

Environmental Accounting (From Concept to Practice)

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ABSTRACT

Today's environmental performance is one very important factor in evaluating the success and the processes and products comply with environmental requirements, creates an important competitive advantage for companies. Environmental accounting can help companies large and small, industrial, manufacturing and service sectors and in large or small, based on a systematic basis according to requirement in the development of methods based on activities such as water costs, activity-based management, total quality management and process re-engineering to be used. Environmental accounting, the tool equips the traditional accounting system has been revised that environmental information processing and properly report and will give managers. Environmental accounting system, based on the classic ideas of accounting change is complete. In this respect, the benefits and elimination of pollution is calculated as a function of the product or service. Environmental accounting and accountants can make the link between environmental management and to encourage the two groups to work together to move to the next hand, the company's financial performance and improved environmental performance. In this paper, environmental accounting, of its usefulness and cost-sharing process has been studied.

KEYWORDS: Environment, Accounting, Environmental accounting, Social costs, capital investment, corporate decision-making

INTRODUCTION

Due to the growing population and limited natural resources available, today, the issue of environmental protection as one of the most important issues humanity has been proposed. With environmental issues requires a systematic approach environmental management system that is integrated with other management systems to be implemented. Accounting information systems as an important component of management information systems can play an important role in helping to protect the environment by polluting manufacturing companies to undertake. That consumer spending accounts for the environment reflects how companies disclose how they might be or how Issues that accountants can provide to them the practice and management of data for other close relations of economic, Political, commercial, industrial, cultural and educational Iran with some of the developed countries, has led to a range [1].

At the present time, there are some limitations, especially in the global business environment and the tight competition, everyone agreed that the business units managers are under increasing pressure not only reduce operating costs, but the environmental impact of its operational activities to minimize. The pressure from groups such as shareholders, government, media, consumers, Investors and other organizations can apply environmental accounting, Tool equips organizations to revising the traditional accounting system and reform it in a way that That environmental costs and process information in a manner appropriate to report to the managers. Environmental accounting system, based on the classic ideas of accounting transformation is complete in this respect, the costs of pollution and elimination a Function of the product or service along with their benefits and costs of goods and services is calculated environmental accounting and accountants can make the link between environmental management and encourage both that work together to move the hand in the future, the company's financial performance and improved environmental performance.

Environmental Accounting

Environmental accounting that provides information on performance evaluation of control decision-making and reporting to help managers the economic and environmental implications as well built as the market value of those uses that are not, its use requires a change in culture.

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Environmental accounting, part of wider changes in the organization and the community it provides and by providing more fundamental knowledge of and participation in everyday work activities, to the continual development of the approach environmental accounting branch of accounting that collect environmental costs and use data in the calculation of cost of goods and services deals. The accounting environment can include activities such as accounting systems that enhance the ability to detect Recording and reporting the work of destruction and environmental pollution and environmental-based integration as a source of CapitalLand consideration of environmental costs as an acceptable cost of computational processes and economic [2].

Environmental Accounting History

Decade beginning in the early seventies at the time the project is environmental accounting issues with the concept of industrial companies reporting environmental liabilities faced. The company was initially reluctant to disclose their financial statements did not harm the environment, but elevated levels of loss Marwari time, companies were forced to comply with these issues. Journal compilation Accounting Standards Board in 1975 as No. 5 accounting of events, It was released to help identify potential damage to the environment which should be reported in financial statements. Liabilities for environmental damages to compensate the possible loss was recognized However, due to difficulties in estimating the amount of future losses, there was no company would not follow the guidelines properly So the need was felt to develop new guidelines.

In 1976, interpretation no. (14) By the Accounting Standards Board issued under estimate the amount of loss but no comment about the environmental costs not delay registration. Resource conservation and recovery act, the 1976 act and the comprehensive environmental responsibility compensation and liability environment was adopted in 1980. Developing accounting standards board publication no. (8-9) as capital expenditure in this regard was issued environmental pollution concluded the costs of environmental liabilities should be based on clear plans to reduce pollution to be determined. Establishment of environmental accounting is the same as a major cultural change in society can be reflected differently.

Long before such an attitude on the social and environmental impacts of business activities has yet Monetary Economics, during the last 300 years has been the development of agent societies. This is expressed in our eco-system, there are practical limitations associated with the current limitations of such interests in a particular company, professional, business, economics or marketing says Since it also includes environmental accounting, environmental reporting and environmental performance is important from the perspective of the users of financial reports, But the reporting of economic performance, environmental reporting purposes does not quite fit, so as to limit the interests of users, requires special reporting requirements will be felt[3].

