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Documenting, Accounting, and Valuing Material Damages Caused by Armed Aggression to the Non-Current Assets of the Company

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Abstract. Apart from massive losses in human capital, armed aggression in Ukraine commenced in the late February 2022 has brought about significant negative material consequences to the business. These include interruptions or termination of operations, damages non-current and other assets, disruptions in supply chains, etc. This in turn aggravated certain accounting and valuation challenges as well. In Ukrainian practice, for such matters as documentation, accounting, and valuation of damages, there were no established and generally accepted approaches and algorithms. The purpose of this study is to explore theoretical and methodological, as well as empirical aspects of documenting, accounting, and valuing of material damages caused by armed aggression to the non-current assets of the business. Methods of theoretical cognition and empirical research constitute a methodological basis of the study, particularly systematization and generalization, induction and deduction, comparison and measurement, analysis, and synthesis. The paper systematises the opinions of the local experts on recording the damages, namely provides a joint step-by-step algorithm for identification of affected assets and documentation of damages. The analysis outlines key accounting treatment issues related to affected non-current assets such as necessity to conduct impairment and revaluation, loss of control or significant influence over assets, going concern uncertainty and provided the basis for further more detailed investigation of each of the matters in next research. The practical significance of the study is to present extent and nature of disclosures provided regarding the impact of armed aggression by Ukrainian companies in their interim financial reports. Such empirical analysis is possible to repeat and broaden later in the next studies after publication of annual financial statements

Keywords: armed conflicts, conflict impact, losses, affected property, assets impairment, assets revaluation, going concern

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Introduction

The armed aggression in Ukraine which commenced on February 24, 2022 led to unbearable implications in terms of harm to human capital, displacement of people, as well as destruction of manufactured capital. In particular, about 4.8 million jobs have been lost in respect to the pre-conflict situation as of mid-May 2022, and another 3 million is likely to be lost in case of further military escalation, that have taken place in the 2nd half 2022 [1]. At the same time, as of September 2022, over 7.5 million Ukrainian refugees have been registered outside Ukraine, and up to 7 million were forcibly displaced inside the country [2]. Considering the harm to economy and destruction of infrastructure across the country, according to the recent rapid damage and needs assessment published in August 2022, the total amount of damage comprised over USD 97 billion, while losses reached USD 252 billion [3]. However, one should bear in mind that results of such assessment do not provide asset-level information and are not intended for legal or compensatory claims. In other words, mentioned analysis omits detailed valuation of damages on company-by-company level and only indirectly indicates that the amount of such damages undergone by companies is likely to be significant.

Considering business, there is evidence that as of beginning of August 2022, total damages to small and medium-sized enterprises (SME), namely lost resources, goods, fixed assets, forced overpayments, relocation costs, reached USD 87 billion [4]. Nevertheless, the precise value of damages is not clear; at the moment, it is evident that businesses were significantly exposed to the impact of aggression. Moreover, as 2022-year end approached, companies are required to reflect in financial statements the negative effect of the armed aggression both in quantitative terms (e.g., loss of assets, impairment), as well as in quantitative terms (e.g., communication to stakeholders, substantiation of going concern). This makes scrutiny of the impact of armed aggression to the company's activities even more relevant.

The impact of armed aggression in Ukraine is revealed in multiple dimensions, in particular in damage to inventory, fixed and other assets, closure of roads, ports and other infrastructure facilities in the affected regions, disruptions in supply chains, etc. (refer to Fig. 1).

