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**PROSPECTS FOR COMPILATION INTEGRATED
REPORTING CREDIT UNIONS**

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In the article the main approaches and tendencies of reporting on financial firmness are considered, the main problems and introduction prospects in Ukraine are analysed.

Keywords: *integrated reporting, corporate social responsibility, competitiveness, quality of service, culture of the economic organization, credit unions.*

Problem setting. This study confirms that at the current moment there is no single transformation algorithm for financial reporting, and in each case individual approach is required. This is due to the fact that the process of reporting is affected by a significant number of subjective factors, including: the specificity of financial and economic activities, particularities of accounting organization and the accounting policies used, the required degree of detail reporting, availability of time, financial and human resources, ect. Due to these reason currently there is a number of approaches to transformation.

Credit unions are an important part of financial market infrastructure. Because of this their economic activity should contribute to the economic development of the region. While organizing credit relations, credit unions don't need to take into account the interests of the Union, its shareholders, lenders and national interests.

One of the major problems in modern credit business, including the activities of the credit union is to attract and support sufficient capital calculation of its sequential increase.

Sustainability is usually characterized by a degree of providing financial, social and environmental performance of companies. Therefore, weighted and deliberate issues concerning the management of social aspects of the company provide a high level of efficiency of its operations. Therefore, it may be noted that the very concept of financial statements is not difficult to be understood by companies, while there are

many controversial issues that require further and detailed scientific research.

Analysis of the recent researches. The study of theoretical and practical aspects of the creation and development of credit cooperatives in Ukraine were held by V. Aleksiychuk, D. Barton, V. Goncharenko, V. Zinovchuk, M. Malik, R. Slavyuk, A. Stadnik, P. Sabluk, European experts TACIS Development cooperatives and others.

The study of integrated reporting system conducted by F. F. Butyntsya, A. V. Cheparskoho, D. N. Kaba, O. M. Trehuba, V. V. Muravskoho, M. N. Saprykinoyi, A. M. Delyahinoyi and others are interesting and useful.

With the contribution of these scientists the basis for further research is provided. In Ukraine, the issue of forming integrated reporting accountants has just been discussed by accountants, large corporation representatives and Ukrainian scientists. It may be noted that the concept of non-financial reporting is not difficult to be understood by companies, while there are many controversial issues that require further and detailed scientific research.

The article aims to determine the main characteristics and prospects for preparation and submission of integrated reporting by credit unions.

The main material. Integrated reporting includes economic, environmental and social aspects of the organization.

The economic component of sustainable development describes the impact of economic growth and organization development in the economic situation of the stakeholders and society in general, as well as the economies of local, national and global levels. Environment at protection component (environmental component) describes the impact of organizations on the environment and ecology. Social Development Component (social component of sustainable development) describes the impact on the social system and the society within which it operates.

The American standard of management accounting concerning reporting on sustainability issues, indicates that the overall stability conception describes the need for organizations to meet social expectations of private and public institutions that change.

This stability at the corporation level depends on the ability of the organization to realize, understand and consider all the factors that affect its value and ensure the continuation of its activities in the future [1].

In accordance with the meaning of the concept of sustainable development reporting on sustainability assumes a complex system of data on the performance and prospects of the organization in the context of sustainable development, and the abilities to determine the stakeholders' expectations and respond to them. Such reporting covers economic, environmental and social aspects of the organization. The main form of the reporting is Sustainability Report.

Organizations independently determine the combination of the performance

indicators to display the report on sustainability. Thus to comply with the disclosure principles in such report, the selection of performance indicators should be made with regard to the principles of flexible application (ability to use in all comparable organizations to ensure comparability), the coverage of areas of influence, sequential measurement capabilities, focus on performance measurement.

The need to find non-traditional methods of problem solving to increase the competitiveness of credit unions turns to be very important and significant. The introduction of rating evaluation is one of these methods, used by union members, and through comparison of similar entities in the credit service market.

Credit cooperation has great potential, enabling it to compete successfully. It originated in the marketplace, survived the competition and achieved considerable success in some countries. Its achievement increased due to the development of reliable principles (rules) which have not lost relevance today.

The credit union is formed to meet the needs of its members in credit resources. Its work is based on the principles of cooperation, the main ones are mutual, personal responsibility of each member of the union.

The main fundamental purposes of the credit union's credit policy is to ensure, on the one hand, the conditions of customer satisfaction, on the other it's the income at its proper level of liquidity and risk minimization for operations carried out.

The mechanism of operation combines two systems that operate as a single entity – a system of financial incentives of cooperative activity and management system. The effectiveness of the credit union, its economic success depends on properly established motivation system. Union member's contributions are one of the main sources of this system, the amount of which is established due to, the principle of availability, through involvement the general population in economic activities. The principles and procedure of income distribution, the essence of which is to identify areas of effective use in the interests of the credit union make the basis of motivation system.