Those for-profit firms incur expenses under this environment, thus providing a picture of the environmental performance benefits that include the cost of the bearing is Given the current structure of accounting, it is difficult The firm's profit to many environmental activities at no cost against its benefits, Only as a cost item in the financial reporting purposes and in a manner that does not expose them effectively. Disclosure of environmental costs in order to maintain profit firm provides value to increase shareholder wealth. Although these benefits and costs to the riyal is not ratable, but at the same time making the distinction in the firm's profit as a green industry that will be and despite maintaining competitive advantage in the same industry, through popularity, effective and beneficial effects on stock prices of such firms in the stock market will have a closer look at the reporting environment is conducive to business unit managers, especially the environmental units have to be tolerant to cost [4].

Environmental costs and how to deal with it:

Recognition of environmental costs associated with the production of a company or organization to make management decisions is extremely important.

Achieve environmental goals such as reducing costs, increasing revenues and improving environmental performance requires attention to the environmental costs of current and future potential is. In addition, recognition of environmental costs from other costs clearly is not. When the institution of certain environmental costs in the current period, which course is likely to be cost accounting? Should be considered whether capital or costs or prior period adjustments? [5]

Environmental costs that may occur as a result of this expenditure will be clearly identified in the financial statements and those in the future expenditures expected to be incurred if the recognition criteria for debt financing that might be identified. If cost is an estimate of changes in environmental standards related to changes in estimates are dealt with If cost is not a recently identified changes in estimates, Given that the economic benefits of spending a period in profit or interest will be required to identify current Standards of accounting and financial reporting Framework principles set Which costs for periods before the current period and future periods are considered. Environmental costs are recognized in the current period or pay for the cleanup tolerance is If the damage to the

environment prior periods should be considered as prior period expenses And those environmental costs that are directly or indirectly associated with current period interest Must be in the current period costs as well as environmental costs that have future economic benefits are expected to be as cost of transfer or Identification and interpretation of environmental costs and their relationship with the company's products or asset management is important for optimal decision[6].

Achieve environmental goals such as reduced costs, increased income improve corporate environmental performance requires special attention to the management of current and future environmental costs. How to define part of the environmental costs of this will depend on what context it is used. Although profit firms incur costs under environmental issue, but an image of environmental performance including bearing the cost of the benefits, according to the existing structures, accounting is difficult. That's why many businesses operating profit environmental costs without addressing the costs and benefits as items and do not disclose financial reporting as effective. Disclosure of environmental costs in order to maintain the value of the enterprise is to increase shareholder wealth.

Although the benefits of these costs cannot be assessed however, a distinction in business as a green industry that will be and through popularity, impact on the stock prices of these firms will be useful [7].

Applications of Environmental Accounting

When manufacturers decide to determine the type, quantity and price of its products to factors such as market conditions, Customer retention and long-term growth of the industry is considered the most important factor in product costing is correct. In most cases, different products are produced in the different manufacturing processes and each process has its own environmental costs of production And the importance of keeping the environment will Costing.

Environmental Accounting for investment analysis is also used to evaluate this method, the investment especially investment environment more accurately assess the potential profitability can be used by investors. Also, keeping the environment in terms of understanding the long-term operating costs of each business unit is important. Range of environmental accounting by analyzing the life cycle and value chain spread through the analysis of the life cycle costs and environmental impacts of the company's inputs and outputs can be specified. In this way, the material and energy inputs during the course of the previous The back is beyond the material vendors and suppliers to the company and eventually reach the ground (earth) to be tracked In addition, the outputs of materials and energy companies (products, services, and waste) during the course of the past to the future Customers and consumers through the path next to the reuse or recycling of tails and Brush shank to the ground is detected. Awareness of the costs and environmental impacts, and identify the previous and next value where in the direction of creating a strategic competitive advantage is won or lost keys.

As institutions, the strengthening of self-organizing systems are Environmental accounting is an integral part of their development and success. These systems are based on accounting data to provide information for environmental managers to better understand the impact their decisions will coordinate improved environmental performance and strategic direction of excitation is used. Environmental accounting is a flexible tool that can cover a variety of frameworks. And at different scales are used. Scale and degree of environmental accounting to resource accounting, environmental needs and objectives of the company will depend on the scale, scope and application of the framework will be derived. The first question in this case is whether the accounting environment classic cost as much as they will expand to include the hidden costs? Another question is whether the company will consider the environmental costs they directly affect the profit or loss or want to calculate the environmental costs of their activities as well as to identify Vanish? So the accounting environment refers to a variety of environmental costs [8].

