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REPRESENTATION OF THE GOING CONCERN CONCEPT IN THE FINANCIAL STATEMENTS

PREZENTACJA *GOING CONCERN CONCEPT* W SPRAWOZDANIACH FINANSOWYCH

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Summary: Are the Hungarian and international financial statements drawn up annually suitable to indicate problems, possibly to inform those involved about the declining phase of an enterprise? The information demand of the different market operators is divergent, thus the question is whether the corporate management, possibly the owners place some emphasis on providing adequate information. The global economic, social and environmental changes have increasingly motivated the corporations to demonstrate a responsible behaviour for their indirect and direct environment. But what does responsible employer behaviour, also known as CSR (Corporate Social Responsibility), mean? We would like to draw attention to a particular, broad interpretation of responsibility-taking which shall be presented in the statements, as well as in the business report not forming part of the statement. We examine the issue of social responsibility in a specific perspective in which there is emphasis on, beside the corporate life-cycle models, the information content of the Hungarian and international financial statements and the content of another report made, which is not part of the statement. By paralleling the additional appendix and the other reports, the aim of our research is to draw attention to whether the content of the enterprises' statements does not comply with the legal regulations so then one of the most important accounting principles i.e. the going concern principle, which the other principles are built on, will (or can) be infringed. Beyond the addressees of accounting, the authors point out the issue of social responsibility based on those similarities which can be observed in the relation system of the value-oriented corporate management.

Keywords: responsible behaviour, financial reports, going concern concept, corporate life-cycle models.

Streszczenie: Globalne zmiany wymusiły na korporacjach zmianę podejścia biznesowego widoczną w eksponowaniu prowadzonej działalności ukierunkowanej społecznie. Zjawisko to znane jest jako społeczna odpowiedzialność biznesu, czyli CSR (*Corporate Social Responsibility*). Autorzy artykułu zwracają uwagę na specyficzną interpretację społecznej odpowiedzialności przedsiębiorstwa, widoczną w raportach finansowych oraz danych zawartych w informacjach pozabilansowych. Poddają badaniu kwestię odpowiedzialności społecznej w określonej perspektywie, kierując główny nacisk na analizę modeli cyklu życia firmy oraz informacje zawarte w sprawozdaniach finansowych i raportach biznesowych podmiotów węgierskich i wybranych firm międzynarodowych.

Słowa kluczowe: odpowiedzialne zachowanie, społeczna odpowiedzialność biznesu (CSR), raporty finansowe, *going concern concept*, modele życia przedsiębiorstwa.

1. Introduction

1.1. Relation of the corporate life-cycle models and management accounting

The global economic, social and environmental changes increasingly motivate the corporations to demonstrate responsible behaviour for their indirect and direct environment for the sake of not just the others but for the future of the corporation as well [Katits 2001; Katits 2010]. It is extraordinarily important that the corporation can recognize, in good time, if its value cannot be increased, because this fact requires an immediate intervention. In order to maintain the operability, the ability of renewal and its time span are key issues. Are the Hungarian and international financial statements to be compulsorily drawn up annually, suitable to indicate the problems, possibly to inform those involved about the declining phase of an enterprise? Through the information content of the additional appendix forming a part of the annual statement and by providing publicity, we can get information about the property, financial and income status of a corporation.

However, the information demand of the different market operators is different, thus the question is whether the management, possibly the owners of a corporation place an emphasis on providing adequate information. The authors point out the issue of social responsibility based on the addressees of accounting (leaders of the economic organization, employees, market operators and the authorities) and the similarities which can be observed in the relation system of the value-oriented corporate management. We can unequivocally answer 'yes' to the question which is whether the statements compulsorily drawn up annually are suitable to indicate the problems., and we need to answer 'no' to the question which is whether the statements drawn up annually are enough in themselves. The reason is that we live in a non-static environment. The more dynamic the economic environment, the larger the role the question of time plays. Thanks to the development of accounting and not least the technology, we can make up-to-date analyses from the accounting statements. All this requires indispensable team work where the controller shall be given an accentuated role. The typical tasks of a controller, through cost planning and pricing, are the following: creating corporate value, measuring the possible risk factors, tracking the plan and factual data regularly, recognizing the cause-and-effect relationships and informing the management.

