

Measurement and disclosure about costs Environmental quality and its impact on the financial statements published

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I. RESEARCH PROBLEM

Environmental Costs quality, measured and disclosed in financial statements has not yet reached the required level in the sugar industries requires the development of scientific framework of the concept of the environment and environmental pollution and the nature of the costs of environmental quality and to identify the foundations of measurement, disclosure and analysis of the costs of environmental quality and the statement of its role in increasing the effectiveness of accounting information. Where the current application of cost accounting only limit the cost elements associated with the facility without taking into account the costs of environmental quality, leading to the emergence of profit is real and therefore the results of the business of the financial statements are not true, which in turn leads to a weakening of confidence in the accounting information provided, as it through the achievement of the facility for its objectives is damage or environmental pollution, so the tab cost component of industrial raw materials, labor and services is no longer reflect the value of factors of production, depleting already in the production of a certain size of the products due to the fact that the environment has become one of the factors involved in production is featured here the need for disclosure and measure the cost of using the environment in production and that cost is called the cost of environmental quality

II. RESEARCH OBJECTIVES

The research aims to have access to how to measure the costs of environmental quality and their disclosure in the financial statements of companies, sugar industry and take advantage of the results of the analysis and measurement of the beneficiaries, taking into account the environmental impacts and obligations, costs, through a field study to identify current practices by these companies. To achieve this goal through the following points:

1 / Formula proposed for disclosure and to measure and analyze the costs of environmental quality companies to the sugar industry.

2 / To identify approaches and methods used to measure the costs of environmental quality.

3 / Determine the importance of measuring and analyzing the costs of environmental quality.

4 / Demonstrate the importance of the cost of quality environment for the preparation of the necessary measures to do

any other projects for the sugar industry in the future, and footage of this cost in both studies for these projects.

5 / Formula to provide an accounting of the environmental remediation and show this treatment in the financial statements.

6 / Bridging the gaps that arise about the sanitation of the environment, perfecting and taking into account the restriction through laws associated prevent and limit pollution of the environment with consideration and monitoring of the elements of the environment in the cost of refining industry financially.

The importance of research:

Represents the importance of research in the following points:

1 - Companies need for the sugar industry to increase environmental awareness through recognizing the importance and the role of measurement and analysis of the costs of environmental quality to help the beneficiaries in decision-making and performance evaluation.

2 - Increased attention to all the companies working in the sugar industry and the pollution that occurs in the environment need to preserve the environment from pollution and access to high quality products.

3 - Expanding the scope of accounting to include all divisions of companies that operate within those companies to the attention of the costs of environmental quality.

4 - The effectiveness of accounting information through scientific research and the process for measuring and analyzing the costs of environmental quality.

5 - Creating the opportunity for companies operating in the field of other sugar industry to improve its image within the community in which you conduct business.

6 - That the disclosure and measurement and analysis of the costs of environmental quality will help the sugar industry on the improvement and continuous development and performance evaluation.

Research Methods:

So that the researcher from achieving the goals of research adopted in this research on several approaches: A deductive approach in determining the dimensions of the problem and formulate hypotheses

1 - Inductive approach to test hypotheses

2 - The historical method to review and analyze and evaluate the previous studies associated with the subject of research.

3 - Descriptive approach using the method of case study to illustrate the interest of companies, the sugar industry of environmental costs and show it in the financial statements

Hypotheses:

To achieve the objectives of this research according to the previous methodology has been formulated the following hypotheses:

The first hypothesis:

The existence of an accounting system and practice of the concept of the nature of the costs of environmental quality in the sugar industry in the provision of data and information necessary for the rationalization of the environmental performance of companies.

The second hypothesis:

A relationship between the accounting system and areas of corruption, environmental pollution and increase in the business environment due to its ability to measure the costs of environmental quality for the sugar industry is quantitative.

The third hypothesis

A relationship between the analysis and control and disclosure of the costs of environmental quality and improve the environmental performance of companies and rationalization of the sugar industry.

The concept of quality costs of environmental concepts related to environmental pollution, and the interdependence between the concept of quality environment and accounting, although increased awareness of facilities for environmentally irresponsible led to the need for attention accountants and decision makers to the problem of the quality of the environment and knowledge of different aspects so that measurement of the costs borne by enterprises to reduce or deal with the damage caused for the costs of environmental quality, firms operating in the sugar industry or inactive would pollute the environment, it must disclose the information costs of environmental quality in order to meet the demand of stakeholders on this information, allowing them to assess their decisions past or assistance in making decisions current or future.

