

Modern Trends and Issues of Corporate Reporting Data Disclosure on Organization Activities

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Abstract

The major objective of this study is to review trends and ways to improve the disclosure of organization activities in corporate reporting in the context of increasing stakeholders' needs. The object of study is financial and non-financial companies' reporting. The achievement of this goal included realization of following tasks: 1) to reveal the background of non-financial company reporting maintenance and to identify the stages of corporate reporting model evolution; 2) to examine and validate the process of integrated reporting concept formation and promotion at international scale as it is the main trend of corporate reporting improvement; 3) to identify and disclose problems of non-financial reporting formation and presentation; 4) to study the development of corporate reporting standardization with regard to the disclosure of non-financial information on company's activities; and 5) to assess the prevalence of non-financial reporting within Russian corporate practices. The study involves comparative analysis of the Guide to Sustainability Reporting and the International Integrated Reporting Council. According to its results, non-financial reporting, remaining voluntary, becomes common practice and evidence of a strong corporate culture. In conclusion, the article introduces the directions of non-financial reporting further development, implementation of which could expand the corporate practice of its formation throughout the world.

Keywords: non-financial reporting, integrated reporting, IIRC, standardization of corporate reporting

1. Introduction

Currently, the most important trend in corporate reporting development is the improvement of its information content whilst increasing stakeholders' needs, i.e. a wide range of stakeholders who use information on company activities.

The need to improve disclosure within corporate reporting in the directions of non-financial data expansion (this data is included in financial statements), reporting on sustainable development and integrated reporting formation is recognized throughout the world, as evidenced by the great response to this problem within professional community during the last two decades.

At the same, time non-financial reporting generation, both in Russia and abroad, is an innovation in corporate practices; many issues associated with the new format of data reporting are not developed enough. This requires studies on proven experience and generation of common approaches to corporate reporting preparation, corresponding global changes in the environment, social and economic life. The abovementioned approaches to the problem must be adequate to the effective widespread use of this corporate reporting.

1.1 Study Goals and Hypotheses

1.1.1 Study Goals

The goal of this study is to review trends and ways to improve the disclosure of organization activities in corporate reporting in the context of increasing stakeholders' needs. The object of study is financial and non-financial companies' reporting.

The achievement of this goal requires realization of the following tasks:

- 1) to reveal the background of non-financial company reporting maintenance and to identify the stages of corporate reporting model evolution
- 2) to examine and validate the process of integrated reporting concept formation and promotion at international scale as it is the main trend of corporate reporting improvement
- 3) to identify and disclose problems of non-financial reporting formation and presentation
- 4) to study the development of corporate reporting standardization with regard to the disclosure of non-financial information on company's activities
- 5) to assess the prevalence of non-financial reporting within Russian corporate practices

1.1.2 Study Hypotheses

The study goals achievement includes testing of the following hypotheses:

H1: Changes in business model of corporations' functioning, growth of society's expectations regarding social responsibility, environmental safety, business transparency and accountability require changes in corporate reporting model.

H2: The current trend of corporate reporting development is transitioning from financial reporting to integrated reporting.

H3: Extension of non-financial reporting presentation practices depends on a number of challenges, most corporate reporting standardization

2. Literature Review

Many investigators have observed that the most important challenge in corporate reporting is the presentation of the content in a manner that is visually appealing to its users.

Thus, R. Eccles and S. DiPiazza consider it appropriate to supplement accounting records with information on intellectual capital and non-financial data for decision making (DiPiazza S.A., Eccles R.J., 2003). Despite the fact that reporting does not reflect intellectual capital, natural capital, etc., one has to agree, taking into account the significant downward trend in the tangible assets proportion within corporate assets market value.

Professor A. Howell believes it is necessary to change the structure of financial reporting paying much attention to information on intangible factors of value creation and logic of "money production" (Melikhov V.A., 2014). Academic papers by M.V. Ambrosimova, O.A. Kuzmenko, M.A. Vahrusjina, N.V. Malinovskaya, V.G. Getman, V.G. Kogdenko, M.V. Melnik introduce comments on the concept of integrated reporting and consider the problem of balance among integrated and other types of reporting.

Certain aspects of integrated reporting preparation are highlighted in scientific articles by S.V. Levicheva, N.V. Pislegina, U.U. Roschektaeva, M.V. Fomin, O.B. Fomina. Scientific works by M.I. Kuter, A.F. Habibullina, V.A. Melikhov are dedicated to issues of forming integrated reporting in certain scopes of activity.

