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VALUE ADDED STATEMENT - A RELEVANT INSTRUMENT FOR INTEGRATED REPORTING

ANNA BAGIEŃSKA¹

Abstract

The integrated report is a tool enabling communication of an enterprise with both internal and external stakeholders. The lack of unanimity of stakeholders' opinions on building values, resulting from the differentiation of their access to information, results in the value of the enterprise in the economic sense, evaluated from inside the organization, not complying with the market value evaluated by investors on the basis of available information. As a result, there is a gap of enterprise value. The lack of an integrated report leads to searching for such solutions whose scope and informational quality would build appropriate social-economic solutions with stakeholders. The report on added value is one of the ways of communication with the stakeholders in the area of the value generated by the enterprise.

The purpose: The aim is to identify operating enterprises realizing the strategy of social responsibility in the ways of reporting on the information regarding added value as well as preparing the conception of a report indicating the direction of allocation of the generated added value for building financial, human and social capital of a firm. **Design/methodology/approach:** desk study, a comparative analysis of the methods of presenting the added value in the reporting of enterprises which provide a value-added statement or using GRI indicators.

Findings: The presentations of the essence of reporting on the added value shows that it is a tool complementing the informational value of the compulsory annual report both for internal and external stakeholders. The value-added statement included in the integrated reports of international partnerships shows the dimension of the generated added value and its distribution among stakeholders. The indicator GR4 EC1– Direct Economic Value Generated and Distributed (EVG&D) proposed by the Global Reporting Initiative for reporting the social responsibility of a business –

JEL classification: L21, M21, M12

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does not determine the added value, but shows mainly the distribution of generated income for covering operational costs and payments for various stakeholders, including the local community. The information from EVG&D may be used for determining the added value with a view to using it to calculate the indicators based on VA. In spite of differences in understanding the value measurement, one can recommend both of these approaches to the evaluation of the role played by financial, human and social capital in creating the value of an enterprise. From the stakeholders' point of view, the information on generated income allocation is most important. Despite certain differences, both reports include such information. One should work towards the standardization of their measurement so that the results of respective companies could be compared and evaluated. Therefore, proposed is a report on the added value allocation². Practical – the solution concerning the reporting on value proposed in the paper can be implemented in practice of enterprises to improve their communication with stakeholders. Originality and value of the paper: proposal of a new report combining the added value generated by the enterprise with elements of intellectual capital.

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INTRODUCTION

Modern enterprises conduct economic activity based on strategies in which profit is not the most important financial category. Sustained development and enterprise social responsibility demand that one should take into consideration not only the owners' (shareholders) needs, but also the needs of employees and the environment. In the modern economy, the potential of an enterprise is determined by material and non-material resources at its disposal. One of them are workers who constitute the value of a company, using material assets of an enterprise in combination of possessed knowledge, experience and creativity. Employees constitute human capital of an organization. The term *human capital of an enterprise* is defined as knowledge, education and creativity of employees, which in the process of accumulation increases its value for the organization and contributes to the improvement of its economic and social condition as well as to the image and value of the enterprise. The process of accumulation of human capital in an enterprise consists in planned investments in employees (in acquiring them as well as keeping and ensuring their development) and in gaining professional experience (Bagieńska, 2015). Describing employees as capital results from the essence of the notion of capital. M. Dobija emphasizes that capital is the ability to do work (by using material assets, employees and non-material assets). Management leads to increase of the initial capital of an enterprise (Dobija, 2012).

The results of an enterprise are of interest to the owners (shareholders) and moneylenders, who invest financial capital. Another group of stakeholders are

employees whose work and involvement contribute to the achieved results. Research studies show that the higher the level of employees' involvement is, the better results the company has (Bagieńska, 2014). Employees become interested not only in their own achievements, but also in those of all the organization. Their participation in the conducted economic activity can be compared to that of the owners. The owners invest financial capital in their economic activity, while employees – human capital.

The problem of the importance of information and the scope of disclosures in reporting is important in building the social-economic relations with the environment. It results mostly from the business strategy, which includes the social responsibility of business. The strategy at issue manifests itself in three main dimensions: economic (working towards the increase of the enterprise value), social (including the results of an enterprise activity in the context of social norms, creating work places, educating employees), environmental (including the side effects of an enterprise activity).

