Corporate accounting policy as a formation tool for integrated reporting in agribusiness enterprises

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Abstract. The paper deals with the issue of insufficient elaboration of methodological tools for the development of integrated reporting in Russian enterprises of the agro-industrial complex (hereinafter referred to as the AIC). Large businesses have branches that specialize in different types of activities, which forces the parent company to unify the methodology for composing integrated reporting. For implementation of this action, it is suggested to create a set of indicators for resource potential disclosure of integrated reporting capitals, which should be formed through certain types of accounting, the methods of maintaining which should be reflected in the corporate accounting policy. Reports of Russian companies of the agro-industrial complex were analyzed in the course of the research. As a consequence, groups of indicators were found revealing the resource potential of the integrated reporting capital. Considering the peculiarity of the studied type of reporting, which is a high level of data content due to the disclosure of financial and non-financial indicators in it, the structure of corporate accounting policy for the formation of integrated reporting is suggested. It offers data disclosing the types of accounting to create indicators of the resource potential of integrated reporting capitals.

1 Introduction

Integrated reporting is an essential source of information for interested users, consisting primarily of investors, creditors, owners, and managers. It reflects the relationship between financial and non-financial data in the scope of six types of capital: financial, production, human, social and reputational, natural, and knowledge-based. It also discloses information about the company's strategy, achievements, and management style, with an emphasis on the relationship between these content elements.

In recent years, integrated reporting has become the most common non-financial reporting among Russian companies. On the website of the Russian Union of Industrialists and Entrepreneurs, one can see that integrated reporting is most popular among companies in the

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chemical, petrochemical, oil and gas as well as power economy sectors. Such giants of the business world as PAO “RusHydro”, AO “Atomenergomash”, PAO “INTER RAO”, AO “TVEL”, etc. along with statutory consolidated financial statements, form integrated reporting.

Taking into account the fact that Russia is an agricultural country and it requires the development of the agro-industrial sector, including by attracting investments, there is a need for integrated reporting formation by Russian agro-industrial companies. This will unlock the company's resource potential within six capitals and inform interested users regarding the development strategy of the organization.

The basic document for the preparation of integrated reporting is the international integrated reporting standard (hereinafter-IIRS), which uncovers the key principles determining the overall content of the integrated report. Their use makes it possible to meet the requirements in a variety of circumstances. Moreover, this standard defines the responsibility of individuals for creating an integrated report and suggests using professional judgment when preparing it. It is worth noting that if the assumptions of the drafters and certain circumstances change, the integrated reporting may change in each reporting period. This will result in a violation of the principle of comparability and a lack of understanding among reporting users. For the purpose of avoiding this circumstance, it is suggested that integrated reporting organizations develop a corporate accounting policy on the basis of IIRS accounting the particularities and industry characteristics of the given company. Corporate accounting policy defined as the particular principles, frameworks, generally accepted terms, rules, and practices applied by the entity in the preparation and presentation of financial reporting. Data included in it is a tool for accounting within the enterprise. This is an internal digest of laws and rules of the accounting process, which enables one to form indicators of the company's resource potential under the six capitals of integrated reporting.

2 Materials and Methods

When forming a corporate accounting policy within economic integration, it is essential to use such types of accounting as financial, tax, managerial, social, and environmental. This will give an opportunity to develop a set of indicators for the integrated report under six capitals, as well as to specify the methodology for calculation of each indicator. These actions will provide a boon to the development of integrated accounting and integrated reporting methods.

In the study we used general scientific methods, including a comparative analysis of management reports of Russian companies in the agro-industrial complex, which identified the most popular indicators for reflecting the capital of integrated reporting. The analysis of practices and approaches to the development of corporate accounting policy was also performed. The use of these methods enabled us to reach our targets and obtain the following results.

3 Results and Discussion

Accounting policy is the fundamental document upon which the company's accounting is carried out. The overriding priority in the formation of corporate accounting policy is to identify such significant factors as:

- form of ownership and organizational and legal form of enterprises belonging to the group of companies;
- types of activities;
- organizational chart;

- the scope of activity of enterprises, the average number of employees, etc.;
- correlation of tax systems;
- strategy of financial and economic development of the holding company;
- the system of financial interest in the performance of the enterprise and financial responsibility for the range of duties performed.