Factors inhibiting the development of environmental accounting

Due to the growing population and limited natural resources available, today, the issue of environmental protection as one of the most important issues humanity has been proposed. The important point is that the environment is not limited to political and geographic boundaries and collective efforts of all the inhabitants of the earth can take. With a systematic approach, it requires an environment that is as integrated environmental management systems and other management systems to be implemented.

Today should be continuous improvement of quality of life on Earth in the future, and this effort is nothing more than an environmental excellence. The environmental advantage to increase efficiency and eliminate or reduce waste and pollution sources is considered. Improving the institutional environment of excellence for sustainable development is possible and necessary. Environmental aspects of sustainable development efficiency adds another dimension of work Economic activity within the earth's carrying capacity how to share the benefits and costs among and share the benefits and costs between the current generation and future generations has implementation of

environmental accounting makes more sense to identify hidden costs and environmental costs are accounting is the main goal, which is to ensure the identification of all costs associated with the important business decisions will be realized.

Accounting information system is a critical component of management information systems play an important role in helping to protect the environment by polluting production companies to take responsibility the use of expenditures for the environment, how the company is reflected in the accounts. Or of how they might expose issues that accountants can provide to them the practice and proper information management. But such help require necessary rules and regulations to protect the environment for production companies and well established accounting guidelines required by the accounting professional bodies. The importance of knowledge management systems, environmental control the company could be in pollution reduction [9].

Given that in recent years has increased the pollution of our and production companies in the field have contributed greatly we decided to show the role of accounting in order to help reduce pollution The impact and costs of financial disclosure and provide useful information to management, a small step in this survey. Particularly air pollution crisis in Tehran has Shady experts say that the choice to save the lives of thousands of elderly patients should be considered Statistics of victims of air pollution in Tehran has not been released yet, but you can guess the pollution, congestion than 19,000 deaths in 1998 in the heart and brain of stroke victims about 60 percent of the industry, which is concentrated in and around Tehran. Density and excessive physical main causes of air pollution and the environment closer economic, political, commercial, industrial, cultural and educational Iran with some of the advanced countries of the world have been developing technologies in our range to include.

A preliminary system for recognizing the need to accelerate the development and issues, especially with regard to the quality of environmental data, primarily from the historical significance reach environmental advocacy as a philosophy, is popular. Through the presentation and disclosure in the context of internal and external users, is empty. Achieve environmental accounting reports alongside other community can fully reports In progress to address current and future environmental risks will[10].

Conclusions

Nowadays, there are some limitations with regard to the environment, particularly in narrowing the field of international trade and competition, forced some companies to profit from one hand to address these limitations and achieve greater revenue and brand popularity, forced to bear the environmental costs of certain conservation practices and positive living environment for evaluating the other hand, are forced to reduce the cost. Incorporating environmental considerations in national income accounting systems compatible with environmental issues in the national accounts adjusted green accounting green accounting rules that involve complex accounting system to identify potential improvements recording and reporting of environmental degradation is caused. Environmental accounting is based on the integration of the environment as a source of capital and considers the environmental costs as an acceptable cost of computational processes and economic Environmental accounting aims to provide information for performance evaluation, decision making, monitoring and reporting to managers to be able to help. Green accounting for natural endowments in the form of satellite accounts, the mechanism of a national approach to reform national System sashay is considered. Green accounting is attempted before the irreversible damage to the environment; Earth's life support systems are protected. Environmental accounting, comprehensive tool to insert environmental considerations in business decisions Enter the internal environmental cost accounting system will help companies make decisions In addition to increasing long-term profitability, and improve the environmental performance of its introduction as the green industry, capital market, provide increased shareholder wealth. Acceptance of the Company's accounting can be competitive with other companies under common and customary to apply only the accounting. Environmental accounting system based on the classic ideas of accounting change is complete. In this context, the cost of pollution and elimination as a function of the product or service, along with their benefits and costs of goods and services is calculated. Environmental management costs must be some way to accounting for environmental costs. Domestic social and environmental costs together to share the costs and design of products and manufacturing processes, and employs the company's future decision [11]. However, the limited and small-scale enterprises and can increasingly make progress on environmental accounting first environmental companies can do about them and then move into activities that are more difficult to determine the revenues and costs of environmental where it is difficult to estimate the cost of internal environmental Senior management or substantial support in identifying and tracking these costs do not Perhaps it is estimated that the costs to be assessed qualitatively environmental and economic accounting concepts and application environment observes the use of non-market values requires a change in culture Environmental accounting, the changes in the organization and the wider community it provides and more fundamental understanding and participation in the daily business activities

of the ongoing development of a particular approach will help The issue of environmental accounting approach that enables us understand the importance of environmental conservation and using efficient and rational use of resources and preserve the environment[12]

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