

# IMPACT OF COVID-19 ON TRADING ENTERPRISE'S ACCOUNTING SUPPORT OF CONTROLLING

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## ABSTRACT

*In conditions of uncertainty and unpredictability managers of a trading company need to show flexibility and speed in making management decisions. This becomes possible with the use of controlling which today is an available concept of management in modern management. Thus, during a pandemic a very important role is played by accounting provision of controlling which is the main source of timely and relevant information needed to reduce risks and make decisions at all levels of the enterprise.*

**Keywords:** Controlling, COVID-19, Accounting Support, Trade Enterprise, Report.

**JEL Classification:** L53; L81; M41; O32.

## INTRODUCTION

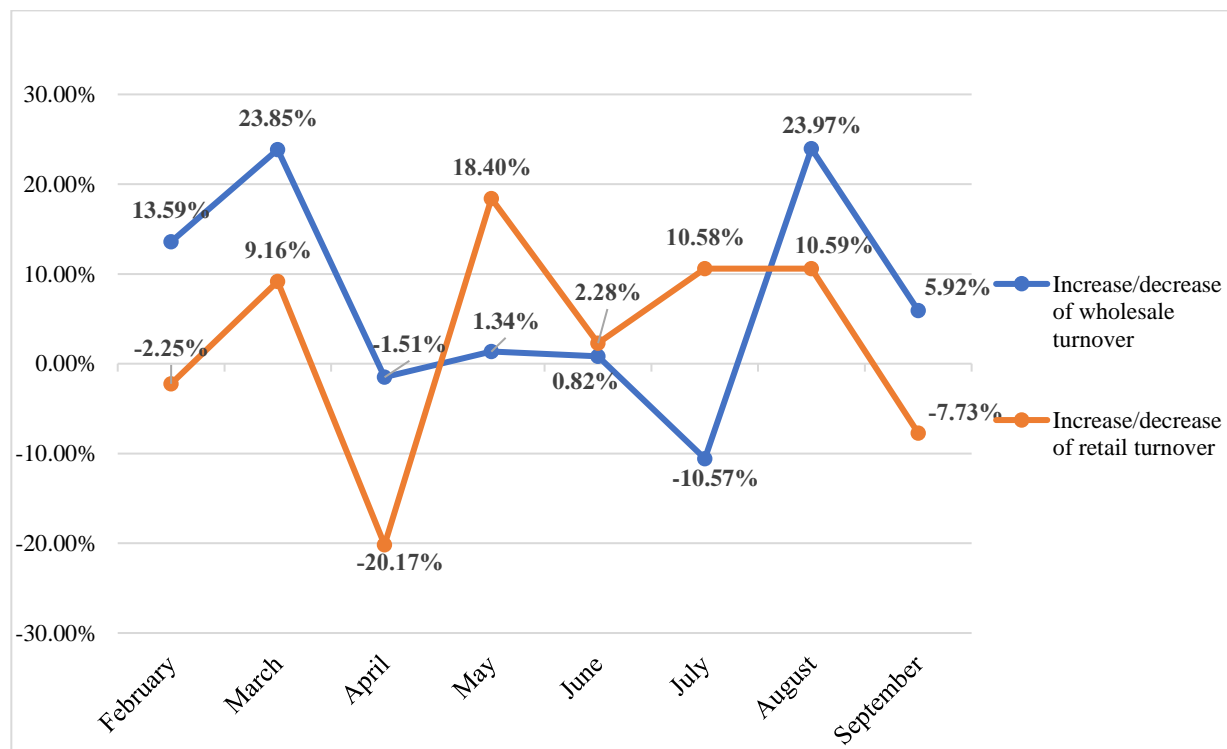
The outbreak of coronavirus infection COVID-19 and severe restrictions aimed at curbing its spread have already had and continue to have a significant impact on the world economy and uncertainty about the scenario and timing of the pandemic makes it extremely difficult to predict the future. In early 2020 the World Trade Organization (2020) published a report describing the disappointing effects of the coronavirus epidemic and global quarantine on world trade. Thus, we are talking about a reduction in volumes from 13% (in the positive scenario) to 32% (in the negative scenario). By comparison the fall in trade during the 2008 global financial crisis was 19% of the total.