3. Research Methodology

Research tools of this study are presented by the following scientific methods: analysis and synthesis, induction and deduction, specification and generalization, comparison, observation, abstraction, formalization, analogy, historical, logical and systematic approaches.

The study also used the private methods of scientific knowledge, including non-formalized methods, namely comparison, construction of analytical tables, expert evaluation, situation analysis and forecasting; methods of mathematical statistics and economic analysis.

4. Results and Discussion

4.1 Background and stages of corporate reporting model evolution

The increasing role and importance of non-financial reporting is influenced greatly by existing insufficient practice of providing information in financial reporting, that is not able to satisfy information needs of all interested users, including public authorities, management, owners, investors, business partners, suppliers, customers, staff .

Despite the successful standardization of financial reporting (the construction of a reporting standards common

system, based on common accounting principles and methods; world corporate practice widely uses International Financial Reporting Standards - IFRSs), many foreign and national experts notice the lack of financial reporting informativity, its limited review of company activities and results.

At the same time, the fact that the financial reporting extends excessively, complexifies and often requires special financial expertise, does not contribute to enhancing the value of this data source for company stakeholders' decision-making.

Current problems of financial reporting include:

- inability to reflect the real company condition and results of its accounting methods activity;
- decrease in trust of reporting users;
- insufficient disclosure of information to identify the financial and non-financial factors of value creation;
- provision of information on financial capital in absence or incomplete disclosure of information on other forms of capital used by the company, namely, industrial, intellectual, human, social and natural capitals;
- focus on company's financial performance in the absence of possibility to assess the company's impact on economic, social and natural environment, as well as on disclosure of social and ecological externalities;
- lack of accounting data for reliable forecasts;
- absence of forward-looking orientation, that takes into account strategic goals and all kinds of company's risks.

Thus, financial reporting is gradually losing its function as the primary mean of communication between organizations and a wide range of stakeholders.

In the context of changes within business and corporations' functioning model, corporate reporting model obviously requires changes. Since the formation of current model financial reporting patterns have undergone significant change in the approach to business, value forming and the business environment, public expectations with regard to social responsibility, environmental security, transparency and corporate accountability have increased.

It is directly linked to the actualization of the sustainable development concept that requires consideration of interrelated economic, social and environmental aspects as well as the concept of corporate social responsibility, aimed to balance the interests of organization and its stakeholders.

The concept of sustainable development is now recognized worldwide. In Russia, in 1996, presidential decree approved the Concept of the Russian Federation transition to sustainable development. The Commission of the State Duma of the Russian Federation developed main provisions of the sustainable development strategy in Russia. At the same time, the practical implementation of sustainable development concept at the microeconomic level gives an indication of its insufficient application within organizations.

According to the current ideological approaches to sustainable and balanced development, organizations should not only seek to make a profit or maximize the value of the business, but also care about the positive social and environmental externalities. In this regard, a gradual evolution of corporate reporting takes place, involving the following basic steps:

1. The financial statements in the narrow sense (Financial statements) are mandatory for the compilation of organizations, especially in public, on the basis of financial reporting standards, including the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, notes;
2. The financial statements in the broad sense (Financial reporting / reports), consisting of a standard financial statements and other information, including a review of the company in terms of management policy and risks in the field of corporate governance, certain aspects of activities related to social and environmental responsibility;
3. Reporting, consisting of financial and non-financial reporting, reporting on sustainable development (Sustainability reporting / reports), including a report on the management of corporations (corporate governance reports), the report on social responsibility (social responsibility reports), the report on the environmental responsibility (environmental responsibility reports);
4. Integrated reporting as part of an expanded, more complete financial and non-financial information.

Preparation of non-financial reporting as a report on corporate social responsibility, sustainability reports, or as part of integrated reporting, has undeniable advantages, such as:

- 1) it indicates the organization's social responsibility;
- 2) it demonstrates commitment to openness, transparency and accountability;
- 3) it enhances the effectiveness of the organization in the environmental and social areas, adherence to high standards of business ethics;

- 4) it enables companies to develop interaction with stakeholders and strengthen the credibility of the organization, to improve the international reputation, improve the quality of corporate governance.

4.2 *The transition to Integrated Reporting as the Main Development Trend of Corporate Reporting*

The main trend of corporate accountability at the present stage is the transition from financial reporting to integrated reporting.

