

(RESEARCH ARTICLE)



Benefits of Accounting Reports to Sustainable Development Goals Achievement

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Abstract

An accountant's presentation of the results of their job is dependent on the manager's understanding and expectation. The managers are the ultimate users of the financial reports that the accountants prepared day and night. Such reports are needed to comprehend what happened in the past that

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the present may benefits with the proper decision brought about by the financial reports presented. The Sustainable Development Goals (SDGs) is one of latest target to achieve not only by many managers of the country but more so the whole world. This is to achieve the 17 SDGs by the year 2030. In this study, the importance of the accounting reports will be an eye opener when it comes to the achievement of Sustainable Development Goals. Qualitative descriptive research design is the research design used. Different data are gathered and analyze in order to come up with the findings, conclusions and recommendations. Accounting reports may have direct or indirect impact towards the achievement of SDGs. The accounting reports presented by private companies needs to present in the format that the managers or leaders will analyze the financial reports in connection to the achievement of SDGs. This is one of the relevant findings of this study.

Keywords: Sustainable Development Goals, SDGs, Sustainability Reporting, Accounting Reports, Accounting

Introduction

Accountant's presentation of the outputs of their works is dependent in the manager's understanding and expectation. Reports is needed to comprehend what happened in the past that the present may benefits with the proper decision brought about by the financial reports presented. Such reports to the managers of each nation helps the managers to get the economic status of their land and from that reports presented to them, the decision to maintain the strategy of achieving success in economy may continue or stop. This is

also true to the United Nations assembly held, where each nation presented the status of their nations in different sector. Thus, in the year 2015, the United Nations members envisioned the 17 Sustainable Development Goals (SDGs) generated from the assembly will be achieved in the whole world by the year 2030. The main objectives of this study are to review the financial reports of top taxpayers in accordance with Sustainable Development Goals reporting and recommend the content of Financial Reports of the private companies to help in the achievement of SDGs. In this study, the researcher will collect data in order to answer such questions: What is the demographic profile of the top taxpayers in the Philippines in terms of types of business, years in operation, content of Income Statement and the tax paid. What is the taxpayer's assessment on the content of the Income Statement? And what are the significant benefits of accounting reports and SDGs achievement. Qualitative research method is the research design used in this study. Specifically, the descriptive method which is defined as a type of qualitative research that answers the question what is. The researcher got the top three largest corporate taxpayers who paid the highest taxes in the year 2013 as the samples in this study. The researcher assigned Company A, B and C for the largest corporate taxpayers in the Philippines. Company A belongs to the Communication industry, Company B belongs to the electricity/utility industry and Company C belongs to the food and beverage industry. The financial reports of such corporations were scrutinized to check its accounting reports benefits to the achievement of SDGs. The researcher also employed percentage and weighted mean as the statistical treatment of data. Likewise, literatures and

previous studies relevant to study were also read and understood to come up with the necessary information such as for the conclusions and recommendations.

Results and Discussions: After the gathering of data such as reading the literature and previous studies in relevance to accounting reports of the top 3 corporate taxpayers, the results are found in Table 1. Summary of the Top Corporate Taxpayers' Profile The preferences among the top corporate taxpayers profile such as to business type, two out of three (2 of 3) are in the service industry, for the years in operation two out of three (2 of 3) are more than 100 years old, for the accounting reports content, specifically as per SEC2019 MC#4 which includes environmental, social and economic disclosures, two out of three (2 of 3) have that disclosures and for the tax payments made for the year 2013 there were two out of three (2 of 3) with P8Billion pesos to 11Billion pesos, under percentage all have with 66.67%. Companies with operations of more than 100 years old may have the ability to share and contribute well to the economy. The Securities and Exchange Commission 2019 Memorandum Circular#04 (SEC2019MC#4) stated that the publicly listed companies here in the Philippines were encouraged to add disclosures such as environmental, social and economical in their financial reports or accounting reports also called the sustainable reports. The sustainability topics came from the different reporting standards/ frameworks such as Global Reporting Initiatives (GRI), Integrated Reporting (IR), Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD). The table below stated the contents of sustainability reports:

Table 2 Coverage of Sustainability Topics

Coverage	Reporting Standards/Frameworks			
	GRI	IR Framework	SASB	TCFD
General Sustainability Topics	• Economic • Environmental • Social • Governance	Six Capitals: • Manufactured capital • Financial capital • Intellectual capital • Human capital • Social and relationship capital	• Business model and innovation • Leadership and governance • Human capital • Social capital • Environment	• Governance of climate-related issues • Impact of climate-related issues on strategy and financial planning • Management of climate-related risks

