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Theoretical Foundations of the Formation of Corporate Reporting

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Abstract
The article examines the classification of corporate reporting elements. Also considered is the relevance of the corporate report, the main purpose of its formation. The essence of the guidelines and standards on corporate reporting has been studied. Literature of foreign and local economists on the topic was analyzed. Systematic, organizational and communicative approaches to identifying the concept of corporate reporting have been studied. The methodology for the formation of the corporate report is studied and the necessary recommendations for its application in the enterprises of our country are presented. Based on the results of the analysis, the author's approach is described. In the introduction of the corporate report in the enterprises of our country, it is scientifically based, which includes the main blocks such as three: descriptive, Management Discussion and analysis, financial. The basic requirements set for corporate reporting have also been thoroughly investigated.

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INTRODUCTION

Globalization of the economy, integration of structures, and the creation of a single information space all place new demands on the development and implementation of new methods to the production of current forms of reporting. According to Warren Buffett, a well-known investor and financial analyst, “Accounting is definitely a business language and it is a great help to anyone involved in assessing the value of an enterprise and analyzing the results of its operations. At the same time, managers and property owners need to keep in mind that accounting is only an additional tool to business thinking and cannot replace it ”[1].

This view highlights the growing need for additional reporting, including financial and non-financial information, in conjunction with accounting (financial) reporting, as well as in line with current trends in the sustainable development economy. In this regard, there has been a growing interest in the development of new types of reports that have recently been modified (especially abroad), that is, provide detailed information on the environment, social sphere and corporate governance. The following reports can be included in this category:

- a sustainable development report recommended by the Global Initiative (GRI);
- report on corporate social responsibility (CSR);
- Corporate Governance (UNCTAD) report;
- Integrated Reporting developed by the International Committee on Integrated Reporting (IIRC) [2].

Literature Review

It is common in the local and foreign literature to divide reports into accounting (financial), management, statistical, environmental, and social reports. Because they are the main types of reporting and do not include other special reports. Recently, new types of reporting have emerged around the world, particularly sustainable development reporting and integrated reporting (Figure 1).

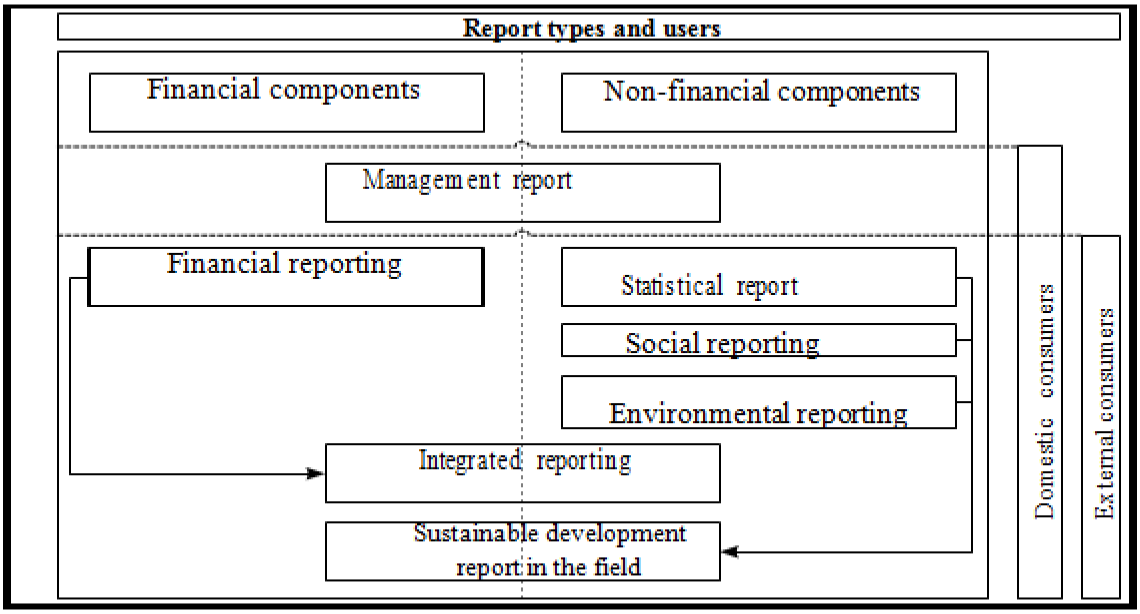

Figure 1. Classification of reports
Source.N.Yu.Arxipenko. Theoretical and practical aspects of the formation and development of corporate reporting. Audit and financial analysis. 2/2017.

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Summarizing all of the above-mentioned reports, they can be called elements of corporate reporting.

