

attention to the materiality of non-financials, and influencing moral corporate behaviour to create value in the short, medium and long term.

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## **1. Introduction**

The communication of decision-relevant information is the primary function of corporate reporting. However, the corporate reporting landscape is ever-evolving with companies continually striving to improve its information function to its broader stakeholders with varying levels of sophistication, priorities and interest levels.

The exponential pace at which the business environment is changing in the 21<sup>st</sup> century, due to globalization, regulatory pressures, fluctuating economic conditions coupled with the erosion of trust placed on organizations due to corporate scandals, have led to questions and debates around the concepts, components and principles that distinguishes the way companies report their business activities and annual performances.

Against this backdrop, stakeholders are placing more emphasis on understanding disclosures which falls beyond the bounds of standard financial reporting requirements and often demand for non-financial information to obtain a broader perspective of a business (Lydenberg, 2012). These non-financial information requirements revolve around strategies, market opportunities, risks, resources and economic, environmental, social and governance impacts.

Further, close to 80% of the market value of S&P 500 companies consist of intangible assets that are not captured by additives in a balance sheet (Ocean Tomo, 2015). This is an enormous percentage not recognized by current financial accounting standards.