

Corporate Social Audit and Accounting for Textile Industry

Naval Singh Chaudhary^{1*} Dr. M. L. Sharma²

^{1,2} MLV Govt. College, Bhilwara, Rajasthan

Abstract – Social Audit is an independent evaluation of the performance and social responsibility of an organization as it relates to the attainment of its social goals. It is an instrument of social accountability of an organization. In other words, Social Audit may be defined as an in-depth scrutiny and analysis of the working of any public utility vis-a-vis its social relevance. Both Social Audit and Social Accounting are the process that enables an organization to assess and demonstrate its social, economic and environmental benefits and help to discharge social responsibility in proper way. As business organization is a social unit, the society, therefore, expects that business organizations will not injure the society in any manner; on the contrary, like all good members of the society, it will strengthen it. Thus social Audit and Social Accounting both are essential to measure social performance and social responsibilities; through which a business seeks to place a value on the impact on society of its operations. Though it is not compulsory to make these statements and audit, like other top countries some Indian companies like TISCO, CCI, ITC are focusing on social responsibility and also started to make social report for calculating total cost and benefits for performing social responsibility. Key word: Social Accounting, Social Responsibility, Social Audit.

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1. INTRODUCTION

Day after day, the company activities of persons are becoming more important because of the growth in economic development. The economy of a nation is affected mainly by business activities. The degree of company growth in this nation determines the amount of company operation. In a nation where the elevated levels of agricultural growth, enhanced business operations and a greater standard of life of the individuals of the nation result, the developing economy shows the increasing possibilities for employing the population.

However, business is an enterprise that helps people, but can also be used to benefit community as a whole. Business and community are actually inseparable. The cause is that the achievement of a company relies on the growth of the company. A company's performance is determined by its customers and the customers are component and parcel of culture. Business is therefore inseparable from its company.

Business is an financial enterprise involved in the manufacturing and allocation of products and services to benefit humanity. It can therefore be concluded that two operations involve the manufacturing and delivery of products and facilities. Every division or company or company which manufactures products or facilities is called a trade

sector and company that distributes products from manufacturers to clients.

Many kinds of industry are categorized. The minerals, metals, carbon, or petroleum industry, for example, is known as the mining industry. Extraction industry. The sector recognized as the generic sector, which is involved in exploring fresh and sophisticated manufacturing methods or the latest seed and fertilizer varieties. The manufacturing sector uses the facilities of experts and qualified employees to convert raw materials into a functional state or completed products. Building industry takes part in building operations. It can therefore be concluded that industry is concerned with manufacturing products or with giving a specific form in the raw material which further help customer to use it. employees of the community. Internal members are shareholders, employees, boards, etc.

It is a connection between manufacturers and customers when it comes to trade. The company continues to produce raw substances, work, environment conducive, power and electricity and users usually stay in a location where they have all types of public services. This divide generates the need for a common place for both manufacturers and clients to gather and understand. Commerce provides both of them with this common place. This

leaves it simple to purchase and sell. Trade gives both manufacturers and customers a market place.

1.1 Need for Social Accounting

As mentioned previously, for various reasons, social accounting is used by both inner and external employees. A company concern's potential presence also depends on personal disclosure. For multiple purposes, the need for personal disclosure has increased. These are:

1. Changes in government need: company personal perceptions have also shifted due to altering government needs. Because culture provides company its charter to occur, this charter can be modified at any moment if company does not meet the expectations of culture. The audience is very interested in understanding what kind of social responsibility multiple government undertakings in an economy are perforating.
2. Moral obligation: business should be morally accountable because it is for its own sake that accountable activities are correct. Responsibility is seen as correct, both on a humanitarian level and on a spiritual and philosophical level, as it places human interest first. A company's financial demands should stay secondary and precedence should be provided to personal requirements, because company is component of culture. There is therefore a moral obligation to culture that forces company to be culturally accountable.
3. Limited amount of assets: Since the earth's planet has restricted funds, company must be responsible for protecting crops from pollution such as wind and water, pollution through the use of their waste. Business should be cautious about the pollution of the environment that immediately impacts people's physical and mental health.

2. LITERATURE REVIEW

Hossain (2016) The notion of social accounting and reporting acquired prominence and momentum as a consequence of the elevated rate of industrialization that required significant expenditure in social activities by the commercial industry with the primary purpose of nullifying the negative effects of industrialization. In different nations of the globe, social accounting methods are as follows: In Germany, the first effort to bring personal planning concepts into practice was the 1981-82 phase company's Integrated Social Report. Later on, Scarab Ergweake A.G. A 'social report' has also been released. The standard instances of social accounting in Germany are these two personal accounts that tried to relate the business expenditure

to particular social benefits. Despite the reality that the 'Art of Social Accounting' is still in the embryonic stage in Germany, numerous institutions have wished to suggest that they bring an effective stake in this growth to their employees.