It is necessary to point out that when forming a corporate accounting policy, an essential point is to define a uniform accounting period for all group members of the companies. It is commonly known that in Russian companies, the reporting date and reporting period are standardized for the preparation of financial statements, and this rule is enforced automatically [1]. Nevertheless, the consolidated group may also include foreign companies where the reporting date and the reporting period may differ. Consequently, these companies will be obliged to prepare their reports in conformance with the rules and within the time limits determined in the corporate accounting policy.

Corporate accounting policies in Russian practice are already being developed by large companies for the preparation of consolidated financial statements (hereinafter referred to as CFS) regulated by IFRS. This is how IFRS 10 “Consolidated financial statements” are presented. This standard provides specific points related to accounting policies for accounting purposes. The document contains data that the parent company has to form a CFS using a single accounting policy to reflect “similar operations and other events under similar circumstances”. The basic document for the preparation of corporate accounting policies for accounting purposes and, consequently, the formation of consolidated financial statements, is IAS 8 “Accounting policies, changes in accounting estimates and errors”, which States that accounting policies may not specify all requirements, and therefore the accountant needs to use his professional judgment and prepare reports the way that interested users can understand and evaluate the results of the company's activities and economic events. In forming the corporate accounting policy, we consider the necessity to specify the accounting rules as much as possible in order not to violate the principle of reporting comparability.

Therefore, when forming corporate accounting policies for financial accounting purposes, IFRS 8 “Accounting policies, changes in accounting estimates and errors” and IFRS 10 “Consolidated financial statements” are used. Yet financial indicators are only part of the data layer reflected in the integrated reporting. Besides consolidated financial statements, Russian agribusiness companies, such as agro-industrial group of companies “YUG RUSI”, AO “ASTON”, RUSAGRO, and Kuban agricultural holding company, generate management reports. Conducting a comparative analysis of the management reports of these companies, the indicators used for the revelation of resource potential were identified. In the event of integrated reporting, the chosen indicators should be assigned as follows. (table 1).

Table 1. Capital indicators of Russian agro-industrial companies.

Ser. No.	Capital indicators
1.	Financial capital
1.1.	Amount of long-term and short-term book debts and liabilities
1.2.	Main debtors and creditors
1.3.	EBITDA
1.4.	NOPAT
1.5.	EP
1.6.	Earnings per share (EPS)
1.7.	Operating cash flow
1.8.	Investment cash flow
1.9.	Financing cash flow

2.	Production
2.1.	Fixed assets value
2.2.	INVESTED
3.	Human
3.1.	Total number of employees at the end of the year
3.2.	Number of employees who completed educational programs and advanced training in the reporting year, broken down by category (profession)
4.	Knowledge based
4.1.	R&D cost
4.2.	Brand cost
4.3.	Data security (preserving the integrity, availability, and confidentiality of data);
4.4.	Security of programs and applications.
5.	Social and reputational
5.1.	Discounts and promotions
5.2.	Changes in market prices of goods
5.3.	Sponsorship
5.4.	Business environment, industry infrastructure, sales market for the industry's products, serving households
5.5.	The company's share of ordinary shares in relation to all shareholders The company's share of preferred shares in relation to all shareholders.
6.	Natural
6.1.	Raw material base
6.2.	Ecological evaluation of suppliers
6.3.	Ecological resources (biota)

For reflection of the presented indicators in the integrated reporting, it is required to supplement the corporate accounting policy with rules for conducting other types of accounting that would allow generating these indicators.

It is known that relations in the holding company must be built on the basis of reliable and available information for each group of members. Thus, “the role of accounting in providing the company's operations is increasing, and the accounting system is undergoing significant changes.” [2]. Thus, in addition to accounting and tax issues, large companies of the agro-industrial complex perform managerial, social and environmental types of accounting, which likewise have their own particularities and methods of calculation.

Management accounting is a system aiming at optimization of economic actions in order to implement efficient planning. [3,4]. In the process of studying the essence of management accounting economists Rybyantseva M. S. and Batalov D. A. found that management accounting should prepare and form data on which it is possible to make management judgments aimed at improving and optimizing the production process and management as a whole. [5]. Today, in Russian practice, there is an accounting policy for the purposes of management accounting, which includes: organization, technique and methodology for implementing and maintaining management accounting [6]. These elements of accounting policy for management purposes help to optimize control functions in large companies. That is why we deem it advisable to include this section of accounting in the corporate accounting policy.

One more important aspect of corporate accounting policy is social accounting, through which the results of the company's social policy implementation are revealed. It is known that employees are the most significant resource of a business that needs constant support and encouragement. Social accounting is maintained in accordance with the AA1000

standards, the sustainable development reporting guidelines (G4), and the practical recommendations of accountants and auditors.

