

## Non-current asset restoration costs upon cancellation of martial law in Ukraine

### Mykhailo Kuzub\*

Researcher

State University of Trade and Economics  
02156, 19 Kyoto Str., Kyiv, Ukraine  
<https://orcid.org/0000-0001-6222-4892>

### OIha Romashko

PhD in Economics, Associate Professor  
State University of Trade and Economics  
02156, 19 Kyoto Str., Kyiv, Ukraine  
<https://orcid.org/0000-0003-3466-3489>

### Tetiana Ihnatenko

PhD in Economics  
State University of Trade and Economics  
02156, 19 Kyoto Str., Kyiv, Ukraine  
<https://orcid.org/0000-0001-9764-3720>

### Olena Moshkovska

Doctor of Economic Sciences, Professor  
State University of Trade and Economics  
02156, 19 Kyoto Str., Kyiv, Ukraine  
<https://orcid.org/0000-0002-1176-9478>

### Olena Androsenko

PhD in Economics  
State University of Trade and Economics  
02156, 19 Kyoto Str., Kyiv, Ukraine  
<https://orcid.org/0000-0001-8579-1283>

**Abstract.** The need to conduct a study on accounting for the costs of restoring non-current assets after the lifting of martial law in Ukraine is urgent. This need has arisen as a result of the extensive destruction and damage that the military conflict has caused. The end of the war will lead to the need to restore these assets in order to alleviate the humanitarian situation and facilitate economic recovery, and this is of great legal importance to ensure proper accounting. The study aims to develop a model to systemise and predict the process of accounting for costs associated with the restoration of non-current assets. The following methods of scientific cognition were used: comparison, description, modelling, analysis, and synthesis. Thus, the main factors that destroy certain non-current assets were formulated in the course of this study. Each of the proposed stages of this accounting process has been thoroughly researched, analysed, and explained, which ultimately demonstrated its holistic mode of operation. It also proposed a classification of costs that should be recorded, supported by specific examples, and tracked the entire document flow process, including its preparation, receipt, registration, and retention, which made it possible to specify the implementation of the steps involved. Emphasis is placed on the importance of maintaining company records, listing necessary documents. Evidence of proper fund utilization for non-current asset restoration is deemed vital for addressing stakeholder concerns effectively. In terms of practical

#### Suggested Citation

Article's History: Received: 14.09.2023 Revised: 03.12.2023 Accepted: 23.12.2023

Kuzub, M., Romashko, O., Ihnatenko, T., Moshkovska, O., & Androsenko, O. (2023). Non-current asset restoration costs upon cancellation of martial law in Ukraine. *Social & Legal Studios*, 6(4), 114-122. doi: 10.32518/sals4.2023.114.

#### Corresponding author



implications, this paper should be useful for accountants, auditors, government officials and all those involved in the cost accounting mechanism, as the study will contribute to a better understanding of the implementation of all accounting steps, which in turn will allow identifying and eliminating problems that may arise at each stage

**Keywords:** national standard; classification; model; document flow; financial support; international partnership; armed conflict; legal framework

## Introduction

The cancellation of martial law in Ukraine will have many consequences in all spheres of life, including the economic sphere. That is why it is already worth predicting and researching what impact this will have, in particular, on the accounting for the costs of restoring non-current assets. This topic is important for research because studying this issue allows the government and businesses to understand what financial resources are needed to restore and maintain the country's functioning. Equally important is that understanding the accounting for asset restoration costs will have an impact on tax policy. In the event of the lifting of martial law and reconstruction, it will be necessary to attract financial support from international partners and organisations, so awareness of accounting activities is important to establish common standards and requirements for receiving external assistance. It is also important that the proper functioning of the accounting mechanism is key to a rapid and effective economic recovery from the armed conflict.

The previous studies revealed several fundamental problems. One of them is the identification of funding sources for the restoration of non-current assets. It is also crucial to address the issue of accounting and reporting standards that meet international standards. In addition, the exact value of damaged or destroyed assets will need to be established to properly allocate financial resources and determine cost-effectiveness, which has been identified as a potentially daunting task. Even after the war, the issue of sustainability and adaptation of the reconstructed assets to new conditions will arise, requiring additional resources and planning.

Particularly noteworthy is the study by Yu. Sivitska (2019), which was directly focused on identifying ways to improve the efficiency of asset management of agricultural enterprises in Ukraine using a comprehensive actuarial model. The article confirms the hypothesis about the relationship between the financial statements of agricultural enterprises prepared by International Financial Reporting Standards (IFRS) and actuarial management reporting. Moreover, the results of the study indicate a direct dependence of the investment attractiveness of agricultural enterprises in Ukraine on the quality of information provided in international reporting.

The study by M. Kuzub *et al.* (2022) focuses on the comparison of Ukrainian, American, and European accounting standards and, the assessment of key aspects of these standards. The article presents the results of a comparative analysis of accounting standards of Ukraine, the USA and Europe to study the problems, prospects and factors that affect the implementation of international financial reporting standards. The study also provides recommendations for the development of national accounting standards but does not address the aspect of how they can be used within the accounting activities in Ukraine, unlike this study.