The emergence of this trend of corporate accountability was formalized in 2010 by the International Accounting Community at the VIII World Congress of Accountants and Auditors of Malaysia (Kuala Lumpur), which has proclaimed the need for a transition from financial reporting to integrated reporting.

The Third International Conference held in May 2010 in Amsterdam and dedicated to the non-financial reporting, which was attended by 1215 people from 77 countries serves as a proof to the relevance of corporate reporting problem. The conference was attended by representatives of eight stakeholder groups: business, science, auditors, financial and social sectors, trade unions, non-profit and government organizations.

This conference set an ambitious goal – by 2015 all large- and medium-sized organizations in most of the participating countries are to prepare a report in a new format that brings together financial and non-financial parameters, confirming a strong interest in the topic.

The practice of preparing large organizations and public reporting on sustainability and their inclusion in the reporting cycle has been supported on the United Nations Conference on Sustainable Development, held in Rio de Janeiro in June 2012.

In order to develop an integrated approach to corporate reporting and to unify information provided to stakeholders by corporations, in 2010 the International Integrated Reporting Council (IIRC) was established.

It consists of representatives of the professional accounting community, standards developers and investors. IIRC's mission is to create an internationally recognized concept of integrated reporting, which includes financial, environmental, social, information and management information in a clear, concise, consistent and comparable format¹. It should be noted that the IIRC is actively cooperating with Integrated Reporting Committee of South Africa (IRCSA), created in 2010. This organization plays a significant role in shaping and advancing the concept of integrated reporting.

The Russian business community is also actively involved in the process. To promote the concept of integrated reporting in the Russian Federation on the initiative of the State Corporation "Rosatom" with the support IIRC, Russian Regional Network of Integrated Reporting, which has its own website, has been created in August 2012². This network's aim is to discuss integrated reporting related issues. Russian participants of the Regional Integrated Reporting Network are Rosatom, NK Rosneft, Group of companies Da-strategy, Uralsib, Gazprom, MMC Norilsk Nickel and others.

4.3 *Problems of Non-financial Reporting Formation and Presentation*

Despite the global resonance received by problems of corporate reporting data disclosure within scientific and business circles, a number of contentious issues and unsolved problems related to non-financial reporting can be identified. These, generally speaking, include:

- major goal and ratio of reporting on sustainability and integrated reporting;
- ratio of traditional financial and non-financial reporting;
- standardization of non-financial reporting;
- volume and nature of non-financial reporting data disclosure, search for a compromise between business transparency and risk of trade secrets disclosure;
- methodological basis of non-financial forms of capital;
- effectiveness of non-financial reporting;
- assessment of non-financial reporting relevance and procedure of data confirmation.

Constructive solution to these problems influences largely on further practical implementation of integrated reporting concept, as well as whether non-financial reporting becomes effective and, which is very important, generally accepted business communication tool.

In response to the current changes, many corporations around the world are preparing separate reports, which reflect issues of governance institutions, social and environmental business responsibility. These reports are called

¹ Available: <http://www.accountingforsustainability.org/connected-reporting/current-development>

² Available: <http://www.ir.org.ru>

corporate social responsibility reports or sustainability reports. They allow to assess corporations' impact on society and environment, their efforts in the areas of environmental, social and public accountability.

Quite a number of companies form integrated reporting. According to the IIRC definition, integrated reporting is a process resulting in integrated report as a mean of time value creation informing.

Integrated Report is a brief means of information in a way organization's strategy, management, results and prospects lead to the creation of value in short, medium and long term³.

Herewith, integrated reporting combines financial and non-financial reporting in a single unit that allows to identify the organization's ability to generate and maintain the value. The main result of integrated reporting is integrated report.

In this regard, it should be noted that there are certain features in abovementioned options of non-financial corporate reporting disclosure: as a sustainability report or as a part of integrated reporting, due to their major goals.

The main goal of sustainability reporting is not only to satisfy information needs of all stakeholders, but also, and especially, to promote good governance, social responsibility and environmental business safety.

This is achieved by using the so-called mechanism of responsible investment through encouraging investment in the company, forming and introducing reports according ESG-factors (environmental, social, governance).

International organizations, first of all the United Nations, recognized the role that institutional investors can play in stimulating resolution of environmental, social and corporate governance issues. As a result of the work carried out since the late 1990s - early 2000s to promote the principles of corporate social responsibility and involvement of investors into this process, there have been developed and spread international projects in the field of responsible investing - Financial Initiative of the UN Environment Programme (UNEP FI, 1992), the Equator Principles (2003), Principles for Responsible Investment (2005), etc.