According to the stakeholder theory, the realization of own aims should not be done at the expense of others, but should be aimed at ensuring profits for various groups of stakeholders. Nowadays, building the value of an enterprise is perceived in a broader perspective, with a focus on receiving benefits not only by stakeholders as capital providers, but also other parties and groups, identified as stakeholders. Therefore, from the stakeholders' perspective, the activity of an enterprise cannot be perceived only in the terms of generating value for the enterprise, since it should mostly be viewed in terms of distribution of economic value (added) among the groups of stakeholders (Rok, 2013). In the conception

of development which includes the social responsibility of business, it is assumed that in their strategy, on a voluntary basis, the enterprises include the social interests and environmental protection as well as the relations with various groups of stakeholders (inter alia employees, suppliers, investors) (Papula & Volná, 2012). As for social responsibility of an enterprise, stakeholders' expectations focus on the implementation of sustainable development conception in strategy, decisions and actions for CSR. This conception has increasing influence on the future success of the company (Porter & Kramer, 2011). It seems logical that the companies should introduce not only the CSR strategy, but also present the report on such activities and results in a way combining financial and non-financial data.

The conception of the added value and its redistribution is also related to the conception of the business model of a company. C. Zott and R. Amit claim that the business model can be treated as a specific matrix indicating the way the company conducts its activity and provides stakeholders with the value (e.g. company, clients, business partners etc.) as well as it relates the markets of products and production factors (Zott & Admit, 2007, p. 222). An appropriate configuration of financial and non-financial factors allows for building a competitive advantage favoring the value creation in a given company. The category of business model refers to the description of relations between elements whose coexistence and cooperation enables creating value and providing it to clients, and, as a result, also to the company (Demil & Lecocq, 2010, p. 227). Rudny indicates that the majority of definitions of business model refers to “values” as a central category of long-term decision processes in an enterprise (Rudny, 2013).

The financial statement in the form determined by the IAFS regulations is not sufficient to explain how the enterprise influences stakeholders, how much value it generates for society, employees, etc. It does not show the degree of using financial, human and social capital, either. This role is attributed to the integrated reporting. The International Integrated Reporting Council defines and emphasizes combining integrated reporting with strategy: “An integrated report is a concise communication about how an organization’s strategy, governance, performance and prospects, in the context of external environment, lead to the creation of value over the short, medium and long term” (Mio, 2016, p. 23). The changes in reporting

directed towards the integrated reporting combining all the aspects of activity and all stakeholders' expectations result in easy to understand ways of communication with stakeholders.

In the measurement of all stakeholders' roles in creating the value, one proposes measuring and reporting on the added value. Reporting on the added value is also an element of social reporting CSR (Maji, 2016). The information of added value should be included in the integrated report and constitute its separate part, since the aims of reporting the added value meet the aims of integrated reporting. As emphasized by Haller and Staden (2014), the integrated report should fulfill the following aims:

- 1) communicate “the full range of factors that materially affect the ability of an organization to create value over the time”,
- 2) “inform the allocation of financial capital that supports value creation”,
- 3) it also intends to “enhance accountability and stewardship with respect to the broad base of capitals [...] and promote understanding of the interdependencies between them”, and
- 4) finally it should “support integrated thinking” (Haller & Staden, 2014).

The aim of the research is to identify enterprises operating on the market which realize the strategy of social responsibility in their ways of reporting information on the added value as well as the preparing a conception of a report indicating the directions of added value allocation as well as building financial, human and social capital of a firm. The presentation of the information on the generated and allocated added value should be included in the integrated report in order to improve the enterprise communication with stakeholders.

On the basis of literature review, one will present the ideas and informational value of the report on the added value (VAS), then it will be compared with the measurement of economic value proposed by the Global Reporting Initiative (GRI). A comparative analysis of both methods of reporting the value generated by an enterprise will allow for evaluating their strong and weak points as well as enable us to indicate the possibility of using the concept of reporting to combine financial and non-financial data in a way indicating the role of financial, human and social capital in creating value. The essence of the measurement of the added value as defined in the

value-added statement is presented on the example of Volkswagen Group, a big enterprise of an international scope of activity. The reporting on the value according to GRI EC1 (EVG&D) is discussed on the example of Budimex S.A., a company based in Poland, included in the index RESPECT of Warsaw Stock Exchange. This firm has been reporting EVG&D in a detailed way, in compliance with the latest recommendations of GRI 4 for several years.

Research thesis: Reporting on the added value and measuring GRI EC1 (EVG&D) allow for presenting the redistribution of the generated value and distinguishing such groups of stakeholders which indicate the elements of intellectual capital in creating the value of an enterprise.