Defining rules in the credit union should consider the following: union members responsibility concerning existing property debts; loan issuance only to union members; small area of activity.

Co-operative values constitute the functional basis of cooperative lifestyle of cooperators. If these values determine the socio-economic activities, management and members, behavior there is a steady increase of cooperative organizations and their popularity in society.

The global co-operative community has identified the following main ethical values of cooperation, mutual help, democracy, equality, equity and solidarity.

As a product of the cooperative movement, cooperative values reflect the moral choice made by cooperators themselves. Cooperation values are mutually complementary. As a rule they are usually linked with cooperative principles.

The Credit Union is based on the following principles:

– Voluntary admission to a credit union and free way out of it. No one is forced to join a credit union, and exclusion from the credit union is made only in case of violation of the credit union's charter;

– Equality of the credit union members. All members of the credit union have equal rights, including the vote at the general meeting, regardless of the amount of payment and other fees;

– Self-managment;

– Publicity.

Perspective way to form the clear strategy development and competitiveness of enterprises in the European integration frame is the integrated reporting creation made by entities.

Non– financial reporting is a tool for socially responsible business that provides information about the company impact on society, economies and environment, describing the company activity in an appropriate context.

The conception of integrated reporting proposed by the International Committee comprises six main principles:

– Strategic direction and orientation to the future;

– Interconsistency of information;

– Stakeholders feedback;

– Significance and clarity;

– Reliability and completeness;

– Sequence and comparability.

The concept of integrated reporting assumes that its main users are suppliers of the financial capital. Shareholders are these suppliers in credit unions. Each union shareholder that is a member of the supreme governing body, may influence the credit policy and be responsible for making incompetent decisions.

Although under current legislation credit union belong to civil organizations by its nature, its a special form of financial institution as the principles of their activities comply with the general cooperative principles.

We have identified certain patterns and similarities in the principles of creating an integrated reporting and general cooperative principles listed in Table 1.

A credit union is a financial institution, but its methods and trends of it's operation have own specificity. Therefore, not all indicators characterizing the efficiency of credit institutions may be used to assess the effectiveness of the union.

It should be noted that the social and economic aspects of the entities that are indicated in the integrated reporting are interrelated. They always have a long-term orientation and socio-economic significance.

Table 1. Comparative characteristics of the integrated reporting principles formation in the context of general cooperative principles

№	The main principles of integrated reporting	General cooperative principles	
1	Strategic direction and guidance for the future	Credit Union Services aimed at the improvement of economic and social protection of all members.	Provision of services
		The main objective is to strengthen the credit union financial condition that forsees the establishment of adequate reserves and internal control to ensure union further activity and to provide services to its members;	Financial stability
2	Interconsistency information	To meet the interests of its members and community credit unions as much as possible co-operate with other credit unions, cooperatives and their associations at the local, national and international levels;	Cooperation among cooperatives
3	The feedback of stakeholders	Credit unions are interested in the increase of educational and professional level of the members. They encourage the members, leaders, employes, and also all society to study economic, social, democratic principles of credit unions, and also operate on principles of mutual help. To acknowledge the preservice, proper loan usage, rights and duties of union members, it plays important role to satisfy their needs;	Education and training
4	Significance and clarity	The credit union member may be anyone who meets certain community requirements and is willing to take the responsibility associated with the membership;	Open membership
		In credit unions the discrimination based on race, nationality, religion, political or other grounds, is unacceptable. Equity between men and women is compulsory;	Non-discrimination
5	Reliability and completeness	Members of credit unions have equal voting rights (one member – one vote) and decision making concerning union activity, regardless of the amount of their shares. Positions in credit unions management are voluntary and unpaid;	Democratic control
6	Sequence and comparability	A leading idea in credit union activity is a grant of services to all, who needs them. Every person is either actual, or the potential member of credit unions and that is why he gets to the sphere of their interests and tasks. Credit unions must make decision taking into account the necessities of society where they function.	Social responsibility
		For the permanent receipt of ration payments, which provides possibility to grant loans and other services, on holdings of members' deposits percents must be counted depending on financial possibilities of credit union. Surplus of profits in a credit union belongs to all members and used for all members' welfare, but not a separate group.	Distribution of income among members

Taking into account everything mentioned above, it should be pointed out that it is very needed to be brought over credit unions to need implement the computer-integrated accounting as today it is voluntarily initiative. Firstly, it is possibility for

managers to discuss honestly steady long-term development. Secondly, it's possibility clearly to inform shareholders and other interested persons that future success and business development strategy depends on.

