

periods of crisis, multiple changes in legislation might occur with the intention to adjust to the current necessities.

Consecutively these changes and adjustments must be applied by accountants and require good knowledge and understanding of the regulations. This study, being based only on publications from the Republic of Moldova has a limit, and the following research will also be carried out for scientific publications at the international level.

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UDC 657

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## **THE GOING CONCERN PRINCIPLE IMPLICATIONS RESULTING FROM THE CONFLICT IN UKRAINE**

The start of Russia's armed aggression against Ukraine in February 2022 has changed the existing socio-political order in Europe. Many Western countries have become involved in ad hoc military, humanitarian and economic assistance. According to the data published by the Statista, which uses data from the Kiel Institute for the World Economy, the Baltic states are among the countries that are most involved in helping Ukraine, relative to their own GDP. The first four places are occupied by Latvia (1.01%), Estonia (0.95%), Poland (0.65%) and Lithuania (0.52%). In absolute terms, the largest aid was offered by the United States (0.25% of its own GDP), which by the beginning of October 2022 had provided a total of approx. 52.3 billion €.

Ukraine is one of the world's largest grain importers, mainly corn, wheat and barley. According to data published by APK-Inform, in 2021, 86 million tonnes of cereals were exported from Ukraine. Forecasts for 2022 indicate a drastic decrease oscillating around 54.1 million to 55.7 million tonnes due to harvest reduction. It matters to the global economy. Ukraine is called the "breadbasket of Europe" supplying food to many countries, mainly in Africa and the Middle East. The importance of ensuring a clear communication channel is well illustrated by the need to conclude a grain agreement with Russia, which enables the transport of grain from Ukrainian ports on the Black Sea.

The conflict in Ukraine caused by Russia affects the profitability and liquidity of many enterprises, forcing them to revise the adopted business model. Therefore, all these events have an impact not only on the development of the global economy, but also on many economies of individual countries, interfering with the supply chain, the availability of materials and services and the unwavering activity of many enterprises (including both those operating in Ukraine and those located in other countries, but cooperating with Ukrainian ones). The implications of these events, as well as the economic sanctions imposed on entities from Russia and Belarus, give rise to many considerations regarding the preparation of financial statements. The most important problems include issues related to the going concern principle in the face of events occurring after the balance sheet date, valuation of assets and liabilities, disclosures in the financial statements and inclusion of other significant implications resulting from unprovoked Russia's aggression.

The issues of going concern in Poland in the context of the conflict in Ukraine should be considered from the perspective of the Polish Accounting Act and the provisions of the Polish National Accounting Standards No. 14, e.g. in terms of assessing the situation justifying going concern. The manager, who is responsible for determining the entity's ability to continue as a going concern, takes into account all information available as at the date of preparation of the financial statements, regarding the future covering a period of not less than one year from the balance sheet date.

From the perspective of the assessment of the financial statements, in the context of the validity of the going concern principle and February 24th, 2022, the legal provision of Art. 54 of the Polish Accounting Act and other documents and standards. The article concerns the issue of assessing the impact of events after the balance sheet date on the financial statements, but before the date of approval of the financial statements. In this context, a division can be made into non-adjusting events, indicating a condition that occurred after the balance sheet date, but not requiring adjustments to the amounts recognized in the financial statements, and adjusting events, specifying evidence of the existence of a specific condition as at the balance sheet date, but requiring adjustments to the amounts recognized in the financial statements. The effect of this distinction is the behavior of the entity's management, whose task is to assess and classify events after the balance sheet date, which has a direct impact on the presentation and necessary disclosures in the financial statements. If the balance sheet date fell on a day before February 24, 2022, and at the same time the financial statements had not been approved by that date, the effects of the event are classified as non-adjusting events. Such events include, for example, a decrease in the market value of the entity's investments, significant drops in sales after the balance sheet date, or even an increase in inflation. If the balance sheet date fell after February 24, 2022, these events may be both adjusting and non-adjusting events.