It was also necessary to consider the study of V. Ilin *et al.* (2020), which aimed to reveal the peculiarities of accounting for transaction costs of agricultural enterprises,

considering the peculiarities of the shadow economy. The main achievements of this study were the consideration of the role of transaction costs as an economic category in the activities of agricultural producers and their impact on the increase of shadow economic processes in agriculture. On the other hand, the authors have thoroughly investigated the factors that lead to the emergence of such costs and the shortcomings of their reflection in accounting and have provided recommendations for their correct reflection in reporting.

The study of S. Korol *et al.* (2022) aimed to assess and analyse the impact of globalisation and regional optimisation on the functioning of enterprises that are required to develop transfer pricing documentation. The study focused on analysing the causes of global economic risks and the role of transfer pricing documentation, which can help mitigate the negative effects of undesirable events on the global economic system. Thus, the researchers did not consider the impact of events in the context of a specific entity, while the subject of this study provides for an overview of the entire issue, focusing on the specifics of Ukraine. S. Drobyazko *et al.* (2019) analysed the efficiency of management responsibility centres at different levels of management. Such an assessment of efficiency was based on reporting and considered the overall performance, which was determined based on the key indicators provided.

Given the above, the study aims to model a mechanism for accounting for costs associated with the restoration of non-current assets, which should be applied after the cancellation of martial law in Ukraine. Such knowledge will help to determine the optimal approaches to accounting for these costs and predict their impact on the financial stability of enterprises and the country's budget system.

## Materials and methods

A range of scientific cognition methods were used in the study, which served as the basis for formulating and searching for the data necessary to achieve the research objective. Thus, the most useful among them, in particular, were the following methods: comparison, description, modelling, analysis and synthesis. The combination of these methods made it possible to better understand the issues of accounting for the costs of restoring non-current assets in the context of the cancellation of martial law in Ukraine and to draw reasonable conclusions.

The comparison method was used to identify different cost accounting methods and practices and to compare accounting standards, legal requirements, and practical approaches in both the national and international systems. The most significant method was the description method, which was based on the reproduction of the procedure for accounting for the costs of restoring non-current assets in the context of the cancellation of martial law in Ukraine. This allowed us to reveal all the nuances and peculiarities of this process, including legal requirements, accounting standards and procedures.

The modelling method, which was used to recreate the entire accounting procedure, is particularly noteworthy, as it facilitated the forecasting and identification of all the key stages and details related to the implementation of this mechanism in the future when the need for its application will arise after the martial law is lifted. This model was used to identify some dependencies and assess the impact of various factors on cost accounting. On the other hand, an analysis method was applied, which proved to be useful in the study to identify and evaluate existing data and information on cost accounting. Moreover, the application of this method was to track the practice of accounting for the costs of restoring non-current assets and not only in different sectors of the economy and organisations in Ukraine. This allowed us to obtain direct data on how these costs are accounted for and how this process is carried out in practice. Another method worth mentioning is the synthesis method, which was useful in the process of creating new solutions and recommendations based on existing data and information. The main role of synthesis was to use it in developing optimal strategies for accounting for the costs of restoring non-current assets after the lifting of martial law based on the results of analysis and modelling.

The empirical part of the study was based on careful planning of the work required to collect data following the research plan, followed by processing and analysis of the collected data to identify patterns, trends and relationships. The content of this part was disclosed through a comprehensive interpretation of the found patterns and research results in the context of the topic, which was formalised in the form of a scientific report, which became the relevant section of this article. The legal basis for this study was based on the laws, regulations, orders, and other normative acts governing accounting in Ukraine. Particularly useful in this context were the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” (1999), and also Order of the Ministry of Finance of Ukraine “On Approval of the National Regulation (Standard) of Accounting 7 “Fixed Assets” (2000).

Financial reports of organisations involved in the restoration of non-current assets, including balance sheets, income statements, cash flow statements, as well as documents published by NGOs and government agencies that may contain information on cost accounting in the context of the study, also played an important role. National and international accounting standards relating to the accounting

for the costs of restoring non-current assets, as well as other essential elements in this area, were also important and contributed to the achievement of the goal. The increased level of attention was focused on International Standard on Auditing 315 “Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment” (2008) and IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” (2018).

In the context of formulating the theoretical basis of the study, articles and publications were used that consider aspects of cost accounting in the situation of cancellation of martial law in Ukraine. Among the competent scholars in this area, the work of Ukrainian, Chinese, Lithuanian, Indonesian, British, and American specialists was used. In addition, expert statements and opinions of accountants, financial analysts, and other specialists competent in conducting cost accounting assessments were used as a supplementary source.

## Results

The war in Ukraine has created a situation in which businesses located near or within the area of hostilities regularly suffer significant losses, including losses due to the destruction of buildings; fires caused by enemy fire; damage to products, damage to working equipment. The question of how to properly account for such circumstances in accounting, taxation and the processing of relevant financial transactions becomes relevant.