There are different views on the content of corporate reporting in the economic literature. For example, Yu.V. Novojilova proposed to classify the information reflected in the report according to the nature of the character. He divided the report into a report consisting of economic indicators, a report consisting of financial and non-financial indicators, and a report consisting of non-financial indicators.

The report (annual accounting (financial) report), which consists of financial indicators provided to stakeholders, consists of a balance sheet, a report on financial results and appendices.

The report, which includes financial and non-financial indicators, includes integrated reporting and sustainable development reports. The non-financial indicators report consists of social and environmental reports.

Recently, the concept of "corporate reporting" has become widespread in international practice. This is due to the active development of corporate governance, which determines the multifaceted social relations in the collection, summarization and evaluation of financial and non-financial information about the company's activities, rather than the interests of corporate securities owners and other stakeholders. Such information is needed to make management decisions and to resolve conflicts of interest that may arise between shareholders and stakeholders, agents and stakeholders [3].

Corporate reporting is a set of various reports that provide a reliable and complete assessment of a corporation’s economic development activities and trends for the benefit of stakeholders. Corporate reporting is compiled by representatives of large businesses.

Corporate reporting sometimes described as reporting to stakeholders in society. At present, corporate reports of business entities are used in many perspectives. It can therefore vary depending on various features, including composition, content, as well as purpose. The corporate report should reflect the level of implementation of the goals and plans set by the corporation.

An in-depth study of the specialty literature has shown that the concept of corporate reporting is currently incomplete and does not have a complete definition. In-depth research in this area was conducted by IV Alekseeva and RG Osipova. These researchers [4] studied systematic, organizational, and communicative approaches to the concept of corporate reporting. He also systematized the definitions of the term “corporate reporting” [5] (Table 1).

The analysis of the table shows that the researchers systematized the definitions of the concept of corporate reporting according to the following 3 main approaches:

Approach 1 includes the views of EV Nikiforova, RG Kaspina, AN Khorin, IF Vetrova, NG Sapojnikova and LZ Schneidman.

Approach 2 covers the definitions given by G.Andreeva, G.Antipinak**.**

Approach 3 can be defined by foreign economists S. Hedril, K. Hutten.

Table 1 Systematization of definitions of the term "corporate reporting"

Author	Definitions
Approach 1: A reporting system that describes the current and future financial and economic performance of the company, which allows me to provide investors with quality, reliable information.	
NikiforovaE.V.	"Unified system of information on the property and financial condition of the enterprise and the results of its economic activities during the reporting period" [6]
Caspina R.G.	Corporate reporting is a system of indicators that reflect the company's activities over a period of time, and is a means of monitoring and controlling the activities of owners, investors and other users of the corporation.. These indicators are determined on the basis of the interests of potential users of the system [7]
Chorin A.N..	A corporate report is a report based on the market economy, in which the value of the territorial segments or the value of the technological chains can be disclosed to the company. According to this author, budgeting, financial planning and forecasting is based on cost estimates [8]
Vetrova I.F.	Corporate reporting is a system of financial reporting that describes the financial and economic potential formed in the course of its activities and the opportunities for its subsequent use in a reliable and comprehensive manner [9].
Sapojnikova N.G.	Corporate reporting is a set of reports that provide a reliable and complete picture of the economic potential and development trends of the corporation in the environment. This author emphasizes that the tendency in the preparation of corporate reports should be closely linked to the mission, strategy and implementation of the goals of the corporation. Marketing, product, range, social, manufacturing, investment, The key elements of a corporate development strategy that incorporates financial information should be presented in independent sections of the explanations for corporate reporting [10]
Schneydman L.Z.	"Corporate reporting plays an important role in ensuring the transparency of business entities, strengthening the confidence of investors in them, mobilizing national and international financial resources, achieving financial stability" [11]
Approach 2: Corporate reporting is a process in which members are involved in a common activity on a regular basis. - бирларибиланбевоситашахсиймулоқотдабўладиганўзигахосбирлашма	
Andreeva G.	"A combination of general activities in which members communicate directly to the extent that they serve as the basis for the emergence of these processes"
Antipina G.	"An association in which members are united in a common activity and communicate with each other directly and regularly on a regular basis"
Approach 3: Corporate reporting is a report that plays a key role in providing complete and transparent information to various investors.	
Xedril S.	Assists the Board of Directors in performing corporate reporting and performing management functions [12]

Xyutten K.	Corporate reporting allows me to analyze not only the management of a particular company, but also investors with an increasing amount of information [13]

Almost all researchers describe corporate reporting as a systemic or complex that describes the company's extensive operations.