All negative events in Ukraine affect the economic situation of some Polish entities (and thus the content of their financial statements), in particular those that directly or indirectly conduct business or cooperate with partners in Ukraine. The list of such entities is maintained by the Polish-Ukrainian Chamber of Commerce (PUCC). The PUCC as a bilateral economic chamber, represents the interests of its affiliated entities towards Polish and Ukrainian authorities and non-governmental organizations.

The research that aims at verifying information on the conflict in Ukraine began with the identification of enterprises from the list of the Polish-Ukrainian Chamber of

Commerce. The study covered 176 entities representing various industries and sectors, including financial and legal consulting (20 companies), construction (15 companies), production (12 companies), personal advice (11 companies), services (11 companies), power engineering (9 companies), retail and wholesale (9 companies), employment and outsourcing (8 companies), transport and shipping (8 companies), education (6 companies), technology (6 companies), real estate (5 companies), biotechnology (4 companies), and others – no information (52 companies). The data was verified on the basis of information presented in their financial statements. In 52 enterprises, financial statements were not available, e.g. as a result of deleting the company from the National Court Register (KRS) or lack of financial statement publication for 2021. Information about the conflict in Ukraine appeared in 63 companies (12 in construction, 7 in production as well as retail and wholesale, 6 in employment and outsourcing as well as transport and shipping, 5 in real estate, finance and law consulting, technology as well as production, 4 in personal advice and power engineering, 2 in education as well as services). The conflict in Ukraine was not included in 61 financial statements (15 in financial and legal consulting, 9 in services, 7 in personal advice as well as production, 5 in power engineering, 4 in education as well as biotechnology, 3 in construction, 2 in employment and outsourcing, retail and wholesale as well as transport and shipping, 1 in technology). Among those financial statements which information about the conflict in Ukraine was included, 53 contained information about the potential future impact of this conflict on business activity (11 in construction, 7 in retail and wholesale, 6 in employment and outsourcing as well as transport and shipping, 5 in finance and law consulting as well as production, 4 in personal advice, 3 in technology, 2 in education as well as services, 1 in real estate as well as power engineering). The remaining 10 companies do not contain information on potential future impacts resulting from the conflict in Ukraine in their financial statements (4 in real estate, 3 in power engineering, 2 in technology, 1 in construction).

A potential impact on the content of the financial statements in relation to 2021 should be linked to future events, in particular, in connection with changes after the balance sheet date. Therefore, a more complete assessment of the conflict in Ukraine will be possible to estimate after taking into account future research, including the analysis of future financial statements.

The analysis indicates that most of the enterprises took into account the potential impact of the conflict in Ukraine on their businesses. This tendency is noticeable in sectors closely cooperating with Ukrainian entities on which there is a visible interdependence, e.g. at the employee, goods or capital level. The study shows that the employment agency, construction, real estate, trade (retail and wholesale), modern technologies, and transport and forwarding industries are more dependent on Ukrainian partners than the industry related to financial and legal consulting, production or services. Among the enterprises that provided information on the conflict in Ukraine in their financial statements, the majority pointed to potential impact of these unexpected events on the functioning of the enterprise, pointing out, however, that the real (financial and organizational) impact will be possible to estimate in the future.

In their previous assessments, enterprises have mostly focused on assessing the potential, not the real impact of the conflict in Ukraine. The first measurable effects of actual financial losses will be visible in the coming years. Among the most frequently raised arguments (characterized by a large dose of caution) indicated - depending on

the industry - e.g. risk related to an increase in the prices and availability of raw materials, risk related to an increase in interest rates and a weakening of the exchange rate against the EUR, risk related to the unavailability or difficult availability of employees (mainly: subcontractors) or the risk related to sanctions imposed on Russia in connection with the armed conflict in Ukraine, which may result in a ban on the export of certain goods from Russia, which may affect the availability and prices of goods. The authors of financial statements, which took into account the potential impact on the decline in the financial condition of enterprises, in the future, as a result of the global economic downturn, pointed to the impossibility of unequivocally estimating the effects of these events. In some financial statements, it was indicated that the possible impact of the conflict in Ukraine would be included in the impairment losses and loss reserves in 2022 r. Future research should reveal a more complete impact of the conflict in Ukraine on the investment activities of enterprises.

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