First of all, the scope of non-current assets to be considered and their specifics were outlined. Thus, the study considered that non-current assets can be considered those assets that determine the duration of use that exceeds 1 year or one operating cycle if it lasts longer than a year. In other words, it can be concluded that the main criterion for classifying assets as current or non-current is their expected duration of use, not their form, cost, or value. This duration of use is planned at the time of acquisition of the asset and does not necessarily coincide with its actual service life. Based on the above and guided by the Order of the Ministry of Finance of Ukraine “On Approval of the National Regulation (Standard) of Accounting 7 “Fixed Assets” (2000), all important categories of non-current assets were formulated, which, in particular, should be considered when deciding whether they are subject to restoration and how the related accounting of expenses should be carried out when martial law is lifted in Ukraine (Table 1).

**Table 1.** Items under which non-current assets are recognised in the balance sheet

Name of non-current asset	Items for which it can be displayed
Main items	The amount related to owned and leased assets, facilities and leased complexes that are classified as property, plant and equipment following the established standards.
Long-term receivables	Debt, which includes liabilities to individuals and legal entities that do not arise in the normal course of business and are due to be repaid after 12 months from the balance sheet date.
Deferred tax assets	The amount of income tax is recoverable in future periods due to temporary differences between the tax and accounting bases of measurement.
Unfinished construction	The cost of construction in progress is intended for the company’s use and prepayments made to finance this construction.
Long-term financial investments	Any investment that is not readily saleable at any time and financial investments held for more than one year.

Table 1, Continued

Name of non-current asset	Items for which it can be displayed
Intangible assets	The cost of using the following rights: <ul style="list-style-type: none"> <li>■ trademarks for goods and services;</li> <li>■ industrial units;</li> <li>■ natural resources;</li> <li>■ places on the commodity and stock exchanges;</li> <li>■ computer software;</li> <li>■ industrial and intellectual property objects;</li> <li>■ know-how;</li> <li>■ goodwill;</li> <li>■ the right to use buildings and structures;</li> <li>■ contributions to the charter capital, including those acquired in the course of the company's operations;</li> <li>■ rights to carry out certain types of activities and lease buildings, structures and premises.</li> </ul>
Other non-current assets	This category includes values for non-current assets that cannot be included in the above categories.

**Source:** compiled by the authors based on Order of the Ministry of Finance of Ukraine “On Approval of the National Regulation (Standard) of Accounting 7 “Fixed Assets” (2000)

By assessing all the main types of non-current assets, all the necessary steps could be defined to ensure high-quality and complete cost accounting. However, it is worth noting that the lifting of martial law in Ukraine may result in the need to restore damaged assets or infrastructure, which will be an important issue for many businesses and organisations. Based on this, seven elements have been identified in the study that will contribute to the realisation of this goal. The first of these “steps” is costing, which is the need to determine the amount of costs associated with the restoration of non-current assets such as buildings, equipment, and vehicles. The next essential element is the classification of costs, which can be divided into two main types: capital costs and ordinary costs. Capital expenditures include those aimed at restoring major non-current assets that improve their quality or service life, and ordinary expenditures include expenditures for routine repairs and maintenance of assets. The next step is to record the expenditure in the accounting records, which means that the expenditure is recorded by the appropriate responsible employees (accountants) in the documents where capital expenditure can be amortised over the life of the asset. Then, the stage of preserving the relevant documentation was formulated, which is based on ensuring high-quality conditions for maintaining all supporting documents (invoices, contracts, acts of work performed). At the same time, the element of compliance with the law was separately highlighted, based on the mandatory observance of all relevant tax and financial rules and restrictions that may affect cost accounting. The final stages of cost accounting are audit and verification, which consist of mandatory control measures to ensure that all expenses are correctly recorded and comply with the law. The reporting stage was also separately identified, as once the assets have been recovered and the relevant accounting is completed, reports should be prepared that may be required by internal or external stakeholders, including tax authorities.

However, the study did not stop there, as many of the substantive aspects of each step had to be described separately, and therefore each of the above elements had to be analysed more thoroughly. Within the sequence, the first step was to determine the costs. At this stage, it is necessary to determine which non-current assets are to be restored. These may include buildings, infrastructure, equipment,

vehicles, and other assets that have been damaged or destroyed in connection with the hostilities. A comprehensive assessment of the extent and degree of damage to each asset should then be made. It is important to determine how severe the damage is and how it has affected the functionality of the asset itself. Once a specific damage assessment has been formulated, the necessary restoration costs should already be determined. These may include the costs of materials, labour, equipment, contractors' services, and the costs of developing and planning the restoration project.