III. PROPOSED MODEL TO MEASURE THE COSTS OF ENVIRONMENTAL QUALITY

Based on the progress of previous experience in the field of accounting is that the researcher suggests the measurement and disclosure of information on the costs of environmental quality in the financial statements for the Kenana Sugar Company to include the measurement and disclosure of environmental three parts:

The first measurement and disclosure of environmental costs

The second measurement and disclosure of environmental liabilities

The third measurement and disclosure of general information on environmental accounting

Will be displayed for the components of each of these three parts as follows.

1 / Measurement and disclosure of the costs of environmental quality

Measurement and disclosure of items that the company considers environmental quality cost, which often lead to improved operational efficiency and environmental efficiency together and therefore the company must identify items that fall within the environmental costs.

Download to disclose the environmental costs that are included in the income statement between operating costs and non-operational and analyzed in a manner commensurate with the nature and size of the company's activity. Environmental costs may include a set of items such as:

- The cost of liquid waste treatment
- The costs of solid waste treatment
- The cost of treating off-gas harmful
- The cost of repairing environmental damage and depreciation of fixed assets associated with nature to preserve the environment

environment

• Disclosed separately on the cost environment in which to be borne by the company and the irregularities paid because of non-compliance with environmental laws or in the form of compensation paid to others as a result loss or damage caused by environmental pollution associated with the company's activities as the fines and compensation different from other environmental costs do not result in any benefit or return to the company and therefore must be included in a separate detection / separately.

2 / Measurement and disclosure obligations in environmental quality:

Must disclose the company's independent of the obligations in the environmental quality in the balance sheet and in the explanatory notes should also disclose the method used to measure these liabilities may be measured using (the style of the current value or the style of the current cost) and is to disclose the environmental costs and is calculated on the list of financial position and the value is equal so as not to adversely affect the price of the product is also clearly do not affect profits.

Must also be disclosed for each item of substantial commitments as follows.

- Brief description of the nature of the obligation.
- The timing and terms of the settlement of the obligation.
- In case you are not sure of the amount or timing of the commitment must be settled to say about it.

If a measurement of the value of environmental commitment using the method of the present value must disclose all assumptions affecting the estimation of future cash flows and liabilities recorded in the financial statements, including:

A - Determination of the ongoing costs required to settle the obligation.

B - A long-term estimated rate of inflation used to estimate the value of commitment.

C - The estimated cost to settle the obligation in the future

D - discount rates used.

3 / Measurement and disclosure of information relating to public accounting in the quality of the environment must disclose any accounting policies followed by the company specifically relating to accounting for obligations and environmental costs.

Reveal the nature of the obligations and environmental costs recognized in the financial statements includes the disclosure brief description of any environmental damage and any laws or regulations needed repaired, as well as a statement of any changes expected to be made to those laws or the methods speculative used to repair what is reflected in the costs of reform must also disclose the environmental issues that may affect the company or the industry to which they belong and includes these topics:

A - policies and programs pursued by the company.

B - No amendments have been introduced in key areas related to the environment.

C - The extent to which environmental protection measures provided for by government legislation.

D - What are the government incentives may acquire the company for compliance with the laws protecting the environment, such as grants or tax concessions. This provides that disclosure of general information for the users of financial statements of the company's ability to assess the impact on environmental performance.

Proposed budget numbers including the environmental costs:

The purpose of preparing the annual budget for the Kenana Sugar Company, a team of accounting costs will arrange for after rooming management directives that normally are as follows: -

1 / plan yearly production target (Products types and volume of products).

2 / light that define the expected production quantities and cost of materials used in production.

3 / Also determine other direct costs and indirect and overhead costs by volume of activity.

4 / To the competent authorities of the existing environment to develop appropriate financial estimates for research and development work and mechanisms to measure damage to the environment and the fight against environmental pollution and all the necessary protection of the environment within the annual budget of the company until the approval and disbursement of when the necessary.