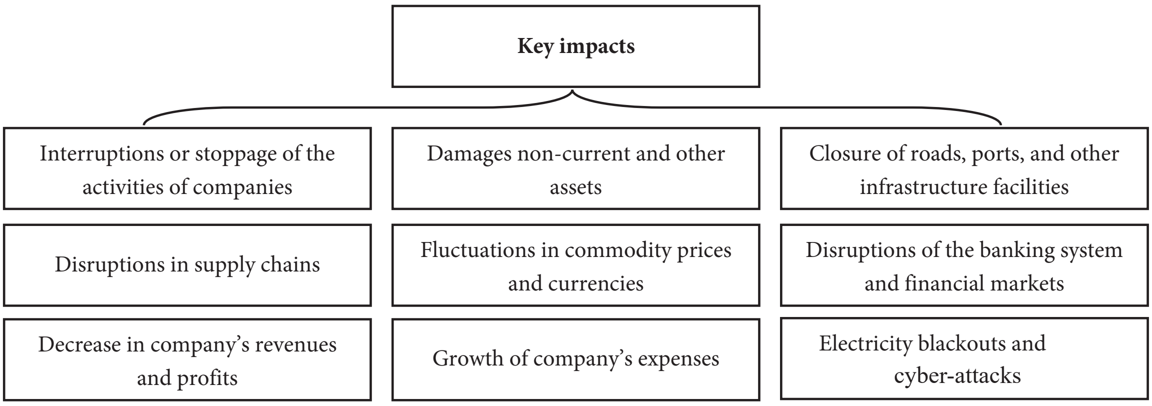

Figure 1. Key impacts of Russia-Ukraine armed aggression

Source: prepared on the basis of research data [5; 6]

Among mentioned effects, the study of damage to non-current assets is of a particular importance and unfolds *the purpose of the study.* This is because, firstly, non-current assets constitute the core of the company's manufactured capital forming a basis for conduction of operating cash-generating activities, secondly, the benefits associated with the use of non-current assets are allocated over the long-term that emphasizes the specifics of their valuation, thirdly, damages caused to non-current assets is a common object for compensation in courts, tribunals, and arbitrations. To study the issue of damage to non-current assets due to the armed aggression, the following objectives should be addressed:

– documentation of damages and identification of affected assets;

– valuation of material damages;

– accounting treatment and financial reporting of the impact of war.

The first of these objectives include discovering the specifics of physical observation of affected assets, primary documentation of damages, as well as outlining key steps on establishing a reliable evidence base regarding the act of harm in connection with an act of aggression. In broad context, the second objective might be divided into the following components: accounting estimate of damages for the purposes of financial accounting and reporting, independent valuation of damages for submitting compensatory claims. The documentation and accounting estimate as the first stage of damage valuation are described below. Such choice is supported by the following arguments: firstly, documentation and proper accounting treatment of damages is a good starting point to reflect changes in financial position, performance and cash generating capacity of the business in financial statements for the management-decision purposes, as well as communication with stakeholders; secondly, accounting estimate and financial reporting of damages is a basis for subsequent damage valuation by independent experts for the purposes of submitting compensation claims to courts or tribunals. Finally, the third objective aims to study the accounting specifics and reporting of the impact of war, as well as empirically analyze the disclosures carried out by Ukrainian companies in their financial and management reports.

Literature Review

The issue of damage caused by armed aggression to the companies is not new for national business and science. Since the outbreak of the invasion in Crimea and Donbas, some empirical reports and scientific researches might be found. Among first practical studies it is worth noting the recovery and peace building assessment conducted by the World Bank Group in 2015 in order to analyse the crisis impact and needs in the Eastern Ukraine [7]. According to this study, the monetary value of recovery needs in Donbas was estimated in the amount of ca. USD 1.5 billion. Considering more scientific-like works, it is worth mentioning the monograph of S. Ivanov of 2015 dedicated to discovering the impact of armed conflict on the enterprise value [8]. Additionally, later S. Ivanov together with S. Yudina and others developed a detailed classification of damages and losses from the armed aggression. In particular, depending on the place and time of manifestation the scientists have distinguished direct (damage to assets) and indirect (lost profit) damage, while depending on the spheres of manifestation – medical and biological, military, and political, social and economic, ecological, external and internal political [9]. Critical analysis of loss and damage concepts, including company-level classification, was studied by O. Palekiene and others, particularly by analyzing damages on the company level scientists subdivide them into material, work, financial, time and specific losses [10]. A more industry specific study on estimating economic loss of seaports due to disasters, namely COVID-19, was conducted by X. Zhou and others [11]. This study suggests that economic nature of damages and losses is not limited by the armed conflicts but can also result from natural or man-made disasters.