1.2. Corporate life-cycle models

The economic crisis has acutely put the spotlight on enterprises. Enterprises have (had) to revise their strategies during which the management has (had) a major role. Though before the crisis as well, more and more researchers dealt with the problems of enterprises, especially with the financial difficulties of small and medium-sized enterprises, but the market challenges of today acutely compel the companies to review their future chances. More and more company managers were forced to think about that which life-cycle their enterprises can be found in, what possibility they have in order to lead their companies to a more developed life-cycle (or at least in order to avoid a recession) by means of adequate planning, regulation, organizational development and motivation. During the last half century, numerous researchers dealt with the life-cycle models of the enterprises – [Adizes 1992; Greiner 1998; Timmons 1990; Hisrich, Peters 1991; Göblös, Gömöri 2004; Kőhegyi 2001; Szerb 2000; Szirmai 2002; Salamonné 2006] etc. – who expounded the features and characteristics of the enterprises' different life-cycle phases. According to [Miskolczi 2012], based on the situation assessment performed with the help of the life-cycle models, the management can value the problems in accordance with the corporate life phase and the tasks can be determined and prioritized consciously at the time of forming the further course of life of the corporation. Albeit each model is widely applied separately, according to our experience it is worth evaluating as many models as possible on an examined corporation during the practical research, in order to get the most complete model possible as a basis of the alternatives for the further development of the given company by means of the different models [Horvath, Papp 2015]. This treatise sets forth what role the controller plays in realizing the tasks mentioned above in reaching the goals.

Despite that (maybe) typology of [Adizes 1992] is the most well-known but we are still willing to present the role and importance of management accounting in the corporate life-cycle analysis through the model of [Timmons 1990]. One of the major reasons is that the model of Timmons is relatively easy to understand, furthermore this theory was built on rapidly growing enterprises so the main features can be grasped well.

1.3. Relation of Timmons' life-cycle model and the management account

In the treatise of Timmons [1990], each period was grouped based on time, revenue and headcount of the employees. The life-cycle of the enterprises (was divided into five phases, starting from the phase of research and development (1-3 years before the establishment of an enterprise) through the process of launch (1-3 years of the enterprise), growth (from the fourth year to the tenth year) and maturity (from the eleventh year to the fifteenth year) until the stabilization phase (found after the fifteenth year). According to the author, stepping into the next "status" is a solution for a sort of decisive situation which generally belongs to the tasks of the founder, owner or the managing director. The "start-up" phase means the first one or two years in most cases but it may be up to seven years. According to Timmons, this is by far the riskiest phase which requires exhaustive direct managing, energy, entrepreneurial talent and key persons. In theory, the collapse rate of corporations is 60% in this phase. The second phase was named "high-growth stage". This is the running-up phase of an enterprise, the time which is often found different by enterprises, as well as the extent of the changes included. In this case, the founding owners find themselves facing the difficulties primarily regarding the handover of power and especially decision-making jurisdiction. "Maturity" is the next stage after the running-up phase in which not the survival but the profiting perpetuance is the primary goal. Finally, the stabilization phase closes the model which is not touched upon in detail by the author.

The owners and managers of a corporation (whatever managerial level) are up against different decision making situations in each corporate life-cycle. Insofar as a manger does not deal with the numbers as well as coherence and business process behind this to a sufficient extent, this then can lead to a lack of information, a sequence of wrong decisions and the enterprise can be placed in an unstable economic position. The most important task is to contribute to the up-to-date informing of the managers in order to make effective decisions and operate the firm successfully. In the absence of the application of managerial accounting, they try to use the data of financial accounting regulated by the Act on Accounting for purposes of supporting the decision-making; less information can be obtained from these data since, on the one hand, these become visible with a certain delay after closing the current period, on the other hand these relate to the events of past.

Nowadays managerial accounting and controlling and controller's activity have an increasing role; in forming their accounting system, the corporations set out from the accounting demands of management, keeping the statutory requirements in mind, of course [Blumné, Zéman 2014]. The information provided by the managerial accounting is essential for the decision making processes and information support of the managers. The management-oriented accounting system implementation is subject to emphasising looking into the future besides the examination of the past events [Sisa-Veress 2014].

