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ACCOUNTING POLICY OF AN ENTERPRISE AS AN OBJECT OF AUDIT UNDER MARITAL WAR

The imposition of martial law in Ukraine as a result of armed aggression has generated profound institutional and economic disruptions, thereby substantially reshaping the environment within which accounting systems, financial reporting processes, and audit engagements are conducted. Under such extraordinary circumstances, the accounting policy of an enterprise acquires heightened analytical and regulatory relevance, as it simultaneously serves as a fundamental mechanism for the preparation of general-purpose financial statements and a critical object of audit within the framework of financial statement assurance.

Accounting policy may be conceptualized as an integrated set of principles, measurement bases, conventions, and procedures applied in the recognition, measurement, and presentation of financial information [1]. In the context of martial law, its functional significance is markedly amplified, insofar as entities are compelled to recalibrate accounting judgments in response to severe economic dislocation, regulatory uncertainty, and organizational instability. The destruction or impairment of assets, forced relocation of operations, disruption of supply chains, and escalation of solvency and liquidity risks exert a direct and material influence on management's selection of valuation techniques, recognition criteria, and disclosure practices.

From an auditing perspective, accounting policy constitutes the methodological foundation underpinning the preparation of financial statements, while its appropriateness, internal coherence, and consistency of application are essential determinants of faithful representation and decision-usefulness of reported information. Under martial law conditions, the audit of accounting policy extends

beyond a formal assessment of compliance with statutory and regulatory requirements and increasingly assumes the character of a substantive evaluation of management judgment exercised under conditions of heightened uncertainty and risk.

One of the most critical dimensions of auditing accounting policy in wartime conditions concerns the assessment of the going concern assumption. Military hostilities significantly constrain entities' ability to generate reliable forward-looking information, thereby necessitating an enhanced application of professional skepticism when evaluating management's use of the going concern basis of accounting and the adequacy of related disclosures in the financial statements [2]. In this context, auditors are required to assess whether accounting policies remain consistent with the entity's actual operating circumstances and whether their application gives rise to a heightened risk of material misstatement at the financial statement level.

A further essential aspect of the audit process involves the evaluation of changes in accounting policies introduced during the period of martial law. Such changes may relate to depreciation methods, inventory valuation techniques, expected credit loss models, impairment assessment procedures, or the accounting treatment of assets damaged or destroyed as a consequence of military actions. The auditor's responsibility is to assess the economic justification for such changes, their conformity with the applicable financial reporting framework, and their implications for the comparability and consistency of financial reporting across reporting periods [3].

Available empirical evidence suggests that, under crisis conditions, accounting policy may be strategically employed by management to attenuate adverse financial outcomes. While such flexibility is permissible within the boundaries of accounting standards, it simultaneously increases exposure to management bias and the risk of opportunistic behavior manifested through accounting estimates. Accordingly, the audit of accounting policy under martial law should be firmly anchored in a risk-based approach, with particular emphasis placed on accounting areas subject to significant estimation uncertainty and heightened susceptibility to misstatement [4].

Specific attention should be directed toward accounting policies governing the recognition and measurement of provisions, allowances, and impairment losses, as martial law substantially amplifies credit risk, liquidity risk, and asset impairment risk. In this regard, auditors must evaluate whether the adopted accounting policies adequately reflect these elevated risks and whether the resulting estimates are reasonable, unbiased, and consistent with prevailing economic conditions.

The methodology of documentary support for auditing accounting policy also undergoes substantive transformation under wartime conditions. Restricted access to physical documentation, combined with the extensive use of electronic records and remote audit procedures, necessitates increased reliance on professional judgment and a rigorous assessment of the consistency between formally documented accounting policies and the entity's actual business processes [5].

A critical methodological component of the audit involves the systematic documentation of accounting policy changes implemented during the martial law period. Auditors are required to document the rationale for such changes, evaluate their compliance with the applicable financial reporting framework, and assess their quantitative and qualitative impact on financial statements and inter-period comparability. The incorporation of comparative analyses of prior and current accounting treatments within audit working papers enhances the transparency and robustness of audit conclusions [6].

Moreover, the growing reliance on electronic audit evidence necessitates the documentation of procedures designed to assess the integrity, authenticity, and reliability of digital information, as well as the effectiveness of information technology controls. In this context, internal audit firm policies governing data security, documentation retention, and audit file archiving assume increased importance in safeguarding audit quality.

Overall, the audit of an enterprise's accounting policy under martial law conditions should be grounded in the principles of sufficiency, appropriateness, and systematic organization of audit evidence. Adherence to these principles strengthens

audit quality control mechanisms, enhances stakeholder confidence in audit opinions, and supports the maintenance of professional credibility within highly volatile economic environments.

Thus, under martial law conditions, accounting policy functions not merely as a technical instrument of accounting organization but as a substantive object of audit that reflects an entity's adaptive capacity in response to crisis-induced disruptions. Auditing accounting policy in such circumstances requires an elevated level of professional competence, independence, and ethical integrity, while the insights derived from this experience may serve as a conceptual basis for the further development of audit methodologies applicable in both crisis and post-crisis contexts.

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