Often, credit unions main goal is to attract the greatest number of shareholders for the purpose of growth of its assets; Loan Interest are calculated according to the situation in the credit market, excluding union members' the interests and their special features.

In our opinion, social indicators and compliance with the cooperative principles should become the basis of a strategy for credit unions.

Social efficiency is understood as the compliance with the Union social objectives. The change of union's social efficiency can be seen according to comparison of the dynamics. But first they must be formed and submitted as reports.

Credit union, as a mean of microcredit can be considered as an investor. The gist of credit union activity underlies in the complex of measures of preparation and realization of investment projects, which a social effect results in reaching. The primary purpose of credit union investment policy is to provide the most effective ways of asset expansion from positions of perspective development.

Social efficiency of credit unions functioning in a region can be examined from point of achievement of rational consumption of food and increase of living standard of population. The result of credit union activity will be an increase of employment and growth of profits of population, and also growth of financially economic efficiency.

The existent system of the financial accounting which doesn't meet requirements and expectations of modern life, as it doesn't provide information about the financial state and recieved the financial results of organizations activity. In our opinion the interested users need complex information about influence of subjects of menage decisions on the opportunities of the their steady development.

In world practice adjustment of credit establishments activity there are many methods to estimate their financial state and activity, which are used in different economic terms. Therefore it is necessary to join the unique system of non-bank credit unions estimation activity, providing transparency of their activity and cooperative values. The special attention must be paid on computer-integrated accounting preparation, as exactly it, in our opinion, provides the observance of cooperative principles of activity, bringing in the shareholders and efficiency financially economic activity of credit unions.

The regular submission of the computer-integrated accounting will give credit unions several benefits for a strategic management, including:

- providing the possibility to accept more quantitative administrative decisions on the basis of expectation analysis of all interested parties and society ingeneral;
- giving oportunites to raise crisis management quality;

–moral climate improvement in a team and increase of competitiveness and attractiveness of organization at the market of labour;

– an increase of possibilities for organization to attract.

The effective management of enterprise resources largely depends on the optimal sequence of separate types of resources, level of labour organization and enterprise management efficiency. In our opinion, the concept of steady development is closely related to the concept of financial productive to potential. In works of many on this subject scientists the concept of economic potential of enterprise, is highlighted. It's mainly interpreted as a combination of resources, given to the enterprise to provide realization of production activity. [4].

Credit unions provide loans for a variety of needs that depend on the socio – economic conditions of the country, the specific membership of the credit union and other factors. Basic principles of credit policy could also be given in the integrated reporting.

Preparation of such reporting helps significantly to reduce the risks and provide effective management and sustainable development organization.

The process of preparing integrated reporting consists of the following steps:

– determining the amount of data consolidation;

– definition of stakeholder groups to be displayed in the report;

– development of the format and structure of the report on sustainable development, taking into account the views of stakeholders, as well as the calculation of certain performance indicators;

– data collection and report preparation on steady development;

– check report quality on sustainability through internal audit, surveys of stakeholders and / or independent external audit, correction of found mistakes;

– publication of the report on sustainability and ensure its availability to interested parties [2].

We believe that integrated reporting – is broader form of reportings than the traditional, as the system will display and measure the individual components of the value formation in the company. The main qualitative characteristics of integrated reporting, which would be relevant for the credit unions development are shown in Fig. 1.

The organizations independently determine the composition of the performance indicators to display the report on sustainability.

Thus to comply with the disclosure principles in this report, the choice of performance indicators must be held according to the specific principles with universal application (the possibility of all comparable organizations to ensure comparability), the coverage areas of influence, serial measurement capabilities, focus on performance measurement.