Economist E. M. Aligadzhiyeva dedicated her works to the formation and development of social accounting. She highlights the features and elements of social accounting, including individual factors of social significance, public accounting, evaluation of public projects, and others [7].

It should be mentioned that E. M. Aligadzhiyeva includes environmental accounting in the social accounting system. She considers it as an accounting system that generates indicators that describe environmental activities, as well as the distribution of funds for its activities [8]. Environmental protection measures are aimed at enhancing the ecological state, including under production activities, as well as the efficient use of natural resources, their protection and restoration.

By the way of comparison of social and environmental accounting, it may be concluded that the key difference is the scope of social concerns and their reflection. Undoubtedly, it is difficult to disagree with this statement. Social accounting is really broader than environmental one, because it covers not only the social resources of the company, but also the interaction of the organization with society as a whole. To our mind, the introduction of environmental accounting in the social structure for agricultural companies is reasonable, since all enterprises in this industry have a need to maintain environmental accounting.

Having regard to the above, we consider that the corporate accounting policy should contain the following types of accounting:

- accounting policy for financial accounting purposes: contains methods and methods of accounting, industry characteristics of subsidiaries, as well as financial indicators of all integrated reporting funds;
- accounting policy for management accounting purposes: reflects the procedure of management accounting, planning and generation of all assets indicators in integrated reporting;
- accounting policy for social accounting purposes: collection and registration of information for assessing social costs and social liabilities in order to form, first of all, indicators of human, natural and social and reputational capital assets of integrated reporting;
- accounting policy for environmental accounting purposes: collection and recording of data for the assessment of environmental costs and environmental liabilities in order to reflect, as a rule, indicators of human, natural and social and reputational capital assets as part of integrated reporting.

Therefore, we assume that the corporate accounting policy generally has the structure presented in table 2.

Table 2. Corporate accounting policy model for integrated reporting

Ser No.	Sections in the corporate accounting policy
1.	General data (mission, general strategy, company goal)
2.	Corporate governance arrangements
3.	Order of interaction with stakeholders during the generation of an integrated report
4.	Relationship between types of accounting and capital assets of integrated reporting

	Financial capital	Knowledge based capital	Production capital	Human capital	Social and reputational capital	Natural capital
4.1.	Financial accounting					
4.2.	Management accounting					
4.3.				Social accounting		
4.4.						Environmental accounting
	Terms and abbreviations used Goals Area of validity General terms Organization of accounting Methods of assessment of assets and liabilities, methods of accounting of business operations Accounting for payments between separate departments Working chart of accounts Accounting source documents Accounting techniques, applicable registers Procedure for conducting an inventory of assets and liabilities Internal control Formation of financial statements Storage of accounting documents Price formation Methods of sales promotion Annexes of reports					
5.	Data on intellectual property objects					
6.	Evaluation of the company's status in the market, competitiveness of the company					
7.	Risk management					
8.	Evaluation of the impact of the company's activities on the outside world (economic, social, environmental, etc.)					
9.	Predictive information, future prospects (tactical plan)					
10.	Annexes in the form of a short-term development plan for the company					

Table 2 shows that financial and management accounting indicators are contained in each capital of the integrated reporting. Indicators of social accounting in the most part form natural, social and reputational and human capital. Environmental accounting indicators generate an information base primarily for natural capital. In addition to accounting types, there is data on intellectual property, risks, and external factors that have a significant influence on the company's activities. Besides, an essential part of the corporate accounting policy is predictive information, which will enable the implementation of the principle of strategic orientation and future alignment in the formation of integrated reporting [9].

4 Conclusions

Therefore, the unified corporate accounting policy for the preparation of integrated reporting will provide:

- unify the rules for maintaining all types of accounting by members of the group of companies;
- facilitate the work of compilers to collect data and avoid recalculating various indicators;
- to increase the informativeness and quality of integrated reporting by obligatory use of the proposed indicators by all companies, which will also ensure compliance with the principle of comparability;
- optimally distribute the company's resources and use them efficiently;
- carry out an efficient comparative analysis of the performance indicators of the corporate business unit as a whole for different periods, as well as each subsidiary separately.

Informative and visual integrated reporting will enhance investment attractiveness, increase the level of trust in the organization from interested users, and allow experts to evaluate the reliability and prospects of the company.

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