Even without directly harming the assets, such disasters might negatively impact economic benefits associated with the assets. This results in necessity to conduct assets impairment or revaluation. In this regard, T. Poerwati and others on the sample of public companies from Indonesia Stock Exchange studied the factors that influence assets revaluation, such as company size, fixed assets intensity, operating cash flows dynamics [12]. Conducting a similar empirical study on revaluation practice, B. Solikhah and others broadened the list factors by adding leverage, liquidity, and company's growth [13]. Primary importance of fixed assets revaluation is to maintain transparency of financial reporting by providing fair value disclosures to the stakeholders. In this regard J. Bae and others concluded that the impact of fixed assets revaluation and stock price cash risk was dependent upon management's motivation for honesty during the revaluation process [14]. Apart from accounting the fixed assets using revaluation model, management may apply cost model. In this case, in the conditions of conflicts and disasters the impairment of assets is likely to be recognized. Despite no studies were found out on impairment in terms of armed conflicts there are some works exploring the effect of crises and disasters on assets impairment. C. Gaio and others researched the impact of financial crisis (e.g., 2008-2009 crises) on the non-financial assets' impairments and concluded that European companies recognized less impairment during the crisis [15]. Considering Eastern European markets to which Ukraine belongs as well, B. Lisicki focused on examining the impact of the reported impairment of assets on the market reaction on the example of Warsaw Stock Exchange in the crisis conditions driven by the COVID-19 pandemic [16].

Armed aggression as an extreme form of social conflict, as well as disasters, brings about one more important consequence for companies – going concern issue. This is corroborated by recent studies performed by T. Baskan [17] & K. Savova [18] dedicated to the impact of COVID-19 pandemic on the concept of going concern that underpins the development of the financial statements. In terms of conflicts, disasters and crisis management have to address the going concern uncertainty by assessing the ability of company to recurring conduct operating over next year or operating cycle and corroborate such assessment with reliable business plans and budgets. Otherwise, company faces the issue hindering preparation of financial statements on a recurring basis and issuing the independent audit report.

Literature review indicates presence of some materials dedicated to accounting treatment and estimation of non-current assets of the company in terms of conflicts, disasters, and crises. Conclusions from these studies are a valuable input toward exploring the accounting and valuation consequences of armed aggression in Ukraine on national companies. However, there is a lack of studies on the topic of damage valuation caused by the armed aggression. This further emphasizes on the novelty of this study.

Materials and Methods

Theoretical and methodological basis of the study consisted of scientific researches of Ukrainian and international scientists, methodological standards, analytical materials of national and international organizations, practical comments and recommendations and experts and companies. Literature review indicated that there was a limited amount of researches on the topic of accounting and assessing the impact of armed aggression on the companies' activities. However, assuming that negative impact on the company from disasters and crises is similar to armed aggression, the analysis of materials exploring the effects of disasters and crises have been made as well. In this regard, it is relevant to recall the research of J. Roczanski & P. Kopczynski [19] dedicated to the influence of financial crisis 2008-2009 on the listed Polish companies or analysis of C. Holt [20] on the impact of COVID-19 disaster on asset impairment considerations.

The subject matter was subdivided into the three objectives considering step-by-step approach. After the harmful event, the first step is to identify the affected assets and document the damages. The second step deals with determination of monetary value of damages, namely initially as of the date of harmful event and subsequently as of the reporting period end. The third step is about disclosing the effect of armed aggression in financial statements.

Method, techniques, and actions were applied by each of these steps. Analysis of damage documentation procedures consisted of empirical and rational components. As there is already some experience on documentation of damages caused by the armed aggression to companies, the empirical component is paramount in this context. It included systematization and generalization of practical lawyers' recommendations collected by participation in webinars, meetings, discussions devoted to damages' recording and documentation. The latter, namely rational component, included overview of recently published legal acts on damages' documentation. It should be noted that foundation of legal base for documenting of damages is still in progress; therefore the scope of such review is somehow limited. By starting from practical comments and finishing with review of legal acts, the method of induction was applied.

