

**DISCLOSURE OF THE PRINCIPLES IN THE ACCOUNTING AND REPORTING OF  
RAILWAY TRANSPORT ENTERPRISES SUSTAINABLE DEVELOPMENT**

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**Abstract.** The results of sustainable development are indicators of efficiency, responsibility of business to society and the state. Railway transport reporting indicators are of interest in terms of their presentation, content and reflection in one format or another. The paper structures the reporting of railway organizations from the point of view of targeting and content. The study of indicators reflecting the principles of sustainable development was carried out based on using methods of comparison, analysis, and allocation when working with the reporting of transport organizations. Information on financial and non-financial reporting data is summarized. The positive and negative characteristics of the submitted reports are highlighted. The conclusions on the need to develop unified approaches in the formation of reporting indicators are presented. The need for independent certification of the sustainable development report by the professional community is indicated.

**Keywords:** sustainable development, railway transport reporting, social responsibility, ESG principles, corporate governance, non-financial indicators, environmental principles.

**JEL Classification:** G14, G18, G30, G32

**Introduction**

Rail transport is the basis for the functioning of the country's economy, establishing interaction between various industries. Studying the activities of the transport industry in modern difficult economic conditions because of reporting data allows us to understand the main trends in its development and identify its new opportunities. One of the essential and significant tasks in the disclosure of accounting indicators at the current level of development of the transport industry is compliance or orientation to the principles of sustainable development of society and business.

Confirmation of this position is the recognition by the leadership of the country and the railway business of the basic course and approaches of sustainable development, which is reflected in the basic concepts of the implementation of National projects in the transport industry, the Transport Development Strategy until 2030, and corporate policies of transport organizations.

The concept of sustainable development implies ensuring the well-being of the modern and future generations in the context of certain human activities. The management of railway industry enterprises is aware of its negative impact on the environment, having a significant impact on society and the economy of the country as a whole. In this regard, certain efforts are being made to achieve a stable state of financial and economic activity of transport enterprises, guided by the basic principles of sustainable development.

### Basic Content of the Paper

The principles (or goals of sustainable development) were proposed in 1992 at the UN international conference and are the main one for developing the policy of the main activities and strategies for further growth of many large corporations, including railway transport enterprises [Safonova I.V.2022]. The proposed goals can be divided into groups that have formed three main types of ESG principles that (Table 1) guides industry enterprises.

**Table 1.** Classification of the principles of sustainable development

Environmental principles	Social principles	Economic principles
Resource management	Equal opportunities	Saving money
Environmental protection and restoration	Improving the quality of life	Reasonable economic growth
Preserving the integrity of the ecosystem	Development of society	Long-term planning
Environmental responsibility of the state, enterprise, and person	The possibility of getting an education	Creating a favorable international environment
Availability of information on environmental aspects of activities	The relationship between law and ethics	Spending on scientific research

Source: compiled by the authors.

Summarizing the accepted principles of sustainable development, it is possible to identify the most priority area of information disclosure in the reporting of enterprises. This is the preservation, protection, and restoration of the environment. However, the implementation of this principle is impossible if the other two priorities are respected – the social aspect of activity and corporate governance. The emergence of the principles of sustainable development and their elevation into the most significant tasks for each public business community has led to approaches to the formation of basic types of enterprise reporting, as a response to compliance and compliance with the modern needs of interested users.

The study of the implementation and observance of the principles of sustainable development in railway transport organizations was conducted based on the reporting of industry enterprises through a comprehensive analysis of the content of individual financial and non-financial indicators formed based on accounting data. The following tasks are defined to:

- identify groups of financial and non-financial indicators that form blocks of ESG factors in the field of: economic and corporate governance (G-factor); environmental policy (E – factor); social aspects of activity (S – factor);
- determine the place of sustainable development indicators in the reporting of railway organizations;
- assume further development of accounting and reporting data reflecting the principles of sustainable development of transport organizations.

The operating conditions of railway enterprises are reflected in the performance indicators of reporting, the variety of which is able to respond to any requests from interested users.

Over the past few years, large business corporations have been building their policies in accordance with the principles of sustainable development, which is reflected in almost all areas of activity:

1) Personnel policy – the selection and formation of a team of employees is carried out on the basis of equal access to equal opportunities in the workplace. The priority of each employee's activity is his ability to improve his skills, promote economic growth within the framework of fulfilling his duties.

