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AUDITING IN ENSURING BUSINESS CONTINUITY OF ENTERPRISES

Summary. *This article explores the critical aspects of auditing business continuity for enterprises in Ukraine, with a particular focus on the agribusiness sector amid wartime uncertainty. The military aggression by the Russian Federation has severely impacted the agricultural sector, disrupting logistics chains, destroying infrastructure, and narrowing market opportunities. These factors have complicated adherence to the going concern principle, a cornerstone of financial reporting. The study identifies key challenges faced by agribusiness enterprises, including seasonality, dependency on suppliers, and the influence of climatic factors, all of which amplify risks. Emphasis is placed on the importance of systematic risk management, flexible planning, automation of business processes, resource reservation, and the development of effective communication strategies.The research is grounded in an analysis of*

international auditing standards, scientific literature, and practical data. Special attention is given to auditing procedures that help identify risks, assess enterprise stability, and propose measures to mitigate the impact of crisis factors. The findings aim to enhance auditing approaches for business continuity, considering the specificities of agribusiness, to ensure economic resilience and development amid crisis conditions.

Key words: *auditing business continuity, enterprise, risk management, financial reporting, economic uncertainty.*

Problem Statement. The military aggression of the Russian Federation against Ukraine has presented an unprecedented challenge to all spheres of public life, particularly business. The agricultural sector, which is strategically important for the national economy, food security, and foreign currency inflows, has been particularly hard hit. The war has disrupted traditional logistics chains, led to the destruction of infrastructure, reduced access to domestic and international markets, and caused acute shortages of financial, labor, and material resources. The worsening conditions for doing business are accompanied by rising costs, increased insolvency risks, and declining investment attractiveness.

Under these circumstances, ensuring business continuity has become critically important. Stable business operations help preserve employment, support local budgets, contribute to GDP, and maintain food security. Agricultural enterprises, in particular, must quickly adapt, revise business models, seek new markets, optimize costs, and implement crisis management strategies.

Financial statements, in accordance with international standards, are generally prepared under the going concern assumption. This means that the enterprise does not intend, nor is it required, to cease operations or liquidate in the foreseeable future. When the risk of violating this assumption increases, the

enterprise must disclose relevant information in the notes to the financial statements or prepare the financials under principles applicable to business cessation.

The realities of wartime have significantly heightened the relevance of this issue. Declining revenues, physical destruction of assets, failure to fulfill contracts on time, and loss of markets — all of these factors raise doubts about the ability of certain enterprises to continue operations in their traditional form.

Factors Affecting the Ability to Maintain Business Continuity

Key factors influencing enterprise resilience include:

— Industry specifics: certain agricultural subsectors are more vulnerable (e.g., crop production in combat zones);
— Geographic location of assets: enterprises in frontline regions suffer more direct losses;
— Financial health of partners: insolvency among customers and suppliers deepens cash flow gaps;
— Liquidity and debt levels;
— Access to additional funding, including government support programs, international grants, bank lending, or investors;
— Profitability indicators — both historical and projected.

Auditing for business continuity has become increasingly important for external users of financial **statements**. This involves not only verifying compliance with standards but also strategically assessing the enterprise's ability to function under conditions of high uncertainty. Such audits help to:

— identify the most critical risks;
— develop mitigation strategies;
— ensure transparency for investors and creditors;
— support informed managerial decision-making.
— Problem Relevance: Statistical Indicators

In 2022, according to public sources, over 200 enterprises declared bankruptcy — highlighting the real scale of the threat to the going concern principle. At the same time, this is only the official part of the picture — many small and medium-sized **businesses** ceased operations without undergoing formal bankruptcy procedures.

Analysis of Recent Research and Publications. Over the past five years, Ukrainian researchers have made significant strides in the development of theoretical foundations and practical tools related to the going concern principle and its auditing. Scholars such as Hutsalenko L.V., Alyoshyn V.Ye., Ostapyuk N.A., Klimovych D.A., Vasylishyn S.I., Nazarenko I.M., Toporkova O., Kovalenko M., and Moskal N.V. have all contributed to deepening the understanding of how this principle should be interpreted and applied, particularly in the context of prolonged instability and external threats.

Notably, Hutsalenko L.V. and Alyoshyn V.Ye. have identified six core pillars that shape the effective implementation of the going concern principle: risk management, organizational flexibility, process automation, strategic resource reservation, communication systems, and operational planning. Their work not only defined these components but also provided practical mechanisms for enhancing each, contributing to the adaptability and sustainability of businesses in times of crisis.