Considering the novelty of damage valuation in national professional practice, it was important to apply method of deduction, i.e., start by exploring theoretical and methodological aspect of damage valuation for accounting and financial reporting purposes. To do this, the methods of analysis and synthesis were applied to study internationally accepted standards in accounting and valuation, namely International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) related to assets valuation as well as International Valuation Standards (IVS). Additionally, the analysis was supplemented by fundamental studies of Ukrainian and international researchers and scientists in the field of economic, finance, accounting, and valuation. Among Ukrainian works, it is relevant to take the study of S. Ivanov on the impact of armed aggression of business value on the example of conflict in Donbas [8]. Considering fundamental international works, it is worth noticing the full-fledged research of R. Peterson [21] on different aspects of accounting for fixed assets.

To investigate the accounting treatment and financial reporting of the impact of armed aggression in Ukraine as a starting comparison of guiding recommendations published by top audit companies was carried out. Extracts of such recommendations is to form a theoretical and methodological basis for accounting and estimation of material damages caused by armed aggression to the non-current assets of the company. To uncover practical results, the empirical investigation and measurement of the disclosure of the impact of war in the financial statements of Ukrainian companies was carried out. To do this as a sample Ukrainian companies included into the stock index WIG-Ukraine have been chosen.

To draw the conclusions, the methods of generalisation and systematization of the findings were applied.

Results and Discussion

The armed aggression in Ukraine resulted in significant damages to the companies of public and private sectors. According to the legislation, the responsibility of proof for any damage is imposed on the injured party. Considering damages resulted from armed aggression, it was concluded that to carry out the documentation procedures, it was necessary to accomplish the following objectives:

– establish and record the fact of damage to property and causing the harm;

– identify the event led to property damage and its illegality, in particular the illegal act of armed aggression of the Russian federation;

– establish cause-and-effect relationship between the illegal act event and property damage;

– estimate the financial scope of damage to assets and losses to company activities.

To accomplish these objectives, for the company's management it is necessary to follow the algorithm of certain actions including organization of the work of personnel, documentation of caused damage, contact of local authorities, transfer of information on damage to online platforms and registers (refer to Fig. 2). It should be noted that there is no solely prescribed algorithm of actions; rather there are different practical recommendations from the experts such as Arzinger [22], Ligazakon [23], Ukrainian Agri Council [24] and others, with certain steps to follow.

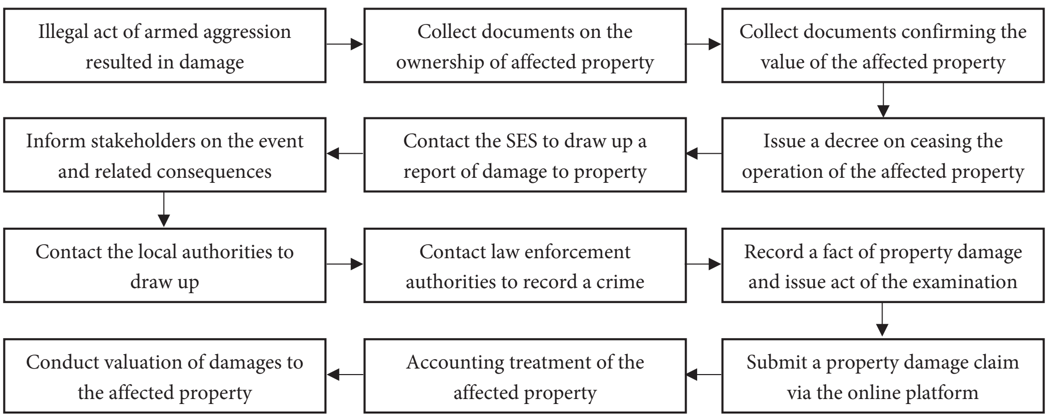

Figure 2. Proposed algorithm of identification of affected assets and documentation of damage

Note: SES stands for State Emergency Service

Source: prepared on the basis of research data [22; 23; 25]

The process of documentation begins with collection of ownership documents. These include agreements, technical passports, extract from the register, etc. Such documents are applicable to both real estate and other assets: vehicles, goods, raw materials, etc. If the documents are lost or missing, it is necessary to record this in the documents compiled in the next steps. Together with ownership documents, it is important to collect any documents that directly or indirectly substantiate the value of the damaged or destroyed property, such as accounting certificates, information from accounting registers, statement of financial position, latest appraisal reports [22]. Information from these documents can be used as a basis for quantifying the monetary value of damage.