The next, more formal step is to define the classification of expenditures. As mentioned above, this study proposed to divide them into capital and ordinary expenses, which, when martial law is lifted in Ukraine, will allow for a significant systematisation and streamlining of cost accounting. Thus, capital expenditures include expenditures for the restoration of fixed assets that improve their quality or service life. This list includes significant expenditures for the restoration of assets that require major repairs, modernisation, or complete replacement. Examples of capital expenditures in this case include reconstruction of buildings, replacement of obsolete equipment or purchase of a new vehicle. Ordinary expenses include funds used for current repairs, maintenance, and minor repairs of non-current assets to maintain their current functionality. Their main characteristic is lower significance, which is related to the fact that the realisation of such expenses will not lead to a significant improvement in the quality or service life of the asset. Elementary examples in this context include repairing premises, painting equipment, or replacing defective parts. In general, when accounting for capital and ordinary expenses, it is important to determine which types of expenses fall into each category and include them in the relevant accounting records and reports. Generally, capital expenditures are depreciated over the life of the asset, while ordinary expenditures are included in maintenance costs.

The subsequent accounting entry was identified in the study as the most important stage, which ensures the functioning of the entire document flow and forms the cost accounting itself. The term “document flow” in this case refers to a system that creates, checks, and processes primary accounting documents in an organised manner from the moment of their creation to their transfer to the archive. The

development of a document management system is an important part of the accounting structure for any enterprise, as it ensures the clarity and efficiency of processing documents related to the accounting of non-current assets and the stability of the accounting department, as well as guarantees timely decisions on the sale, termination, renewal, and improvement of the productivity of their use.

The document flow process must go through certain stages for each document, including its compilation, acceptance by the responsible person (accountant), registration in the system of accounts included in the accounting registers, and transfer to the archive of the document itself. However, the lifting of martial law will require special attention to the document flow process and possible revision of the requirements and standards set by national legislation, which are known to be extensive (List of national accounting..., 2023). In addition, it is worth noting the importance of international standards, which must also be implemented and observed at each stage of this process. In particular, one of the main principles of international accounting standards is highlighted in the literature concerning transactions recorded in accounting and reporting for a special period. This principle is stipulated in paragraph 1 of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” (2018), the essence of which is that tracking should be carried out to reflect assets held for sale (carrying amount that is planned to be recovered primarily through sale instead of current use). Moreover, according to this principle, it is necessary to present and disclose information about the termination of their activities (Kuzub *et al.*, 2022b).

Regarding the retention of relevant documentation, the role of this step is to track and confirm expenditures, which can also provide trust and transparency in the financial management of the organisation. Compliance with all document retention rules will allow auditors, tax authorities, investors, and any other stakeholders to prove and track the targeted expenditure, while the lack of proper documentation will lead to legal issues. Based on the above, the study found that, at the same time, the law must be strictly observed at each of these steps, as this is the only way to ensure the legitimacy and legality of the actions of managers and organisations, which will contribute to openness and trust in financial activities in the context of the lifting of martial law. The study focused on compliance with tax laws and regulations in the accounting of expenses, which should be the basis of the financial strategy. It is also necessary to mention the accounting treatment of the costs of restoring non-current assets, which must be complied with by financial standards and accounting principles, in particular those mentioned above.

Finally, the last steps towards full accounting for intangible asset restoration costs were identified as the audit and reporting by the company. In this case, the main purpose of the intangible asset audit is to obtain sufficient evidence to confirm that these assets have been properly recorded according to the requirements of the law and regulations and that the information in the financial statements is reliable and accurate in all material respects. The study determined, in particular, that the auditor is tasked with verifying the statements made, which are defined in International Standard on Auditing 315 “Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment” (2008). Thus, referring to this standard, it can be said that audit evidence should demonstrate at

least four main aspects: the actual existence of such assets at the time of the balance sheet; the company’s property rights to them; the availability of all documents that can confirm any transactions with non-current assets, given the circumstances related to the lifting of martial law in Ukraine; and determining whether the company correctly evaluates, distributes (depreciates), reproduces all transactions related to non-current assets in the accounting records and reflects in the financial statements the actual information about them.

Analysing the reporting stage, it was defined as “a set of financial documents and information reports that are created and submitted by authorities or enterprises in order to document and reflect all costs and transactions related to the restoration of non-current assets in the context of the lifting of martial law”. Such reporting may include such elements as financial statements, transaction documents, audit reports, tax accounting documentation, as well as reports and documents for stakeholders (shareholders, management, accounting regulators). Therefore, accounting for the costs of restoring non-current assets will become an objective necessity when martial law is lifted in Ukraine, which will entail specific consequences. Such realities will lead to a situation where companies will have to adjust to both national and international standards and requirements. Furthermore, all relevant activities should be organised into a system, which in this study has been divided into seven main steps, each of which will ensure reliable, legal, and efficient cost accounting.

## Discussion

The study in this area highlighted and clarified the problematic aspects that were directly related to the stated topic. The study of competent research papers in the field made it possible to formalise the results related to the definition and classification of the assets that should be considered in this context, and, most importantly, to identify specific mechanisms and formulate precise steps that constitute the actual cost accounting itself. Moreover, many studies dealt with related topics or looked in more detail at certain elements that could be considered in more detail within a particular issue.

