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CONCEPTUAL BASES OF REPORTING ON SUSTAINABILITY

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

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

I. Statement of the problem. The necessity of preparation and submission of integrated reporting become actually in the current economic conditions. At the same time, companies can do experiments and innovation involve without interference. They are using the principles of integrated reporting and identifying what benefits it can bring. It should be noted that to give comprehensive information to all interested figures is unreal. It is also impossible to create a single algorithm preparation and presentation of integrated reporting, as each company has its peculiarities functioning and development. The financial statements in the near future is unlikely to be canceled or reduced, and this factor does not contribute to the desire of companies make more and integrated reporting.

Completeness and accuracy of the information depends on adequacy of management's decisions. We believe that interested users need comprehensive information about the impact on businesses making them the possibility of rack and disclosure is made in reporting on sustainability.

That is why there is a need for a comprehensive study on the preparation of integrated reporting entities as a promising direction forming a clear strategy for the development and competitiveness of enterprises in the European integration.

II. Analysis of recent research and publications. Another scientists learned this question: F.F.Butyntsya , A.V.Cheparskoho , DN Kaba . , O.M.Trehuba , V.V.Muravskoho , M.N.Saprykinoyi , O. . Delyagin/

Through the work of these researchers formulated a foundation for further research. In Ukraine, the issue of forming integrated reporting accountants are just beginning to discuss. It may be noted, that the concept of financial statements isn't difficult to understand, while still many controversial issues that require study and deepening of scientific research.

The purpose of the article. The aim of the study is to prove necessary preparation, identify trends and issues in compiling integrated reporting domestic entities.

III. The main material of research.

The main purpose of assembly that is to prepare and provide information useful to external users for decision-making in the context of sustainable development.

The concept of rack was developed in a number of documents of the United Nations (UN) for the determination of which involves the integration of three components - economic growth, social development and environmental protection - as complementary elements.

International Commission on Integrated Reporting (International Integrated Reporting Committee - IIRC) trying to recompose together the views of a wide range of participants - investors , companies, regulators , auditors, and academics - to develop a new unified approach to reporting.

Integrated reporting will unite various forms the financial statements (as usual), but also reports on corporate governance, managerial reports, reports on employee benefits - so that all together it clearly reflects the ability of each organization to create and sustain value in the long period. It is a wider form of accountability than traditional, because the system will display and measure the individual components of value creation in the company. The most important that the financial performance of the organization will be shown in the context of its social, economic and ecological environment in which it operates.

International experience suggests that the transition to a meaningful and understandable integrated reporting takes most companies 3-5 years. According to IRRC, integrated reporting over time to replace the current system and not become simply a set of additional requirements. The main characteristics of financial and non-financial statements are presented on figure 1.

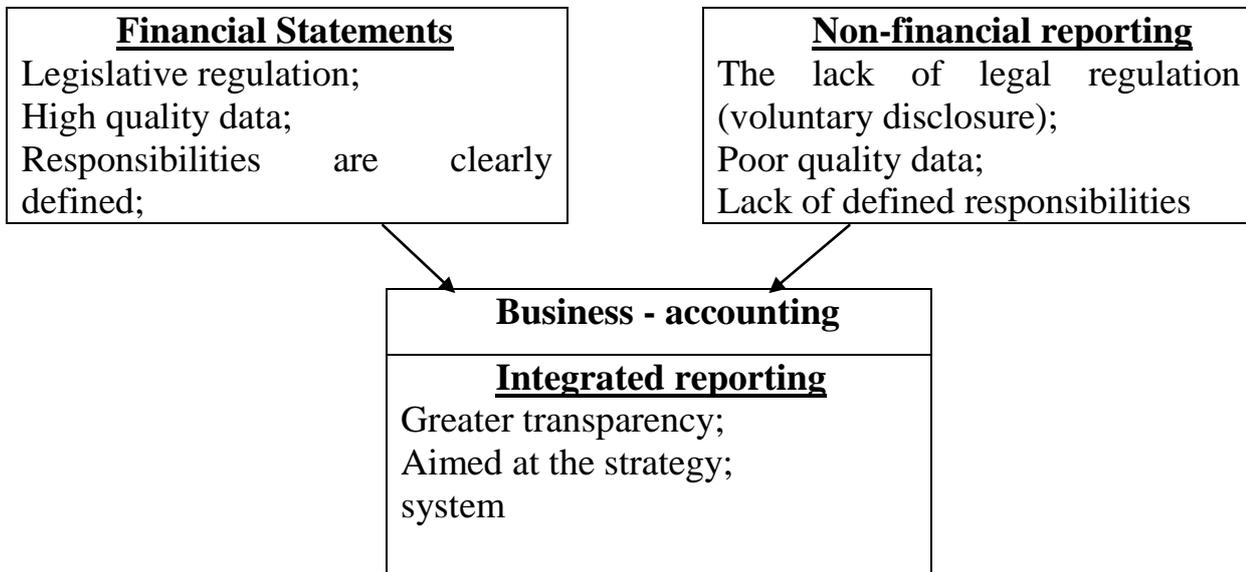


Figure 1 - The benefits of integrated reporting in the future.

