

THE PLACE OF THE MANAGEMENT REPORT IN THE ENTERPRISE'S REPORTING

Enterprise reporting is a concentrated source of information for management decisions to a wide range of users. Regulations, principles of construction, a set of indicators, data sources and other criteria distinguish financial and management reporting. The first one is subject to state regulation; the other is regulated at the entity level. However, the Management Report can be attributed to both financial and management reporting. As the Management Report is to be submitted to the financial reporting from 2019, there is no practice in its formulation or theoretical generalization. Given the novelty and importance the determining the place of the Management Report in the enterprises reporting is an important theoretical and practical task.

The purpose of the study is to find out the place of the Management Report in the enterprise reporting.

The management report is referred in the Law "On Accounting and Financial Reporting in Ukraine" as a document containing financial and non-financial information that characterizes the status and prospects of the enterprise's development and reveals the major risks and uncertainties of its operations [1]. It is a constituent part of the financial statements and is filed with it within the stipulated time by certain entities in accordance with the procedure for presenting the financial statements [2]. At the same time, the form and indicators of this report are not strictly regulated at the national level, and the report itself must contain non-financial information that goes beyond the financial statements and corresponds to the management reporting markers.

According to the Guidelines for the Management Report [3], it should disclose the following information:

- information on the organizational structure of the enterprise, its strategy and goals, the scope of activity by geographical location and industry, the products and services produced / provided by the enterprise, the market share of the enterprise in the segments in which the enterprise operates, etc .;
- analysis of the results of the activity of the enterprise, including explanations on the dynamics of development during the reporting period, taking into account the increase / decrease in the price, increase / decrease in the volume of sold goods and services, launch of new / cessation of production of products and / or services, any significant factors that influenced changes in total turnover and profit;
- information on the main sources of liquidity, the liabilities available, their types and maturities, contingent liabilities, factors that affect or may further affect liquidity;
- information on the environmental impact of the enterprise, in particular, indicators characterizing the rational use of water, waste management, greenhouse

gas emissions, energy consumption, etc.;

- information on the total number of employees and the share of women in managerial positions, employee motivation, occupational safety and security, training and education of staff, equal employment opportunities, respect for human rights, anti-corruption and bribery measures, etc.;

- information on an entity's operational and financial risk management policies, describing their impact on the entity's operations, as well as the approaches or tools used to mitigate such risks;

- information on research, innovation, developments carried out by the enterprise, the amount of costs for such activities and their impact on the enterprise;

- information about financial investments of the enterprise in securities of other enterprises, in associates and subsidiaries, etc.;

- information on the prospects of further development of the enterprise, taking into account the risks and challenges in the implementation of the activity.

It should be noted that the Ministry of Finance of Ukraine does not insist on the structure and content of the report, indicating the right of the company to disclose information that it deems appropriate. And this is a marker of management reporting.

However, in our opinion, this report cannot be attributed to management reporting because it is intended to provide information to external users and does not contain sensitive information.

According to the results of the study it is proved that the Management Report cannot be included in the management reporting. Clear delineation of reporting types can, in practice, improve the quality of the process of development and use of management reporting by eliminating functions that are not inherent in this reporting.

Further research will look for ways to improve the process of formation of management reports of the enterprise.

References

1. On Accounting and Financial Reporting in Ukraine: Law of Ukraine dated July 16, 1999 No. 996-XIV (accessed 22 January 2020). Retrieved from: <https://zakon.rada.gov.ua/laws/show/996-14#n2>. [In Ukrainian].

2. On Approving the Procedure for Presenting Financial Statements: Resolution of the Cabinet of Ministers of Ukraine dated February 28, 2000 No. 419 (accessed 22 January 2020). Retrieved from: <https://zakon.rada.gov.ua/laws/show/419-2000-п>.

3. Guidelines for the preparation of the Management Report: Order of the Ministry of Finance of Ukraine No. 982 dated December 7, 2018 (accessed 22 January 2020). Retrieved from: <https://zakon.rada.gov.ua/rada/show/v0982201-18>.