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## INTEGRATED REPORTING AS A TOOL OF CREATING A COMPANY VALUE

Integrated reporting is a conglomerate of accounting and management reports that reflect the ability of an enterprise to generate value, is provided to external users for decision-making. The influence of the company on its internal and external environment is understood through the value created for each stakeholder. This leads to several dimensions that need to be considered when publishing the results of annual reporting. Thus, value creation is associated with various types of productivity that target different categories of stakeholders. Non-financial reporting helps enterprises improve relationships with their stakeholders. Some of the reasons that encourage enterprises to report sustainability indicators in their reports are the need to comply with the law, to promote their achievements in this area to meet the expectations of stakeholders, and to avoid the risk of losing their reputation.

Along with sustainability reports, another initiative to integrate environmental and social aspects into corporate value assessment is integrated reporting. It seems that integrated reporting explains how enterprises create value over time and contribute to the development of integrated thinking within the firm. The first public discussion on what "value creation" is and to whom it is addressed was conducted by the International Integrated Reporting Council (IIRC) in a 2011 discussion paper. 214 requests and questions were received, and most of them were related to the desire to provide more detailed information about the beneficiaries of value creation, to give examples. A look at the practical value of integrated reporting was presented by IIRC through the Value Creation series. The main purpose of these publications was to explain how the practice of integrated reporting creates value for the board, for investors and for the organization through the concept of integrated thinking. All these documents stipulate that integrated reporting is more focused on "value to others" than "value to the organization" [1].

The main objective of this study is to determine how the various value creation tools correspond to the content of the International Integrated Reporting Framework and can be implemented to convey the value created in the integrated report. In this regard, a list of six capitals was compiled in accordance with the principles of the International Integrated Reporting Framework (IIRF) for the formation of enterprise value (value-added) (Table 1).

Table 1

Sources of enterprise value formation

| № | The object of creation of value (added value) |
|---|---|
| 1 | Financial capital (dividends, interest) |
| 2 | Production capital (depreciation, infrastructure costs) |
| 3 | Intellectual capital (patents, copyrights, software) |
| 4 | Human capital (employee costs) |
| 5 | Social and relationship capital (donations, contributions to social programs, taxes) |
| 6 | Natural capital (environmental capital and running costs) |

* *Source:* Based on [1; 2; 3]

Understanding how consistent or incompatible the provision of the International Integrated Reporting Framework (IIRF) is, each value creation tool is considered, gives the company the greatest benefit from the information obtained by using these tools. However, it is expected that none of the instruments will fully comply with IIRF, because otherwise, integrated reporting should also not be entirely regulated like financial reporting. Given this, the company will strive to adopt the principle of integrated reporting. The use of these tools should not be based on accounting principles, but rather on a more clearly defined methodology.

Today there is no exact explanation of the Ukrainian legislation on the information that the integrated report should contain, as well as the exact format of the document. So, no one really knows what to represent when creating value in their reports, as described in the International Integrated Reporting Framework (IIRF). Understanding an existing tool designed to create value can be useful at the time of preparation of the annual report in the interests of various stakeholders [2]. As mentioned earlier, these tools provide more precise steps that must be followed. This allows you to turn the result obtained by using the tool into a resource for creating (added) value in an integrated report.

## Reference


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