

## ACCOUNTING POLICY OF AGRICULTURAL ENTERPRISES AS A TOOL FOR RESPONDING TO ENVIRONMENTAL CHALLENGES

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**Abstract.** *The article provides a modern understanding of the enterprise as an open system, analyses the impact of crises, in particular war crises, on agriculture, emphasizes the importance of developing tools to optimize the functioning of the enterprise in conditions of negative influence of the external environment. The purpose of the study is the theoretical justification and development of practical recommendations for the formation of accounting policy elements of Ukrainian agricultural enterprises as a tool for reaction to the influence of the environment. Research methods are general scientific methods of learning socio-economic processes (classification and generalization, logical and analytical approach, systematization, and complexity). As a result of the study of the scientific discussion and accounting practice of Ukrainian agricultural enterprises: the urgent problems they face in the conditions of work under martial law were determined, the influence of factors on the formation of accounting policy was studied, recommendations were developed regarding changes in accounting policy in these conditions with the aim of adapting it to needs in the conditions of challenges of the external environment. Conclusions are drawn, directions for further research are outlined.*

**Keywords:** *accounting, accounting policy, agricultural enterprise, environment, challenges.*

**JEL:** M41, M11, Q14

**Introduction.** In modern economic theory, the enterprise is considered as an open system that influences the environment and receives a reciprocal influence. It is especially important to consider such influence in conditions of economic, political, military crises. The impact of crises on agriculture has serious consequences for both Ukraine and the global agricultural market. Therefore, the search for tools that make it possible to consider the challenges of the environment to optimize the state of the business entity is important. In this study, it is proposed to consider such a tool as the accounting policy, since it ensures the implementation of the economic policy of the business entity.

In the scientific discussion, T. Izvoshchik, M. Kozyr, M. Novatskyi, S. Polivoda, I. Sysoieva, and S. Syrtseva investigated the issue of accounting policy formation in general and in the agrarian sector in particular [1-3]. However, the dynamics of economic processes during the martial law in Ukraine were not considered, which requires further research.

The purpose of the study is theoretical substantiation and development of practical recommendations for the formation of accounting policies in Ukrainian agricultural enterprises as a tool for responding to external environmental challenges.

The study is based on the analysis of the domestic regulatory framework and the results of the scientific discussion. Such methods as classification, generalization, logical and analytical approaches, systematization, and complexity were used.

### **Basic content.**

Despite the long history of practical application of accounting policy, the scientific opinion regarding its meaning and directions of use is not unambiguous. Some scientists see the accounting policy primarily as a set of specific principles, conditions and rules adopted by enterprises for the preparation and submission of financial statements [1], others attribute to the accounting policy the role of textual explanations for reporting that specify the accounting methods used by the enterprise [2]. The last approach, in our opinion, is the closest to understanding international financial reporting standards, in particular IAS 1 [4] and IAS 8 [5]. That is, according to international rules, it is impossible to get an understanding of financial statements without disclosing the accounting policy. Therefore, it can be considered that the accounting policy is an element of the system of information support of a

business entity, necessary for the formation of complete and objective information about its financial condition and results of operations to satisfy the interests of different groups of users based on a set of accounting methods in its various subsystems.

Industry specificity plays a significant role in the formation of accounting policy elements, but a few factors influence the choice and justification of accounting policy. According to the results of the study of the scientific discussion [3] and the accounting practice of agricultural enterprises of Ukraine, the following are named as influencing factors:

- organizational and legal form of the enterprise (limited liability company, farm, private enterprise, etc.);
- branch orientation of the agricultural sector (production or processing of agricultural products, their storage, etc.);
- types of activities, nomenclature of produced agricultural products, performed works and provided services;
- volumes of activity of the agricultural enterprise;
- the average number of employees at the enterprise;
- taxation system and application of the tax regime (general regime, simplified taxation system, single tax, tax exemptions, tax rates, tax benefits, etc.);
- degree of activity regulation by the owners and the state;
- the strategy of financial and economic development (goals, tasks of the economy, expected directions of investments, approaches to solving problems);
- the state of the material base of the accounting system (equipment, software, regulatory reference information);
- the state of the organization's information support system;
- qualification level of accountants, etc.

However, in the conditions of martial law, taking these factors into account when forming the accounting policy is not sufficient. In the table 1 presents the most common events and transactions, which, in our opinion, require the development of new accounting approaches or changes to the accounting policy of an agricultural enterprise under martial law.

**Table 1. Elements of the accounting policy of an agricultural enterprise under martial law**

Events and operations	Elements of accounting policy
Impossible continuation of activity or its significant limitation due to the location of assets in territories with active hostilities (destruction of enterprises, deterioration of soil quality, infrastructure, destruction of transport routes, etc.)	<ul style="list-style-type: none"> <li>- criteria for limiting business continuity and disclosing this to reporting indicators;</li> <li>- features of accounting and documentation of forced conservation of assets;</li> <li>- the method of calculating losses from the decrease in the usefulness of fixed assets when they are located in the territories that are occupied or where hostilities are taking place;</li> <li>- the procedure for the formation of guaranteed obligations in case of impossibility of their fulfilment</li> </ul>
Destruction, loss, depreciation, damage to assets because of hostilities and other force majeure circumstances	<ul style="list-style-type: none"> <li>- the list of costs to be reimbursed, rules and procedures for their approval, accounting by elements or items of costs;</li> <li>- procedures for documentation of losses in the absence of original primary documents;</li> <li>- procedure for creation of reserves for indemnification of risks during the war</li> </ul>
Risk of bankruptcy of counterparties, loss of domestic sales markets	<ul style="list-style-type: none"> <li>- revision of the accounting policy regarding doubtful debts;</li> <li>- features of determining exchange rate differences;</li> <li>- procedures for documenting settlements in the absence of original primary documents;</li> </ul>

	- procedure for using electronic document flow
Obtaining support from the state in the form of grants, available loans, etc., aiding for defense needs	- procedure for accounting of funds received from the state; - correspondence of accounts for accounting of receipt and expenditure of funds from the state; - accounting procedure and documentation of the transfer of funds and goods for defense needs; - the procedure for the sale of products with the deduction of a part of the proceeds for defense needs
Settlements with employees under martial law	Accounting approach for payment of unfulfilled work, temporary sick leave, accrual of vacation pay for production downtime, provision of financial assistance to employees
Relocation of the enterprise to safe areas	- method of accounting for changes in the structure, management, business processes due to relocation; - a method of accounting for the costs of relocation and organization of production at a new location

Compiled by the author

The given list of events and circumstances is not exclusive, because changes to the accounting policy must be individual for each agricultural enterprise depending on the circumstances. But it is undeniable that updating the accounting policy of an agricultural enterprise during martial law is a necessity and a tool for solving accounting problems that may arise because of emergency situations.

### Conclusions.

In this study, the main aspects of the accounting policy of agricultural enterprises are developed as a tool for responding to the negative impact of the external environment caused by emergency situations. The main provisions of the performed research expand and deepen the understanding of the formation of elements of accounting policy in the conditions of martial law. The developed recommendations for supplementing the accounting policy can be used in the activities of Ukrainian agricultural enterprises. The theoretical conclusions made allow us to carry out further applied research on the solution of urgent accounting problems in the sectoral aspect.

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