Mentioned steps constitute a preparatory stage of damage documentation. As a result of the study, it was concluded that the main stage of documenting process began with issue of internal corporate documents, one of the simplest of which was decree on ceasing the operation of the damaged or destroyed property. Such documents are necessary for internal control and decision making. This is followed by contacting with the bodies of the State Emergency Service (SES) that must draw up a report of destruction or damage to property with an indication of the cause such as shelling, rocket attack and fire [23]. After compiling the report form SES, the management can officially inform all stakeholders on the event and its consequences. The list of potential stakeholders might include mortgagees and mortgagors, banks, and insurance companies as well as counterparties to whom obligations had to be fulfilled using affected property. It was concluded that such step was of great importance, because it enabled the stakeholders to make appropriate decisions having bared in mind the fact of property destruction or damage. If possible, it is recommended to contact the local authorities such as state administration, local council, military-civilian administration. These bodies can additionally confirm the fact and draw up a certificate of property destruction or damage. Next important action is contacting the law enforcement authorities with a statement about the act of crime, in which it is necessary to describe the fact and reasons for the destruction or damage of property. It is of prime importance to receive not just evidence of acceptance of the application, but also the evidence of its record into the Unified Register of Pretrial Investigations [24]. The final goal of submitting such a statement is to record the fact of destruction or damage to property with the demonstration of cause-and-effect relationships and the creation of legal grounds for compensation of its value in the future.

After contacting relevant parties and authorities the next stage is to take all possible measures to record the fact of property destruction or damage, including [22]:

– Indicating exact address and place where the property was located, if possible – with geolocation;

– describing the circumstances under which property was destroyed or damaged;

– drawing up a diagram of the scene with an indication of the nature of the destruction;

– photo and video recording of the object before and after destruction;

– getting written explanations from witnesses and company officials (indicating each person with contact information);

– receiving communications from mass media and authorities related to the damage to affected property.

The result of the fixation is the inspection act or report on the examination, in which together with items mentioned above there is a comprehensive list of damaged or destroyed property and goods. The inspection act or report should contain a conclusion on the technical condition of the affected property, as well as the possibility and feasibility of its further use [26]. This information directly influences subsequent accounting treatment and valuation of affected property. The inspection report is carried out by the commission of relevant specialists in accordance with the procedure approved by Resolution No. 257 of the Cabinet of Ministers of Ukraine (CMU) as of April 12, 2017 [27]. After the restoration of safe access to the affected property, it is also necessary to carry out the physical verification in accordance with the decree of the Ministry of Finance of Ukraine No. 879 as of 09/02/2014 [28]. The commission prepares physical check descriptions, compares verified data with accounts before the start of armed aggression, prepares a register, in which records shortages and losses, and forms a protocol, which notes the results of the inspection and the reasons for the destruction of assets. Such information forms a basis for disclosing the impact of armed aggression in company's accounts and financial reports. Considering legal side of damages documentation and affected property identification there is a list of recently published legal acts, brief overview of which is given below (refer to Table 1).

Table 1. Legal acts for damage recording

Legal Act	Brief overview
CMU Resolution No. 380 dated 03/26/2022 [29]	The resolution regulates the procedure for entering and recording information about damaged and destroyed property of individuals and legal entities on the Diya portal
CMU Resolution No. 423 dated 04/05/2022 [30]	The resolution amends Resolution No. 257 of the CMU dated April 12, 2017 regarding the inspection of construction facilities put into operation in accordance with the procedure established by law. The specified Procedure is used during the inspection of objects damaged as a result of emergency situations, military actions or acts of terrorism in order to make a decision on the possibility of further exploitation and development of restoration measures. The procedure contains links to which specialists should be involved in the examination. Inspection of objects and damaged objects is carried out in accordance with this Procedure and the methodology approved by the Ministry of Development of Communities and Territories of Ukraine, which determines the specifics of performing the specified works
CMU Resolution No. 473 dated 04/19/2022 [31]	The procedure defines the mechanism of operational response of the executive bodies of village, settlement, city councils, military administrations, central executive bodies, management bodies and civil defense forces, aimed at eliminating the consequences of the armed aggression of the Russian federation, related to the damage to buildings and structures, in the territories, on which the active phases of combat operations are absent or completed. The procedure can be used to record damage to state-owned buildings and structures
Decree of the Ministry of Development of Communities and Territories of Ukraine No. 65 dated 04/28/2022 [32]	The methodology defines the specifics of the inspection of buildings and structures damaged as a result of emergency situations, military actions or terrorist acts of objects, which is carried out in accordance with the Procedure for conducting an inspection of construction objects put into operation, approved by Resolution of the CMU dated April 12, 2017 No. 257, with for the purpose of making a decision on the possibility of further exploitation of such facilities and development of restoration measures