First of all, it is worth mentioning the study by S. Alibhai *et al.* (2021), which describes the approaches and requirements related to the assessment of asset impairment in accounting based on International Accounting Standards (IAS) 36 and International Financial Reporting Standards (IFRS) 5. The study identified that the process of assessing asset impairment includes at least four essential steps: Identifying indicators of impairment, which may include changes in the market, changes in technology, and changes in legislation. The study also mentioned the estimation of expected cash flows, which should be based on forecasts and may require consideration of various scenarios. It also mentions the process of calculating the “value in use”, which is based on the calculation of the present value of future cash flows using a certain discount rate. It also highlights the stage of choosing a discount rate, which should reflect the risks associated with a particular asset and is usually based on the company’s cost of capital or other important financial indicators. These procedures help entities determine whether an asset should be impaired in their financial statements and determine the value of the asset at the financial statement date. In general, this study is important in the context of ensuring the accuracy and reliability of an entity’s financial

statements, which to some extent correlates with the results obtained in the course of this study.

Particular attention should be devoted to the study by I. Kovova *et al.* (2018), which thoroughly investigates the impact of European standards and requirements included in the Association Agreement between Ukraine and the European Union on the value-added tax (VAT) system in Ukraine. The study focuses on such aspects as identifying common and distinctive features in different systems, assessing the effectiveness of VAT rates and trends over time, examining VAT administration in the EU and Ukraine, comparing VAT rates in different countries, reviewing current European trends in this area, and proposing potential tax reforms. In contrast to the present study, the work of the above-mentioned authors considered only tax legislation, which was generally useful for a deeper understanding of the role of this component concerning cost accounting, which was considered in the present study.

Given that the study did not address the issue of “corruption” in any way, the study by B. Santoso (2022), focused on the analysis of two essential aspects: the possibility of optimising state compensation in corruption cases through mutual legal assistance and the identification of existing obstacles to this optimisation. The author examines the mechanisms for obtaining comprehensive information on the possibilities of optimising state compensation in corruption cases through the mutual legal assistance model, as well as identifying factors that may complicate this process. The author emphasised that there are various methods for compensation of state losses in corruption cases, one of which is the use of the mutual legal assistance model. This approach was identified as the key to the recovery of assets acquired through corrupt practices, especially in cases where these assets were transferred abroad.

The bank system is undoubtedly an essential element of the entire financial system, but this paper did not focus on a detailed review of this mechanism. However, R. Vidal and J. Ribal (2015), Y. Ouyang (2023) and V. Kostyuchenko *et al.* (2020) studied this issue, in particular, in the context of banks’ adaptation to the changes brought about by modernity. V. Kostyuchenko *et al.* (2020) formulated in their work the task of creating an assessment system that can objectively reflect the bank’s success in achieving its goals and timely identify deviations from expectations. The authors emphasised that the accounting practices of Ukrainian banks indicate insufficient information for effective management, especially in terms of efficiency. The study indicated that a bank’s solvency is crucial to its operations and that the existence of analytical support to help managers make timely and informed decisions is critical. The stability of the banking system was identified as key to the economic development of the country, while the importance of introducing analytical support that would work in a changing environment would significantly contribute to this. This study emphasised the relevance of introducing analytical tools in bank management, highlighted the role of accounting and analytical support, and suggested indicators that could influence the bank’s ability to respond to changes in the environment. Y. Ouyang (2023) argued that the rapid development of the process of informatisation of modern society has led to the need to ensure cybersecurity in all areas of human activity. This is because any intentional or unintentional impacts on the information sphere, both external and internal, can harm

security and lead to various types of damage. As part of the study, cognitive models were developed to determine the level of security of a computer network, information security system, and critical infrastructure facilities, including banks. The authors also developed scenarios that illustrated the system’s response in terms of maximising the mitigation of the most significant cyber threats.

Ö. Özer and E. Umut (2022) considered the importance of such technology as blockchain, as current trends in digitalisation should be considered and implemented in the future, in particular, when martial law in Ukraine is lifted, which was considered in this study as a significant factor affecting accounting and auditing. The authors emphasised that fast and accurate data processing leads to the evolution of methods of producing and storing large amounts of information. As concluded, auditors will have to constantly develop their talents, knowledge, and skills to meet the requirements of blockchain technology. The study first examines the accounting for crypto assets under the TFRS and then demonstrates how these assets should be included in the independent audit process and how the training and skills of professionals in this area can be improved. The results of the authors’ research indicate that there are only general recommendations for the inclusion of crypto asset transactions in financial statements and rules for their audit. This necessitates international regulation in this area.

