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Science initiative "Universum"
mail@univscience.info
www.univscience.info

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Tatiana Vasilyeva
Doctor, Prof.
ESI FEM named O. Balatskiy Sumy State University
Sumy, Ukraine
Inna Makarenko
doctoral
Department of Finance, Banking and Insurance
ESI BT "UAB" Sumy State University
Sumy, Ukraine
Denis Pogorilyj
postgraduate
Department of Finance, Banking and Insurance
ESI BT "UAB" Sumy State University
Sumy, Ukraine

TRANSPARENCY OF CORPORATE REPORTING: KEY REGULATORY ISSUES

Ensuring transparency of corporate reporting is currently the targets of the integration processes in the accounting system at the global level. Transparent corporate reporting that highlights the company performance in all material aspects, in accordance with the requirements of the stakeholders is the product of convergent model of accounting and audit.

Enhancing reporting requirements for transparency in the corporate environment is dictated by the need for more reliable, complete, timely, clear and comparable disclosure by companies to assess the risks and make informed investment decisions.

Special role this enhancing had after local and global financial crises (Asia 1997-1998, Global 2007-2009) and numerous corporate scandals and bankruptcies (Enron, WorldCom, Parmalat, Lehman Brothers, AIG and others.).

Transparent financial reporting is comprehensive (integral) index of economic entity' openness that reflects the requirements of users, adequate degree of completeness of disclosure and access to information about its current state and prospects of performance [0]. Extending this definition, it is worth noting that in modern conditions transparent should be not only financial statements of companies but also all corporate reporting in the broadest sense (including financial and non-financial information, sustainability reporting). Disclosure of set indicators in different dimensions of sustainable development (economic, social, environmental) for certain periods of time at regular intervals and in accordance with the standards of preparation of financial and non-financial information (integrated reporting) company provides clear information and communication field for interaction with key

stakeholders and focused on getting a number of advantages of this reporting. In this regard, the most broad understanding of corporate reporting transparency is definition by Healy, Hutton, Palepu (1999): transparency — a mechanism for reducing the information asymmetry between the company and stakeholders [0].

Among the key benefits of ensuring transparency in corporate reporting increased trust in the managers increased attention of analysts, attracting long-term investment, access to new capital and a growth in share price [0].

According to a study Healy, Hutton, Palepu (1999) increase in corporate reporting transparency pushing up stock prices of companies by sector in the first year by 7.1% and in the second year by 8.4% [0].

Together with companies, regulators of financial markets, accounting systems and international institutional formation realize the importance of promoting transparency in corporate reporting.

Among the key priorities of the European Securities and Markets Association (ESMA) are improving the transparency and comparability of financial information, reducing information asymmetry between reporting users, ensuring consistency in the application of alternative methods for assessing and restoring public confidence in the statements as a whole [0].

European Financial Reporting Advisory Group (EFRAG) proposals were designed to reduce the complexity of reporting of prudential supervision, the reliability of information, the impact of uncertainties of business model and conceptual framework [9]. Similar steps for structuring disclosures in the financial statements, its simplification were implemented by the Securities and Exchange Commission (SEC).

Information transparency is the key component of corporate governance principles issed by the Organization for Economic Cooperation and Development (OECD) countries and the G20. Specifically, Section 5 Principles states that corporate governance should provide timely and accurate disclosure of all material aspects regarding the corporation, including the financial situation, performance, ownership and management company [0].

Among the objectives and principles of securities regulation Objectives and Principles of Securities Regulation (International Organization of Securities Commissions — IOSCO) central objective is ensuring of fair, transparent and efficient market environment, and in accordance with principle 35 own regulators should promote transparency in trading [0]. In this sense transparency is widespreading the availability of information regarding potential and completed trade agreements and supports the basis of market efficiency, particularly in view of the liquidity and quality of price formation.

In some countries to increase transparency of corporate reporting called national laws and acts - Sarbanes-Oxley Act (2002, USA), the Transparency Directive (2004, EU) Code of Corporate Governance (2005, UK).

At the level of accounting standards International Financial Reporting Standards (International Accounting Standards Board — IASB) due to the formation of the qualitative characteristics of financial reporting — relevance, true representation, comparability, verifiability, timeliness and clarity as directly aimed at ensuring transparency in corporate reporting. Close enough for understanding the purpose of reporting and transparency is the determination of transparency in trade relations by United Nations International Conference on Trade and Development (UNCTAD). Transparency was defined as situation in which the participants of the investment process are able to obtain sufficient information from each

other in order to make informed decisions and meet commitments [0]. Furthermore, transparency as a necessary element in the context of sustainable development was described in detail in UNCTAD's Investment Policy Framework for Sustainable Development (IPFSD).

As part of the bank disclosure and providing transparency of financial instruments' use and risk management is necessary to recall the principles of banking supervision Basel 1-3 (1998-2018). Transparency in public sector financial reporting and governance are subject to regulation Code of Fiscal Transparency of the International Monetary Fund — IMF. Transparency in sustainability reporting is the subject of study and formation methods of key performance indicators disclosure from the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB). Transparency in the data stakeholders want and need is the crucial first step on the road to better performance i.e., changing corporations' actual practice in daily life and making companies more responsive to global challenges and the needs of today's society [0]. Corporate reporting transparency as key trend and integral qualitative characteristic has become more and more relevant in regulator's requirements and companies' initiatives.

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