Note: CMU stands for Cabinet of Ministers of Ukraine

Together with recording the fact of property damage or destruction on the place, the company can submit a claim via online platforms. The following websites provide an opportunity to document the crimes caused be armed aggression: damage reporting module on Diya Portal [33], damage portal on the website of Prosecutor General's Office [34], etc.

After the initial recording of damages, it is necessary to reflect the consequences in accounting and financial reporting, in particular, perform a review of accounting assumptions regarding the recognition, classification and assessment of assets and liabilities, income, and expenses. Considering affected non-current assets, it was concluded that such review might include writing down the carrying amount of destroyed or damaged as of the date of damage documentation, as well as testing non-financial non-current assets for impairment, or their revaluation as of the end of reporting period.

The assessment mechanism and sources of compensation for damages are currently in the process of development. Damage assessment should be carried out according to the directions and methods provided for by the Resolution of the CMU of March 20, 2022 No. 326 "On Approval of the Procedure for Determining Damage and Losses Caused to Ukraine as a Result of the Armed Aggression of the Russian Federation" [35]. Nevertheless, review of guiding recommendations published by top audit companies indicates the following accounting and valuation considerations of the armed aggression related to non-current assets [5], [36]:

– impairment or revaluation of non-financial non-current assets;

– loss of control or cessation of operations, abandonment and idling of assets;

– going concern uncertainty.

In connection with armed aggression, it is likely that many enterprises would need to perform an asset impairment test or perform revaluation (Fig 3), because armed aggression gives rise one or more triggering events such as substantial decrease in market demand and prices, supply chain disruptions, curtailment, or cessation of operations. In case of applying cost model, according to IAS 36 "Impairment of assets" impairment testing procedures (e.g., property, plant and equipment, intangible assets, and goodwill) commonly requires development of cash flow forecasts and the determination of the discount rate [37]. This in turn is complicated by significant uncertainty due to armed aggression.

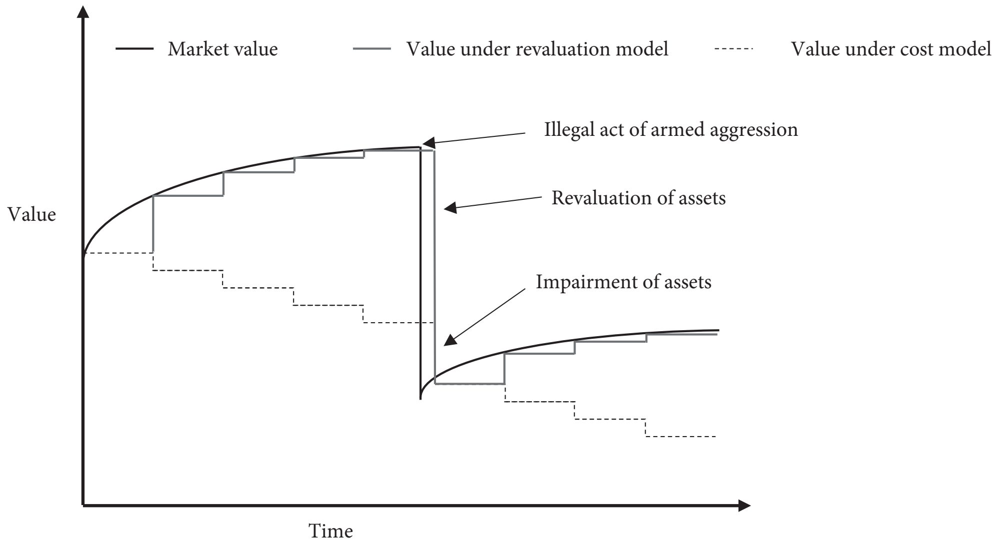

Figure 3. Value of non-current assets under revaluation and cost models
Source: developed by the author