Therewith, the fundamental goal of integrated reporting is to improve informativity of company's strategy development and strategic business management, transparency of value formation and business accountability. This reporting is primarily for managers and company owners as well as for capital owners.

Currently, the question remains open on how integrated reporting should be formed in terms of non-financial information, as well as how financial and non-financial reporting should be linked.

Taking into account different opinions on this issue, it is belief that integrated reporting can be represented as a union of financial information with non-financial information in the field of sustainable development.

However, the terms of the International Integrated Reporting Council suggests, along with the cumulative impact of business environmental economic, natural and social environment, prior disclosure of the value creation fundamental factors, and therefore the scope of integrated reporting is much wider than that of sustainability reporting.

Most experts in corporate accountability agree that at this stage the preparation of a comprehensive, integrated report provides the best quality of information disclosure on company activities.

4.3.1 Development of Corporate Reporting Standards in terms of Non-financial Data Disclosure

Standardization of reporting on sustainability and integrated reporting is the most important issue of non-financial data disclosure within the corporate reporting.

The efforts to standardize reporting on the sustainability were taken by various international organizations, including the following:

- United Nations Conference on Trade and Development (UNCTAD) has developed a series of guidelines for reporting on corporate social responsibility:
 - 2004 - Manual for the Preparers and Users of Eco-efficiency Indicators in Annual Reports⁴;
 - 2006 - Guidance on Good Practices in Corporate Governance Disclosure⁵;
 - 2008 - Guidance on Corporate Responsibility Indicators in Annual Reports⁶;
 - 2010 - Investment and Enterprise Responsibility Review⁷;

³ Available: <http://www.theiirc.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf>

⁴ Manual for the Preparers and Users of Eco-efficiency Indicators in Annual Reports (UNCTAD (2004)) [Online] Available: http://www.unctad.org/en/docs/iteipc20037_en.pdf

⁵ Guidance on Good Practices in Corporate Governance Disclosure (UNCTAD (2006)) [Online] Available: http://www.unctad.org/en/docs/iteteb20063_en.pdf

⁶ Guidance on Corporate Responsibility Indicators in Annual Reports (UNCTAD (2008)) [Online] Available: http://www.unctad.org/en/doc/iteteb20076_en.pdf

⁷ Investment and Enterprise Responsibility Review (UNCTAD (2010)) [Online] Available: http://www.unctad.org/en/docs/diaeed20101_en.pdf

- in 2000 Organization for Economic Cooperation and Development (OECD) issued Guidelines for Multinational Enterprises⁸;
- in 2008 the international organization AccountAbility (AA) developed AA 1000 AccountAbility Principles Standard⁹;
- International Standards Organization (ISO) developed a set of standards relating to issues of social and environmental responsibility, including the ISO 26000 "Guidance on Social Responsibility".

As part of the characteristics of the corporate social responsibility reporting methodology it is worth to indicate that with the initiative of the Russian Union of Industrialists and Entrepreneurs (RSPP) in 2004, Russia developed the Social Charter of Russian business, which is a set of fundamental principles of socially responsible business practices, applicable to the activities of any organization. In 2007, the Social Charter was officially recognized as a national document corresponding to the UN Global Compact.

The Social Charter is a voluntary initiative of the Russian business, based on the recognition of the business community's active role in social development. The Charter is based on the set of principles regarding economic freedom and social responsibility.

In addition to the Social Charter, the Russian Union of Industrialists and Entrepreneurs developed a system of basic performance indicators, i.e. indicators of economic, social and environmental performance of organizations, which can be used in non-financial reporting preparation.

While preparing non-financial reporting, organizations can use any guidelines and recommendations. However, at present, the world's greatest recognition have the Sustainability Reporting Guidelines (GRI Guidelines) and Global Reporting Initiative (GRI), designed and issued in 1997. In 2013, the new version of the guidelines, G4 Sustainability Reporting Guidelines, was issued.

According to the information-analytical portal on corporate social responsibility they often choose standard GRI¹⁰ while preparing company's non-financial reporting. In 2011, Global Reporting Initiative launched a database of non-financial reports prepared in accordance with the GRI standards, which contains records of more than 3,000 companies worldwide¹¹.

In this regard, it should be noted that the first Russian state corporations, that released reports in 2010, reflecting the impact of sustainable development, were Vnesheconombank and Rosatom. Both reports were prepared in accordance to the Guidelines for reporting on sustainability GRI.