Corporate reports, including non-financial information, are a key tool that businesses can use to inform stakeholders about the results of sustainable development activities. The use of graphical tools in the presentation of data in most of these reports is becoming more common, and it is leading users to understand this information faster and more widely than the information presented through text [17].

The study developed a definition of authorship for corporate reporting based on the generalization of the views of local and foreign scholars. According to him, a corporate report is a complex synthesized report that summarizes and discloses all the information about the financial and economic condition of the enterprise, as well as the prospects that allow to communicate with stakeholders and strengthen their trust. The purpose of the corporate report is to formulate information about the economic potential of enterprises, its development strategy, important risks that provide sufficient attractiveness to investors for sustainable growth of value, which helps to minimize conflicts of interest in different agency groups. Corporate reporting is an integral part of an effective business (foreign companies are successful because of this report).

According to international and national accounting practices, corporate reporting can improve investment attractiveness and market position, as well as strengthen the confidence of interested users. In this regard, the development and application of optimal methods of formation of corporate reports of business entities is of both theoretical and practical importance.

Research methodology

This article uses the methods of scientific abstraction, expert evaluation, induction and deduction, comparison, systematic analysis.

Analysis and results

Research shows that today in international practice there are two standards for the formation of corporate social reporting: "Global Initiative Report" (GRI, GlobalReportingInitiative) and "Accountability 1000" (AccountAbility 1,000, AA1000). is also used.

This system of standards plays an important role in the decision-making process of entrepreneurs in many countries on the observance of the principles of social responsibility.

At present, there is no single methodology for the formation of corporate reports in enterprises. In addition, there is no systematic approach to corporate reporting, and no recommendations or regulations have been developed at the legislative level. In addition, the company's corporate reports do not specify internal regulations and non-financial indicators to be disclosed. For this reason, companies prepare these reports based on their views, concepts, needs and capabilities.

An analysis of the economic literature shows that each of the economists who have conducted research on this issue cites a sequence of actions to form a corporate report. This is influenced by the following various factors:

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- forms of ownership;
- the scope of the enterprise;
- organizational structure;
- types of activities;
- accounting and analytical support of the enterprise.

Researcher R.Osipova recommended a specific methodology for the formation of corporate reports based on the study of the above methods (Figure 2).

The first stage of “Decision-making on corporate reporting” involves decision-making on corporate reporting, which is carried out by the Board of Directors. The purpose of compiling a corporate report is to generate reliable, high-quality and complete information that is needed to make management decisions and bring the company to the international level. In the second stage of "Development of the concept of corporate reporting" it is necessary to study the important aspects of corporate reporting, the principles of preparation of corporate reports, the concepts that reflect its components.

The third stage is dedicated to “Collection of financial and non-financial data for corporate reporting”. It should use practical approaches to sustainable development reporting and at the same time ensure all the quality principles of corporate reporting.

In the fourth stage of "preparation of corporate reports and analysis of its indicators" it is necessary to prepare corporate reports on the basis of internal regulations developed and approved by the company (accounting policy for the purposes of corporate reporting, regulations on corporate reporting) and reporting forms.

In our opinion, corporate reporting should include the following reporting forms: balance sheet (static, dynamic and other types of balance sheet); financial results report; company value statement; risk report.