On the other hand, in case a company applies revaluation model for fixed assets accounting, it has to perform a revaluation as of the end of reporting period [38]. Therefore, it is necessary to estimate fair value of fixed assets using methodological approach prescribed in IFRS 13 "Fair Value Measurement" [39] by applying valuation approaches and methods provided by IVS [40], that is cost, market, and income approaches. To estimate the fair value of the assets of already established business it is necessary to estimate replacement cost of the underlying assets using cost, and thereafter test for physical, functional, and economic obsolescence to come at depreciated replacement cost. Testing for economic obsolescence in practice requires building a discounted cash flow model, which is in turn complicated due to limited ability to create reliable long-term cash flow forecasts. On the other hand, even for assets for which it is possible to come at fair value using market approach there is completing with finding comparables, because markets tend to be volatile and speculative during conflicts and disasters.

It was concluded that armed aggression caused significant changes in the economic and political environment so that companies that had subsidiaries or long-term investments in affected regions might lose control or the ability to exercise significant influence over such operations. Moreover, companies may decide to cease operations and abandon the assets in the regions affected by the armed aggression. Such changes lead to accounting consequences related to necessity to review the assumptions on consolidation of subsidiaries or application of the equity method to affiliated entities.

Uncertainty driven by armed aggression requires the management to reconsider the ability of the company to continue operations as a going concern at least, but not limited to, twelve months from the reporting date. The assessment of the ability of the company to continue as a going concern involves management judgment on such matters as nature and extent of disruption in operations, expectations regarding diminished market demand, ability to perform contractual obligations, supply chain issues, liquidity and working capital deficits, access to sources of financing. Considering the relevant period, when making such assessment IAS 10 "Events after the reporting period" requires management to consider the events happened up to the date of authorization of the financial statements [41].

Considering an empirical side of accounting treatment and financial reporting of the impact of armed aggression, it is important to show a summary of analysis of companies included in WIG-Ukraine stock index (refer to Table 2). Out of eight companies included in the index, there was relevant financial reporting data for six of them. Out of these six companies only one, Coal Energy, provided almost no relevant disclose of the armed aggression in Ukraine. In the interim financial report of Coal Energy for the period ended June 30, 2022, the management stated that it could not evaluate the impact of ongoing armed aggression on the business. For the rest five companies, there were disclosure of the impact of war on the business operations.

Table 2. Disclosure of the impact of armed aggression by companies included in WIG-Ukraine index

Company	Kernel	Astarta	IMC	Ovostar Union	Coal Energy	KSG Agro
Interim reports, reporting period	March 31, 2022 [42]	June 30, 2022 [43]	June 30, 2022 [44]	June 30, 2022 [45]	June 30, 2022 [46]	March 31, 2022 [47]
Going concern issue	Yes	Yes	Yes	Yes	No	Yes
Supply chain disruptions	Yes	Yes	Yes	Yes	No	Yes

Table 2, Continued

Company	Kernel	Astarta	IMC	Ovostar Union	Coal Energy	KSG Agro
Management response plan	Yes	Yes	No	Yes	No	Yes
Debt servicing issue	Yes	Yes	Yes	Yes	No	No
Loss of control over assets	Yes	No	No	Yes	Yes	Yes
Damage to assets	Yes	No	No	Yes	No	Yes
Impairment of assets	Yes	No	No	No	No	No

Note: (1) "Yes" means this is relevant disclosure in financial statements, "No" – there is no such disclosure; (2) There are no latest interim financial reports for Agroton and Milkiland, so that they were excluded from the samp