2. Role of the statements through the information content of business report

2.1. Role of the reports appearing in the Act on Accounting

In connection with the reports appearing in the Act on Accounting, it is suggested as criticism that the balance sheet and the income statement contain data of the past with regard to a given date, the balance sheet date, so the information obtained from them is less suitable for occasional rapid interventions [Szóka 2012]. This is not the aim of the reports, the goal is to regulate the accounting, to provide the market operators with a fair and true image of the property, financial and income position of those subject to the Act on Accounting, what is more with a vision of the expected plans and possibilities of the future. Among others, the business report has information content about the plans and possibilities of the company. According to the rules of the valid Act on Accounting (Szt.), the enterprises preparing the highest form of reporting – the annual statement, consolidated annual statement – are obliged to prepare a business report as well as a consolidated business report simultaneously with the statement. The main goal of making the business report is to present the property, financial and income position of an enterprise in such a way that the expected future risks are also taken into consideration beyond the factual data of the past. With this in mind, the business development of an entrepreneur shall be presented in such a way that both the financial and non-financial performance index numbers shall be set out which contributes to the presentation of a fair and true image (Szt. 95. §).

The question arises of how much the business report contributes to the mapping of the expected future risks, especially knowing that the business report is not part of the statement, but it has to be prepared and presented to the stakeholders.

2.2. Role of the IFRS reports

The emphasis and the criticism related to the statements appearing in the Act on Accounting does not necessarily apply to the IFRS reports that the statements are built on the past data and that the future ideas and plans are not presented. Although the statements made according to the international financial reporting standards naturally apply to a given date, the balance sheet date, but the statement itself aims at presenting the vision of an enterprise in several places. (Among others, an example can be mentioned that the assets kept for sale and the ceased activities shall be presented in a separate row on the assets side of the balance sheet, and the liabilities related to the aforementioned are to be presented among the liabilities; these means are the set of instruments to be sold in the future which occasionally represent significant values or the whole activity . It has to be done in order to acquaint the stakeholders with the future sales plans of a company which is, from the viewpoint of a corporation, a significant activity; in certain cases it can involve the query of the going concern principle as well. The income reached by the ceased activity and the income resulting from sales of the activity are also presented in separate rows.) The aim of the statements was also determined differently: the provision of the stakeholders and potential investors with useful information. The emphasis is on usefulness. The IAS 1 standard identifies the following parts of a financial statement:

- Statement of Financial Position.
- Statement of Total Comprehensive Income.
- Statement of Changes in Equity.
- Accounting policy and list of the additional comments (Notes).

The Notes considered as an additional appendix, provide a wider information source. The completion of a business report is not obligatory, the financial statement (its parts listed above) is to be separated from other parts of the annual report since the annual report can contain other statements and reports but these ones are not subject to the IFRS standards [Lakatos et al. 2013]. In the Hungarian Act on Accounting the analysis of the business entity's performance is a requirement for the business report; the accounting and financial profession has developed a wide range of the indicators in order to perform the analysis mentioned above. Due to the demand for a simple comparison with other business entities, the IFRS standards have strived for unifying the calculation of single indicator and regulating its presentation requirements (IAS 33); the only requirement is to calculate and present the basic and diluted indicator of the earnings per share (EPS) at the end of income statement, as well as in the Notes.