2) Financial policy – the application of approaches to saving resources, reducing costs, and searching for new opportunities for economic growth through the development of environmentally friendly and harmless industries.

3) Corporate policy – active implementation of the "lean manufacturing" policy; maximum possible disclosure of information about the activities of railway transport organizations. Corporate

values are approved and accepted by all employees of industry organizations. Corporate governance is based on social responsibility and a policy of reducing the man-made impact of transport.

4) Social policy – the implementation of a system of social support for employees of the organization, including health care, additional payments as material support, care for pensioners. The use of a collective agreement as a tool for regulating the relationship between employees and an employer – a transport organization.

5) Environmental conservation – implementation of environmental protection activities in the territories of transport organizations. Regulations and programs have been adopted and are being implemented to ensure environmental conservation by reducing polluting emissions into the atmosphere and water; reducing the use of water resources; and using waste in circulation as secondary raw materials.

6) Production policy – the use of environmentally friendly resources; reduction of energy consumption in order to reduce costs and reduce the risks of environmental impact.

7) Strategic policy – the implementation of a general state policy in terms of solving long-term tasks for the implementation of transport projects in certain territories. Consistency of strategic projects with the general principles of sustainable development.

The results of the implementation and implementation of the principles of sustainable development and various policies of railway organizations can be seen in the reports. In modern financial and economic activities of railway transport enterprises, several types of reporting can be distinguished, which is formed in response to the expectations of interested users (stakeholders) (Table 2).

**Table 2.** Targeting of reporting by railway transport enterprises

<b>Type of reporting</b>	<b>For whom</b>	<b>For what</b>
Accounting (financial) statements	State regulatory authorities External auditors Investors Financial market participants Statistical agencies	Compliance with the mandatory requirements of government agencies for the formation of accounting data. Generating business value data
Tax reporting	Tax authorities Government statistics Executive authorities	Data on the fulfillment of tax obligations
Annual reporting	Shareholders Major suppliers, customers The general public	Summary information about the main areas of activity of the organization
Management reporting (for example, Form No. 2-y)	Company management Major shareholders Internal auditors State regulators (tariffs, activities)	Generating data that has limited access, but is necessary for decision-making
IFRS reporting	Investors Foreign partners Exchanges	Preparation of unified information for all user groups
Sustainable Development Reporting (SD) (social reporting, environmental reporting)	Partners of the organization State regulatory authorities Professional organizations Competing companies Rating agencies Public	Reflection of the organization's contribution to the implementation of the principles of sustainable development

Source: compiled by the authors.

Thus, based on the presented data in table 2, it can be concluded that a modern enterprise is obliged (or burdened with compilation) to generate reports to meet the information requests of various user groups. Standards, requirements or internal documentation determine the order and content of the indicators of the given reporting [Roman P. Bulyga. 2022]

The consideration of reporting indicators reflecting the principles of sustainable development is based on the identification of three ESG strategies in the field of ecology, economics and management and social policy of railway transport enterprises.

To solve the tasks set for the purposes of this study, we will provide a classification of the reporting indicators of railway organizations in three areas of implementation of the sustainable development policy. The data analysis was carried out based on the reports of railway enterprises for 2021 and 2022 [2.3].

The central place in the total volume of reporting indicators is occupied by the final information on the contribution of organizations to the state and global environmental conservation policy (Table 3).

**Table 3.** Indicators of reporting by railway transport enterprises in the field of solving environmental problems

Indicators		Informative content of the indicator	Type of reporting
Financial	Non-financial		
Payment for environmental pollution; Water tax		The amount of tax liabilities in the implementation of activities that are risky for the environment	Tax reporting
Number of purchased rolling stock units		Vehicles with improved environmental performance	Sustainability Report
	Transfer of production to alternative sources of heat supply	Reduction of harmful emissions when replacing coal with power supply and from fuel oil to gas.	Sustainability Report
	Commissioning of treatment facilities	Reduction of emissions of harmful industrial waste into water and land facilities	Sustainability Report
	A system of monitoring, reporting and control of greenhouse gas emissions has been implemented	Implementation of specific measures in the field of environmental protection	Sustainability Report
	Implementation of the environmental strategy	Results of the implementation of priority areas	Sustainability Report

Source: compiled by the authors.

