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**Title:** Integrated Reporting V Financial Statement: Why the change?

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**Country of Study** Australia

**Major** Commerce

**Degree** Master

**Course Title** Accounting Theory and Applications

**Type of Assignment**

**Document**

**Year** 2013-2015

Over decades, businesses have been using financial reporting as a way for internal and external users to understand the economic standing of a company within the financial year. However, integrated reporting has been introduced recently and will be used as the basis for reporting of a company.

According to IIRC, an integrated report is a precise communication about the company's strategies, performances and outlooks including financial aspects like cash-flow, income statement, balance sheet to name a few and non-financial aspects such as employee relationships, customer feedbacks, government regulations and more that will lead to short and long term value creation. The reason behind the change is that although financial reporting provides the financial information about the company, it does not fully disclose the reasons behind the transactions wherein a stakeholder or prospective investor would want to know. Financial reports have narrow disclosures that are focused on past and short-term financial statements, which are long and complex. It does not explain the company's future strategies for the coming years. By aiding these circumstances, an integrated report will target transparency of a company, focusing on short, medium and long strategic goals, which will improve the communication between the company, and its capital markets. It will create a clearer picture of the company's financial and non-financial aspects intended for the stakeholders, primarily investors to understand the company in relation to their own interests. By providing all the information, it enables the company to convey its story and allow the investors to make better investment decisions.

Overall, the change from financial reporting to integrated reporting does not necessarily mean it will produce more reports but it aims to provide a better report to enable the capital markets to understand an entity's business strategy and business performance to make efficient investment decisions in the future.

## Reference:

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