Integrated reporting - a combination of elements of financial and non-financial reporting.

Non - financial statements – an instrument of socially responsible business, which provide information about the company's impact on society, the economy and the environment , describing the company's activities in the relevant social context .

Typically, financial and non- financial statements are published separately, perform different functions and have separate goals and objectives. The financial statements have clearly defined goals and a list of users. Not financial - informing a range of stakeholders: employees, NGOs, authorities, experts and others.

The main feature of integrated reporting is that it's fixed on inputs that a company consumes and creates - financial, operational, human, intellectual, natural and social.

The main component of non-financial reporting is a sustainability report. The preparation of the report on sustainability addressed in several international standards, including the most recognition to the following documents:

- Guide on reporting in the field of sustainable development, which determines the structure and elements of the report on sustainable development and the principles and general procedure of preparation and presentation (version 3.0 of the guidance adopted by the Global Initiative for reporting (GRI) in 2006) ;

- AA1000 series of standards setting out the general principles of accountability requirements for audit reports on sustainability and the order of interaction with stakeholders (adopted by the Institute of Social and Ethical Accountability (AssountAbiliti in 2008);

- Standard management reports on "Evolution of accountability - accountability in the field of sustainability for Accountants» in which the evolution of the overall scheme and reporting in the field of sustainable development (adopted by the Institute of Management Accountants of the United States in 2008);

- Guidance on indicators of corporate reporting in annual reports. It's focus on the main groups of stakeholders and their information needs, identifying key principles of corporate performance reporting and overall system performance, methodology of their calculation and presentation of reports (taken Intergovernmental Working Group of Experts on International standards of Accounting and Reporting (UN Conference on trade and Development in 2008) ;

- Guide SIGMA, which forms the guidelines for organizations on the application of the concept of sustainable development in practice (approved by the British Institute of Standardization, 2003);

- The international standard ISO 26000 "Guidance on social responsibility ," which opens warehouse concepts , principles and fundamental aspects (topics) Socio responsibility and formed integrated guidelines for implementing CSR practices in organizations (adopted the International Organization for Standardization (ISO) and Announced in late 2010.) .

International federation of accountants (IFAC) has deal with the International Committee on integrated statements "Memorandum of Understanding» for the main purpose of which is to promote, support and coordinate efforts in this direction.

This method is bringing information about the creation of value, is scheduled to ensure its preservation in the short -, medium - and long- term. In fact, integrated reporting is the next step in the evolution of corporate reporting that based on financial and non-financial information. This agreement has been recognized for many opportunities for fruitful and mutually beneficial cooperation in support of integrated reporting. .

Such statements contain economic, environmental and social aspects of the organization. Approaches of display this information in various entities might be different. At first glance, it is impossible to create a unified conceptual basis to reflect this information in integrated reporting as environmental and social aspects of the work may differ depending on the type, form and objectives of the business.

Important place is the question takes determining of optimal size and degree of harmonization of information contained in an integrated reporting both abroad and in Ukraine. Over the years, Hosanna trend of global unification of the financial statements, leading to a significant reduction in information content provided by the information. For example, in most industries were excluded indicators that characterize their industry characteristics. In this regard, some experts believe that it is necessary to restore a differentiated approach as to content, and the scope of the reporting organizations belonging to different sectors. It is necessary to extend the time for the preparation of indicators that may be useful for internal users and reduce the time to prepare indicators intended for external users integrated reporting. Although, as we know, there is the problem of assessing the financial situation of external users.

In this regard, the International Integrated Reporting Committee, which brings together leading commercial and investment firms , accountants and other professionals who make an international integrated reporting framework, will

develop reporting for decades during the information needs of investors and other stakeholders users.

