OVERVIEW OF VARIOUS COMPONENTS OF CORPORATE REPORTING SYSTEM

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ABSTRACT

A Corporate reporting system is the essential part of every corporate reporting process. It is mandatory for companies to report their financial as well as non-financial information to various stakeholders at right time and in the right form so that they can take rational decisions based on the reported information. But not every company succeeds in achieving this significant objective due to non-existence of an effective corporate reporting system. So it is essential for every company to have a proper and effective corporate reporting system to report their material information to the stakeholders in the right way and at the right time. In this article an overview of various essential components of an effective corporate reporting system is given and they are discussed in brief. The data used is of secondary nature.

KEYWORDS: Components of reporting, corporate reporting system, reporting system.

INTRODUCTION

Corporate Reporting System (CRS) means a system which consists of a systematic way to communicate the financial and non-financial information of the company to the users of the information. CRS ensures that the communication to third parties should be done effortlessly and adequately. This system aids the company in dissemination of corporate information at the right time and in the right way. It is essential for every company and lack of it will defeat the purpose of effective corporate reporting. It can be defined as follows:

“Corporate Reporting System is the system which consists of various elements essential to report the corporate information from the company to the users effortlessly.”

“Corporate Reporting System is a systematic arrangement leading to effective communication of corporate information by the company to various stakeholders.”
OBJECTIVE OF THE STUDY

The objective of this study is to find out various essential components needed to have an effective corporate reporting system.

DISCUSSION

A Corporate Reporting System consists of following 10 most essential components. These are discussed in brief as under:

1) Recording Component.
2) Transformation Component.
3) Loading Component.
4) Storing Component.
5) Legal Component.
6) Distributing Component.
7) Assurance Component.
8) Feedback component.
9) Validity Component.
10) Control Component.

These Components are explained in detail as follows:

1) **Recording Component:** A good corporate reporting system will have a recording device by which all the corporate transactions can be recorded as and when they occur. It is a device which measures the transactions or events of the real life world and records them. It is used by the company to record information about events of their activities. These devices can be in the form of

   a) Cash Registers
   b) Card readers
   c) Web Servers
d) Sales Registers  
e) Attendance Registers  
f) Salary Registers, etc.

2) **Transformation Component:** A good corporate reporting system will have a transformation device by which all the corporate transactions can be transformed from one form to another form very easily. It means file in one format can be transformed to various other important formats. It is a system which helps in the delivery of the recorded events into another system. It means transferring the recorded events in to another system safely and reliably. Companies use this system to transfer their recorded transactions or information to another system. For example:

   a) Software can be used to convert the recorded data into MS Word File.  
   b) Software can be used to convert the recorded data into MS Excel File.

3) **Loading Component:** A good corporate reporting system will have a loading device or software that can help the company to load their data into the system. It is a device which can perform various functions like extracting, converting and transforming the recorded data into the storage system. It is a necessity for an effective corporate reporting system as without it the recorded data cannot be stored at the storing place for future use.

4) **Storing Component:** A good corporate system will have a Storage device in which all the recorded information can be easily and safely stored to be used at a future date. A company can use this device for accurate recording of the material information. For example: MS Word or MS Excel can be used to store data by the company if they want to store it as Word file or Spreadsheet file respectively. It is also the most important component of the corporate reporting component because without it a company cannot be able to retrieve information as and when required for current as well as future use.

5) **Legal Component:** A good corporate reporting system will have a legal component also which aids in effective implementation of corporate reporting. This legal system comprises of various rules and regulations for proper implementation of corporate reporting process. The legal component includes various legal laws and provisions which help in making the corporate reporting process standardized.

6) **Distributing Component:** A good corporate reporting system will have a distributing component which is used by the company to distribute its financial statements and reports to the various stakeholders. The company must have a proper and adequate system which is used for preparing the required reports and publishing them to the users on time. For example:
a) Magazines

b) Newspapers

c) Websites, etc.

7) **Assurance Component:** A good corporate reporting system will have an Assurance component which gives assurance to the users that the information which is being delivered to them is right and true. This component helps the company in giving quality service to its users and winning their confidence. This component is most significant because it helps in increasing the confidence of the users in the reported information and thus facilitates transparency with true and fair view of the company. For examples it include

a) Audits, Feedbacks

b) Service monitoring

c) Fault management

d) Risk Management, etc.

8) **Feedback Component:** A good corporate reporting system will have a feedback component which helps the stakeholders in giving their opinions and views regarding the company based on the published information. This component aids the company in finding out their strengths and weakness as the users of the reported information can give their true and fair opinions about the company directly to the management. This also eliminates any need of middlemen between company and the users of the information. Thus it acts as a direct link between the company and the user. For example:

a) E-mail address of the company

b) Feedback form on the websites, etc.

9) **Validity Component:** A good corporate reporting system will have a validity component which helps the company to validate the financial as well as non-financial information that is to be reported to the stakeholders. It means validity component improves the quality of the corporate information by performing various checks to identify the errors and mistakes in the statements at the earliest before publishing the information to the public. This component is required to make the statements more reliable for the users of the information. For example: A company must use some software or expert service to check the errors and omissions in the corporate statements before publishing it.

10) **Control Component:** A good corporate reporting system will have a control component which helps the company to control the information so as to find the deviations at the earliest and eliminating them at the right time. Control system is the essence of corporate reporting
system. Without it the corporate reporting may fail to achieve its core objectives. This component will make the corporate reporting costs under control also. For example: Company may use

a) Budgeting techniques
b) Reporting Management
c) Supervising the reporting process, etc.

CONCLUSION

To conclude it can be said that the companies must have the above essential components to make their corporate reporting system effective and efficient. By having these all components, a company will have complete and effective corporate reporting system and the quality of the reporting information can be improved and maintained.

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