed when incurred.

Further no intangible assets are created on account of publicity cost incurred on product proved to be a failure, therefore publicity expenses also to be expensed.

Rs. 90 lakhs spent on publicity and research to be expensed in the year 2021-22.

(ii) A Company has a spare part, which it terms as 'insurance spare', is required to be used along with an equipment. Whether the spare part is required to be recognised as part of that equipment at the time AS-10 becomes applicable first time? Whether depreciation is required to be calculated separately for that spare part or along with the equipment for which it has been used?

[6]

Answer:

As per transitional provisions of AS-10, where on the date of this Standard becoming mandatory, the spare parts, which hitherto were being treated as inventory under AS-2, Valuation of Inventories, and are now required to be capitalised in accordance with the requirements of this Standard, should be capitalised at their respective carrying amounts. The spare parts so capitalized should be depreciated over their remaining useful lives prospectively as per requirements of this AS.

Therefore, if an item of spare part meets the definition of 'property, plant and equipment' and satisfies the recognition criteria as per AS-10, such an item of spare part has to be recognised as property, plant and equipment separately from the equipment at their respective carrying amounts. If that spare part does not meet the definition and recognition criteria that spare part is to be recognised as inventory.

In determination of the balance useful life of the spare part, the life of the machine in respect of which it can be used can be one of the determining factors. The depreciation will be calculated on the remaining useful life of the spare part so capitalized prospectively.

(b) A company named Diamond Ltd. supplied the following information:

Net profit for 2020 – 21	**Rs. 33 lakh**
Net profit for 2021 – 22	**Rs. 49.50 lakh**
No. of shares before rights issue	**1,65,000**
Rights issue ratio	**One for every four held**
Right issue price	**Rs. 270**
Date of Exercising rights option	**30th June, 2021**

(Fully Subscribed on this date)

Fair value of share before rights issue **Rs. 405**

You are required to compute:

(i) Basic earnings per share and

(ii) Adjusted earnings per share as per AS- 20. **[8]**

Answer:

(a) Basic EPS: Profit available to equity shareholders/ No. of shares

	2020– 2021	2021 – 2022
Basic EPS	$\frac{33,00,000}{1,65,000}$ = Rs. 20 per	$\frac{49,50,000}{1,65,000}$ = Rs. 30 per
Adjusted earnings per share	$\frac{33,00,000}{1,65,000 \times 1.070}$ = Rs. 18.69 per share	$\frac{49,50,000}{(1,65,000 \times 1.07 \times 0.25) + (2,06,250 \times 0.75)}$ $= \frac{49,50,000}{1,98,825}$ = Rs. 24.90 per share
Right factor = $\frac{\text{Fair value per share prior to right issue}}{\text{Theoretical ex - right fair value per share}}$		405/378 = 1.071

Right factor:

Theoretical Ex-right

$$\text{Theoretical Ex-right Fair Value} = \frac{\text{Aggregate fair Value of share prior to right issue + Proceeds from right issue}}{\text{No. of shares outstanding after right issue}}$$

$$= \frac{(₹405 \times 1,65,000) + (₹270 \times 41,250)}{2,06,250} = \frac{7,79,62,500}{2,06,250}$$

$$= ₹378.$$

3. (a) Discuss the scope and the of Ind AS 23 Borrowing Costs and Ind AS 27 Separate Financial Statements. [5+3=8]

Answer:

Scope and the of Ind AS 23 Borrowing Costs

An entity shall apply this Standard in accounting for borrowing costs.

The Standard does not deal with the actual or imputed cost of equity, including preferred capital not classified as a liability.

An entity is not required to apply the Standard to borrowing costs directly attributable to the acquisition, construction or production of:

(a) a qualifying asset measured at fair value; or

(b) inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis.

Scope and the of Ind AS 27 Separate Financial Statements

Scopes When an entity elects or is required to present separate financial statements, Ind AS 27 applies in accounting for investment in:

- Subsidiaries
- Joint Ventures
- Associates

Ind AS 27 does not mandate any entity to produce separate financial statements.

(b) Entity T acquired 30% of Entity B at 31-03-2021 for Rs. 9,000 and accounted for investments under equity method. At 31-03-2022, T recognized share of Net Asset changes in B as follows: Share of Profit and Loss amounted to Rs.600 and share of OCI amounted Rs.300.

At 01-04-2022, T further acquired 40% stake in B. Consideration paid Rs. 13,600 by equity shares issued at par. Entity T identifies the net assets of B as Rs.32,000, Fair value of investment in 30% shares Rs.10,200. NCI is valued at Fair Value.

Show workings and Journal entries. [8]

Answer:

WN 1.