5 / Then calculated the cost of generating unit and with an additional profit margin to determine the selling price to know the size of the total profits of the company during the year to achieve

This budget is a road map for each company's products are clarified proceeds of the sale and the cost of production and the total volume of profitable and which also illustrates the production costs and the costs of other service departments and marketing costs and the quality of the environment and then see net profit is estimated to achieve Top of Form

IV. RESULTS

After the theoretical study and empirical study researcher concluded the following results:

1 - The results of the field study on practice accounting system for the costs of environmental quality are clearly within the Kenana Sugar Company until realized the following benefits:

A - Calendar right for the investment project and see the reflection of the costs of environmental quality on inflows and outflows of the project, because the omission of the cost of

quality of the environment when studying and evaluating new projects may result in non-economic repercussions.
- More efficient use of the elements of input activity and operating input selection, which improved environmental performance.

D - Rationalization of many decisions such as determining the type of product, choose a product design, production method and appropriate packaging alternative best suited of hazardous waste.

E / Control and reduce the costs of environmental performance, which in turn lowers the total cost of the facility and this in turn instructs the administration in the development of marketing and price policies that support its competitive position and improve profitability and consequently improve the reputation and value in the capital market.

2 - The results proved to study the lack of metrics appropriate accounting to measure the costs of environmental quality on the activities that caused the industry in the correct identification of the cost of these products and thus check the interview sound between revenues and costs of each product and the proper identification of each product, which led to most of the industrial units within the Kenana Sugar Company not interested in perfecting their environmental costs.

3 - Also confirmed the results on the non-existence of disclosure accounting of the costs of environmental quality within the Kenana Sugar Company start of combat hazardous waste and harmful (flammable materials, gases, vapors,) and that to measured and download environmental costs and reduced and this in turn deliver the State set of responsibilities including, a comprehensive inventory of all waste and classified by type and sources and then by order of priority in terms of prevention and control. Study and evaluate various alternatives for the treatment and control of these residues and lineage test (technically and financially) to conditions and spatial established. This result reached proving the invalidity of the third hypothesis Mechanism to obtain ISO 14001 certification

An entity shall establish and maintain a system of environmental management according to the requirements of the specification. This includes the following steps and stages:

1- Documented environmental policy of the company to cover all the processes, products and services, and adoption of the highest levels of management.

2- Environmental auditing, so study the environmental aspects of operations and products offered by the company. Can range this review process of a simple assessment of environmental aspects and the environmental impact could be extensive evaluation process are examined energy consumption, and the use of raw materials.

3- Planning and through the identification of environmental problems and opportunities for environmental improvement, and put it in a clear framework covers:

A) environmental aspects and environmental impact.

B) Legal requirements and other requirements.

C) The objectives and timing of completion.

D) Environmental management programs.

4- Application and operations, and includes the development of a clear structure of the environmental management system ensures that all employees are aware of their responsibilities, and

how they affect the daily operations of the institution on the environment, including:

- A) The organization and responsibilities.
- B) Training and awareness and efficiency.
- C) Communications.
- D) Environmental management system documentation.
- E) Control of documents.
- F) Control operations.
- G) Preparedness and emergency response.

5- verification and corrective actions, and through the establishment of monitoring and follow-up to make sure compliance with environmental legislation and targets set by the company

6- Management Review of the performance of the system and periodically and make sure that the continuous development holds in relation to environmental performance of the company and between the survey conducted by a specialized international bodies in the field of environment for a group of companies that have implemented a system ISO 14000, that all these companies have benefited virtually from the application system quality management., the benefits that might be achieved from the application of a comprehensive environmental management system far outweigh the limited benefits reaped by the companies of the implementation of some isolated environmental applications.

As for their common management principles are:

- documented procedures.
- Audit systems.
- Corrective and preventive actions in the incidence of cases of non-conformity.
- Training and awareness.

Environmental systems and ISO 14001 series there are some companies that deal with environmental issues individually, for controlling emissions and noise pollution. However, the benefits that might be achieved from the application of a comprehensive environmental management system far outweigh the limited benefits reaped by the companies of the implementation of some isolated environmental applications.