In December 2013, International Integrated Reporting Council was published. It provided the definition of integrated reporting, stated the basic principles of reporting, presented the content and nature of its elements, and defined the objectives of reporting and its users.

In accordance with this International Council, integrated reporting was defined as "a brief report on how organization's strategy, management, results and prospects in the context of the external environment, result in creation of value in short, medium and long term." The International Integrated Reporting Council indicates that the main objective is to establish a value in the interests of all stakeholders, i.e. accumulation of all capital types.

Comparing the key indicators of reporting on sustainable development and integrated reporting, some differences should be noted.

Key indicators of reporting on sustainable development are grouped according to three components¹²:

- 1) Economic component (created and distributed direct economic value, including revenues, operating costs, employee compensations, compensations to suppliers of raw materials, compensations to capital providers, payments to the state, donations and other community investments, undistributed profits);
- 2) Environmental component (the results of activities related to the input, such as raw materials, energy, water, and output streams, such as emissions, discharges, waste, as well as costs related to the environment);
- 3) Social component (the number of employees and staff turnover, relations between employees and management, health and safety at work, training and education, salary and benefits package, investments in social projects).

Typical features of integrated reporting include¹³:

⁸ Guidelines for Multinational Enterprises [Online] Available: <http://www.oecd.org/dataoecd/56/36/1922428.pdf>

⁹ Available: <http://www.accountability.org/about-us/publications/aa1000.html>

¹⁰ Available: <http://www.csrjournal.com>

¹¹ Available: database.globalreporting.org

¹² Available: <http://www.globalreporting.org/resource/library/Russian-G3-Reporting-Guidelines.pdf>

¹³ Available: <http://www.theiirc.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf>

- disclosure of the six types of capital used by the company, namely the financial, industrial, intellectual, human, social and natural capital;
- the inclusion of company's business model characteristics, namely, information on resources, business processes, products and benefit formula, representing a business model as a tool to create value;
- reflection of information on the company's value in the short, medium and long term.

As part of data presentation of the six capital types, integrated reporting should reflect:

- 1) Financial capital - money of investors and creditors, invested in the company for a long period;
- 2) Industrial capital - means of production, which are directly involved in the implementation of operational activities;
- 3) Intellectual capital - a set of identifiable and unidentifiable intangible assets, which form a source of intellectual property and organizational capital;
- 4) Human capital - a set of knowledge, experience, skills and qualifications of employees, their abilities, opportunities in business strategy implementation, initiative, motivation for innovation;
- 5) Social capital - the company's reputation in the community; social relationships with customers, suppliers, business partners, employees, public authorities, which are the source of benefits;
- 6) Natural capital - renewable and non-renewable natural resources, which are involved in economic activities of organization.

It should be noted that the importance of certain capital types for different organizations varies. In this regard, information on certain types of capital cannot be reflected in integrated reporting.

In addition to the undoubted advantages, integrated reporting has certain drawbacks. The main ones include:

- increased risk of trade secrets disclosure;
- insufficient development of methodologies to assess non-financial forms of capital;
- lack of reliable predictive information;
- increased reputational risks associated with the quality and reliability of information;
- lack of effectiveness in reporting preparation related to the additional costs on the formation of non-financial reporting and poor accounting systems in sustainable development.

As rightly noted by Professor M.V. Melnik and Professor V.G. Kogdenko, "a key advantage of integrated reporting is that it becomes a tool for managing the value created in the interests of all stakeholders; the key disadvantage is that it discloses a management information that can be used in competitive activity » (Kogdenko V.G., Melnik M.V., 2014).

4.3.2 Approaches to Non-financial Reporting Confirmation

One of the insufficiently developed problems, related to non-financial reporting, is the assessment of its relevance and the order of data confirmation.

The transition to a new version of the Standard GRI G4 makes the determination of relevance the key process for non-financial reporting, as current companies must not only define the essential aspects, but also report on how they organize the process, and then disclose each of the topics identified in the report.

According to experts of "KPMG" Ltd., "many Russian companies are facing difficulties with relevance statement process, as neither the Guide GRI, nor any other reporting standards have explicitly described process, but only key elements and general recommendations»¹⁴.

To increase the credibility to publish non-financial reports, companies use a variety of approaches, including internal audit and external assurance of the report; this includes non-financial audit and public report attestation.