VALUE ADDED AS AN ADDITION TO THE INFORMATION CONTAINED IN THE PROFIT AND LOSS ACCOUNT AND INCOME STATEMENT

All enterprises conducting economic activity which are obliged to keep books are obliged to prepare a financial report. In accordance with Article 45 of the Polish Accounting Act, the profit and loss account is one of the report elements showing the results of an enterprise activity.

The range of information which should be included in the financial report is presented in Annex 1 to the Accounting Act. The profit and loss account in an enterprise conducting activity on the basis of the

Accounting Act shows revenues and costs constituting given partial results: sales result, operational activity result, gross result and net result. The achieved net result is the outcome of comparisons of the revenues realized by the entity with the costs incurred and compulsory tax.

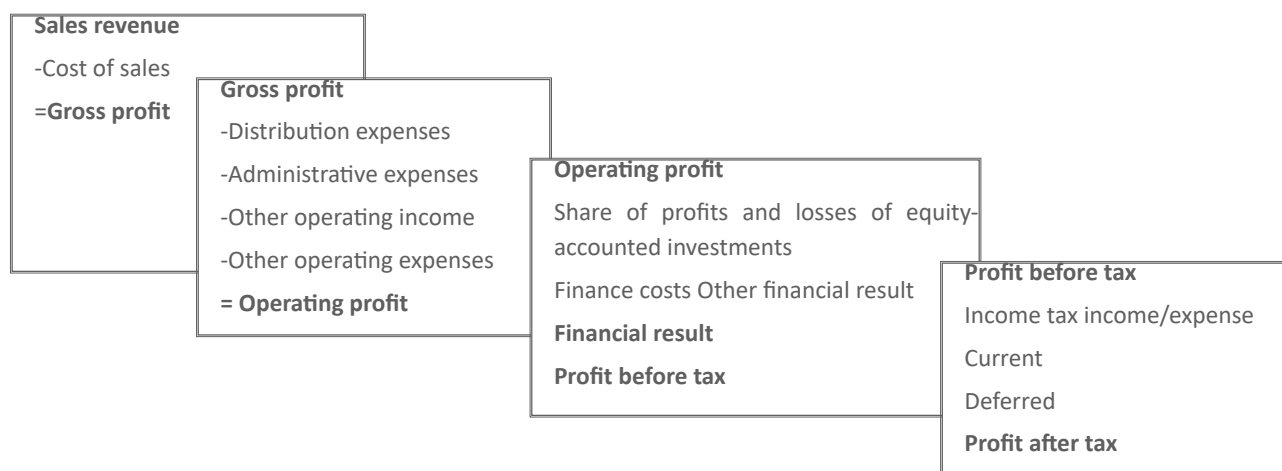
The enterprises preparing financial reports based on the International Financial Reporting Standards submit an income statement and a comprehensive income statement. The IASs do not impose a specific reporting layout, it specifies only which items should be included in the income statement. The items comprise the following: income, financial costs, taxes, sums of amounts related to abandoned activity, profit or loss. For example, an income statement includes (Figure 1).

The comprehensive income statement comprises profit or loss from conducted activity and other total incomes resulted from corrections and impairment losses. The essence of the comprehensive income is presented in Figure 2.

Profit is the main category used for evaluating the activity results in a given year, which is contained in the financial report. Profit shows the achievements of an entity for its owners. On this basis, one calculates the rate of return on the capital involved and assets (ROE and ROA).

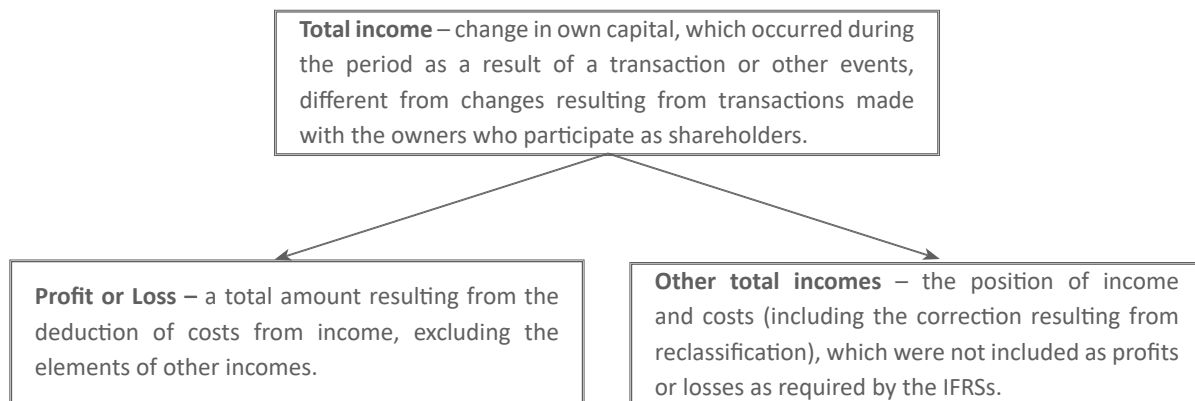
The bookkeeping information can also be used for calculating the added value. The added value is “wealth which the reporting entity created by means of own forces and employees’ effort” (Dobija 2003). The conception of

