

# UNIVERSITY OF COLOMBO, SRI LANKA

## FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration Honours in Accounting (Semester VII) Examination –

July, 2022

### ACT 4221- Corporate Social Reporting

Two (02) Hours

Answer Any Four (04) Questions

**This Paper Consists of Five (05) Questions Printed in Four (04) Pages**

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1. Briefly explain the following:

- i. Core elements recommended for climate related financial disclosures
- ii. Critical components of future sustainability reporting
- iii. Expected benefits of sustainability reporting
- iv. Problems of conventional financial reporting to justify the significance of corporate social reporting
- v. Legitimacy theory as a theoretical background for corporate social responsibility (CSR) reporting

(05 Marks X 5 = **Total 25 marks**)

2. i. Discuss OECD guidelines for sustainability reporting.

(10 Marks)

ii. Explain how environmental management accounting facilitates sustainable development.

(08 Marks)

iii. Discuss how sustainability reporting is useful for stakeholders.

(07 Marks)

**(Total 25 marks)**

3. Answer the questions (i – iv) below drawing specific information from the case study extracts, ‘Fair Trade for Business’.

### **Fair Trade for Business**

#### *Divine: Empowering Farmers and Consumers*

Divine is driven by its social mission to empower farmers and consumers through creating a supply chain that shares value more equitably; a mission aligned closely to Fairtrade. The CEO of Divine Chocolate stated that, ‘I hope that we have demonstrated that there really is a different way of doing business, putting the cocoa farmer at the heart of it.’

#### *Clipper: Fairtrade Means Education, Health and an Empowered Future*

Clipper believes that small things like a cup of tea can make a big difference. That is why they are proudly organic and have supported Fairtrade for the last 25 years. Clipper does not just make tea; they make every cup count. And being FAIR is a vital part of that. FAIR stands for Fairness and education for the workers’ children. For Aid and healthcare for all. For Influencing the future and for Rights and empowerment for the workers.

#### *Tate & Lyle: Fighting Child Labor with Fairtrade*

Tate & Lyle know any labor issues in their supply chain can be tackled in a timely, responsible and ethical way. Tate & Lyle Sugars buys raw sugar from Belize, where sugar supports the livelihoods of more than 40,000 people, and their communities. Farmers in Belize are dealing with the worldwide Covid-19 pandemic, the climate crisis, and since 2015 they have been addressing the social, cultural and economic factors that drive child labor. And Tate & Lyle Sugars have been by their side.

#### *Leon Fairtrade Coffee: Protecting the Rainforest and Regenerating Land in One Beautiful Blend*

LEON buys their 100% Arabica beans from Puro, who are trailblazers in sustainable coffee production. For years, Puro has helped LEON source the best beans from Peru and Honduras, picked at high altitude to give them natural sweetness, then roast them to bring out their full flavors. The beans are organic, Fairtrade certified, and support the World Land Trust. Puro’s efforts to protect biodiversity have earned them the honor of having not one, but three new rainforest species named after them.

(Extracted and adapted from: <https://www.fairtrade.org.uk/for-business>)

i. State key fair trade principles that must be adhered to by fair trade certifiers and membership organizations.

(05 Marks)

ii. Identify the global sustainability development goals which are being adhered to by fair traders in-line with the information given.

(05 Marks)

iii. Explain how a business may develop a successful CSR strategy. You may draw examples from real-world context similar to the above fair-trade organizations.

(05 Marks)

iv. Describe how fairtrade helps in advancing the sustainable development goals, by drawing examples from the above case-study.

(10 Marks)

**(Total 25 marks)**

4. Carbon accounting is a system that uses accounting methods and procedures to collect, record, and analyze climate change related information, as well as account and report for carbon related assets, liabilities, expenses and income to facilitate decision-making needs of internal managers and external stakeholders.

i. Describe the composition of carbon accounting by referring to the tools and techniques available in financial accounting, management accounting and auditing.

(10 Marks)

ii. List down and briefly explain five (05) key actors within the field of carbon management accounting (CMA).

(10 Marks)

iii. Define the terms 'carbon performance' and 'carbon footprint'.

(05 Marks)

**(Total 25 marks)**

5. i. Develop a sustainability balanced scorecard by selecting a company of your choice. You may include the objectives, key performance indicators (KPIs) and other necessary information.

(15 Marks)

ii. Briefly explain key theories associated with corporate social responsibility (CSR) and financial reporting.

(10 Marks)

**(Total 25 marks)**

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