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NON-FINANCIAL REPORTING: ESSENCE AND PURPOSE

Annotation. The structure of financial statements in accordance with the requirements of EU Directives is considered. The definition and purpose of non-financial reporting are given, the characteristics of positive and negative sides of non-financial reporting are given. The application of a systematic approach to the evaluation of non-financial reporting indicators is substantiated.

Keywords. EU directives, non-financial reporting, non-financial indicators, advantages and disadvantages of non-financial reporting.

In accordance with paragraph 6 of Directive 2014/95/EU of 22 October 2014 (hereinafter - Directive 2014/95/EU) large enterprises must prepare a non-financial report containing information on at least the following aspects: environmental protection, employment and social issues, respect for human rights, the fight against corruption and bribery. Such a report should include a description of the policies, results and risks associated with these issues and be included in the enterprise management report. The non-financial report should also include information on the implementation of the due diligence process (a procedure of detailed independent verification of the investment object carried out on behalf of investors to form an objective view of the investment object. cooperation implemented at the enterprise and information concerning, where appropriate and appropriate, supply chains and subcontracting, in order to identify, prevent and mitigate existing and potential adverse effects.

Large enterprises of public interest, in which the value of a criterion such as the average number of employees during the financial year reaches 500 at the balance sheet date, should include non-financial information in the management report. This information is presented to the extent necessary to understand the development of the enterprise, its operation, condition, and the impact of its activities at least in the following aspects: environmental, social and employment issues, respect for human rights, anti-corruption and bribery, including:

- a brief description of the current business model of the enterprise;
- a description of the policy pursued by the economic entity in relation to the above aspects, including the implementation of due diligence (due diligence);
- the results of the above policies that have been achieved;
- significant risks associated with these issues that arise in connection with the activities companies, and, where possible and as far as possible, depend on the economic operator, including commercial relationships with other counterparties, products and

services that are likely to cause significant adverse effects in the above areas, as well as information on which the steps taken by the company to manage these risks;

- key non-financial indicators that relate to the relevant business [1].

The literature provides the definition and purpose of non-financial reporting by different approaches and the purpose of such reporting (Table 1).

The advantages of non-financial reporting are that it: builds trust in the company, increases the transparency of the company, strengthens business relations and promotes market expansion, access to financial resources. But non-financial reporting also carries certain risks that businesses should be aware of: possible criticism, resource consumption; data reliability and transparency.

Table 1

Definition and purpose of non-financial reporting

Authors	Definition
X. Agaverdiyeva	Non-financial reporting helps to increase the confidence of those interested in the activities of NPF1 and any other enterprise. This is due to the disclosure of information in such main areas as economic stability, social welfare and environmental stability [2, p. 57].
O. Annaev	Non-financial reporting contributes to a more successful and sustainable development of the organization through the timely satisfaction of information needs of stakeholders on economic, social and environmental issues [3].
A. Blakita, P. Podjak	The introduction of non-financial reporting not only qualitative but also quantitative indicators that would measure the effectiveness of investment in human capital and the impact of these measures - one of the important steps in improving non-financial reporting, as most Ukrainian reports are dominated by descriptiveness [4, p. 129].
T. Botsyan	Non-financial reporting is a public tool for informing shareholders, employees, partners, customers, society about how and at what pace the company implements the goals set in its strategic development plans for economic sustainability, social welfare and environmental stability of society [5].
O. Gritsenko	Non-financial reporting is a tool of socially responsible business, which provides information about the company's impact on society, economy and the environment, describing the company's activities in the relevant social context [6, p. 31].
Г. Moskaluk	Non-financial reporting is an important element of the management system, a tool for dialogue with stakeholders [7].

Conclusions. Non-financial reporting in Ukraine is at the stage of active development and the masses have significant potential, given the low percentage of companies that report. Compilation of non-financial statements indicates a certain stage of development

of the enterprise, awareness of the importance of bringing information to society. In Ukraine, the process of development of non-financial reporting is intensive, but unsystematic, so today the question of forming a system of effective tools for its objective assessment is acute.

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