Investment at cost	Rs.9,000
Share of Net Asset Change Rs. (600+300)	Rs. 900
Carried amount at 31-03-2022	= Rs.9,900
Fair Value at 01-04-2022	Rs.10,200

WN 2. A will make transfer to P&L:

Gain on disposal of 30% investment Rs. (10,200 – 9,900)	= Rs.300
Gain previously reported in OCI	= Rs.300
Total transfer to P & L	= Rs. 600

WN 3. A will measure goodwill as follows:

Fair Value of consideration given for controlling interest	Rs.13,600
Non-controlling interest at Fair Value (30%/40% × Rs.13,600)	Rs.10,200
Fair Value of previously-held interest	Rs.10,200
Rs.34,000	
Less : Fair value of net assets of acquiree	Rs.32,000
Goodwill	Rs.**2,000**

Journal Entries in the books of T

Particulars		Dr. (Rs.)	Cr. (Rs.)
Investment A/c	Dr.	300	
OCI A/c	Dr.	300	
To, P&L A/c			600
Net Assets A/c	Dr.	32,000	
Goodwill A/c	Dr.	2,000	
To, Consideration A/c			13,600
To, Investment A/c			10,200
To, NCI A/c			10,200
Consideration A/c	Dr.	13,600	
To, Equity Share Capital A/c			13,600

4. (a) (i) Discuss in brief the Application of equity method **[3]**

Answer:

- An entity with joint control of, or significant influence over, an investee shall account for its investment in an associate or a joint venture using the equity method.
- An entity shall discontinue the use of the equity method from the date when its investee is no more an associate or a joint venture.
- An investment in an associate or a joint venture shall be accounted for in the entity's separate financial statements in accordance with paragraph 10 of Ind AS 27.

(ii) List the items that an entity shall disclose in their Financial Statements for each of its subsidiaries that have non- controlling interests which are material to the reporting entity. **[7]**

Answer:

An entity shall disclose the following for each of its subsidiaries that have non-controlling interests which are material to the reporting entity:

(a) the name of the subsidiary.

(b) the principal place of business (and country of incorporation if different from the principal place of business) of the subsidiary.

(c) the proportion of ownership interests held by non-controlling interests.

(d) the proportion of voting rights held by non-controlling interests, if different from the proportion of ownership interests held.

(e) the profit or loss allocated to non-controlling interests of the subsidiary during the reporting period.

(f) accumulated non-controlling interests of the subsidiary at the end of the reporting period.

(g) summarised financial information about the subsidiary.

(b) C Ltd acquires 60% share in D Ltd. for cash payment of Rs. 3,00,000. This amount of cash payment was determined with reference of market price of D's ordinary shares before the date of acquisition.

Calculate NCI and goodwill

following: (i) Fair Value approach

(ii) Proportionate shares of identified net asset in acquiree approach when on the acquisition date, the aggregate value of D's identifiable net assets is:

(a) Rs. 4,40,000;

(b) Rs. 5,30,000. **[6]**

Answer:

Particulars	(ia) Rs.	(ib) Rs.	(iia) Rs.	(iib) Rs.
Consideration (1)	3,00,000	3,00,000	3,00,000	3,00,000
NCI (2) 3,00,000*40/60 = 2,00,000	2,00,000	2,00,000	176,000x	2,12,000y
Net assets (3)	4,40,000	5,30,000	4,40,000	5,30,000
Goodwill (1+2-3)	60,000		36,000	
Gain on Bargain Purchase (3-1-2)		30,000		18000

x 40% × 4,40,000 = 1,76,000

y 40% × 5,30,000 = 2,12,000

5. The following are the Balance Sheet information of H Ltd. and S Ltd. as on 31.03.2022

(in Rs.)

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
Share Capital @ Rs. 10 each	20,000	10,000	Fixed Assets (Tangible)	30,000	15,000
General Reserve	10,000	5,000	Current Assets	35,000	25,000
P/L A/c (1.4.21)	5,000	4,000	Shares in S Ltd. (8000)	10,000	
12% Debenture	20,000	10,000			
S. creditors	10,000	5,000			
Profit for the year	10,000	6,000			
	75,000	40,000		75,000	40,000

H Limited acquired shares in S Limited on 01-10-2021. S limited has a balance of Rs. 4,000 in General Reserve on 01.04.2021. On the account of fire goods costing Rs. 2,000 of S Limited were destroyed in June, 2021. The loss has been charged to the Profit and Loss Account for the year. Required to prepare a consolidated Balance Sheet. [16]

Answer:

Working Notes:

1. Date of Acquisition: 01.10.2021
2. Holding Company Share: 800/1000 ×100 = 80%
3. Non-Controlling Interest (NCI): 200/1000×10 =20%
4. Analysis of profit (of S)

Particulars	Pre-acquisition Profit	Post-Acquisition Profit
General Reserve of 01.04.21	4000.00	-
Profit & Loss of 01.04.21	4000.00	-
Profit for the year [9,000] #	4500.00	4500.00
	12500.00	4500.00
Less: Loss on fire in June	– 2000.00	-
Other Equity at acquisition	10500.00	4500.00
Holding Company's share (80%)		3600.00*
NCI share (20%)		900.00$

Profit for the year 6,000

Adj for loss on fire	2,000
Transfer to Reserve	1,000
	9,000

5. fair value of net assets identified

Equity Share Capital of S	10,000
Other Equity at acquisition	10,500
Total Equity representing fair value of net assets =	20,500

6.	**Gain on Bargain Purchase**		
	Net asset identified		20,500
	Less: NCI at acquisition [20% × 20,500]	4,100 *	
	Less: Consideration for acquiring control	10,000	14,100
	Gain on Bargain Purchase		**6,400**

7. NCI at reporting date = NCI at acquisition + NCI share in Post-acquisition profit

= 4,100 (*) + 900 ($)

= 5,000

Name of the Company: H Ltd.
Consolidated Balance Sheet as at 31st March, 2022

Ref No.	Particulars	Note No.	As at 31st March, 2022(Rs.)
	ASSETS		
1	**Non-current assets**		
	(a) PPE	1	45,000.00
2	**Current assets**		
	(a) Other current assets	2	60,000.00
	TOTAL (4+5)		105,000.00
A	**EQUITY AND LIABILITIES**		
1	**Equity**		
	(a) Equity Share capital		20,000.00
	(b) Other Equity	3	35,000.00
	(c) NCI		5,000.00
4	**Non-current liabilities**		
	(a) Long-term borrowings (10% debentures)	4	30,000.00
5	**Current liabilities**		
	(a) Trade payables	5	15,000.00
B	**TOTAL (1+2+3)**		105,000.00

Note: Relevant items of Assets/ Liabilities are reflected in Balance Sheet as per Div II of Schedule III. Hence sub-item not having any value for the given illustration is not shown/represented in Balance Sheet.

Note 1. Tangible Assets	
	Current Year
H	30,000.00
S	15,000.00
	45,000.00

Note 2. Other Current Assets	
	Current Year
H	35,000.00
S	25,000.00
	60,000.00

Note 3. Other Equity	
	Current Year
General Reserve	10,000.00
P/L A/c	
H	15,000.00
S	3,600.00*
Gain on Bargain Purchase	6,400.00
	35,000.00

Note 4. Long Term Borrowings	
	Current Year
12% Debenture	
H	20,000.00
S	10,000.00
	30,000.00

Note 5. Trade Payable	
	Current Year
H	10,000.00
S	5,000.00
	15,000.00

6. (a) The balance sheet information of IQ Ltd on 31st March, 2022 was as follows:

Equity and Liabilities	Rs.
(1) Shareholders' Funds:	
Share Capital Authorised and Issued 5,000 Equity Shares of Rs. 100 each fully paid	5,00,000
Reserves & Surplus – Profit and Loss A/c	1,03,000
(2) Current Liabilities:	
Trade Payables – Sundry Creditors	77,000
Other Current Liabilities (Bank Overdraft)	20,000
Short-term provisions	45,000
Total	7,45,000
Assets	
(1) Non-Current Assets:	
Fixed Assets: Tangible Assets	
- Land & Building	2,20,000
- Plant & Machinery	95,000
(2) Current Assets:	
Inventories	2,75,000
Trade Receivables	1,55,000
Total	7,45,000

The net profits of the company, after deducting all working charges and providing for depreciation and taxation, were as under:

Year ended 31st March	Rs.
2018	85,000
2019	96,000
2020	90,000
2021	1,00,000
2022	95,000

At the end of the year on 31st March,2022, Land and Buildings were valued at Rs.2,50,000 and Plant and Machinery were valued at `1,50,000.
Considering the nature of business of IQ Ltd., it is considered that 10% is a reasonable return on tangible capital.