Singh (2018) The notion of social accounting is not an implementation of fresh regulations and processes for accounting. The same fundamental concepts of company accounting are implemented in this sector of accounting. Salivary described this as extending the current accounting limits beyond the ordinary financial effects to include financial implications that were not considered by the standard scheme. In other phrases, social accounting is worried with the growth of personal performance monitoring measurement systems. It is a rational evaluation and disclosure of some significant domain of socially influence company operations. It seeks to measure (either in financial or non-monetary blocks) the negative and useful impacts of such operations on the companies as well as those influenced by the companies. It is an illustration of the personal obligations and overall corporate accountability obligations of the company. Social accounting data is conveyed within and outside the companies to social groups. The main role in standard accounting is to measure financial implications in terms of cash, but social accounting aims to determine significant factors of personal consequences in aspects of non-monetary socio-economic impacts along with financial consequences. Social accounting function is to assess and reveal to citizens the 'expenses' and 'advantages' generated by a company enterprise's production-related operations.

Sarkar(2011) In 1776, later, Karl Marks and Engel also articulated their opinions on personal expenses in 1844, the notion of personal billing arose in various types by Adam Smiths. Karl Marx came so far as to say 'under this free trade the entire force of financial legislation will drop on the employees.' The divergence of personal and personal expenses was also explained by Pigou in 1920. Economists such as E.H. In 1945, Chamberlin, Joan Robinson, in 1960, voiced immediately or indirectly worries about an industrial organization's personal expenses. Social accounting is the accounting unit that is associated with the working of the entire social system. It can be regarded group accounting. Social accounting fields include pollution control, group relationships, product quality, plant safety, fair jobs opportunities, philanthropic donations, advantages for employees.

Marilena Z. et. al. (2012) reviewed the accounts using creative accounting strategies and choices. It has created technology a requirement for financial, legal and cultural growth, leading in creativity in accounting. Creative accounting was supported by the specialists ' point of view by basic and alternative treatments used to solve the same

problem. The flexible of global accounting laws affected this accounting. The research concludes that innovative planning is a helpful tool for executives to encourage and retain the picture of the business and pick information so that the data provided should retain the value they have in mind.

Danescu T. et. al. (2013) Focused on certain accounting strategies and processes. The primary objective of this research, which has a trustworthy picture such as economic situation, resources, liabilities and the results depicted, implies knowing, comprehension and implementing these in reality. Consequently, they focused on defining the function of accounting strategies and processes in ensuring the usefulness of accounting data. The contractive methodology of this research has been used. It is concluded that the usefulness of accounting data may be influenced by a sequence of non-compliance or denaturation of each entity's decreasing internal control.

3. OBJECTIVES OF SOCIAL AUDIT:

Despite this variety in methods of measurements and reporting, the social Audit can serve some useful purposes of objective. The purpose of conducting social Audit is not to find fault with the individual functionaries but to assess the performance in terms of social, environmental and community goals of the organizations. It is a way of measuring the extent to which an organisation lives up the shared values and objectives it has committed itself too. It provides an assessment of the impact of an organization's non-financial objectives through systematic and regular monitoring based on the views of its stakeholders.

Social audit tries to make the traditional economic and technical values as two-sub system within the larger social system social audit primarily tries to cover the following areas:

4. RESULTS AND ANALYSIS

FINANCIAL PERFORMANCE Your Company's financial performance during the year 2017 -2018 is summarized below:

Bhilwara Technical Textiles Limited

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Total Income	67.67	201.42	67.67	69.42
Profit before Interest & Depreciation	44.20	152.45	44.20	20.45
Less: Interest/Finance Cost	0.03	0.04	0.03	0.04
Profit before Depreciation & Amortisation	44.17	152.41	44.17	20.41
Less: Depreciation & Amortisation	0.04	0	0.04	0
Profit/(Loss) before Tax	44.13	152.41	44.13	20.41
Less:				
a) Current Tax	11.17	7.10	11.17	7.10
b) Deferred Tax	0.81	0	0.81	0
c) Tax Adjustment for earlier years	0.97	(1.10)	0.97	(1.10)
Profit/(Loss) after Tax	31.18	146.41	31.18	14.41
Share in Associates	-	-	944.35	186.53
	31.18	146.41	975.53	200.94
Other Comprehensive Income				
Share in OCI of Associate	-	-	(37.37)	(7.41)
Total Comprehensive Income	31.18	146.41	937.76	193.53

Your Directors are pleased to present the Twenty Ninth Annual Report of your Company on business and operations along with the audited financial statements and the auditor's report for the financial year ended 31st March, 2018.

Financial Results

	₹ In Crore	
	2017-18	2016-17
Revenue from Operation	640.77	666.70
Profit before Interest & Depreciation	37.68	61.03
Less: Interest/Finance Cost	18.68	17.90
Profit before Depreciation & Amortisation	19.00	43.13
Less: Depreciation & Amortisation	18.40	22.59
Profit/(Loss) before Tax	0.60	20.54
Less:		
a) Current Tax	0.10	6.49
b) Mat credit entitlement	(0.10)	0.00
c) Deferred Tax	0.18	0.46
d) Taxes for earlier (including MAT entitlement)	(0.57)	(0.25)
Profit/(Loss) after Tax	0.99	13.84
Add: Opening Balance	(28.87)	(42.40)
Add: Other Comprehensive Income	0.10	(0.30)
Balance at the end of the year	(27.78)	(28.87)
Number of meetings of the Board		