Undoubtedly, the lifting of martial law in Ukraine was one of the key factors in the consideration that influenced the situation of accounting for the costs of restoring non-current assets within the scope of the stated topic. However, the recent crisis caused by the coronavirus pandemic has also created specific conditions and triggered consequences, which were discussed in V. Humeniuk *et al.* (2021) and also T. Zulu and M. Kabwe (2023). Thus, N. Davydenko and H. Skrypyk (2017), L. Kasperevych (2018), and V. Humeniuk *et al.* (2020) developed conceptual provisions and formulated practical recommendations aimed at developing methodological approaches to state support for small businesses. The study assessed the process of formation and strategic priorities of state financial support for small businesses in European countries, as well as macroeconomic mechanisms for its implementation in the context of the coronavirus crisis. The authors identified changes in the interest of the international community in the form of financial support for small businesses. The researchers also conducted a comparative analysis of macroeconomic financial regulation instruments used during the COVID-19 pandemic in Europe. Most importantly, the scientific results of this work can be applied in the field of state and regional management of small businesses. Regarding the study by T. Zulu and M. Kabwe (2023), the study identified the impact of COVID-19 on the accounting profession in Zambia. The results of the study indicated a significant relationship between the way inventories were valued before and during the COVID-19 pandemic. It also found significant links between the industry and issues related to inventory valuation during COVID-19, business continuity, and disclosure of financial statements and liabilities concerning the COVID-19 pandemic. In addition, there have been links between the industry and the adoption of technologies such as cloud accounting, artificial intelligence, data analytics and forecasting, and blockchain during COVID-19, as mentioned above. In general, the results of the researchers highlighted the need to consider the impact of COVID-19

on the accounting profession, as its consequences remain in force for a long period after the pandemic ends.

P. Occhino and M. Maté (2017), S. Naumenkova *et al.* (2022), and also the handbook by F. Angélico *et al.* (2022) formulated specific ideas and advice for civil society representatives in the field of asset recovery, or at least to strengthen ongoing work in this area. The main feature of this study is the reference to representatives of civil society organisations and other experts with whom consultation materials on asset recovery had previously been published. This study has identified the importance of asset recovery and the role of civil society organisations in this process; examined the barriers that may arise to asset recovery and how to overcome them; identified steps to be taken to start asset recovery work; and created recommendations for engaging the public and partners in this process. As the factor of civil society influence was not specifically covered by this study, the researchers' work may prove useful in filling this gap.

Summing up all of the abovementioned, it is logical to conclude that accounting for the costs of restoring non-current assets will be a complex and extraordinary phenomenon, the implementation of which will be faced by the state and enterprises when martial law is lifted in Ukraine. It is unrealistic to predict exactly how this mechanism will be implemented in the activities of the entire system, but it can already be argued that it will entail appropriate changes to each element involved in these processes. In particular, it is worth paying attention to the impact of Ukrainian and international accounting standards, the development of modern technologies, such as blockchain, which may affect this area, the corruption factor that will affect each stage of accounting, as well as the interaction between enterprises, the state and civil society organisations within the process.

### Conclusions

The lifting of martial law in Ukraine will entail global transformations in all spheres of life, including the economic aspect of the state's functioning. This fact provokes the need for these changes to be predicted and assessed in the long term, which will be useful in terms of readiness for new challenges in the future. In particular, this study has shown

how such a perspective can and should be reflected in the accounting for the costs of restoring non-current assets. The destruction of infrastructure, and products, constant fires and shelling are all objective factors that have resulted in a large number of businesses (primarily in the context of active hostilities) losing their non-current assets, which were the key to their profits. Given this, this study identified and classified those assets that should be restored when martial law is lifted. Such specification was essential for the correct determination and allocation of costs for their restoration.

The study's most significant accomplishment lies in the development of an accounting model specifically tailored to address the restoration of non-current assets. This model has been meticulously delineated into seven distinct stages, providing a structured framework to systematically record and manage future restoration costs. Furthermore, the research underscores the imperative need for these actions to align not only with Ukrainian legal and regulatory standards but also with international obligations. In addition, this paper delves into the realm of document management by individuals responsible for overseeing this process. It identifies the primary stages involved in document management and underscores the critical role of oversight throughout the accounting mechanism. This oversight should be maintained through continuous audits and reporting conducted by the enterprises themselves. Taking all these findings into consideration, it is strongly recommended that comprehensive legislative measures be expeditiously enacted to regulate this mechanism more robustly in the near term, particularly from a legal perspective.

Further research in this area may focus on the study of specific accounting stages, as well as consider the specifics of a particular non-current asset (fixed assets, construction in progress). Thus, it can be concluded that the purpose of the study was fully realised, but it is possible that in the future this topic will require further study in some respects.

### Acknowledgements

None.

### Conflict of interest

None.