3. Accounting principles in the business report

In fact the completion of a business report fortifies the going concern principle; it gives information about whether a business entity can maintain the operation in the foreseeable future, whether the cessation of activities or a significant decrease for any reason can be expected or not (Szt. 15. § (1)). The principle of completeness also comes to the forefront because, in a business report, it is obligatory to touch upon each essential event – beyond the events of the given business year – and to present every significant process which occurred after the balance sheet date but became known before the completion of the balance sheet [Musinszki 2013]. On the other hand, those processes shall also be made known which arise from the economic events of the business year closed with the balance sheet date, and not occurred before the balance sheet date but became known before completion of the balance sheet (Szt. 15. § (2)). The going concern principle and the principle of completeness – beyond the simultaneous enforcement of the other principles – shall be applied during completion of the balance sheet, thus the presentation of them provides a kind of reinforcement in the business report. The placing of the mentioned principles in the forefront draws attention that the business entities should balance and review the expected risks from the viewpoint of their future operations. The question is whether the business report is entirely suitable for the fulfilment of its goal in view of the above principles. In this question, the principle of essentiality has also an unusual role; according to this principle, from the viewpoint of the report, each piece of information is qualified as essential, whose omission or misstatement – within the limits of rationality – can influence the decisions of those who use data of the statement (Szt. 16. § (4)). We look for the answer to the questions outlined above by means of representation of the legal legislation for the business report. During it, we set out the content elements of a business report against the items compulsorily represented in the additional appendix. During the presentation of business report, we will not touch upon those enterprises – with regard to the content limits – whose stock exchange trade of marketable securities is authorized in the regulated market of one or other member of the EU.

4. Relation of the additional appendix and the business report, providing a true and fair overall picture

By means of numerical data and text explanations, the present Hungarian accounting reports also show those items, beyond the items of the balance sheet and income statement which are required for the fair and true presentation of an entrepreneur's

Table 1. Relation of the additional appendix and the business report

Content of business report (Act on accounting)	Additional appendix (Act on accounting)	Notes (IFRS)
Elements exerting an influence on the expected development of a managing company such as: • economic environment, • internal decisions. Presentation of the events after the balance sheet date, in particular the considerable processes, presentation of site(s).	It shall contain those numerical data and text explanations prescribed by law which are needed for the true and fair presentation of an entrepreneur's property, financial position, operational result in the balance sheet, beyond the data in the income statement. The additional appendix shall also present the information regarding the specific activity, prescribed by other legislation. The following shall be presented: • the foreign sites, • name and registered office of each business association: – which is a subsidiary of the entrepreneur, – which is managed by the entrepreneur jointly with another entrepreneur, – which is an associate company of the entrepreneur, – which is the entrepreneur's undertaking linked by virtue of participating interest.	The suggested order of Notes (according to the IAS1 standard) is the following [Lakatos et al. 2013]: • declaration about that the financial statement complies with the IFRS, • basics of preparing the statement (valuation principles and methods), special policy prescriptions for the considerable transactions, economic events and those which are essential to interpret the financial, • additional information regarding all financial statement part, in sequence of presentation of the individual statements and rows, • other disclosures, including the contingent liabilities, unrecognised contractual obligations (amount of the approved dividends which is proposed until publication of the financial statements is approved), the non-financial disclosures (e.g. address, legal form, the location of registered office, main activity, final parent company). Obligatory presentation of the segments determined according to the IFRS 8 Operating segment. The following shall be published based on IFRS 12: nature of the investment into • subsidiaries, • joint organizations (joint activity and joint undertaking as well), • associated companies, structured business entities to be non-consolidated; the risks; the effect on the property, financial, income position of the business entity.

Source: own elaboration.

property, financial situation and operational income. While the additional appendix relies on data of the past, the business report focuses on the future, expected opportunities, plans in close agreement with the structural construction of the additional appendix.

The close connection between the business report and the additional appendix is indicated by the principle worded as the goal of the business report. According to it, the assessment of the annual report would like to present an enterprise's property, financial, income position, course of business, together with the main risks and uncertainties, in such a way which can give a fair and true image based on both the past factual data and the expected future data. This includes, beyond the presentation of the side of the business, the representation of the company's economic environment together with the internal decisions influencing the expected development. Besides the presentation of the events becoming known between the balance sheet date and the completion of balance sheet, the opportunities regarding the future come into the fore as well.

The additional comments according to IFRS (Notes) shall be systematized in accordance with the regulation of the IAS1 standard and we shall refer to all items of the elements of financial statements. With regard to that, a large part of the statements completed according to IFRS is the consolidated statement, the presentation of interests in other business entities has also a key role among the disclosures (Table 1.).