Environmental regulations mechanism by which follow-up and development of environmental performance, the similarity of environmental quality management systems in terms of providing the means to adjust the companies. Reasons and causes creation of environmental management systems

Industrial Revolution that occurred led to environmental pollution brought to the attention of interested of all countries in the world, has called on the United Nations Conference in 1972 and the environmental problems resulting from the rapid development of the industry, creating interest in addressing the causes of this major pollution which would inevitably affect the quality of life in the world. Where he played the United Nations Environmental Programmed (UNEP) a clear role to build environmental awareness among people and among industrialists in particular

The concept of a management Environmental Quality 14001 Knows quality system administrative environment as "part

of the administrative policy for the structure and planning activities, responsibilities, procedures and methods and resources to develop, implement and achieve conservation and auditing of environmental policies provides environmental management system mechanism by which follow-up and develop the environmental performance of institutions and companies. Where known environmental management system that framework systematic and aims to introduce environmental management within the activity of the entity and its products and services Environmental management system is part of a comprehensive management system for an organization which includes organizational structure, planning activities, responsibilities, practices, procedures, processes and sources implementing and maintaining good environmental performance. And include aspects of the administration, which plans and develops and implements decline and maintain the environmental policy of the institution and its objectives and know EMS as part of the system overall administrative, which includes organizational structure, planning and operational practices, procedures, processes and capabilities development and environmental auditing and monitoring environmental policy is also implemented.

The international standard ISO 14001 is a set of standards developed by the International Organization ISO and other words that the series of ISO 14001 is a set of specifications optional environmentally friendly, and then it allows the organizations and bodies, in the world, follow the environmental management and one agreed, and therefore include ensures the protection of the environment from pollution, and in parallel with the requirements of economic and social development. A series specifications international standard Private EMS consists of a number of specifications focused on each one of them a set of terms and requirements of a technical nature and administrative purpose of encouraging and developing an environmental management more efficient and effective in various organizations towards the development of the environment and to provide the means of practical and useful features - effectively costs. - Reflect Forum organizers are to gather environmental information, interpretation and delivery specification ISO 14001 is standard provides a set of standard requirements for an environmental management system to enable the Organization to develop and implement policy and objectives taking into account the legal requirements governing the organization and information as well as information on the characteristics important environmental Encyclopedia quality Gulf. It is noted that both groups, considering that ISO series 14001 are only specifications measure the environmental management system, with series ISO not only individual environmental management system, there are other standard specifications related environmental management system

The quality system of the most important environmental mechanisms that enable enterprise to identify the environmental impacts resulting from the activities of the facility. Not only the application of the environmental management system to protect the environment, but also lead to improving the efficiency of the production process facility and compete in local and international markets. Therefore keen many industrial facilities to implement environmental management system and thereby applied to obtain a certificate of environmental quality 14001 and indicate a global studies that enterprises increase their shares by 5% if applied this

system and improved its image and when less environmental risks increase shareholders desire to buy shares this facility, The study also found again that 52% of the survey sample are interested in buying products facilities that apply this system in addition to that, this system has other advantages. Therefore Kenana Sugar Company can acquire this certificate grace of God, with our support for researchers in this direction

V. RECOMMENDATIONS

Based on the results of this research researcher recommends the following:

1 / Must measure the costs of environmental quality for the Kenana Sugar Company and downloaded in the financial statements are correct and clear and rational decisions related to improving and developing environmental performance.

2 / Should reduce the consumption of hazardous materials and chemicals and bring less dangerous materials in Kenana Sugar Company factory and production processes to another industry and also encourage complementary industries that depend on (waste) the sugar industry.

3 / Establishment and development of parks and landscaping in residential areas at Kenana Sugar Company.

4 / processing of agricultural waste to produce products with economic returns such as wood panels and paper

5 / Recycling of agricultural waste for energy sources and feed production from agricultural waste in the Kenana Sugar

Company and use the remnants of the food industry and converted into animal feed. And processing of farm waste in the Kenana Sugar Company.

6 / Exert more efforts and spend money to protect the environment and also the cost of treating the environment from pollution and sanitation, and future costs of plans and programs for the future planning and training costs for workers in the field of environmental health and research and development costs in the field of environmental quality.

7 / This region-wide existing plant or industrial facility, but the scope of the state and the world must work on a good use of resources and also reduce the danger of flooding and reduce or wastewater treatment and re-treatment of industrial waste and others.

8 / Should be considered processes that return a benefit, such as recycling of waste and investments that reduce financial expenditures, also must spend on training workers in the sector of environmental rehabilitation and also exchange on research and development and future planning to reduce environmental damage and also insurance financially.

AUTHORS

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