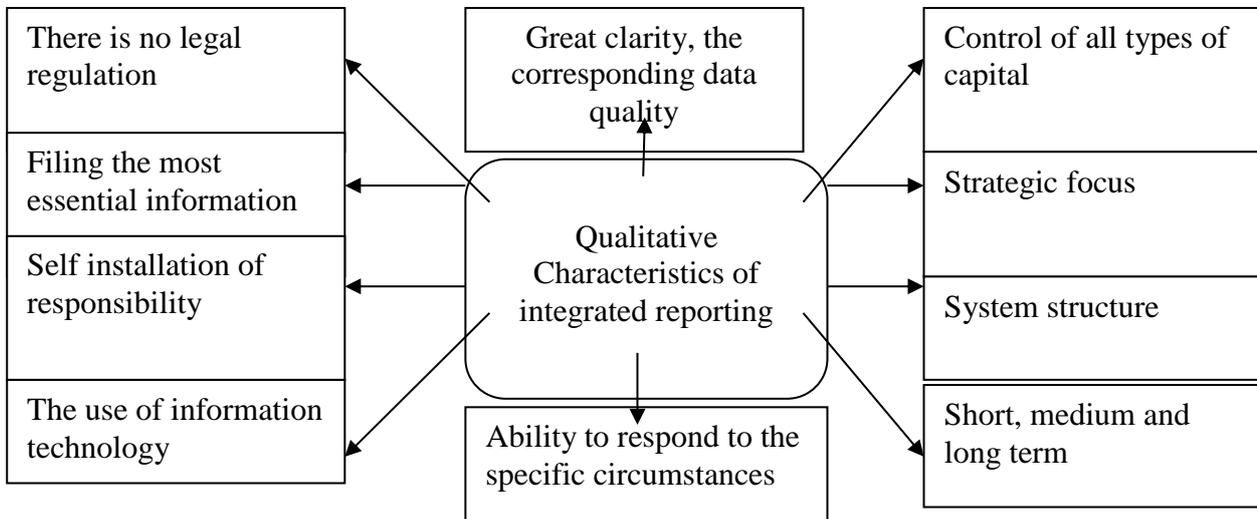


Fig. 1. Qualitative characteristics of integrated reporting

Conclusion. To sum up modern trends in credit unions have both positive and negative sides. The positive trends in the development of credit unions show that a credit union demonstrate high growth of key performance indicators; significantly increased level of capitalization of the vast majority of credit unions, as well as significantly improved financial condition of the credit unions that have recently were evaluated as not financially stable and solvent; dynamics of credit unions is insignificant to compare with the dynamics of the formation of separate unit network already operating in the market of credit unions.

The main negatives in the development of credit unions are: quality of movement (a large number of small credit unions, cooperative principles violation by a significant number of credit unions); market positioning (the structure of the loan portfolio, interest rates, policy formation and asset and liability management, introduction of new services and market instruments, the presence of a coherent long-term market strategy); systemic completion (access to cheap resources and long-term service support, availability of mechanisms maintaining the financial stability of credit unions and their members system integration degree of credit unions in the mode of self-regulation).

For complex issues that credit unions urgently face should:

- initiate the creation of credit bureaus to create a single database of borrowers, which will enable to reduce the proportion of bad loans past due;
- accelerate the formation of powerful associations (OAKS), whose activities influence the development and implementation of uniform rules to conduct cooperative lending market, professional and technical standards for credit unions, raising the image and credibility of credit unions;

– one of the priority areas of organizational integration to form a single self-regulatory organization of credit unions in the form of the All-Ukrainian Association of unions;

– provide a more rigid system of supervision and control over compliance and implementation of key performance indicators of credit unions in the case of non-established standards and unwillingness to address the shortcomings, impose sanctions and start procedure of take over by more powerful unions, leading to a natural amalgamation of unions and increase competitiveness in the future;

– join the preparation and presentation, made by credit unions integrated reporting as a promising direction of development, compliance with cooperative principles and ability to generate innovations and adequate levels of capital.

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ПЕРСПЕКТИВИ СКЛАДАННЯ ІНТЕГРОВАНОЇ ЗВІТНОСТІ КРЕДИТНИМИ СПІЛКАМИ

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В статті розглянуті основні підходи та тенденції складання звіту про фінансову стійкість, проаналізовані основні проблеми та перспективи його впровадження в Україні. З'ясовані суттєві проблеми у діяльності кредитної спілки щодо залучення та підтримки достатнього обсягу капіталу та його послідовного збільшення. Визначені основні перспективи, особливості складання та подання інтегрованої звітності кредитними спілками, що забезпечують перспективний напрям розвитку, дотримання кооперативних принципів діяльності та можливостей залучення інновацій та достатнього рівня капіталу.

Ключевые слова: *інтегрована звітність, корпоративна соціальна відповідальність, конкурентоспроможність, якість обслуговування, культура економічної організації, кредитні спілки.*

**ПЕРСПЕКТИВЫ СОСТАВЛЕНИЯ ИНТЕГРИРОВАННОЙ
ОТЧЁТНОСТИ КРЕДИТНЫМИ СОЮЗАМИ**

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В статье рассмотрены основные подходы и тенденции составления отчета о финансовой стойкости, проанализированы основные проблемы и перспективы его внедрения в Украине. Отмечены существенные проблемы в деятельности кредитного союза по привлечению и поддержке достаточного уровня капитала и его последовательного увеличения. Определены основные перспективы, особенности составления и подачи интегрированной отчётности кредитными союзами, которые обеспечивают перспективное направление развития, придерживание кооперативных принципов деятельности и возможностей привлечения инноваций и достаточного уровня капитала.

Ключевые слова: *интегрированная отчётность, корпоративная социальная ответственность, конкурентоспособность, качество обслуживания, культура экономической организации, кредитные союзы.*