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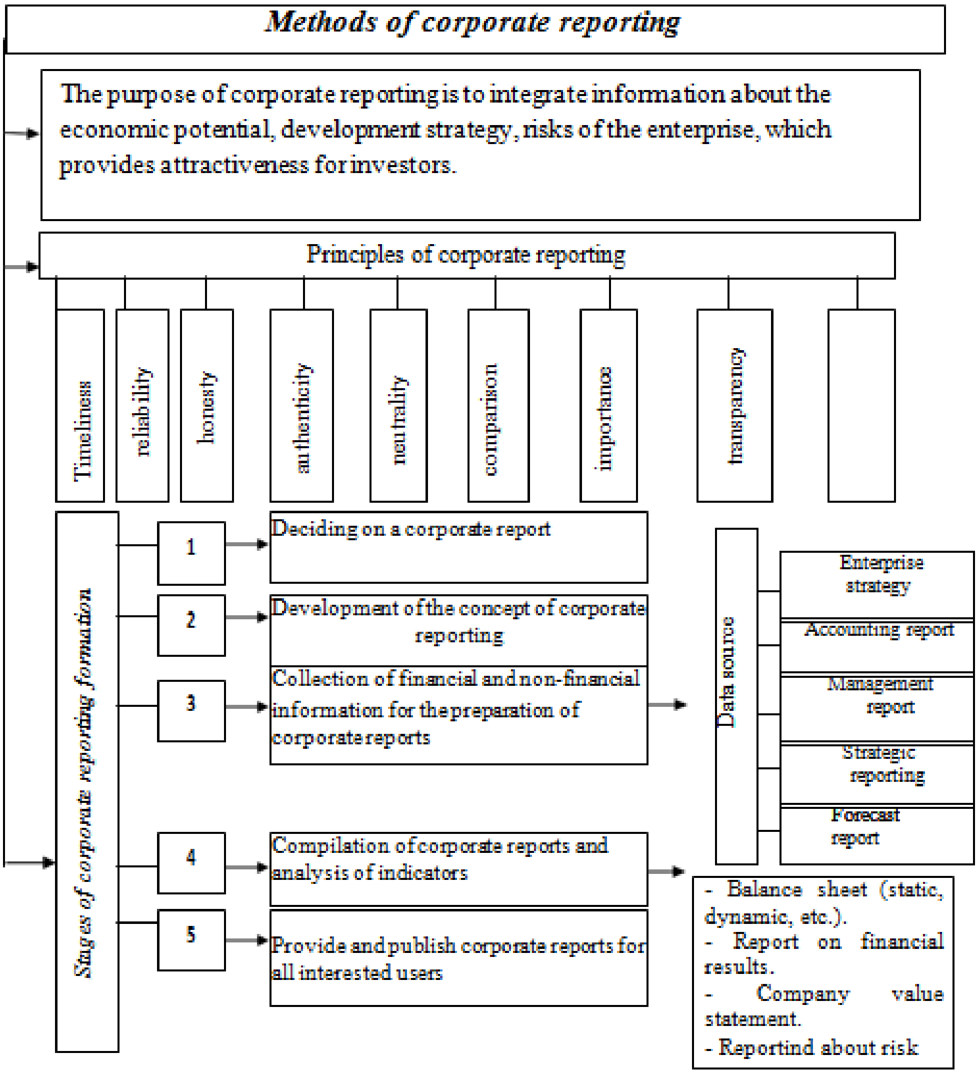

Figure 2 - Methodology of corporate reporting Source. [14]

In addition, this report should include the following information:

- agreements with minority shareholders (their share does not allow direct participation in the management of the company), corporate agreements and agreements with stakeholders;
- about corporate governance;
- about the charter documents of the company (Charter, internal rules, etc.);
- on social policy and environmental protection (reports).

The final stage, called “Submitting and Publishing Corporate Reports to All Stakeholders,” will provide and publish corporate reports to all interested users.

Corporate reporting has the following features:

- “presentation of information in various forms (text, table, graphic, audiovisual);
- Absence of single reporting forms and the possibility of submission in print and electronic form;
- periodicity (regular coverage of important aspects of corporate activities can also be an element of the corporate reporting system) "[1].

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Modern corporate reporting users:

1. corporate social responsibility and sustainable development strategy;
2. the ability of the corporation to create added value, as well as the mechanism of its creation within the main business segments;
3. the effectiveness of the corporate governance system (vision of goals and prospects, plans, structure, performance evaluation criteria, internal control mechanisms, risk management approaches, etc.);
4. assess the availability of economic resources (human, innovation, organizational capital, reputation and image, other intangible assets, off-balance sheet property, etc.), which are not yet reflected in the financial statements, but have real value factors [16].

Analysis shows that the purpose of corporate reporting is to accurately reflect information on economic development potential, development strategies and risks. All this creates the necessary investment attractiveness to ensure sustainable growth of the company's capitalization and helps to reduce the conflict of interests of any interested party.

At present, great attention is paid by business entities to the formation and submission of integrated corporate reports, as it serves to consolidate financial statements, as well as all types of non-financial reports. Thus, corporate reports of business entities are the only document that provides a brief overview of all areas and directions of corporate activities and shows the risks and opportunities that may arise in the future for internal and external users.

Typically, a corporate report includes three main blocks: descriptive, management discussion and analysis, and financial.

The descriptive block includes an appeal from the company's management to partners, customers and shareholders, a brief history of the company and a description of key projects. The Department of Management Discussion and Analysis includes an analysis of management decision-making practices in line with financial and economic performance indicators. The financial block publishes the financial report, its comments and the auditor's report.

It should be noted that the compilation and submission of corporate reports will be of great help to economic entities. In particular, investors are attracted by providing transparent and complete information about the results of financial and economic activities. This will enable enterprises to develop more effectively in the future. The main thing is that the non-financial report is not only limited to providing information on financial indicators to interested parties, but also provides an opportunity to describe the main aspects of the activity of economic entities, increase transparency of activity and, consequently, investment attractiveness.