The process of preparing a report on sustainable development involves the following steps:

- Definition of the scope of consolidation of data, identification of stakeholder groups to display in the report;
- Developing the format and structure of the report on sustainable development , taking into account the views of stakeholders, as well as the calculation of some performance indicators of activity;
- Data collection and reporting on sustainability;
- Checking out a report on sustainable development through internal audits, surveys of stakeholders and / or independent external audit corrective action;
- Publication of the report on sustainable development and ensuring its availability to interested parties. [1]

Sustainable development is the need to review existing performance items of the enterprise.

The relevance of these studies confirm that the vast majority of domestic enterprises is no effective mechanism of control due to the low level of professionalism of managers.

A standardized set of related financial indicators is the indicator that is able to determine the next steps as the company's management and potential investors. It is necessary to pay great attention to the development of the principles and methods of financial planning as the quality of management of financial flows in the enterprise.

Business reporting must reply the needs of users. However, the interests of users and their attention constantly changing. The process of valuing a business is not a mechanical application of the model. It is a creative process, which considered all relevant factors and data without any restrictions. Therefore, if you ask about their needs, we can expect that we will get a detailed scheme upon which you can build a model of accountability.

Information opened by company is voluntarily. It is deliver these messages to the outside world and its assumption that the outside world it would be interesting. Therefore, model shows to people that response on it information about what they need to do and for users - what they can expect. This is non-financial model of financial reporting will bring some order to the "chaos" that exists now.

The main feature of integrated reporting is the fixes on inputs that a company consumes and creates - financial, operational, human, intellectual, natural and social.

Comparative characteristics of conventional and integrated reporting

Factors	Conventional report	Integrated report
Content and order of preparation	legislative regulation	hasn't regulation
Reliability	limited disclosure, high quality data	greater transparency, poor data
Control over resources	financial	all types of capital
Structure	for periods of time	system
Orientation	on transactions that occurred	on past and future events in the relationship, the strategy
Timeframes	short-term	short, medium and long term
The ability to adapt	low strict conformity with the rules	high response to the specific circumstances
Style of representation	complex, often redundant information	the most significant short data
Level of responsibility	clear definition of responsibilities	determination of responsibility is absent
Technology	Paper documents	Information technologies

Integrated reporting has already used in few companies, but in practice, its mechanism is still far from ideal. In Ukraine are reporting another companies: "Obolon", "Nybulon", "Arteryum", "Tetra Pak".

Company fixes composition of indicators that shows in report sustainability. The choice of performance indicators should be taken of the specific application of the principles of universality the coverage areas of influence, the possibility of serial measurement of orientation in the measurement results.

Guidance of GRI has main indicators that separated on 3 parts: economic, ecology and social.

Key indicators can be brought into reporting on sustainable development of most organizations. Additional indicators are formed or reflect themes that may not be essential for all organizations.

In the GRI in many cases as the observed, specify limits on the impact of sustainability stakeholders. For example, as indicators of economic performance for the aspect of presence in the markets specified procedures of hiring local population. It is a development and impact of infrastructure investments, as indicator of effectiveness in the direction of human rights aspect of the activity is considered child labor, within which the significant risk cases of child labor and actions taken to prevent child labor and so on. [2]

This approach suggests that each organization has in many cases to identify performance indicators for the formation of most qualitative characteristics of their specific contribution to the sustainable development of the stakeholders and society.

There are no opportunities for comparison of social reporting. In our opinion, it is necessary to develop priorities and values reflect this information in an integrated reporting allowing for the operation of companies in a particular country.

Sustainability report is usually published once a year in paper or electronic form swith the publication of the annual financial statements (other dates of publication). Some of these reports are issued in paper form with the deployment of the electronic version of the report on the Web site.

IV. Conclusions and suggestions.

Reporting on sustainability is a new independent direction of accounting that focuses on meeting the requirements and expectations of the stakeholders and society. Preparation of such reporting contributes significantly reduce risk activities and more effective management of sustainable development organization. Reporting on sustainability is an integral part of the answer to the request of organizations time - ensuring a development that will meet the needs of today and the possibilities to meet the needs of future generations. Regular reporting on sustainability provides a number of benefits to commercial organizations participation for strategic management, including:

- Enable decision - making more quantitative analysis based on the expectations of all stakeholders and society;
- Opportunities to improve the quality of risk management;
- Improving morale in the team and improve the competitiveness and attractiveness of the labor market;
- Owing to strengthen contacts and business partners of the organization;
- Increase the capacity of the organization to attract capital;
- Improving value - based management by expanding the opportunities for accounting and comprehensive analysis of value drivers.

At the same time, the companies appeared possible without interference experiment and innovation involve using the principles of integrated reporting and identifying what benefits it can bring.

Literature

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