Maral Overseas Limited

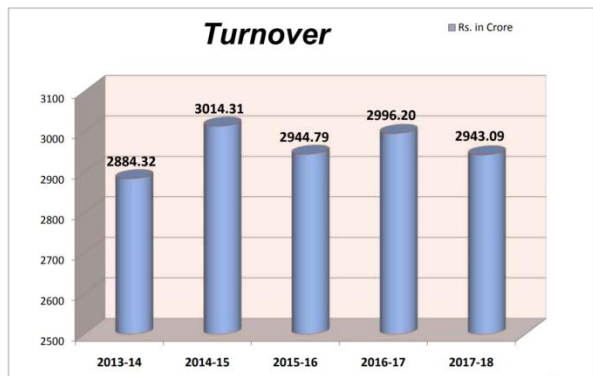
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RSWM Ltd. Financials

Description	2013-14	2014-15	2015-16	2016-17	2017-18
Turnover	2,884	3,014	2,945	2,996	2,943
EBIDTA	389	377	423	358	263
EBDT	267	252	297	248	146
EAT	99	85	107	101	15
Fixed Assets (Net)	947	1,161	1,143	1,190	1,138
Net Worth	395	445	552	633	901
Long Term Loans	606	669	564	497	571
Working Capital Loans	459	447	626	723	820
Total Debt	1,065	1,117	1,189	1,220	1,391
Operating Profit Margin %	13.48	12.52	14.35	11.94	8.94
Return on Capital Employed % (PBIT/Capital Emp.)	14.99	11.88	12.36	9.44	5.80
Return on Sales % (PAT/ Turnover)	3.43	2.82	3.63	3.37	0.49
Return on Net Worth %	24.99	19.08	19.37	15.95	1.61
Long Term Debt Equity Ratio (TL/NW)	1.53	1.50	1.02	0.78	0.63
Debt Equity Ratio (Total Debt/NW)	2.69	2.51	2.15	1.93	1.54
Interest Cover Ratio	3.19	3.01	3.36	3.24	2.24
Fixed Assets Cover Ratio	1.56	1.73	2.03	2.40	1.99
EPS (IN Rs.)	42.68	36.68	46.20	43.33	6.16

Sustainable growth



5. CONCLUSION AND SUGGESTION

Findings and Concluding Observations (Textile Companies in Bhilwara.) The concept of Corporate Social Responsibility has gained prominence from all avenues. Organizations have realized that Govt. alone will not be able to get success in its endeavor to uplift the downtrodden of Society. With the rapidly changing corporate environment, more functional autonomy, operational freedom etc. Textile Companies in Bhilwara has adopted CSR as a strategic tool for sustainable growth. For Textile Companies in Bhilwara in the present context, CSR means not only investment of funds for Social Activity but also Integration of Business processes with Social processes.

Even much before the issue of CSR became global concern; Textile Companies in Bhilwara was aware of its Corporate Social Responsibility and was fulfilling the aspiration of the Society through well-defined "Community Development Policy". This has resulted into a harmonious relationship between Textile Companies in Bhilwara and the peripheral Communities.

Policy on Corporate Social Responsibility of Textile Companies in Bhilwara is broadly framed taking into account the following measures:

- Welfare measures for the community at large including employees and their families, so as to ensure the poorer section of the Society derived the maximum benefits.
- It will take care of land less and project affected persons. Proper rehabilitation of the land oustees/displaced persons based on R&R policy separately formulated and the expenditure on R & R issues would be included in the Project Cost.
- Contribution to the society at large by way of social and cultural development, imparting education, training and social awareness especially with regard to the economically backward class for their development and generation of income to avoid any liability of employment.

- Protection and safeguard of environment and maintaining ecological balance.

The main objective of CSR policy is to lay down guidelines for the Textile Companies in Bhilwara to make CSR a key business process for sustainable development for the Society. It aims at supplementing the role of the Govt. In enhancing welfare measures of the society based on the immediate and long term social and environmental consequences of their activities. Textile Companies in Bhilwara. Will act as a good Corporate Citizen, subscribing to the principles of Global Compact implementation

The poor and needy Section of the Society living in different parts of India would normally be covered. The CSR Programme will also cover the existing components of Special Corporate Plan (SCP) and Tribal Sub Plan (TSP) for development of the SC and ST population besides development components for the entire population. For carrying out CSR activities, 80% of the budgeted amount should be spent within the radius of 25 Km of the projects/mines and 20% of the budget would be spent on CSR activities within the State/States in which the subsidiary companies are operating. Chairman-cum Managing Directors of the subsidiary companies shall exercise their DOP for according approval for the project within the ceiling limit of said 20% budget.

CSR should be broadly executed by Textile Companies in Bhilwara in the areas, which are beyond the jurisdiction of subsidiary companies. Further CSR for the loss making companies should be undertaken by Textile Companies in Bhilwara. Besides,

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Corresponding Author

Naval Singh Chaudhary*

MLV Govt. College, Bhilwara, Rajasthan