Methodological aspects of reporting of enterprises in wartime

Abstract
The purpose of the article is to determine the peculiarities and correctness of preparation and submission of reporting information by business entities in difficult conditions, namely during martial law in Ukraine. Methodology. The methodological basis of the study is the theory of cognition, a systematic approach to the study and improvement of the organization and methodology of management reporting by business entities under martial law in Ukraine to meet the information needs of stakeholders. The methods of generalization, comparison, analysis, synthesis, induction and deduction were used in the process of substantiating the rules for the formation and submission of management reporting, as well as the reflection of risks in the use of credit resources by business entities in the conditions of war in Ukraine. Results. The scientific article reveals the peculiarities of management reporting under martial law, in particular: the importance of creating a management report at the legislative level is revealed; a fragment of the management report on the direction "Liquidity and liabilities", namely in terms of long-term and current credit resources, is proposed; a fragment of the management report in the section "Risks" is presented; the methodology for filling in information about risks is outlined. Practical implications. Despite the state of war, the timely submission of information on the financial condition and performance of various business entities remains an important and timely topic. This makes it possible to timely respond to problematic aspects of market participants' activities by amending legislation and regulations. The proposed fragments of the Management Report, as well as the algorithm for filling in the relevant indicators of Section 6 "Risks" of the Management Report, make it possible to develop information support for the management of such risks at enterprises in general. Value/originality. The value of the study is the fragments of reporting documents proposed by the authors, namely the management report, the management report in the section "Risks", as well as algorithms for filling them out.

Keywords
reporting, management report, risks, financial risks, wartime, enterprise activity

JEL: E44, E66, G30, G32

1 Introduction
During the period of martial law in Ukraine, most enterprises did not stop their activities or resumed them after some time. The Ukrainian economy must function, and accordingly, the state budget must be filled. And this gives us the opportunity to defeat the enemy.
to clearly build the work aimed at detecting, identifying, assessing and neutralizing financial risks, as well as reflecting this information in the relevant reports.

The level of financial risk is the main indicator of financial security of enterprises, which characterizes the level of protection of its financial activity from various threats (1, p. 189). Hence the need for an objective assessment of the impact of financial risks on the activities of enterprises. Therefore, an important aspect for the study of risks is the timely provision of information in the form of reporting.

The availability of various types of reporting, including financial, management, statistical, tax, etc., provides a powerful array of data for management needs. Internal and external stakeholders need qualitatively new financial reporting that is able to meet their information needs on risks to make appropriate management decisions. Therefore, improving reporting in terms of risk disclosures is an urgent issue.

2 Discussion about legal support

The works of domestic scientists are devoted to the issue of improving the reporting of the enterprise. K. Bezverkhyyi (2) improved financial reporting by introducing social indicators of the enterprise. O. Handziuk (3) proposed forms of management reporting: Report on the distribution of costs by centers of responsibility and Report on the efficiency of the logistics system for use by construction companies. S. Korol (4) developed algorithms for the formation of management reporting. O. Moshkovska (5) presents the process of formation of the system of accounting and analytical information for internal management reporting. A. Ozeran (6) developed methodological approaches to the formation of indicators of financial statements of enterprises.

Domestic enterprises have to prepare a large number of reports. Therefore, it is not surprising that at one time the news about the emergence of a new report for entrepreneurs was met in society without enthusiasm. They say that the management report is incomprehensible. But, as it turned out, this is exactly the situation when the interests of the state and the company completely coincide. This is an opportunity at the legislative level to tell about your company not only to Ukrainians, but also to foreigners.

Therefore, the adoption of the Law of Ukraine "On Amendments to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" on Improvement of Certain Provisions" dated October 5, 2017 No. 2164-VIII (7) at the legislative level created the basis for the introduction of the management report into the national reporting practice, which will inform the management decision-making of trade enterprises at a qualitatively new level.

According to Art. 1 of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" No. 996 dated 16.07.1999 (7), management reporting is a document containing financial and non-financial information that characterizes the state and prospects of the enterprise and discloses the main risks and uncertainties of its activities.

In accordance with paragraph 11.7 of Article 11 of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" No. 996 dated 07.07.1999 No. 11 (7) 11 of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" No. 996 dated 16.07.1999 (7), the management report shall be submitted together with the financial statements and consolidated financial statements in the manner and within the time limits established by law. Thus, the obligation to prepare and submit the management report is fixed in Ukraine at the legislative level.