5. Research and experimental development

The role and weight of the research and experimental development in the national economy are indicated by the fact that, in the Hungarian accounting report, the current year's costs of the research and experimental development shall be presented in detail

Table 2. Research and experimental development

Content of business report (Act on accounting)	Additional appendix (Act on accounting)	Notes (IFRS)
Area of research and experimental development	Representation of the current year expenses for research and experimental development	The costs of research shall be debited to the income. The costs of development shall always be activated (not a possibility but an obligation). There are 5 conditions for presenting the experimental development as a material element (Is it feasible technically? Is there an intention to implement? Are the technical, financial and other conditions available for the implementation? Is there a capability for usage or sale? Can it generate proven benefits?). Presentation of the above ones is a requirement.

Source: own elaboration.

not only in the additional appendix, but the areas of research and experimental development as well as the obtained and expected results shall also be touched upon in the business report. In Notes of the IFRS reports, the following shall be mentioned: separation of the researching and developing phases; representation of the development as a property element; presentation of the conditions and their fulfilment (Table 2).

6. Financial instruments, risk management

In the additional appendix of the Hungarian accounting report, the financial instruments and the derivatives shall be presented in a determined structure, in detail, with regard to the specialities, the following shall be expounded: expected impact on the cash flow and income, furthermore the current year's changes in the revaluation reserve of fair valuation. Beyond the hedges, these off-balance sheet items and financial impacts as well as the business goals of those agreements not included in the balance sheet shall be presented, the risks or advantages of which are to be known in order to estimate the financial situation of an entrepreneur realistically. At the centre of the business report is the utilization of financial instruments, the set of criteria of fair valuation and the hedging nature of derivatives. In cases of the transaction policy for risk management and hedges, the risks shall be confirmed with numerical data: risks of price, credit, interest, liquidity, cash flow.

Table 3. Financial instruments, risk management

Content of business report (Act on accounting)	Additional appendix (Act on accounting)	Notes (IFRS)
Utilization of the financial instruments: investment- or trading-purposed qualification, classification from viewpoint of valuation in case of fair valuation, hedging or non-hedging nature of the derivatives, insofar as they have significant effect on the property situation, policy of risk management, hedging confirmed with numerical data: • risks of price, credit, interest, liquidity, cash flow.	The hedgings: • effectiveness, • how large losses (or profits) are offset in the current year income and equity. Total amount of the financial liabilities: • which are significant from viewpoint of evaluation of the financial position but are not presented in the balance sheet, • character, • business purposes, • financial impacts of those off balance sheet items and agreements not included in the balance sheet, risks or advantages of which shall be presented for estimation of the financial situation of an entrepreneur.	The financial instruments and their groups: • balance sheet-related disclosures, • income statement-related disclosure, • other disclosures: – main elements of the accounting policy, – hedge accounting, – fair value, – financial instrument-related risks, – qualitative disclosures, – quantitative disclosures financial assets delivery.

Source: own elaboration.

The financial instruments – due to the complexity of the subject – belong to several IFRS regulatory scopes: the IAS 32 summarizes the regulation of presentation, IFRS 9 (previously: IAS 39) summarizes the regulation of representation and IFRS 7 summarizes the regulation of disclosure. In this case, the aim of the disclosures is that the users of financial statements will be able to get a clear image of the importance of the financial instruments possessed by the business entity (Table 3).

7. Employment

During the Hungarian accounting report, the information obligation related to employment is presented both in the business report and in the additional appendix as well. While the numerical data dominate in the additional appendix, the business report (may) create the opportunity to get to know the firm's employment policy, future chances, and the possible alternatives of development. In an unfavourable economic environment, it is not certain that the companies can accurately survey the possible future and the possible employment policy targets. In first place, the true and fair information should be the social responsibility of the owner and the management.

In the IFRS reports, four categories of the benefits can be distinguished based on the IAS 19 Employee benefits standard: short-term benefits, long-term benefits, severance payments, post-employment benefits. Among the disclosures, the benefit-related information is also presented based on this grouping (Table 4).

Table 4. Employment

Content of business report (Act on accounting)	Additional appendix (Act on accounting)	Notes (IFRS)
Description of employment policy	Employed workers: • average statistical headcount, • showing by staff groups: – the wage costs, – and other personnel payments.	• disclosures related to the short-term benefits, • disclosures related to the long-term benefits, • disclosures related to severance payments, • disclosures regarding the post-employment benefits.