## METHODOLOGY AND DATA

In Ukraine same as in other countries there is a decline in macroeconomic indicators Table 1. Following the results of 9 months of 2020 the Ministry for Development of Economy, Trade and Agriculture of Ukraine (2020) roughly estimates a decrease in GDP at 5.5%. The GDP forecast remains at 4.8% if only the situation with the incidence rate does not deteriorate significantly and preventive measures will not be strengthened both in the world and inside the country by the end of the year.

According to the State Statistics Service of Ukraine (2020) Figure 1 during the quarantine period changes in the turnover of retail and wholesale enterprises were mostly declining, despite the high demand in the first weeks after the introduction of restrictions. The negative dynamics of trade volumes is caused on the one hand by consumers who bought products in advance, on the other hand by the population who has already begun to save in terms of full or partial loss of income. Even the most successful market players note that at best year-on-year sales in hryvnia

equivalent are at last year's level. Inflation-adjusted this means a decline in sales in physical terms.



**FIGURE 1**  
**TREND'S IN UKRAINE'S TRADE TURNOVER IN JANUARY-SEPTEMBER 2020**

## RESULTS AND DISCUSSION

Offline retail is a traditionally conservative industry where decisions are made for a long time. During pandemic business that takes a long time to change and respond to challenges will lose out to competitors. Controlling in a modern sense appears as a leading function of management that builds relationships between other functions of management-planning, coordination, control and analysis. Due to the available wide methodological and instrumental base of accounting data controlling provides integrated enterprise management.

Accounting as an information component of any business is undoubtedly influenced by COVID-19 because current events can significantly affect the preparation and presentation of financial and non-financial information in the reports. We believe that by using of the systematic approach to accounting support of controlling during pandemic will take into account the strategic objectives of the trading enterprise, user requests and the company's commitments to society Table 1.

As shown in Table 1 while preparing reports the attention should be paid to the clarity, detail, balance and veracity of the presentation of accounting statements of financial and non-financial information. It is a very important to present not only the positive aspects that benefit the company but also to highlight the negative influences or trends in the trade enterprise. At the

same time, you should not engage in what is called "greenwashing", "SDG-washing" or "socialwashing".

Name	Character of recommendations
Financial statements (KPMG Ukraine, 2020)	Explain the impact of COVID-19 on risks associated with financial instruments, namely: <ol style="list-style-type: none"> <li>1. Assessment of business continuity;</li> <li>2. Testing for impairment;</li> <li>3. Assessment of expected credit losses.</li> </ol>
GRI Sustainability Reporting Standards (GRI, 2020)	Disclose management approaches within a significant topic, if one is found to be significant in the reporting process, as specified in GRI Standard 101, namely: <ol style="list-style-type: none"> <li>1. 200 - economic;</li> <li>2. 300 - ecological;</li> <li>3. 400 - social.</li> </ol>
UN Sustainable Development Goals (UN, 2020)	Special attention should be paid to the following sustainable development goals and objectives: <ol style="list-style-type: none"> <li>1. Good health and well-being - goal 3.4, 3.5;</li> <li>2. Decent growth and economic growth - goal 8.5;</li> <li>3. Reduce inequalities - goal 10.3.</li> </ol>
UN Global Compact (UN, 2020)	From March 1 to November 30, 2020, the signatories of the Global Compact automatically received a delay in filing a report for 9 months. There are no other specific requirements for the submission of a progress report as of the time of publication.
Management report (Baker Tilly Ukraine, 2020)	Relevant reports for 2020 should disclose the impacts on the company's activities caused by the COVID-19 outbreak, indicate the measures taken by the company to prevent negative consequences and outline the expected development prospects.

## CONCLUSION

The outbreak of coronavirus infection COVID-19 and severe restrictions have already had and continue to have a significant impact on the world economy and especially trade. Uncertainty about the scenario and timing of the pandemic makes it extremely difficult to predict the future. As a result, these events have created an unprecedented level of uncertainty and risk for many trading companies. Under such conditions accounting support of controlling should be formed on the basis of an integrated approach to financial and non-financial information in the context of sustainable development goals.

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