Ostapyuk N.A. and Klimovych D.A. have focused their research on assessing the probability of breaching the going concern assumption in high-risk environments. They developed methodological tools that allow for more nuanced evaluations of enterprise continuity under conditions of economic shock, reduced liquidity, and unpredictable geopolitical developments.

In parallel, Moskal N.V. has proposed a comprehensive, interdisciplinary approach that integrates accounting, analytical, and management functions. Her model aims to enhance the reliability of financial reporting while simultaneously

strengthening an enterprise's resilience to uncertainty. This model is particularly valuable in its potential to be applied at both micro- and macroeconomic levels.

Rozdobudko V.V. contributed to the practical auditing dimension by formulating approaches and recommendations specifically tailored for wartime conditions. His work provides auditors with frameworks for assessing the going concern principle in enterprises operating under conditions of armed conflict, while aligning these assessments with the International Standards on Auditing (ISA). This includes the need for heightened attention to external indicators, supply chain risks, and government support factors when forming an audit opinion.

Despite these substantial contributions, a critical research gap remains. Existing literature often lacks an integrated view that connects the unique characteristics of the agribusiness sector—such as seasonality, land use restrictions, export dependencies, and biological asset management—with modern tools of auditing and strategic risk management. Given that agribusiness plays a central role in Ukraine's economy and is disproportionately affected by the war, bridging this gap is of paramount importance.

Future studies must therefore aim to synthesize industry-specific dynamics with established audit methodologies and advanced risk assessment frameworks. Such integration will not only improve the accuracy of continuity assessments but will also support the development of targeted recommendations and policy responses.

Research Objective. The primary objective of this article is to comprehensively investigate the critical role and strategic imperatives of auditing in safeguarding business continuity for enterprises operating in Ukraine, with a particular emphasis on the agribusiness sector. This study seeks to explore how auditing practices can serve as a vital tool for enhancing organizational resilience, ensuring financial stability, and fostering sustainable development under conditions of extreme uncertainty, such as those induced by

wartime. The research aims to identify the key challenges that Ukrainian enterprises, especially within the agribusiness sector, face in implementing effective auditing processes during periods of crisis. These challenges may include disrupted supply chains, financial volatility, regulatory complexities, and operational risks stemming from ongoing conflict. Concurrently, the study will highlight the opportunities that auditing presents for promoting stability and growth, such as improving risk management, enhancing transparency, ensuring compliance with international standards, and building stakeholder trust. By analyzing both the obstacles and potential benefits, the article intends to provide actionable insights and recommendations for leveraging auditing as a mechanism to navigate uncertainties, mitigate risks, and support the long-term development of Ukrainian agribusiness enterprises in a wartime economy.

Materials and Methods. This study adopts a multifaceted research approach to thoroughly investigate the role of auditing in ensuring business continuity within Ukraine's agribusiness sector under wartime conditions. The methodology is grounded in a combination of qualitative and quantitative techniques to provide a robust analysis of current auditing practices and their impact on organizational resilience.

1. Analytical Method: The research begins with an in-depth analytical review of existing scientific literature, including peer-reviewed articles, books, and industry reports, to establish a theoretical foundation for understanding auditing approaches that support business continuity. Additionally, regulatory documents, such as Ukrainian accounting and auditing standards, international financial reporting standards (IFRS), and guidelines from global auditing bodies (e.g., IFAC, IAASB), are systematically examined to contextualize the legal and procedural frameworks governing auditing practices in agribusiness. Empirical data, including financial statements, audit reports, and operational metrics from Ukrainian agribusiness enterprises, are analyzed to identify prevailing trends, challenges, and best practices in auditing under crisis conditions. This analytical

approach enables the study to synthesize theoretical insights with practical evidence, offering a comprehensive understanding of how auditing contributes to stability and risk mitigation.

2. Comparative Analysis: To assess the effectiveness of auditing for business continuity, a comparative analysis is employed to evaluate auditing practices and business continuity strategies in Ukraine against those in other countries with developed agribusiness sectors (e.g., the European Union, the United States, or Canada). This comparison accounts for the unique characteristics of the agricultural sector, such as seasonality, dependence on global commodity markets, and vulnerability to supply chain disruptions. Special attention is given to the impact of Ukraine's ongoing war, which introduces additional complexities like physical infrastructure damage, labor shortages, and restricted access to international markets. By benchmarking Ukrainian practices against international counterparts, the study identifies gaps, transferable best practices, and context-specific adaptations necessary for enhancing auditing frameworks in wartime. The comparative analysis also incorporates case studies of agribusiness enterprises operating in conflict-affected regions to highlight practical applications of auditing in crisis settings.