Non-financial audit is testing of data provided in non-financial reporting that organization holds, providing professional audit services. According to the results of non-financial auditing, the auditor's report is prepared and published. Public attestation is an expertise of non-financial reports by external stakeholders.

Conducting public attestation can pursue a variety of goals, including: assessment of relevance and completeness of report information, confirmation of report preparation, taking into account the views of stakeholders, preparation of stakeholders' recommendations on the development of corporate social responsibility topics and disclosure of relevant information in company's non-financial reporting. The result is a published report with the conclusion on public attestation, signed by the representatives of the parties concerned.

¹⁴ Available: <http://www.kpmg.com/RU/ru/IssuesAndInsights/ArticlesPublications/press-releases/Pages/Nonfinancial-reporting-seminar.aspx>

Thus, in particular the Russian Union of Industrialists and Entrepreneurs has the Council for the Non-Financial Reporting, which provides public attestation of corporate reports to confirm the relevance and completeness of non-financial report disclosures on the results of company's activities in accordance with the principles of responsible business practices laid down in the Social Charter of Russian Business.

4.4 Analysis and Assessment of Spreading Financial Reporting in Russian Corporate Practice

The number of companies assuming obligations to provide non-financial reporting in Russia and throughout the world is growing yearly.

The National Register of Corporate Non-Financial Reports, formed by the Russian Union of Industrialists and Entrepreneurs, introduced non-financial reports of 158 organizations. As of 04.12.2015, since 2000, Russia has introduced 620 non-financial reports, including 52 environmental (ER) and 258 social (SR), 201 reports on sustainable development (SDR), 86 integrated reports (IR) and 23 sectoral reports.

Distribution of reports listed in the National Register of non-financial reporting in terms of activity types is presented in Table 1.

Table 1. Distribution of Russian companies' non-financial reporting in terms of activity types¹⁵

Company's economic activity	Number of companies	Number of reports				
		IR	SDR	SR	ER	total
Oil and Gas	19	0	79	9	28	116
Energy generating industry	40	52	40	41	5	138
Metallurgy and Mining	17	6	22	42	0	70
Manufacture of machinery and equipment	2	2	0	0	0	2
Chemical, petrochemical, perfumery	12	21	12	21	0	54
Wood, pulp and paper	4	0	0	4	15	19
Manufacture of food products	9	0	16	20	0	36
Telecommunications	10	2	5	21	0	28
Finance and Insurance	17	3	13	55	0	71
Housing and utilities	4	0	0	11	1	12
Cement production and construction	2	0	1	0	1	2
Education, health	5	0	0	10	0	10
Transport	5	0	3	10	2	15
Other services	3	0	7	1	0	8
Nonprofits organizations	5	0	3	13	0	16
TOTAL	154	86	201	258	52	597
Industry reports	4	0	1	22	0	23
TOTAL	158	86	202	280	52	620

According to the given data, non-financial reporting, remaining voluntary, becomes common practice and evidence of a strong corporate culture. Non-financial report is the public face of the company, as well as the public proof of effective reputation management and responsible competition.

At the same time, it should be stated that the formation and presentation of non-financial reporting by Russian companies is currently characterized by a wide variety of report types, range of their publication frequency and variability of reporting periods. In this regard, non-financial reporting has a different content, format and structure, which complicates its analysis, interpretation and assessment of management decisions by the company stakeholders.

5. Conclusion and Recommendations

Thus, in spite of existing issues, the development of non-financial reporting as a tool to support management decisions by all stakeholders is provided by a number of objective reasons, including the worldwide practice of intangible assets and risk management, requirements of regulators and the growing interest on the part of civil society.

Preparation of non-financial reporting by means of reports on corporate social responsibility, sustainability reports,

¹⁵ Available: <http://www.rssp.ru>

or as part of integrated reporting, has undeniable advantages, and integrated reporting can rightly be called corporate reporting of the future.

All of the above underscores the need of comprehensive constructive solution of problems related to the disclosure of information on corporate social responsibility, formation and representation of non-financial reporting. In this context, it seems appropriate:

- to further develop the standardization and unification of non-financial reporting;
- to find the optimum volume of disclosures in non-financial reporting. the compromise between business transparency and risk of trade secrets disclosure
- to improve the efficiency of non-financial reporting;
- to develop the methodological support for evaluation of non-financial forms of capital;
- to improve approaches to validation of non-financial reporting.

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- Guidelines for Multinational Enterprises [Online] Available: <http://www.oecd.org/dataoecd/56/36/1922428.pdf>
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