### References

- [1] Alibhai, S., Bakker, E., Balasubramanian, T., Bharadva, K., Chaudhry, A., Coetsee, D., Johnstone, C., Kuria, P., Naidoo, C., Ramanarayanan, J., & Shah, D. (2021). Impairment of assets and non-current assets held for sale. In *Wiley 2021 interpretation and application of IFRS standards* (pp. 237-258). Hoboken: Wiley Blackwell. [doi: 10.1002/9781119818663.ch13](https://doi.org/10.1002/9781119818663.ch13).
- [2] Angélico, F., Villeneuve, J., & Andrews, L. (2022). *Civil society organisations & asset recovery: A manual for action*. Berlin: Civil Forum for Asset Recovery.
- [3] Davydenko, N., & Skryphyk, H. (2017). Evaluation methods of investment attractiveness of Ukrainian agricultural enterprises. *Baltic Journal of Economic Studies*, 3(5), 103-107. [doi: 10.30525/2256-0742/2017-3-5-103-107](https://doi.org/10.30525/2256-0742/2017-3-5-103-107).
- [4] Drobyazko, S., Shapovalova, A., Bielova, O., Nazarenko, O., & Yunatskyi, M. (2019). [Evaluation of effectiveness of responsibility centers in the management accounting system](https://doi.org/10.1007/978-3-319-98111-1_10). *Academy of Accounting and Financial Studies Journal*, 23(6).
- [5] Humeniuk, V., Umantsiv, I., Dligach, A., Ivanova, N., & Umantsiv, H. (2021). State financial support for small business during the coronavirus crisis in European countries. *Financial and Credit Activity: Problems of Theory and Practice*, 3(38), 326-332. [doi: 10.18371/fcaptop.v3i38.237463](https://doi.org/10.18371/fcaptop.v3i38.237463).
- [6] IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". (2018). Retrieved from <https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards/english/2022/issued/part-a/ifrs-5-non-current-assets-held-for-sale-and-discontinued-operations.pdf?bypass=on>.
- [7] Ilin, V.Y., Nazarenko, T.P., Suprunova, I.V., Tomashuk, I.V., & Shevchenko, A.A. (2020). Method of estimating the volume of the shadow economy. *Financial and Credit Activity: Problems of Theory and Practice*, 32, 244-250. [doi: 10.18371/fcaptop.v1i32.200470](https://doi.org/10.18371/fcaptop.v1i32.200470).

- [8] International Standard on Auditing 315 “Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment”. (2008). Retrieved from <https://mia.org.my/wp-content/uploads/2022/04/ISA315.pdf>.
- [9] Kasperevych, L.V. (2018). Features of agricultural lands assessment in the conditions of market relations. *Agrosvit*, 19, 3-10. doi: [10.32702/2306-6792.2018.19.3](https://doi.org/10.32702/2306-6792.2018.19.3).
- [10] Korol, S.Y., Nykyforuk, O.I., Pelekh, U.V., Barabash, N.S., & Romashko, O.M. (2022). Transfer pricing documentation: Globalization and regional optimization. *Universal Journal of Accounting and Finance*, 10(1), 219-230. doi: [10.13189/ujaf.2022.100123](https://doi.org/10.13189/ujaf.2022.100123).
- [11] Kostyuchenko, V., Petrov, P., Kamil, A., Kolot, L., & Melnikova, A. (2020). [Analytical support of bank treasury management in conditions of changes](https://doi.org/10.13189/ujaf.2022.100123). *Academy of Accounting and Financial Studies Journal*, 24(4).
- [12] Kovova, I., Malyshkin, O., Vicen, V., Shulyarenko, S., Semenova, S., & Shpyrko, O. (2018). Value added tax: Effectiveness and legal regulation in Ukraine and the European Union. *Economic Annals-XXI*, 171(5-6), 4-14. doi: [10.21003/ea.V171-01](https://doi.org/10.21003/ea.V171-01).
- [13] Kuzub, M., Zadniprovsky, O., Romashko, O., Avhustova, O., & Shushakova, I. (2022). Comparative analysis of Ukrainian and European accounting standards. *Scientific Horizons*, 25(1), 96-103. doi: [10.48077/scihor.25\(1\).2022.96-103](https://doi.org/10.48077/scihor.25(1).2022.96-103).
- [14] Law of Ukraine No. 996-XIV “On Accounting and Financial Reporting in Ukraine”. (1999, July). Retrieved from <https://zakon.rada.gov.ua/laws/show/996-14>.
- [15] List of national accounting and reporting standards. (2023). Retrieved from <https://ips.ligazakon.net/document/SH000099>.
- [16] Naumenkova, S., Mishchenko, V., & Mishchenko, S. (2022). Key energy indicators for sustainable development goals in Ukraine. *Problems and Perspectives in Management*, 20(1), 379-395. doi: [10.21511/ppm.20\(1\).2022.31](https://doi.org/10.21511/ppm.20(1).2022.31).
- [17] Occhino, P., & Maté, M. (2017). Geographical proximity on the valuations of unlisted agrarian companies: Does distance from company to company and to strategic points matter? *Spanish Journal of Agricultural Research*, 15(2), article number e0112. doi: [10.5424/sjar/2017152-10282](https://doi.org/10.5424/sjar/2017152-10282).
- [18] Order of the Ministry of Finance of Ukraine No. 92 “On Approval of the National Regulation (Standard) of Accounting 7 “Fixed Assets”. (2000, May). Retrieved from <https://zakon.rada.gov.ua/laws/show/z0288-00#Text>.
- [19] Ouyang, Y. (2023). The analysis of current Chinese non-performing assets and lessons and insights learned from experiences of foreign banks’ non-performing assets. *Advances in Economics, Management and Political Sciences*, 22, 180-183. doi: [10.54254/2754-1169/22/20230308](https://doi.org/10.54254/2754-1169/22/20230308).
- [20] Özer, Ö., & Umut, I.E. (2022). Audit of crypto assets: The impact of blockchain technology on the audit process. *Selçuk Üniversitesi Sosyal Bilimler Meslek Yüksekokulu Dergisi*, 25, 536-552. doi: [10.29249/selcuksbmyd.1130790](https://doi.org/10.29249/selcuksbmyd.1130790).
- [21] Santoso, B. (2022). Recovery of state losses in corruption cases in Indonesia, through the asset recovery model and mutual legal assistance. *The International Journal of Innovative Research and Development*, 11(12), 23-31. doi: [10.24940/ijird/2022/v11/i12/DEC22004](https://doi.org/10.24940/ijird/2022/v11/i12/DEC22004).
- [22] Sivitska, Yu. (2019). Key issues of agricultural enterprise valuation. *Agricultural and Resource Economics*, 5(1), 137-153. doi: [10.51599/are.2019.05.01.09](https://doi.org/10.51599/are.2019.05.01.09).
- [23] Vidal, R., & Ribal, J. (2015). Non-parametric contrasts of fundamental multiples and stock multiples of European food companies. *Agricultural and Resource Economics*, 15(1), 61-78. doi: [10.7201/earn.2015.01.04](https://doi.org/10.7201/earn.2015.01.04).
- [24] Zulu, T., & Kabwe, M. (2023). The impact of Covid-19 on the accounting profession: Evidence from accounting professionals in a developing country. *International Journal of Research and Innovation in Social Science*, 7(6), 1704-1727. doi: [10.47772/IJRISS.2023.7742](https://doi.org/10.47772/IJRISS.2023.7742).