Source: own elaboration.

8. Environmental protection

Environmental protection is emphatically presented in the additional appendix of the Hungarian accounting report and in the business report as well. By regulation of the provisioning, the statement contains also the expected future costs (costs related to environment protection, not based on legislation) numerically besides the liabilities related to environmental protection. The related environmental policy and the closely related actions and their effects and results shall be presented in the business report. Beyond the financial and economic items, the legislators also present the question of responsibility very strongly. The environmental disasters of recent years have made the economic operators realise the key role and importance of the appropriate actions.

The IFRS financial statements do not regulate the subject of environment especially and this subject is not in the disclosure obligations, either. The environment-related information is presented in the annual report's other parts independent of the financial statements (Table 5).

Table 5. Environmental protection

Content of business report (Act on accounting)	Additional appendix (Act on accounting)
Presentation of the environmental protection: • environmental policy, their instrument systems used by the entrepreneur, • environmental measures, • results of the actions performed relating to the environmental protection, • environmental protection improvements: projects carried out in the past and to be carried out in the future and the contributions related to them, • environmental-related responsibility, • role of the environmental protection determining and influencing the financial position of an entrepreneur.	Presentation of the environmental protection: • tangible assets directly ensuring the protection of environment, • based on hazard classes: – hazardous wastes, – substances harmful to the environment, – opening and closing stock, – quantitative and final data of the current year's increase and decrease, • environmental obligations, • provision for hedging the future costs protection of the environment, • costs arisen relating to the environmental protection, • expected costs of the environmental, rehabilitation liabilities.

Source: own elaboration.

9. Case study

During our research, we examined the report of a Hungarian enterprise which was obliged to the highest reporting form i.e. to prepare an annual report and which discontinued its activity following almost 20 years of operation.

The following questions have arisen in connection with the enterprise examined:

- Was the report required to be drawn up annually suitable to indicate the problems and to identify the declining stage of the enterprise?
- To what extent did the business report contribute to the mapping of the extended future risks and how did the responsible employee-centred behaviour prevail?

In order to answer the questions, we have focused on the information content of the notes and business report which touched upon the text assessment of the report as well as the expected future risks and plans relating to the business report.

We found the following: if we just look at the numerical data of the report (balance sheet and income statement) required to be drawn up annually, then it can be seen that the enterprise performed weaker compared to the previous year, but far-reaching conclusions could not be drawn from the data of these two years. However, in the five years before the cessation, the text assessment forming part of the report already concluded that "the enterprise shall pay particular attention to the preservation of economic stability".

We have analysed the examined enterprise's reports from the past twelve years. Taking space limitations into consideration, in this article we touch upon the analysis of two indicators whose results are still considered to be favourable but the signs of decline could be already seen.

The liquidity ratio generally characterizes the solvency of the enterprise; it compares the values of assets to be used up within a year to the stock of current liabilities. The ratio answers the very important question of whether the fulfilment of liabilities due within a year is ensured.

$$\textbf{Liquidity ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

The value obtained by the liquidity ratio indicates what percentage of the assets being negotiable within a year is represented by the current liabilities. The value of the ratio can be considered to be accepted above 1. Insofar as the value of the ratio is lower than 1 then it can happen that the enterprise will not able to fulfil its due payment obligations, assuming the ordinary course of business.

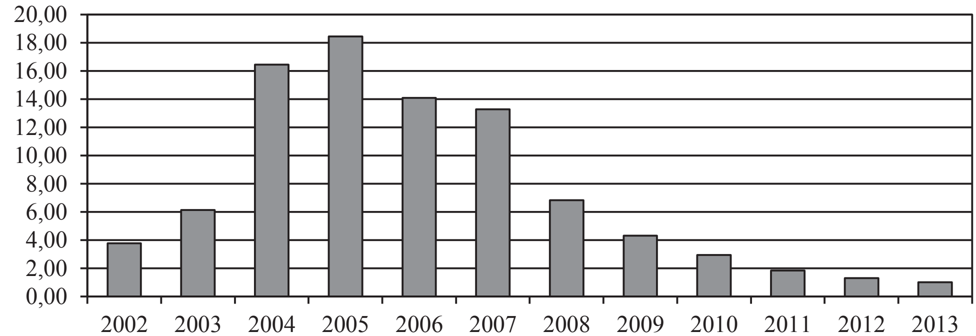

Figure 1. Rate of liquidity

Source: own calculations.

