Semenenko Tetiana
Candidate of Economic Sciences,
Associate Professor of the Department
of International Accounting and Auditing,
Kyiv National Economic University named after Vadym Hetman

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THE MAIN CONCEPT OF INTEGRATED REPORING

Recently, integrated reporting has aroused considerable interest among economists, primarily due to the transition of large corporate structures from the traditional approach to reporting, which primarily covers financial information, to a more comprehensive approach to reporting, covering all aspects of business. Although a large number of companies have started to provide more non-financial information in their sustainability and corporate social responsibility reports, it still lacks a comprehensive nature. This is often due to the fact that these reports are prepared in isolation from each other, which makes it impossible to link sustainability issues to the company's strategy.

By its very nature, an integrated report harmoniously combines financial and non-financial information on corporate strategy, management, performance and efficiency, as well as development prospects, in the context of its external environment [1]. Most economists believe that integrated reporting provides transparency of information on business risks [2].

The preparation and presentation of integrated financial statements is based on a set of principles that allow for a balance between flexibility and compliance with key accounting and financial reporting principles, materiality and relevance, and conciseness and demanding information. The following are the basic principles of financial reporting:

1) strategic approach and future orientation (the integrated report should allow to understand how the corporate strategy contributes to the creation of value in the short, medium and long term;

2) interconnectedness of information (integrated reporting should reflect the interconnectedness and interdependence between different

types of factors that affect the ability to create value over a long period of time;

3) Stakeholder relations (the integrated report should reflect the quality of relations with stakeholders and the extent to which it meets their needs;

4) materiality (the integrated report should report on aspects that have a material impact on the value creation process);

5) conciseness (the integrated report should strike a balance between the design principles and the amount of information provided, avoiding redundant information);

6) reliability and integrity (all material aspects should be included (both positive and negative), and the information should be presented without errors);

7) consistency and comparability (elements of integrated reporting should contain information that is comparable over time and with external indicators) [3, p. 254].

The integrated report contains eight content elements that are fundamentally related to each other and are not mutually exclusive:

− overview of the organization and the external environment (the scope of activities and the conditions under which the company operates)

− management (description of the company's structure and management process);

− business model;

− risks and opportunities (specific risks and opportunities that affect the organization's ability to create value in the short, medium and long term);

− strategy and resource allocation (the company's goals and how they will be achieved);

− performance (this section describes the extent to which the organization has achieved its strategic objectives) to what extent the organization has achieved its strategic objectives);

− prospects (this refers to the challenges and uncertainties that the organization may face in implementing its strategy, potential consequences and future characteristics, such as development and scale of operations, productivity and profitability);

− explanations to the report (explanations on the choice of the optimal structure of the report, evaluation methods).

It is believed that all indicators of integrated reporting can be grouped as follows:

1) economic indicators (these should include all indicators that have quantitative and cost dimensions and are related to the company's operating, investment and financial activities, namely production (sales) volumes, income and expenses, settlements with creditors and debtors, investment volume, cash flows, etc.)

2) social indicators (number of employees, education and training, safety and welfare in the workplace, the nature of the relationship between management and subordinates, the general social climate, etc.)

3) environmental indicators (characterize data on the consumption of natural resources (water, electricity, minerals) and the consequences of their use, namely, waste, emissions, discharges) [4].

Thus, integrated financial reporting is becoming increasingly relevant to academic discussions. Comparing with to financial statements, it is more comprehensive and functional. An integrated report contains not only financial indicators, but also non-financial and qualitative indicators, such as social, natural, human and intellectual capital.

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