The responsibility of railway organizations in terms of the implementation of environmental policy should be expressed in reporting indicators. However, the system of such indicators is not unified and changes from year to year. The complexity of comparing and comparing data is due to the lack of a methodology for calculating many indicators. At the same time, none of the reports disclose the accounting procedure and the definition of these indicators.

When disclosing indicators in the field of environmental policy and environmental conservation, information accumulated in accounting, production, and environmental accounting is used.

Social policy in the field of sustainable development in the early years of the XXI century developed as an independent direction. Corporate social reports of railway organizations were also generated separately from other types of reports. Table 4 contains the main indicators reflecting the results of the implementation of the social principles of sustainable development of transport organizations.

**Table 4.** Indicators of reporting by railway transport enterprises in the field of implementation of social aspects of sustainable development

Indicators		Informative content of the indicator	Type of reporting
Financial	Non-financial		
	The results of the implementation of the strategy, the agreement of the collective agreement and other provisions in the field of social policy	Generalized data on the implementation of social policy	Annual report of the organization
Labor productivity		The change in the indicator for a certain period, indicating the reasons	Annual report of the organization
Employee training costs		The amount of expenses for training and professional development of employees of the organization	Annual report of the organization
	Staff structure	Assessment of personnel according to various criteria (gender, professional and others)	Sustainability Report

Average monthly salary		Change in the average monthly salary of the organization	Sustainability Report
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Source: compiled by the authors.

Most of the data reflecting the results of social activities of enterprises are presented in the reporting by non-financial indicators. At the same time, it is not possible to assess the real effect of holding certain social events at enterprises. There is no correlation between the implementation of programs and the contribution to the sustainable development of the state.

**Table 5.** Indicators of reporting of railway transport enterprises in the field of economic and corporate governance

Indicators		Informative content of the indicator	Type of reporting
Financial	Non-financial		
	The structure of economic and organizational management	Interaction of management bodies in the performance of assigned tasks, including sustainable development	Annual report of the organization Sustainability Report
The amount of management costs		The amount of funds spent by the organization during the period on management	Accounting (financial) statements IFRS reporting
	Risk system, dealing with various risks	Results of the risk identification and mitigation system	Sustainability Report
	Results of the anti-corruption policy	Activities carried out in the field of implementation of the objectives of anti-corruption management	Sustainability Report

Source: compiled by the authors.

Corporate economic management of railway enterprises is based on the effective performance of public administration tasks due to the characteristics of industry enterprises that are essential for the country's policy. However, the principles of sustainable development are of significant importance, as indicated by the disclosure of information in the SD Report. Corporate governance is conditioned by internal relationships and refers to the trade secret of the organization, which does not provide for full transparency in the presentation of reporting indicators.

### Conclusion

The necessity and relevance of disclosing indicators in the field of sustainable development of railway organizations is due to the modern understanding and information needs of interested users of reporting. In particular, rating agencies, the public, and auditors primarily use data from SD Reports. For suppliers, customers, buyers, and investors, it is crucial to understand the degree of corporate responsibility of organizations in carrying out their core activities.

These reporting indicators are based on the requirements formulated in various standards. However, according to many international experts in the field of accounting regulation, sustainable development should be considered as the result of the activities of each individual organization, and not as an assessment of the results of compliance with accounting regulatory standards [Cecile Bonino. 2024]. At the same time, it is difficult for interested users to assess the real results that are presented in the reports. This is especially true for non-financial indicators, for which there are no unified reporting requirements. The sources of such indicators are very diverse.

Financial indicators on the implementation of the principles of sustainable development are formed in the reports of railway organizations on the basis of accounting data, which is explicitly stated by the enterprises themselves. It follows that accounting policies, assessment approaches and the choice of accounting methods, the construction of analytical data are set based on the requirements of all types of policies of industry organizations.

Further development of effective data on the sustainable development of railway enterprises is associated with their assurance or confirmation of their reliability by the professional community. Thus, the SD reports for 2021 and 2022 were certified by external auditors. However, it should be

noted that the assurance applies only to financial indicators. The relationship between financial and non-financial indicators is not evaluated.

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