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DEVELOPMENT OF INFORMATION SUPPORT OF RISK MANAGEMENT IN THE CONDITIONS OF COVID-19

Abstract. *The purpose of the article is to develop theoretical provisions and develop guidelines for improving approaches to information management of risk management of COVID-19 and disclosure of information about them in the reporting of business entities. In the process of research the methods of observation, comparison, analysis, synthesis, generalization were used. The study is based on the hypothesis that high-quality accounting and information support will increase the validity, efficiency and analytical information about the risks of COVID-19 and their impact on business activities in accordance with modern management requirements, strengthening the responsibility of performers, improving management accounting. The article summarizes the approaches to the impact of uncertainty and risk on the accounting and analytical system of enterprises, which are considered in scientific circles by domestic researchers. It, you can use the «triple method». It is established that the accounting and information support of risk management in the conditions of influence of COVID-19 includes: methodical support of risk accounting, analytical support, documentary support; display of information on risks in the reporting, which allowed to develop a report on the risks of the impact of Covid-19 on the activities of the enterprise. The obtained results are the basis for bringing the system of accounting and analytical support to a qualitatively new level and will generate useful, truthful and relevant information for enterprise management in decision-making to minimize the impact of risks on business activities through COVID-19.*

Keywords: *uncertainty; risks; accounting risks; accounting (financial) reporting; provisions.*

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РОЗВИТОК ІНФОРМАЦІЙНОГО ЗАБЕЗПЕЧЕННЯ РИЗИК-МЕНЕДЖМЕНТУ В УМОВАХ COVID-19

Анотація. *Метою статті є розвиток теоретичних положень та розробка методичних рекомендацій з удосконалення підходів до інформаційного забезпечення ризик-менеджменту в умовах впливу COVID-19 та розкриття інформації про них у звітності суб'єктами господарювання. У процесі дослідження використано методи спостереження, порівняння, аналізу, синтезу, узагальнення. В основу дослідження поставлено гіпотезу, що якісне обліково-інформаційне забезпечення сприятиме підвищенню обґрунтованості, оперативності та аналітичності інформації про ризики COVID-19 та їх вплив на господарську діяльність суб'єктів господарювання відповідно до сучасних вимог управління, підсиленню відповідальності виконавців, удосконаленню управлінського бухгалтерського обліку. У статті узагальнено підходи до впливу невизначеності та ризиковості на обліково-аналітичну систему діяльності підприємств, що розглядаються в наукових колах вітчизняними дослідниками. Встановлено, що інформаційне забезпечення управління ризиками в умовах впливу COVID-19 включає: методичне забезпечення обліку ризиків, аналітичне забезпечення, документальне забезпечення; відображення інформації щодо ризиків у звітності, що дозволило розробити Звіт про ризики впливу Covid-19 на діяльність підприємства. Отримані результати є підґрунтям для виведення системи обліково-аналітичного забезпечення на якісно новий рівень та дозволить сформуванню корисну, правдиву та доречну інформацію для менеджменту підприємства у прийнятті рішень в частині мінімізації впливу наслідків ризиків на господарську діяльність суб'єкта господарювання через COVID-19.*

Ключові слова: невизначеність; ризики; бухгалтерські ризики; бухгалтерська (фінансова) звітність; резервування.

Introduction. COVID-19 triggered a series of drastic measures to contain it, producing trillions of dollars in economic activity and fiscal and financial action to protect jobs and market segments until the economy grows. Further structural shifts will occur as the economy balances between pandemic management and managing the economic consequences of blocking in the short term when planning recovery and recovery in the medium and long term.

The report "COVID-19 Risks Outlook: A Preliminary Mapping and Its Implications" ("COVID-19: Risk and Consequence Map") [9], published by the World Economic Forum in co-authorship with Marsh & McLennan and Zurich Insurance Group, reveals already known risks, which may be exacerbated by a pandemic, and new ones that are just emerging because of it.

The report uses the results of a survey of nearly 350 top managers and risk professionals who identified the most important issues that may arise over the next 18 months, both for the world and for their business in particular.

Among the whole set of problematic moments, economic problems dominate over other important issues of companies, and the risk map of companies is dominated by serious and long-term economic consequences.

These include: a prolonged downturn in the world economy (economic risk), as noted by 66.3% of respondents; surge of bankruptcies and strengthening of consolidation of industries (economic risk) – 52.7% of respondents; cyberattacks and data fraud due to remote work (technological risk) – 50.1% of respondents; inability of some industries and sectors to fully recover (economic risk) – 50.1% of respondents; prolonged disruptions in global supply and logistics chains (economic risk) – 48.4% of respondents; restrictions on cross-border movement of people and goods (geopolitical risk) – 42.9% of respondents; another outbreak of COVID-19 or other infectious disease (social risk) – 35.4% of respondents; economic collapse of emerging markets and economies (economic risk) – 34.6% of respondents; tax crisis of major economies (economic risk) – 33.4%; sharp rise in inflation in the world (economic risk) – 32.6% of respondents.

Thus, COVID-19 reduced economic activity, stimulated the implementation of pre-investment and financial incentives, which in turn will cause structural changes in the world economy. Debt buildup will burden government budgets and corporate balances for many years to come, triggering a change in global economic relations. And developing economies are likely to be threatened by the deepest crisis. Companies may face increasingly complex patterns of consumption, production and competition [1].

These economic consequences affect the accounting, reporting and auditing of the financial statements of the respective companies or groups. However, the impact of risks on companies will vary.

Therefore, management and accounting staff should regularly assess and consider the impact of risks on the business, as the further development, duration and impact of the coronavirus are unpredictable. In addition, accountants and internal auditors should inform the company's management of new national business assistance initiatives.

Thus, the uncertainty in the business environment due to COVID-19, legal restrictions, necessitates urgent research and development of appropriate tools to ensure the integrity, reliability and consistency of business entities. The accounting system is an indicator that captures all economic processes and is a mechanism for the formation of actions in advance to avoid negative impacts. There is a need to study the peculiarities of risk accounting in the face of new challenges and uncertainties.

Analysis of recent research and publications on which the author relies. Issues of risk accounting in a pandemic were raised in the works of Ya.D. Krupki [4], N.N. Go-Nose [5], L.F. Sokolenko [6], L.V. Chizhevskaya [7].

The task is to develop theoretical provisions and develop guidelines for improving approaches to accounting for the risks of exposure to COVID-19 and disclosure of information about them in the reporting of economic entities.

Research results. The emergence of such a category as risk is due to the existence of uncertainty in the information environment. Currently, there is a complex system of information flows, which directly affects the continuity of the enterprise. The implementation of the accounting function in the system of economic security of the business entity requires a set of works related to the study of risks in accounting.

Let's trace what influences of uncertainty and riskiness on the accounting and analytical system of activity of the enterprises are considered in scientific circles by domestic researchers.

L.V. Chizhevskaya [7, p. 114] notes that significant risks caused by the uncertainty of doing business in a coronavirus pandemic significantly affect the accounting and information system of economic entities, and necessitate the need to clarify the valuation of assets, liabilities, reserve funds to cover losses, review many contracts and more. N.N. Poida-Nosik [5, p. 249]. focuses on the conditions of information formation in the financial statements. The financial statements and related financial disclosures should convey all the significant consequences of COVID-19.

According to L.F. Sokolenko business process management for modern companies in all sectors of the national economy is crucial in terms of increasing uncertainty and instability of the market environment. This will increase the efficiency of resource use of both the company and consumers, increase the transparency of information for managing each business process and informing consumers and disclosure, prompt use of information from national open data registers, formation of information base and analytical tools for management decisions [6, with. 194]. Thus, the main implications of the spread of COVID-19 will be relevant to the following aspects of accounting: impairment of non-financial assets and goodwill, inventory valuation, loan loss provisions, fair value measurement, provisions for loss agreements, restructuring plans, credit default, business continuity, liquidity risk management, events after the reporting date, hedging, insurance indemnity due to business disruptions, unemployment benefits, conditions and changes in conditions for payments based on equity instruments, changes in contract terms, tax consequences.

Thus, in order to substantiate the above aspects of accounting and due to the high relevance of new types of risk, the Financial Reporting Council of the United Kingdom (FRC) has published recommendations for companies to disclose information about the risks associated with the spread of coronavirus COVID-19 [10].

Here are examples of such information from companies that have already submitted their reports to the US Securities and Exchange Commission (SEC) (Table 1).

In order to accurately reflect the relevant risks in the accounting system, prior internal procedures are required, which are to identify the risk, document it and assess it. For this purpose, the tools of accounting to take into account the risks of the entity. Under the accounting support of risk accounting should be understood as a system of tools and methods that allow you to create an information resource for risk management.

Therefore, accounting support of risks in the conditions of influence of COVID-19 includes: methodical maintenance of accounting of risks; analytical support; documentary support; display of information on risks in reporting. Methodological support for risk accounting is regulated by IFRS and national accounting standards, which disclose accounting methods and procedures, preparation of external reports, the availability of special accounting registers, separate disclosure of information on risks in the notes to the financial statements.

Table 1

Information on the risks associated with the spread of COVID-19 is provided in the reporting of foreign corporations in 2020

Title	Excerpt from the financial statements under the section "Risks" in terms of the impact of COVID-19
Yum! Brands Pizza Hut, Taco Bell KFC	In its annual report, the company noted the factor caused by coronavirus disease among other risk factors that can have a negative effect on its business. A significant number of restaurants are located in China. "Many mainland restaurants have been temporarily closed, reduced working hours and / or otherwise negatively affected by the coronavirus, and this development has also affected Yum China's ability to provide food and supplies to mainland Chinese restaurants" – it is told in the report. The owners of the Yum! Franchise also underwent significant reductions. from Hong Kong and Taiwan. The company said in a report that it could not even make accurate predictions about the effects of the coronavirus on surgery because the duration of the epidemic was not yet predictable. However, the data of the first or third quarter of COVID-19 has already affected, and Yum! expects this negative impact to continue.
Apple	Informed about the temporary reduction in the supply of iPhone, because the main production facilities are located in China. Apple also writes that demand for its products in China itself has fallen due to the closure of many outlets, and those outlets that continued to operate, switched to reduced hours. Today, the company is gradually returning to the business of closing sales outlets, while corporate offices, contact centers and online stores have continued to operate normally all this time.
Microsoft	The review included a wider-than-usual range of projected revenue, reflecting the uncertainty associated with the epidemiological situation in China. "Although we see strong demand for Windows in line with our expectations, supply chains are returning to normal operations more slowly than expected". The coronavirus had the strongest effect on two specific products, which the company named – Windows OEM and Surface.
General Electric	"The coronavirus outbreak has already affected business in China, but its scale will depend on the coverage and duration of the spread," the company said.
Eli Lilly	In the annual report, coronavirus is mentioned as a risk factor that could lead to changes in regulatory legislation that will affect the company's future business.
Nautilus	It is noted that the spread of coronavirus, related quarantine regimes and travel restrictions have affected the production of some of its products. The scale of the final impact is currently difficult to predict

Source: based on [3].

Analytical support involves a systematic risk assessment and includes a set of mathematical tools and instruments, methods of risk analysis. It is aimed at identifying and analyzing risk factors and circumstances, forming an information document on changes in financial statements exposed to risks, calculation of analytical indicators and the formation of an accounting statement on changes in analytical indicators.

Documentation provides for the formation of real information about the identified and assessed risks in the forms of internal accounting to further take into account the possible negative consequences of risks.

Documentary support includes: registration; documenting information on the presence and dynamics of risks, analysis of their impact on the reliability of financial statements;

prevention of negative consequences associated with risks; providing accounting information to internal and external users.

The presentation of risk information in the reporting is required by IFRS. In accordance with IFRS in the notes to the financial statements it is necessary to improve the quality of accounting information the disclosure of major risks, methods of their assessment and measures for their effective management.

Thus, we propose to provide the following information in the internal report on the impact of Covid-19 on the activities of the entity: - Type of risk (Market risk (risks of depreciation of assets); - Credit risk (risks due to liabilities related to the production and sale of products, goods, works, services; Liquidity risk, bankruptcy, risk of recognition and measurement of liabilities) other risks; - Qualitative assessment (non-financial information is provided); - Quantitative assessment (units of measurement depend on the chosen method of quantitative assessment (percentage values, coefficients, thousand UAH, etc.) by the "triple method"); - Identification of the circumstances caused by the impact of the COVID-19 pandemic and the introduction of quarantine and restrictive measures; - Probable measures (provides non-financial information on methods (measures) of risk management); - Management methods / measures (simultaneously with the presentation of non-financial information, the value expression (thousand UAH) of the applied method (measure) of risk management is given).

Thus, the practical application of the above method of accounting has allowed to generate useful, truthful and relevant information for the management of the enterprise in decision-making in terms of minimizing the impact of risks on the business activities of the entity through COVID-19.

Conclusions. Thus, the study confirms that the identification of risk objects in the accounting system under the influence of COVID-19 will allow to properly organize and keep business records. This will increase the efficiency of resource use of both the company and consumers, increase the transparency of information for the management of each business process and management decisions. A promising area of research is the development of analytical support for risk assessment in the context of economic activity under the influence of COVID-19.

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