Compute the value of the company's shares after taking into account the received values of fixed assets and the valuation of goodwill based on five year's purchase of the super profit based on the average profit of the last five years. [8]

Answer:

Valuation of shares

Particulars	Rs.
Net tangible assets	6,88,000
Add: Goodwill	1,22,000
Net assets available to equity shareholders	8,10,000
Number of shares outstanding	5,000
Value per share	162.00

Net tangible assets or Net trading assets

Particulars	Rs.	Rs.
A. Assets		
(i) Land and Buildings	2,50,000	
(ii) Plant and Machinery	1,50,000	
(iii) Stock	2,75,000	
(iv) Sundry Debtors	1,55,000	8,30,000
B. Less: Liabilities		
(i) Bank Overdraft	20,000	
(ii) Creditors	77,000	
(iii) Provision for taxation	45,000	(1,42,000)
C. Net Tangible Assets	**6,88,000**	

Future Maintainable Profit:

$$\text{Average profits of 5 years} = \frac{85,000 + 96,000 + 90,000 + 1,00,000 + 95,000}{5}$$

$$= \frac{4,66,000}{5} = \text{Rs. } 93,200$$

Valuation of Goodwill (Super Profit Method)

	Particulars	Rs.
(i)	Capital Employed	6,88,000
(ii)	NRR	10%
(iii)	Normal profit	68,800
(iv)	Future maintainable profit	93,200
(v)	Super profits (D – C)	24,400
(vi)	Number of years of purchase	5 years
(vii)	Goodwill (E – F)	1,22,000

(b) X Ltd. grants options to 200 employees at the start of year 1. The share options will vest at the end of year 3, provided that the employees remain in the entity's employment, and provided that revenues of the company increases by at least at an average of 8 percent per year. If the per cent of increase is 8 percent and above but below 10 per cent per year, each employee will receive 120 share options, if 10 percent and above but below 15 percent each year, each employee will receive 240 share options and if on or above 15 percent, each employee will receive 360 share options. On grant date, X Ltd. estimates that the share options have a fair value of Rs. 40 per option and also estimates that 16 per cent of employees will leave before the end of year 3.

By the end of year 1, 12 employees have left and the entity still expects that a total of 32 employees will leave by the end of year 3. In year 1, revenue has increased by 12 per cent and the company expects this rate of increase to continue over the next 2 years. By the end of year 2, a further 10 employees have left, bringing the total to 22 to date. The entity now expects only 5 more employees will leave during year 3, and therefore expects a total of 27 employees will have left during the three-year period. Revenue in year 2 increased by 18 per cent, resulting in an average of 15 per cent over the two years. By the end of year 3, a further 8 employees have left. The revenue increased by an average of 16 per cent per year in the three year period. According to Ind AS 102 compute remuneration expenses to be recognized annually in the books of the company.

[8]

Answer:

Year	Calculation (#)	Cumulative remuneration expense (Rs.)	Remuneration expense for the year (Rs.)
1	168×240×40×1/3	5,37,600	5,37,600
2	173×360×40×2/3	16,60,800	11,23,200
3	170×360×40×3/3	24,48,000	7,87,200

# At the end of		No. of employee	No. of share options	
Year	1	200 – (32) = 168	240	since revenue increase is 12% (10 - 15)%
Year	2	200 – (22 + 5) = 173	360	since revenue increase is 18% (>15%)
Year	3	200 – (22 + 8) = 170	360	since revenue increase is 16% (>15%)

7. (a) (i) Mention any four examples of Financial Assets. [4]
(ii) What are the exceptions of applicability of Ind AS 107? [5]

Answer:

(a) (i) Examples of financial assets:

(a) Cash: Cash is by definition a financial asset. It includes cash held in foreign currency. (b) An equity instrument of another entity: Suppose X purchases 200 shares in Y, the investment will meet the definition of financial asset.

(c) a contractual right to receive cash or another financial asset from another entity: A simple example of such an asset is trade receivable as it represents contractual right to receive cash.

(d) a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity: Example of such an asset is a contract held by an entity to buy 100 kg oranges for ` 100/kg while the current selling price of oranges is ` 120/kg.

(ii) This Standard shall be applied by all entities to all types of financial instruments except those specified in the standard:

- Interests in subsidiaries, associates and joint ventures
- Leasing commitments
- Employee benefits
- Financial instruments resulting in business combination
- Insurance contracts

(b) List the role of Public Accounts Committee (P.A.C). [7]

Answer:

1. Role regarding examination of the C&AG report: The chief function of P.A.C. is to examine the audit report of Comptroller and Auditor General (C&AG) after it is laid in the Parliament. C&AG assists the Committee during the course of investigation.

2. Role regarding unauthorized expenditures or excess expenditures: In examining the report of the Comptroller and Auditor General of India (C&AG), the committee has to satisfy itself that:

- the expenditures made by the government, were authorized by the Parliament; and
- the expenditures under any head has not crossed the limits of parliamentary authorization. It is to be noted that, every expenditure made by the government must be sanctioned by the Parliament. Thus, it is the role of the committee to bring to the notice of the Parliament instances of unauthorized expenditures or expenditures beyond sanctioned limits.