Armed aggression in Ukraine resulted in accounting and valuation consequences for national companies that require response. These matters include identification of affected non-current assets and documentation of damages, estimation of monetary value of damages, and accounting treatment of such damages. Proposed algorithm of damage documenting procedures includes set of steps aimed at establishing the fact of damage to property, identify the event that led to property damage and its illegality, corroborating cause-and-effect relationship between the illegal act event and property damage as well as estimation of the monetary amount of damage in terms of values mentioned in accounting documents or recent appraisal reports. As a result, this documenting process creates a basis to perform independent valuation of damages. The assessment mechanism and sources of compensation for damages are currently in the process of development. Nevertheless, recording of damages is followed by review of accounting assumptions regarding the recognition, classification, and assessment of affected non-current assets. It includes writing down the carrying amount of destroyed or damaged as of the date of damage documentation as well as testing non-financial non-current assets for impairment, or their revaluation as of the end of reporting period. Empirical analysis on national companies included in WIG-Ukraine index indicates that key disclosures on the impact of war on business activities inter alia included substantiation of going concern issue, description of supply chain disruptions, outlining management response as well as describing extent and value of assets affected by armed aggression. Minor of companies included disclosures on the impairment of assets in their interim financial reports. Issues described by companies in their financial reports are generally in line with accounting treatment issues provided by top audit firms.

Conclusions

It is concluded that main issues disclosed in interim financial reports in relation to armed aggression included substantiation of going concern issue, description of supply chain disruptions and its impact on the business, outlining management response plans, and analyzing sustainability of financing from third parties (servicing of existing debt and ability to attract new financing). It was also concluded that when assessing going concern, it was common for the management to build projections on the assumptions that temporary occupied area would not enlarge significantly; current land supply routes with European countries would be retained, etc. Together with these interim financial reports of some companies described issues related to the assets, in particular damage caused to assets, assets located in temporary occupied territories or area of active military operations. The performed empirical analysis suggested that among all companies reviewed, only Kernel has recognized impairment of assets, namely impairment charge against goodwill related to oilseed processing plants. It was proved that disclosures provided in the interim financial reports were generally in line with recommendations provided by top audit firms as well as corresponded to general accountancy logic. It was concluded that in the full year financial reports, it was quite rational to expect the updated disclosures on the impact of the armed aggression on companies' operations, as well as more detailed disclosures on damages to assets, revaluations and impairments.

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Документування, облік та оцінка матеріальних збитків, завданих збройною агресією необоротним активам підприємства

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Анотація. Окрім масштабних втрат у людському капіталі, збройна агресія в Україні, яка розпочалася наприкінці лютого 2022 року, призвела до значних негативних матеріальних наслідків для бізнесу. До них відносяться перерви або зупинка операцій, пошкодження необоротних та інших активів, збої в ланцюгах поставок тощо. Це, у свою чергу, також ускладнило певні питання з обліку та оцінки. В українській практиці щодо таких питань, як документування, облік та оцінка збитків, не існувало усталених та загальноприйнятих підходів і алгоритмів. Метою цієї статті є дослідження теоретичних, методологічних та емпіричних аспектів документування, обліку та оцінки матеріальних збитків, завданих збройною агресією необоротним активам компанії. Методологічну основу дослідження складають методи теоретичного пізнання та емпіричного дослідження, зокрема систематизація та узагальнення, індукція та дедукція, порівняння та вимірювання, аналіз та синтез. В дослідженні систематизовано думки вітчизняних експертів щодо первинного обліку збитків, а саме наведено узагальнений покроковий алгоритм ідентифікації постраждалих активів та документування збитків. Аналіз окреслює ключові проблеми бухгалтерського обліку, пов'язані із необоротними активами, який завдана шкода, такі як необхідність проведення знецінення та переоцінки, втрата контролю або значного впливу над активами, невизначеність щодо концепції безперервної діяльності, і забезпечує основу для подальшого більш детального дослідження кожного з зазначених питань в наступних дослідженнях. Практичне значення дослідження полягає в представленні масштабу та характеру розкриття інформації щодо впливу збройної агресії на українські компанії у їхніх проміжних фінансових звітах. Такий емпіричний аналіз можна повторити та розширити пізніше в наступних дослідженнях після публікації річної фінансової звітності

Ключові слова: збройні конфлікти, вплив конфлікту, втрати, постраждале майно, знецінення активів, переоцінка активів, безперервна діяльність