Figure 1: The elements of the income statement



Source: On the basis of Międzynarodowe Standardy Sprawozdawczości Finansowej (2011). IFRS Foundation. Warszawa: Stowarzyszenie Księgowych w Polsce

Figure 2: The characterization and elements of the comprehensive income statement



Source: On the basis of *Międzynarodowe Standardy Sprawozdawczości Finansowej (2011)*. IFRS Foundation. Warszawa: Stowarzyszenie Księgowych w Polsce.

added value developed in the 1970s in many European countries as well as in Japan (Bao & Bao, 1998; Dobija, 2003). In 1975, the Accounting Standards Committee (ASSC) intended that the value-added statement would supplement, rather than supplant, the income (“profit and loss”) statement. Meek and Grey propose that additional disclosure of the report on the added value may draw the readers’ attention to certain actions of broader scope realized by an enterprise (Meek & Grey, 1988). In Great Britain, one recommended the reporting on added value which would show the transformation of profit in such a way that the enterprise could be depicted as a common effort of capital, the managers and the employees (Dobija, 2003). Since the 1990s, one observes a renewed interest in this report and many enterprises publish it in their reports on a voluntary basis. What is emphasized is the social aspect of this presentation and its concentration on stakeholders, mainly on employees (Marcinkowska, 2012; Sveiby, 1997).

In literature, it is stressed that it is the added value, not the profit that constitutes the true wealth of an enterprise, among other aspects, because of the fact that it includes other beneficiaries of this value, not only the owners – for example, lenders, employees, or the government. Pong and Falcone stress that the results of VA based research of this type in the US have shown that “a value added-based model has a better association with stock returns than an accounting profit-based model . . . market return is better explained by value added than either earnings or cash flows . . . value added accounting information can supply considerable explanatory power

of market risk beyond that provided by earnings or cash flow measure, especially at the individual firm level” (Pong & Falconer, 2005).

The added value statement shows not only the added value in a given year, but, first of all, it presents the redistribution of the generated added value. Financial ratios using the value added figure can be regarded “as the index of managerial performance” (Mandal & Goswami, 2008).

According to Bao and Bao, in order to calculate the added value, one should transform the following equation, on the basis of which the retained profit can be calculated retained profit (Bao & Bao, 1998):

$$P = S - B - DP - W - I - DD - T$$

Where:

P – retained profit,

S – sales,

B – bought – in materials and services,

DP – depreciation,

W – wages,

I – interest,

DD –dividends,

T – taxes.

Gross value added, therefore, can be defined as:

$$S - B = P + DP + W + I + DD + T$$

From the point of view of accountancy, the added value S-B is the margin obtained from the sales of goods, for the production of which the costs of raw materials and services were incurred, with the exclusion of labor costs

and machines and equipment depreciation.

Another version of the value-added concept is the net value added. It is defined as follows:

$$S - B - DP = P + W + I + DD + T$$

The value added statement (VAS) may be defined as a statement, which shows the income of the company as an entity and how is divided between the people who have contributed to its creation. (Mandal & Goswami, 2008). In actual practice, the Value Added Statement is divided into two parts—generation or creation of value added; and application or distribution of value added. The measure of value added possesses a dual nature in that it incorporates two different aspects. There is the performance aspect and social aspect (Haller & Staden, 2014; Villers, Rinaldi & Unerman, 2014). It may be presented either in Report or Vertical Form or in Account or Horizontal Form (Nandi, 2011).

In order to estimate the value added, one should use the accounting data similar to those prepared for making a profit and loss account. The revenue and costs are recorded according to the accrual principle, i.e. on the day of recording in the books, irrespective of the moment of payment. However, the income and costs are related to remaining operational activity, for instance sales of property components.