This once again demonstrates the importance of the term corporate reporting on economic entities, which is considered the main condition for effective and successful business conduct. This report has penetrated into the practice of our country from abroad and has been used there for a long time in the activities of companies. The US, UK or Japan corporations are leaders in this industry and this is attributed to the fact that the corporate report is presented to the stakeholders.

The presentation of corporate reports provides an opportunity to recruit all aspects of economic entities, collect data on the external and internal sides of their activities. All data is collected into a single document, analyzed, systematized and eventually converted into a corporate report. It is through it that it is possible to obtain information about the state of economic entities, monitor the results of their activities, future plans, goals and objectives.

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Persons interested in interaction or joint activities with economic entities may apply to this report. On the basis of the information obtained, he can determine the opportunities for development in the future and make decisions on interaction with economic entities.

Special attention should be paid to the corporate reports of economic entities in our country as a means of economy, which will help the economic entities to achieve high figures and take leading places in the world market.

At the same time, certain basic requirements are also set for the corporate reporting of economic entities. They include:

* expediency - the prepared information must be appropriate to the purpose;

* addressability - it is necessary to have effective ways to communicate with users of the report;

* objectivity-information should not be inaccurate or questionable;

* profitability - the cost of data preparation should not exceed the efficiency of information use;

* accuracy - only a small amount of error is allowed in the preparation of data;

* brevity - there should be no redundant information and all information should be clearly stated;

* speed - information must be fast and timely;

* comparison - should be consistent with the time and divisions in the business entities.

Approaches to the concept of corporate reporting of business entities allow to formulate the following main tasks:

- formation of necessary, reliable and complete information on financial and economic activity of business entities;
- protection of property and economic interests of stakeholders of business entities;
- organization of an information-saturated mechanism for self-regulation of business activity of market participants;
- providing information to various groups of stakeholders on the economic, environmental and social responsibility of business entities.

Corporate reporting represents a system of indicators that reflects the company's activities over a period of time. It is also a tool for monitoring and controlling the activities of the corporation by property owners, investors and other information users. Appropriate principles should be followed to formulate a complete and reliable corporate report. Table 2 sets out the principles that serve to make financial information useful for corporate reporting for investors, lenders and other users.

Based on the systematization of these features of corporate reporting principles, this report protects the rights and interests of interested users only on the basis of general relevance, relevance, reliability, comparability, timeliness, impartiality and transparency of information. These principles allow you to create a useful corporate report for investors, lenders and other users. One of the main ways to provide reliable and important information is the professional decision of the accountant.

An independent decision of an expert in the field of accounting means a method of reporting based on special knowledge of the objects of accounting, the experience of the specialist, the practice of reflecting business transactions in uncertainty.

Table 2 Principles of corporate reporting

The principle	Таърифи
Compliance	If this information helps investors and lenders to make various decisions, evaluate the company's past, current and future processes and predict the parameters of future activities, then the financial data is considered appropriate
Timeliness	Decides that users who make decisions will be provided with financial information in a timely manner when they feel the need for information. To further improve the timely delivery of financial information, real-time dialogue (electronic) financial statements are created using commercial reporting language .
Reliability	It is a measure of the authenticity and objectivity of corporate reports and ensures that the information is accurate and useful to users
Truthfulness	If users come to a single conclusion on the exact indicators of the reports using different approaches, then the data will be reliable
Reality	The information provided in the report must be verified
Neutrality	Financial information should be impartial from questionable information (company executives should choose one that is consistent with economic reality when choosing accounting methods)
Comparison	Increases the value of data consumption and the importance of corporate reporting. The amounts reflected and disclosed in the reports should be significant if they affect decision makers
Significance	Affects the quality, integrity and reliability of corporate reporting
Transparency	The results of the company's activities ensure the full disclosure of transactions and financial conditions. The more transparent the corporate reporting process, the easier it will be to assess the quality and nature of the use of corporate reporting.

Source. Research-based author development.

Conclusion

Because it includes all parts of the business and necessitates accuracy, corporate reporting is done by the team rather than by an individual employee.

Accounting financial reporting is the foundation for business entities' corporate reports. Corporate reporting, on the other hand, is a platform for the creation of information that satisfies the changing needs of business entities. For example, in recent years, the integrated report on the sustainable development of business entities has become widespread in the business world.

The Integrated Report on Sustainable Development covers all the requirements of International Financial Reporting Standards. This type of reporting also creates new opportunities for value creation, effective presentation of financial and non-financial information, and business objectives of business entities.

As a result of the study of corporate reporting, it can be said that all types of reports considered only meet the information needs of certain groups of interested users and do not provide a holistic view of the sustainable development of the enterprise. can be solved effectively through.

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