## Витрати на відновлення необоротних активів після скасування воєнного стану в Україні

### Михайло Віталійович Кузуб

Дослідник  
Державний торговельно-економічний університет  
02156, вул. Кіото, 19, м. Київ, Україна  
<https://orcid.org/0000-0001-6222-4892>

### Ольга Миколаївна Ромашко

Кандидат економічних наук, доцент  
Державний торговельно-економічний університет  
02156, вул. Кіото, 19, м. Київ, Україна  
<https://orcid.org/0000-0003-3466-3489>

### Тетяна Володимирівна Ігнатенко

Кандидат економічних наук  
Державний торговельно-економічний університет  
02156, вул. Кіото, 19, м. Київ, Україна  
<https://orcid.org/0000-0001-9764-3720>

### Олена Анатоліївна Мошковська

Доктор економічних наук, професор  
Державний торговельно-економічний університет  
02156, вул. Кіото, 19, м. Київ, Україна  
<https://orcid.org/0000-0002-1176-9478>

### Олена Олексіївна Андросенко

Кандидат економічних наук  
Державний торговельно-економічний університет  
02156, вул. Кіото, 19, м. Київ, Україна  
<https://orcid.org/0000-0001-8579-1283>

**Анотація.** Існує нагальна потреба провести дослідження щодо обліку витрат на відновлення необоротних активів після скасування воєнного стану в Україні. Ця потреба виникла внаслідок значних руйнувань та збитків, які спричинив військовий конфлікт. Закінчення війни призведе до необхідності відновлювати ці активи, щоб полегшити гуманітарну ситуацію та сприяти економічному відновленню, що має велике юридичне значення для забезпечення належного обліку. Мета дослідження – розробити модель для систематизації та прогнозування процесу обліку витрат, пов'язаних з відновленням необоротних активів. Використано такі методи наукового пізнання: порівняння, опис, моделювання, аналіз та синтез. У процесі дослідження сформульовано основні фактори, що руйнують ті чи ті необоротні активи. Кожен із запропонованих етапів цього облікового процесу був ретельно досліджений, проаналізований та пояснений, що в кінцевому підсумку продемонструвало його цілісний режим роботи. Також запропоновано класифікацію витрат, що підлягають обліку, підкріплену конкретними прикладами, та простежено весь процес документообігу, зокрема його підготовку, отримання, реєстрацію та зберігання, що дало змогу конкретизувати реалізацію відповідних етапів. Наголошено на важливості ведення документації підприємства, перелічено необхідні документи. Докази належного використання коштів на відновлення необоротних активів вважаються життєво важливими для ефективного реагування на занепокоєння стейкхолдерів. З погляду практичного значення ця робота має бути корисною для бухгалтерів, аудиторів, державних службовців та всіх, хто задіяний у механізмі обліку витрат, оскільки дослідження сприятиме кращому розумінню реалізації всіх облікових етапів, що дасть змогу виявити та усунути проблеми, які можуть виникнути на кожному етапі

**Ключові слова:** національний стандарт; класифікація; модель; документообіг; фінансове забезпечення; міжнародне партнерство; збройний конфлікт; нормативно-правова база