The added value cannot be the only measurement of the achievements of an enterprise due to the simplifications in its determination. Nevertheless, the right side of the equation has a great cognitive value,

since it shows the reader the directions of the distribution of the achieved values.

THE COMPARISON OF A VALUE-ADDED STATEMENT WITH GRI EVG&D

Global Reporting Initiative (GRI) measures the value generated by an enterprise and its distribution in a way similar to that of VAS – Direct Economic Value Generated and Distributed (EVG&D). GRI does not determine the added value, but it measures the direct economic value generated and the economic value distributed. Then, on this basis, the economic value retained is calculated.

GRI measures the direct economic value generated in a given year as a sum of incomes from various sources. Then, the main direction of using the generated economic value are operational costs (without labor costs) and only then the expenditure for various groups of stakeholders. It is the main difference between VAS and GRI. Among the places of economic value allocation, GRI includes voluntary contributions and funds for local society which are not comprised in VAS. VAS presents separately dividends paid to shareholders and interests paid to creditors. In GRI, the payments to providers of capital comprise payments to owners of equity capital and those of foreign capital. On this basis, one cannot compare the amount of paid dividend in the successive years. Maybe it is a deliberate action taken not to list the amounts paid to employees and shareholders in one statement. Because

Table 1: The economic contents of the elements reported in the value-added statement

Sales	Revenues from sales of products comprise the amount of revenues from finished goods and services, the changes of product status is taken into account, in order to determine the value of sales which corresponds to the amount of costs incurred in this period.
Bought – in materials and services	The position of costs related to the materials and services purchased for production – recording costs on accounts according to the kind: materials and energy consumption and external services.
Depreciation	Amortization costs of purchased tangible assets and non-material and legal values. The costs are determined by the development costs. Their amount shows the size of the investment in the material production means.
Wages	The amount of costs related to the remuneration of employees. It is assumed that the costs in question include the costs of bonuses, benefits, trainings and social securities.
Interest	The financial costs comprise the interests on credits and loans which show the costs of using external sources of financing.
Dividends	Dividends and profit-sharing payments for the owners of own capital (stakeholders, shareholders)
Taxes	Taxes and payments to the state budget

Source: Own conception

Table 2: The comparison of a report on the added value with GRI EVG&D

Value Added Statement	GRI Direct Economic Value Generated and Distributed (EVG&D)
A. Generation of value Added	1.Direct economic value generated:
Sales revenue	- revenues
(+)Other income	2.Economic value distributed:
(-)Costs of materials	- Operating costs
(-)Depreciation and amortization	- Employee wages and benefits
(-)Other upfront expenditures	- Payments to providers of capital
VALUE ADDED	- Payments to government
B. Appropriation of Value Added	-Community investment
To shareholders (dividend)	3.Economic Value Retained (1-2)
To employees (wages, salaries, benefit)	
To the state (taxes, duties)	
To creditors (interest expense)	
To the company (reserves)	
VALUE ADDED	

Source: Compiled on the basis of Mandal, Goswami (2008). p.105 and GRI G4 Implementation Manual part 2, p. 69-70

of it, one cannot calculate, for instance, the correlation of the level of remunerations and dividends. VAS determines the added value which is the difference between the incomes and operational costs and only then it shows how it has been allocated including the value retained in the enterprise.

GRI shows the Economic Value Retained as a separate item. The approach proposed by GRI draws the readers' attention to a greater degree to the proportions between the realized incomes and the amount of incomes which remains at the disposal of a company after settling all payments to employees, capital owners and local society. To make the comparison of the data from VAS and EVG&D possible, one should transform the proposed enumeration

of GRI and calculate the added value according to VAS (Table 3).

In international companies, in order to indicate the relation of activity with the local economy, one recommends distinguishing taxes paid to budgets of different countries or presenting separately incomes realized in various countries.

The inclusion of the measure EVG&D among the measures of GRI confirms the importance of the added value generated by an enterprise and its reporting on an international arena in a way proposed in the GRI guidelines, mainly among companies conducting activity based on the CSR strategy.

Table 3: Determining the added value on the basis of EVG&D

Value added generated	Appropriation of Value Added
1.Direct economic value generated - Operating costs	2.Employee wages and benefits
	3.Payments to providers of capital
	4.Payments to government
	5.Community investment
	6.Economic Value Retained (1-2-3-4-5)
Value added	Value added

Source: Own conception

INFORMATIVE VALUE OF THE VALUE-ADDED STATEMENT AND EVG&D - RESEARCH RESULTS

The value-added statement (VAS) is a voluntary report. The research studies show that it has been added to the annual reports of several big modern enterprises operating on a global scale.