In this study, the researcher only focused in the economic performance of the top corporate taxpayers. The researcher compared the top corporate taxpayers in terms of the economic performance. In table 2, in terms of revenue generated P941,193,000.00, operating cost P741,303,000.00, dividends paid P9,787,000.00 and taxes paid P17,795,000.00, Company C got the highest amount. While in terms of payments to suppliers and other cost and investment to community in the form of donation and corporate social responsibility (CSR) Company B got the highest amount paid or disbursed, P16, 970,000.00 and P4, 816,000.00. And Company A got the highest amount paid or disbursed in terms of employees’ wages and benefits with P44, 051,000.00. The entire amount reflected under Table 3 came from the accounting reports or sustainability reporting of the top corporate taxpayers for the year 2021. As per Wikipedia, sustainable reporting deals with solicited, voluntary or required disclosures of qualitative performance or non-financial performance information available to external users. These usually deal with environmental, social, economic and governance (ESG) concerns in the broadest sense.

Table 3: Summary of Economic Disclosures Content

Economic Disclosures		COMPANY		
Content of Income Statement	A	B	C	
Revenue Generated	193,257,000.00	318,547,000.00	941,193,000.00	
Operating Cost	144,822,000.00	224,915,000.00	741,303,000.00	
Employees Wages and Benefits	44,051,000.00	15,892,000.00	23,660,000.00	
Payments to Suppliers & Other Cost	-	16,970,000.00	5,299,000.00	
Dividends Paid	8,642,000.00	-	9,787,000.00	
Taxes Paid	9,075,000.00	1,939,000.00	17,795,000.00	
Investment to Community(Donation/CSR)	1,496,000.00	4,816,000.00	4,196,600.00	

Company C is under the food and beverage industry with the highest revenue generated in the year 2021. This showed that the citizens of the Philippines were more inclined to eat. The highest the revenue would follow the highest operating cost, dividends and taxes payment under Company C. In terms of sharing to the community through donation or corporate social responsibility (CSR) Company B got the highest amount. They recognized the value of sharing and giving. While Company A was more focused in helping directly their employees through wages and benefits. The accounting reports of Company A, B and C reflected the support they provided to the country such as the Philippines and have an indirect benefit towards the achievement of SDGs by 2030. In addition to the economic performance of the top corporate taxpayers, the researcher also checked and reviewed thoroughly the SDGs implications of their accounting reports. As of 2021 accounting reports, only ten out of seventeen (10 out of 17) were the SDGs recognized in such accounting reports. Gender equality, affordable and clean energy, climate action, life below water, life on land and peace, justice and strong institutions were needed to promote top corporate taxpayers in order to contribute towards the achievement of SDGs as a whole by 2030.

Conclusion

After understanding and analyzing the summary and findings of this study, the researcher concluded that majority of the top corporate taxpayers were in the service industry, with more than 100 years of incorporation, with inclusion of environmental, social and economic disclosures in their 2021 accounting reports or sustainability reports, that such corporations have an economic disclosures or followed the SEC2019MC#4, that out of 17 SDGs only 10 SDGs are included in the accounting reports and that the accounting reports have an indirect benefit towards the achievement of SDGs. Once the manager or the president of the country or the nation is aware of the sustainable reporting per each company or firm they have, they can easily know the economic status of their beloved nations. As a result of the conclusion, the researcher came up with recommendations such as: the publicly listed companies in the Philippines are encouraged to apply Securities and Exchange Commission Of 2019 Memorandum Circular #4 (SEC2019MC#04) that encourage SDGs incorporation in the Financial Reports, the SEC shall monitor the Publicly listed companies who follow the SEC 2019MC#04, recognize the publicly listed companies who followed the SEC2019MC#04 by SEC, the Certified Public Accountants (CPA) shall encourage their clients (public and non-public) to adopt SEC2019MC#04, Government thru SEC shall consider to encourage also the large corporate taxpayers who are excluded in the SEC 2019MC#04 to be included, inclusion of all 17 SDGs as part of Corporate Social Responsibility or Charity Works of Companies is encourage, the government thru Philippine Institute of Public Accountant (PICPA) should conduct free training for CPAs to prepare the Sustainability Reports as

per SEC2019MC#04 to help their clients and the future researchers should include the measurement as to achievement of SDGs.

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