3. Role regarding spending of money by ministries: The committee not only ensures that ministries spend money in accordance with parliamentary grants, it also brings to the notice of the Parliament instances of extravagance, loss, in fructuous expenditure and lack of financial integrity in public services. However, the committee cannot question the polices of the government. It only concerns itself with the execution of policy on its financial aspects.

4. Scrutinizing the audit reports of public corporations: A new dimension has been added to the function of the P.A.C. by entrusting it with the responsibility of scrutinizing the audit report of public corporations.

5. Scrutinising the working process of ministries and public corporations: In examining the accounts and audits of the ministries and public corporations, the Committee gets the opportunity to scrutinize the process of their working. It points out the weakness and shortcomings of the administration of ministries and public corporations Criticisms of the P.A.C. draw national attention. This keeps the ministries and public corporations sensitive to the criticisms of the P.A.C. Thus, it is wrong to suppose that the P.A.C. is only an instrument of financial control, it is as well an instrument of administrative control.

8. Write short notes on *any four* of the following: [4x4=16]

(a) CSR Activities
(b) Advantages of Sustainability Reporting
(c) Objectives of Government Accounting
(d) Financial Lease
(e) Factors affecting Valuation of Shares

Answer:

(a) CSR Activities:

Following are the activities which may be included by the company in their CSR Policy as per Schedule VII of the Companies Act, 2013:

(i) Eradicating extreme hunger and poverty;
(ii) Promotion of education;
(iii) Promoting gender equality and empowering women;
(iv) Reducing child mortality and improving maternal health;
(v) Combating HIV, AIDS, malaria and other diseases;
(vi) Ensuring environmental sustainability;
(vii) Employment enhancing vocational skills;
(viii) Social business projects;
(ix) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
(x) Such other matters as may be prescribed.

(b) Advantages of Sustainability Reporting:

Internal benefits for companies and organizations can include:

- Increased understanding of risks and opportunities
- Enhanced link between financial and non-financial performance
- More focus on long term management strategy and policy, and business plans
- Streamlining processes, reducing costs and improving efficiency
- Benchmarking and assessing sustainability performance with respect to laws, norms, codes, performance standards, and voluntary initiatives

External benefits of sustainability reporting can include:

- Mitigating – or reversing – negative environmental, social and governance impacts
- Improving reputation and brand loyalty
- Enhanced perception on organisation's value

Sustainability reporting does also have the potential to deliver financial returns and related competitiveness benefits. It contributes to positive results in both financial and non-financial areas including reputation and brand, human resources, and risk management, good governance, business climate, supply chain, social and environmental matters.

(c) Objectives of Government Accounting

The objectives of government accounting are the financial administration of the activities of the government to promote maximisation of welfare in the form of various services. The specific objectives can be stated as under:

1. To record financial transactions of revenues and expenditure relating to the government organizations.
2. To provide reliable financial data and information about the operation of public fund.
3. To record the expenditures as per the appropriate Act, Rules, and legal provisions as set by the government.
4. To avoid the excess expenditures beyond the limit of the budget approved by the government.
5. To help in the preparation of various financial statements and reports.
6. To facilitate the auditing by the concerned government department.
7. To prevent misappropriation of government properties by maintaining the systematic records of cash and store items.
8. To facilitate for estimating the annual budget by providing historical financial data of government and expenditures.

(d) Financial Lease

It is a lease, which transfers substantially all the risks and rewards incidental to ownership of an asset to the Lessee by the Lessor but not the legal ownership. In following situations, the lease transactions are called Finance Lease.

- The lessee will get the ownership of leased asset at the end of the lease term.
- The lessee has an option to buy the leased asset at the end of term at price, which is lower than its expected fair value at the date on which option will be exercised.
- The lease term covers the major part of the life of asset.
- At the beginning of lease term, present value of minimum lease rental covers substantially the initial fair value of the leased asset.
- The asset given on lease to lessee is of specialized nature and can only be used by the lessee without major modification.

(e) The different factors that affect the valuation of shares are:

1. Nature of the industry to which the company belongs
2. The companies past performance
3. Economic conditions of the country
4. Other political and economic factors (e.g., possibility of nationalization, excise duty on goods produced, etc.)
5. Demand and supply of shares
6. Income yielding capacity of the company
7. The availability of sufficient assets over liabilities
8. Proportion of liabilities and capital
9. Rate of proposed dividend and past profit of the company
10. Yield of other related shares of the Stock Exchange.