Among others, this practice has been implemented by: Volkswagen, Migros, Henkel, Mediclinic, Grammenphone, Firescotland, RCLfoods, Singtel. The abovementioned companies publish their financial and non-financial data on their websites. The data is available for all interested readers.

Therefore, in order to present the specifics of the value-added statement, the report of Volkswagen Group for 2011-2014 was chosen. In order to present the specifics of Direct Economic Value Generated and Distributed, the report of Budimex Group was chosen. On this basis was conducted a comparative analysis and evaluation of the information regarding the added value and its allocation for prospective stakeholder.

The annual report of The Volkswagen Group comprises the following elements: Income Statement,

Statement of Comprehensive Income, Balance Sheet, Statement of Changes in equity, Cash Flow Statement and Value Added Statement. The financial information contained in these reports are complemented by a range of other non-financial data, for instance, concerning employment, suppliers, sales markets, are available on the group website. Moreover, the results and successes of the company are measured and presented by means of financial and non-financial key performance indicators.

Table 4 presents the elements contained in the Volkswagen Group value added statement in the period 2011-2014. Apart from figures, the statement contains the following description: “The value-added statement indicates the value added generated by a company in the past year as its contribution to the gross domestic product of its home country, and how it is appropriated”. In 2014, the value added generated by the Volkswagen Group was by 8,1% higher than in the previous year.

On the basis of the information concerning the allocation (distribution) of the generated net value added, it can be seen that the highest amount was allocated for remunerations and benefits for employees (from 50% in 2011 up to 65% total nett value added). The enterprise retained 30% of added value, which amounts to 14393

Table 4: The value added generated by the VOLKSWAGEN GROUP

SOURCE OF FOUNDS in EUR million	2011	2012	2013	2014
Sales revenue	159337	192676	197007	202458
Other income	13125	24652	13994	14192
Costs of materials	-104648	-122450	-127089	-132514
Depreciation and amortization	-10346	-13135	-14686	-16964
Other upfront expenditures	-9759	-22077	-21027	-15063
VALUE ADDED	47709	59666	48198	52109

Source: Compiled on the basis of the Value-added statement – Volkswagen Group Annual Report 2011, 2012, 2013, 2014

Table 5: Appropriation of funds in EUR million in 2011-2014

	2011	%	2012	%	2013	%	2014	%
To shareholders (dividend)	1406	2,9	1639	2,8	1871	3,9	2294	4,4
To employees (wages, salaries, benefit)	23854	50	29503	49,5	31747	65,9	33834	64,9
To the state (taxes, duties)	4525	9,5	4322	7,2	3865	8	3817	7,3
To creditors (interest expense)	3530	7,4	3957	6,6	3442	7,1	3389	6,5
To the company (reserves)	14393	30,2	20246	33,9	7274	15,1	8774	16,9
Value added	47709	100	59666	100	48198	100	52109	100

Source: compiled on the basis of Value added statement – Volkswagen Group Annual Report 2011, 2012, 2013, 2014

million EUR, in 2011, and 20246 million EUR – in 2012. In the next years, there was a constant decrease in the expenditure on development: approximately 15-16% in 2013 and 2014. Taxes paid to the state constituted about 7-8% and 6,5-7% was paid to lenders for the external capital used. The dividends paid in the next years increased from 1406 million EUR in 2011 to 2294 million EUR in 2014. There was also an increase in the percentage in the generated value. In 2011, the dividends received by shareholders amounted to 2,9 % VA and in 2014, it increased to the level of 4,4%.

The dividends which were paid increased at a similar rate as the employees' salaries. Pearson's correlation R amounts to 0,925. It means that the increase of the value allocated for employees does not involve a decrease of the value distributed to shareholders.

Table 6 contains the presentation of Direct Economic Value Generated and Distributed (EVG&D) by the Budimex Group, conducting activity in the construction sector in Poland and Germany. This company realizes the CSR

strategy and since 2011 it has been preparing CSR reports. It includes the indicators according to the latest guidelines GRI 4. As one of few companies listed on Warsaw Stock Exchange, it calculates and presents in detail the EVG&D data. Other companies present here the information on the most important financial data: profit, income.

