

Assignment 1 – Group 11 (Gujarat Nre Coke Ltd.)

1. Show the proofs of the following fundamental concepts of accounting in the latest given company annual report, say, Going concern, Business entity, Conservatism, Timeliness, Reliability of data and such

- a. Going Concern
 - Page 48 - Notes to abridged consolidated Financial statements-2 .significant accounting Policies- i. accounting conventions
- b. Business Entity- Public Limited Company
 - Shares to be listed at a stock exchange to be traded Publically- Reference –Report on Corporate governance -Page 24-8/e and Page 26 Listing of equity shares on stock exchange and shareholding pattern
- c. Conservatism
 - Page 49 - Notes to abridged consolidated Financial statements – viii) investments Point 2
- d. Reliability of data,
 - Page 30 -Management discussion and analysis –Internal control systems and adequacy
- e. Materiality
 - Abridged Consolidated statement of profit and loss –Page 47/ iv Expenditure/ g) other expenses
- f. Timeliness
 - Page 39 - Notes to abridged Financial statements-Point 5/32/ ii
- g. Consistency
 - No change in accounting standards Page 31 – Point 4 a and b
- h. Realization
 - Page 48 - Notes to abridged consolidated Financial statements – iv) Revenue recognition-a. Respect of sales
- i. Matching
 - Notes to abridged consolidated Financial statements Page 50- xix) Prior Period adjustments, Extra-ordinary Items and changes in accounting policies

2. Mention specific sample name of each category of stakeholder(s) as mentioned in the annual report (to the extent available) and what are the information that are useful to them from the annual reports (for example, Salaries) and how

Stakeholders	Useful information in annual report
Share Holders	
<ul style="list-style-type: none"> • Indian Public 	Dividends, Balance Sheet, Statement of profit and loss, General shareholder’s information
<ul style="list-style-type: none"> • Institutional Investor 	Balance Sheet, Statement of profit and loss, Issue of equity and business plan
<ul style="list-style-type: none"> • Promoter 	Balance Sheet, Statement of profit and loss, Issue of equity and business plan, Report on Corporate Governance ,Cash flow statement, Contingent liabilities not provided
Employees	Salaries, Employee Stock Options Scheme
Government	Tax estimates
Suppliers	Payments of arrears

3. In our next session we will cover the following from Chapter 1: Case # 2 (Amar Akbar ...); Case # 4 (Koya Kabs); and Case # 5 (Lehmann Bros). As part of the same – please submit the following:

- a. Respond to any one question in Case # 2 of Chapter 1 ... within 100 words
- b. Respond to any one question in Case # 4 of Chapter 1 ... within 100 words
- c. Respond to any one question in Case # 5 of Chapter 1 ... within 100 words

Case 2

Person	Business	Ownership Type	Reason
Amar	Retail Chain- Beauty par lour	Public Limited company	Large size of Business, Also equity raised by going public will help expansion plans
Akbar	Storage Unit	Sole proprietorship	Independent and small enterprise will be managed hassle free with sole proprietorship
Anthony	Event management	Partnership	Prefers Team work also easier to work as share responsibility is shared
Amanpreet	Hospital	Limited Liability Company	To be secure in case of any untoward incident (insulation against persecution to a certain degree)

Case 4

a). We do not agree with Koya's loss calculation. Information provided here in this case is insufficient. We need to assume that he has made no exceptions in writing expenses in the diary maintained by him.

Case 5

a -1) The parent and subsidiary have separate legal identities, the parent company is not directly responsible for the actions of the subsidiary , and thereby insulate itself against any potential downside .

2) The company might want to operate in a country which follows a different set of accounting rules, hence to tackle this change it sets up a subsidiary

3) The business may be offered lower tax rates by the foreign country to aid in setting up a subsidiary.