In accordance with paragraph 11.4 of Article 11 of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" No. 996 dated 16.07.1999 (7), the composition and forms of financial statements, management report and report on payments in favor of the state of enterprises (except for banks and economic entities operating in the extractive industries), financial statements on budget execution are approved by the central executive body that ensures the implementation of state policy in the field of accounting, in agreement with the central executive body that implements state policy in the field of statistics. Currently, the form of the report on the activities of the management of the central executive body, which ensures the formation and implementation of state policy in the field of statistics, has not been developed. To date, the developed Methodological Recommendations for the preparation of the report on the activities of the management of the Ministry of Finance of Ukraine, approved by Order No. 982 dated 07.12.2018 (8), can be used by enterprises, organizations and other legal entities of all forms of ownership (except for banks, budgetary institutions, microenterprises and small businesses).

The management report in accordance with clause 2.2 of year 2 of the Methodological recommendations for preparing a management report (8) in order to systematize and correlate information is formed in the following areas:

1) organizational structure and description of the enterprise’s activities;
2) performance results;
3) liquidity and liabilities;
4) environmental aspects;
5) social aspects and personnel policy;
6) risks;
7) research and innovation;
8) financial investments;
9) development prospects;
10) corporate management (consists of enterprises – issuers of securities whose securities are admitted to trading on stock exchanges or whose securities have been publicly offered).

3 Management report: suggestions for its content

Some scientists note that the Ukrainian experience of the Governance Report has certain differences from the European one, even the accuracy of the translation of the title is questionable. But this issue is of more concern to scientists than to practitioners, for whom it is important to understand the requirements of national legislation (9).

When preparing the Management Report, it is possible to limit oneself to the minimum information specified in the Methodological Recommendations No. 982 (8) and not to worry too much about its design, but it is possible to make it not only interesting and useful, but also attractive in appearance.

Here is a fragment of the management report in the section "Liquidity and liabilities". Since the majority of domestic enterprises use borrowed credit resources in their activities, it is necessary to reflect information on long-term and current credit resources of enterprises (Table 1, Table 2).

The proposed section "Liabilities. Information on long-term credit resources" (see Table 1) of the management report will provide all interested users of such reports with information on long-term financial lending instruments for making effective management decisions.

The proposed section "Liabilities. Information on current credit resources" of the management report will provide all interested users of such statements with information on current financial instruments of lending for making effective management decisions (see Table 2).

Financial risks that are possible when attracting credit resources and affect the activities of enterprises should be given in section 6 "Risks" of the Management Report (Table 3).

The proposed section 6.1 "Financial Risks" of the Management Report will provide all interested users of such reports with information on financial risks affecting the activities of enterprises.

Based on the proposed Section 6.1 "Financial Risks" of the Management Report (see Table 3), an algorithm for filling in the relevant indicators is proposed for its correct completion (see Table 4).

The algorithm for filling in the relevant indicators is specified. The fragment of Section 6 "Risks" of the Management Report on the reflection of financial risks provides data on the correctness of filling in the relevant proposed lines of the financial statements in order to reflect reliable and objective information.

The proposed improved elements of the management report for displaying information about the activities of the enterprise and the developed algorithms for compiling the relevant reports will bring the reporting process of domestic enterprises, especially in wartime, to a qualitatively new level of decision-making on the effective management of the enterprise.

4 Conclusions

Thus, the research conducted in the framework of the study of this issue allowed to outline important changes in accounting legislation that affected the preparation of reports. These changes are very

TABLE 1 Fragment of the Management Report on the reflection of information on long-term credit resources of enterprises

<table>
<thead>
<tr>
<th>No. ref.</th>
<th>Credit term</th>
<th>Long-term loans of non-bank financial institutions in national currency</th>
<th>Long-term loans of non-bank financial institutions in foreign currency</th>
<th>Long-term commercial loans in national currency</th>
<th>Long-term commercial loans in foreign currency</th>
<th>Provision for future expenses on repayment of loan debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Up to 12 months</td>
<td>0,00</td>
<td>120,00</td>
<td>0,00</td>
<td>0,00</td>
<td>50,60</td>
</tr>
<tr>
<td>2</td>
<td>From 12 to 24 months</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
<td>45,00</td>
<td>0,00</td>
</tr>
<tr>
<td>3</td>
<td>From 24 to 36 months</td>
<td>12,00</td>
<td>0,00</td>
<td>21,00</td>
<td>0,00</td>
<td>65,00</td>
</tr>
<tr>
<td>4</td>
<td>From 36 to 48 months</td>
<td>14,00</td>
<td>11,00</td>
<td>12,00</td>
<td>13,00</td>
<td>0,00</td>
</tr>
<tr>
<td>5</td>
<td>From 48 to 60 months</td>
<td>10,00</td>
<td>13,00</td>
<td>9,00</td>
<td>15,00</td>
<td>0,00</td>
</tr>
<tr>
<td>6</td>
<td>More than 60 months</td>
<td>9,00</td>
<td>8,00</td>
<td>7,00</td>
<td>6,00</td>
<td>0,00</td>
</tr>
<tr>
<td>Σ</td>
<td>Total:</td>
<td>45,00</td>
<td>152,00</td>
<td>49,00</td>
<td>79,00</td>
<td>115,6</td>
</tr>
</tbody>
</table>