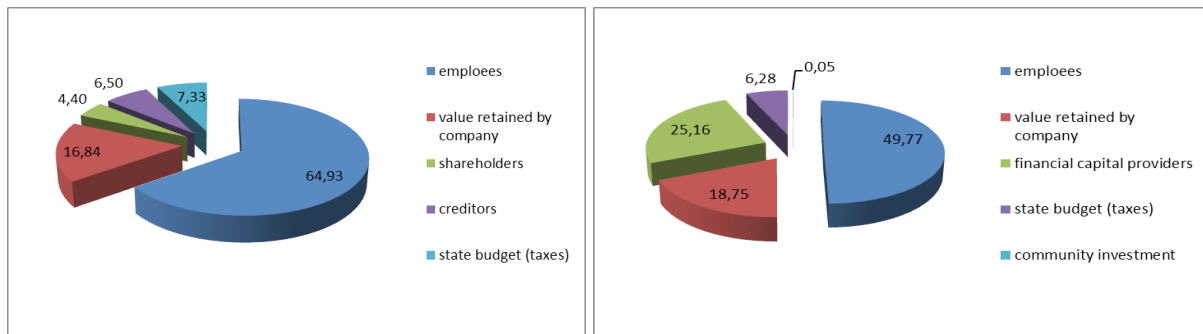
If the information is grouped for five stakeholders, it results that in 2014: Volkswagen Group employees received 64,9%, company – 16,8%, financial capital providers: shareholders 6,5% and creditors 4,4%, state budget – 7,3%. In the Budimex group, employees received approximately 50% generated added value, 25,16 % was distributed among financial capital providers, however, there is no information on how much from this amount was paid as dividends and how much as interest on the borrowed capital. Slightly less, i.e. 6,28% of the added value, contributed to the budget as taxes and payments. Budimex retained a higher percentage share of means for its development (18,75%). Moreover, the report contains the amount of means described as community investment

Table 6: Direct Economic Value Generated and Distributed (EVG&D) by Budimex and determining the added value in 2014 (in 000 PLN)

EVG&D by Budimex	2013	2014	2015
1.Direct economic value generated:	4995573	5018218	5202201
- revenues	4995573	5018218	5202201
2.Economic value distributed:	4663930	4777810	4875921
- Operating costs	3830646	3736367	3877805
- Employee wages and benefits	622327	637926	682740
- Payments to providers of capital	131467	322451	181335
- Payments to government	78905	80454	133478
-Community investment	585	612	563
3.Economic Value Retained (1-2)	331643	240408	326280
Determining the added value on the basis of EVG&D in 2014			
<i>Value added generated</i>		<i>Appropriation of Value Added</i>	
1.Direct economic value generated - Operating costs	1164927	2.Employee wages and benefits	622327
		3.Payments to providers of capital	131467
		4.Payments to government	78905
		5.Community investment	585
		6.Economic Value Retained (1-2-3-4-5)	331643
Value added	1164927	Value added	1164927

Source: EVG&D compiled on the basis of Corporate social report (2014). p. 65, Corporate social report (2016). p.79, determining the added value in 2014 calculated on the basis of Corporate social report (2014) and the conception in Table. 3

Figure 3: Value added appropriation in Volkswagen Group (left) and Budimex (right) (in %)



Source: Compiled on the basis of Value added statement – Volkswagen Group Annual Report and Corporate social report - Budimex group in 2014

(Fig. 3). This way of presenting financial data allows for analyzing and evaluating the role of an enterprise in creating the value for employees, capital owners, state budget and local budgets as well as the amount of means allocated for the development.

The report of the allocation of value added complements the financial information. Among other aspects, it shows how much of the generated surplus they receive. However, there is a lack of detailed information on the kind of the amounts paid in the context of acquisition, maintenance and development of human capital of the organization. This report shows how important employees are in this enterprise, but this information is not sufficient for evaluating the management of human capital and its role in the creation of added value.

In my opinion, the conducted research study shows that the information on the distribution of added value can be calculated in a way including three most important sources of the creation of the value: financial capital,

human and social capital. The value-added statement should still combine the financial and non-financial data, reducing the gap which results from the differentiation of various stakeholders groups' access to information. In order to draw attention to the direction of allocation of generated added values and to indicate the expenditure on building financial, human and social capital, I propose a new layout of the value-added statement. The proposed VAS contains the following items:

The added value allocated for maintenance and development of financial capital confirms the development of a company, especially by the amounts of value retained in a firm after settling liabilities with capital providers. Definitely, one should separate the expenditure to shareholders and creditors, so that one could determine which costs regard the foreign capital and which ones – equity capital. In a more detailed approach, value allocation for employees shows whether the expenditure regards salaries or the development of

Table 7: The proposed layout of the report of the added value allocation

VALUE ADDED	Total	100%
Financial capital:		
- shareholders (dividends)		
- creditors (interests)		
- development capital (retained value by company)		
Human capital:		
- basic salaries		
- costs of employees' trainings		
- the costs of recruitment and adaptation		
Social capital:		
- payments to government		
- community investment		

Source: Own conception

employees' skills (e.g. trainings). The expenditures on the enterprise functioning in the society are indicative of its direct participation in the life of the society (community investment) as well as indirect participation in it through payments to the government.