3. Data Collection and Processing: The research leverages both primary and secondary data sources. Primary data is collected through semi-structured interviews with key stakeholders, including auditors, agribusiness executives, and regulatory authorities in Ukraine, to gain insights into the practical challenges and opportunities of auditing during wartime. Secondary data is sourced from public and private sector reports, industry databases, and statistical records from Ukrainian governmental bodies (e.g., State Statistics Service of Ukraine) and international organizations (e.g., FAO, World Bank). Quantitative data, such as financial performance indicators and audit compliance rates, are processed using statistical tools to identify correlations between auditing practices and business continuity outcomes. Qualitative data from interviews

and case studies are analyzed thematically to uncover recurring patterns and unique perspectives.

4. Contextual Considerations: The methodology is tailored to account for the specificities of Ukraine's agribusiness sector, including its critical role in global food security, the predominance of small and medium-sized enterprises (SMEs), and the sector's exposure to war-related risks. The study integrates a risk-based auditing perspective to evaluate how audits can address wartime challenges, such as asset impairment, liquidity constraints, and disrupted supply chains.

Furthermore, the research considers the evolving regulatory environment in Ukraine, including temporary wartime measures and efforts to align with EU standards as part of Ukraine's European integration aspirations. By combining these methods, the study aims to provide a nuanced and evidence-based analysis of auditing's role in promoting business continuity. The findings are expected to offer practical recommendations for agribusiness enterprises, auditors, and policymakers to strengthen auditing frameworks, enhance resilience, and support sustainable development in Ukraine's agricultural sector amidst ongoing uncertainties.

Presentation of Main Research Findings. The regulatory framework in Ukraine lacks a precise definition of the going concern principle or assumption. Its formalization in accounting standards occurred in 1978 when the Financial Accounting Standards Board (FASB) issued SFAC No. 1 "Objectives of Financial Reporting by Business Enterprises," where the principle was noted. The principle's significance in accounting, financial reporting, and auditing grew following major bankruptcies of American and European companies in the early 21st century, which had severe economic repercussions, affecting national finances, creditors, banks, and employees due to job losses. Internationally, the going concern principle is embedded in International Financial Reporting

Standards (IFRS) and International Standards on Auditing (ISA). ISA 570 "Going Concern" addresses this concept without strict regulation. In Ukraine, the principle is recognized under the Law "On Accounting and Financial Reporting in Ukraine" as a basis for valuing assets and liabilities, assuming ongoing operations [2]. IAS 1 "Presentation of Financial Statements" requires management to consider all available information about future operations for at least 12 months, though this period may vary based on circumstances. Auditors must critically evaluate management's assumptions, including cash flow forecasts and asset valuations impacting continuity, as outlined in ISA 570 and Ukraine's Law "On Auditing Financial Reporting and Auditing Activities" [1]. The Audit Chamber of Ukraine's informational letter dated May 6, 2022, suggests that under certain conditions, the appropriateness of applying the going concern principle in financial reporting should be reassessed. Companies must evaluate all available data on event impacts over at least 12 months from the reporting date or after financial statement approval. If the going concern assumption is invalid, reporting shifts to a liquidation basis per IAS 10, which distinguishes between adjusting (pre-reporting period) and non-adjusting (post-reporting period) events.

Risk Management: Effective risk management is a cornerstone of ensuring business continuity for agribusiness enterprises in Ukraine, particularly under the heightened uncertainties of wartime. Implementing a robust risk management system enables businesses to proactively identify, assess, and mitigate risks, thereby reducing their potential impact and fostering long-term stability. In the context of Ukraine's agribusiness sector, risks are multifaceted, encompassing operational, financial, market, climatic, and geopolitical challenges exacerbated by ongoing conflict. A comprehensive risk management system begins with risk identification, where agribusinesses catalog potential threats to their operations. These may include supply chain disruptions due to damaged infrastructure, financial volatility caused by currency fluctuations,

market access limitations from trade restrictions, and climatic risks such as droughts or floods, which are particularly critical given agriculture's dependence on weather conditions. Geopolitical risks, such as export bans or territorial losses, further complicate the risk landscape during wartime. Risk assessment involves evaluating the likelihood and severity of identified risks. Tools like SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) are instrumental in this process, enabling enterprises to map internal capabilities and vulnerabilities against external opportunities and threats. For example, a SWOT analysis might reveal a company's strength in diversified crop production but highlight weaknesses in reliance on imported fertilizers, which are disrupted by war. Similarly, PEST analysis (Political, Economic, Social, