INFORMATION PROVISION FOR ASSESSING LOST PROFITS OF AN AGRICULTURAL ENTERPRISE AS A RESULT OF THE WAR

Valerii Zhuk, National Scientific Centre “Institute of Agrarian Economics”, Kyiv (Ukraine).
E-mail: zhuk@faaf.org.ua

Mykola Pugachov, National Scientific Centre “Institute of Agrarian Economics”, Kyiv (Ukraine).
E-mail: avtor05@ukr.net

Yuliia Bezdushna, National Scientific Centre “Institute of Agrarian Economics”, Kyiv (Ukraine).
E-mail: Bezdushna@vipo.biz.ua

Oleksandr Shpykuliak, National Scientific Centre “Institute of Agrarian Economics”, Kyiv (Ukraine).
E-mail: science_nnc_iae@meta.ua

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The article offers a critical assessment of both international and national methodologies for determining direct and indirect damage to agricultural enterprises caused by war. It proposes laying the groundwork for a fair and corruption-free compensation policy by enhancing information support for loss assessment, based on the financial and statistical reporting of economic entities.

Methodological approaches to damage assessment and the results of such assessments, as outlined in the «Ukraine Rapid Damage and Needs Assessment: February 2022 - February 2023» report, conducted by the World Bank in collaboration with the European Union, the United Nations, and the Government of Ukraine.

The influence of various factors on the formation of indirect losses of enterprises was evaluated. Specifically, the factors affecting the reduction of selling prices for agricultural products, decrease in production volumes, and increase in production costs were analyzed. The impact of these factors was assessed based on relevant statistical data from 2019 to 2021 and 2022. The influence of the factor of increased production costs on the formation of enterprise losses due to war was demonstrated using the example of an agricultural enterprise’s activities in both pre-war and war periods.

In-depth studies of indirect damage of enterprises that did not suffer direct damage from military operations was conducted, with the aim of using such information in the compensation policy of the state. In particular, the Appraisal Methodology, developed by the Ministry of Economy and the State Property Fund of Ukraine and required for use by appraisers and forensic experts when assessing damages and lost profits, was approved. Based on the results of its implementation, it was determined that for an average successful agricultural enterprise, the lost profit could amount to up to 1.4 million USD annually. This confirms the hypothesis that, irrespective of direct damage, all businesses incur indirect losses due to the war. Thus, the findings demonstrate that the current normative approach, which dictates that indirect losses of enterprises are compensated only if direct damage is caused by military actions, is unjustified. The widespread neglect of these losses poses a threat to the implementation of a fair compensation policy.

The article substantiates the necessity of implementing a mandatory assessment of such losses for all business entities independently, along with the introduction of separate reporting to establish an information base for future compensation policies.

The research is based on the use of methods of analysis, synthesis, modeling, analogy and comparison. Calculation methods and forecasting methods were applied during the approbation of the appraisal Methodology.
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