CONCLUSION

The main aim of the activity of modern enterprises is to create value from the point of view of their owners who more and more frequently take into consideration the social responsibility of business. Managers notice how important human capital is for ensuring successful operation of a company. Therefore, they build a system of employee involvement in achieving increasingly better results by the enterprise, which is related to receiving benefits by the employee.

The value-added statement is a report which mainly shows the allocation of the generated surplus. In the form currently used by the enterprise, its informative value indicates which percentage of the generated means is received by employees, creditors, shareholders, the state, and which part is left as profit retained for the development of activity.

The measurement of value proposed by the presentation of GRI Direct Economic Value Generated and Distributed (EVG&D) differs significantly from the layout of VAS proposed in the present paper, although it contains similar items. The main difference is that EVG&D does not calculate the added value which is the difference between the income and operational costs excluding labor costs. EVG&D presents the incomes as direct value, and then its allocation, including the operational costs. In a similar way, among expenditures, GRI lists the costs concerning particular stakeholders: capital providers, employees, government, and community. Such a presentation is more similar to the profit and loss account, in which the calculation of the result begins with the income. The report on the added value as well as the GRI EC1 (EVG&D) measurement allow for presenting the redistribution of the generated value for various groups of stakeholders. The allocation for employees indicates using human capital, while that for local communities and the state confirms building social capital. Therefore, the assumed thesis is verified: this report indicates the elements of intellectual capital constituting the value of an enterprise.

In the present article, one proposes a method

of calculating the added value on the basis of the data from EVG&D. Such a transformation enables the reader to compare the value added generated by international companies presenting VAS - with other companies calculating EVG&D.

The approach to the value added generated by VAS informs stakeholders on the creation of the value by an enterprise in a better way than the incomes from sales. The increase of income does not mean that there will be an increase of the value to be distributed among shareholders or other stakeholders. Only the comparison of income with costs, i.e. VA, allows for evaluating whether the result is improving. Stakeholders should be interested in the ability of the company to generate VA because it is a precondition of net income. Haller stresses that there "is no net income without VA, but there can be VA without net income. A loss shows that the wealth creation was not enough to reimburse all stakeholders" (Haller, 2014)

Added value is not a proper measurement of a whole economic activity, because it does not comprise other income and costs than those related to the sales of products and the purchase of raw materials and services. However, it allows for evaluating the internal creation of value.

The gross and net financial result are measurements calculated according to the current regulations which concern recording income and costs, presented in accordance with the rules of showing a true and fair view of the company. They are an excellent measurement of profitability of activity. The value-added statement complements the information from the point of view of stakeholders' participation in using the generated means.

The conception of value-added measurement does not only complement the profit and loss account. It should be emphasized that the information on added value divided for various stakeholders, in particular for society, is very useful in the integrated report. They can bridge the financial data from the annual report with the descriptive data regarding the activity of an enterprise, its strategy and realized business model. Preparing an integration report containing data on the added value allows for reducing the informational gap between the results of enterprise activity and the evaluation of the value made by stakeholders. The combination of financial and social aspects is a prerequisite to understanding the role of an enterprise in the local society, the evaluation of the value increase factors, and identification of human

capital elements constituting the value in the future. Using the here proposed report on generated added value allocation in practice will facilitate understanding of the directions of generated added value allocation. The analysis of expenditure on building financial, human and social capital informs on the development and creation of the value in the company.

The modern measurement of efficiency of human capital is not possible without distinguishing costs and expenditures for its acquisition, maintenance and development. Such a cross-section of information is not grouped in the profit and loss account. In the calculation

variant and income statement, there is no information on the amount of costs of salaries and benefits for employees. One should search for such information in the additional information. Therefore, in the value-added statement, it is possible to present both the information on maintenance and development of financial capital and human capital. More and more enterprises are aware that the lack of qualified personnel affects competitiveness and the possibility of long-term development. In the planned strategy of an enterprise, they assume that the investment in human capital is the source of the company value.

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