Source: proposed by the authors
TABLE 2 Fragment of the Report on the management of information on current credit resources of enterprises

<table>
<thead>
<tr>
<th>No. ref.</th>
<th>Credit term</th>
<th>Short-term loans of non-bank financial institutions in national currency</th>
<th>Short-term loans of non-bank financial institutions in foreign currency</th>
<th>Short-term commercial loans in national currency</th>
<th>Short-term commercial loans in foreign currency</th>
<th>Overdraft</th>
<th>Financing under the factoring agreement was received</th>
<th>Total:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0-30 days</td>
<td>102,00</td>
<td>0,00</td>
<td>12,00</td>
<td>14,00</td>
<td>10,00</td>
<td>9,00</td>
<td>147,00</td>
</tr>
<tr>
<td>2</td>
<td>31-90 days</td>
<td>0,00</td>
<td>23,00</td>
<td>0,00</td>
<td>0,00</td>
<td>11,00</td>
<td>13,00</td>
<td>55,00</td>
</tr>
<tr>
<td>3</td>
<td>61-180 days</td>
<td>0,00</td>
<td>0,00</td>
<td>21,00</td>
<td>12,00</td>
<td>9,00</td>
<td>7,00</td>
<td>49,00</td>
</tr>
<tr>
<td>4</td>
<td>181-365 days</td>
<td>0,00</td>
<td>12,00</td>
<td>0,00</td>
<td>13,00</td>
<td>15,00</td>
<td>6,00</td>
<td>46,00</td>
</tr>
<tr>
<td>Σ</td>
<td>Total:</td>
<td>102,00</td>
<td>35,00</td>
<td>33,00</td>
<td>50,00</td>
<td>47,00</td>
<td>30,00</td>
<td>297,00</td>
</tr>
</tbody>
</table>

Source: proposed by the authors

TABLE 3 Excerpt of the Management Report from Section 6 "Risks" on the reflection of financial risks

<table>
<thead>
<tr>
<th>No. ref.</th>
<th>Risk name</th>
<th>Risk characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.1. Financial risks</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Currency risk</td>
<td>Currency fluctuations create a risk in export and import transactions. In the conditions of currency devaluation, this risk becomes significant for importers, especially in the case of long-term transactions, as well as when selling goods on credit.</td>
</tr>
<tr>
<td>2</td>
<td>Percentage risk</td>
<td>The risk of an increase in floating interest rates stipulated by the terms of current debt obligations. A significant factor of inflationary dynamics remains the growth of administratively regulated prices. Management is aware that interest rates may change, which will affect both income and fair value of net assets. The possible change in fair value of fixed interest rate debt is calculated as the difference between the discounted cash flows at the current rate and the discounted cash flows if the interest rate on each liability were to change.</td>
</tr>
<tr>
<td>3</td>
<td>Liquidity risk</td>
<td>Proper liquidity management involves ensuring that sufficient cash and sufficient funding are available to meet current liabilities as they arise. The Company’s objective is to maintain a balance between uninterrupted funding and flexibility in the use of credit terms provided by suppliers and banks. Prepayments are generally used to manage both liquidity risk and credit risk. The Company analyses the maturity profiles of its assets and the maturity profiles of its liabilities and plans liquidity levels based on expected maturity profiles. The Group has capital expenditure programs, which are financed both by current cash flows from operating activities and by borrowings. Borrowings are also used to finance the Group’s working capital needs.</td>
</tr>
<tr>
<td>4</td>
<td>Credit risk</td>
<td>The probability that the borrower, counterparty or issuer will not fulfill its obligations to the creditor (banking institution) due to internal and external factors affecting the bank. The amount of expected losses on the asset as a result of default of the debtor/counterparty.</td>
</tr>
<tr>
<td>5</td>
<td>Price risk</td>
<td>Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.</td>
</tr>
</tbody>
</table>

Source: proposed by the authors

relevant in the conditions of martial law in Ukraine, in particular:
- the composition and terms of submission of the report on the management of business entities are disclosed;
- the terms of submission of reports by business entities at the legislative level were determined;
- clarified methodological issues in the part "Liquidity and Liabilities" of the management report regarding the reflection of long-term and current credit resources;
- outlined changes in the "Risks" part of the management report and the algorithm for filling them in.

Thus, the proposed improved elements of the management report for displaying information on the activities of business entities, as well as the developed algorithms for compiling
relevant reports will bring the reporting process of domestic enterprises, especially in wartime, to a qualitatively new level of decision-making on the effective management of the enterprise.

In further research, it is proposed to focus on the formation of financial reporting indicators by large companies and enterprises of public interest under IFRS under martial law.

**References**