Though the value of ratio showed decreasing trends from year to year, its values can be said to be favourable. The figure illustrates well that the due obligations could be fulfilled in time.

Return On Equity already shows well the possible stagnation or decline in the efficiency of management since it shows the development in the results of a given year of the economic unit comparing to the equity. It provides information on the extent of increase or decrease in wealth.

$$\textbf{Return On Equity} = \frac{\text{Balance Sheet Earnings}}{\text{Equity}}$$

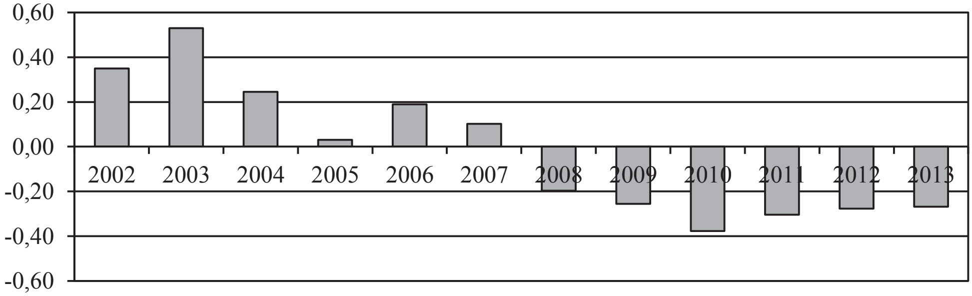

Figure 2. Rate of Return On Equity

Source: own calculations.

The figure shows prominently that 2008 was the first year when the company was managed at a loss, and then it realized the biggest loss in 2010. During the subsequent years, the company has strove to reduce its loss but the conditions of a profitable management could not be established. The market contracted and the firm was constrained to make strategic decisions.

The company's management subsequently searched for opportunities to cease operation. From this perspective, we can see an example of responsible employer behaviour. The economic unit in our example was already unable to create value, its operation became hazardous[1] and the management recognized this in time.

On the other hand, despite the management already knowing at the time of preparing the report for last year that the firm would cease to operate they did not make public this fact at the time of preparing the report. They still argued for the continuation of the enterprise in the business report, thus they deceived the market operators. In our view the resolution of this duality should definitely not be a task of the legislator because it concerns the topic of social responsibility.

10. Conclusions

The global economic, social and environmental changes have increasingly motivated the corporations to demonstrate responsible behaviour for their indirect and direct environment. But what does responsible employer behaviour, also known as CSR (Corporate Social Responsibility), mean? According to responsibility-taking defined

[1] Alfred Rappaport drew attention to the central role of the shareholder value (1986) and created the SVA indicator (Shareholder Value Added). In his view, the key to the corporate success is to increase the corporate value for which the harmonization of interests of the individuals concerned (market operators) is of prime importance.

in a strategic way, corporations shall behave towards their environment and society as a whole in a responsible manner. We would like to draw attention to a particular, broad interpretation of taking responsibility which shall be presented in the financial statements, as well as the business report not forming part of the statement. Accordingly, the corporations should be able to subsist in the long term, if not, then they must not deceive the market operators. The legislators have presented these expectations towards them in the accounting law as well, i.e. they have enforced the suitability for the future operation and the continuation of activity in the going concern principle. The going concern principle is given major importance by the legislators, namely, the success of the other principles is also based on the going concern principle; in the IFRS, this principle is an all-defining so-called underlying assumption. This also means that in the cases when the going concern principle does not prevail then the accounting principles cannot be applied. As a legal representative is obliged to sign the business report thus we rightly hope that in the contents of the "socially responsible business report" there will be also presented the social responsibility of numerous firms in the near future.

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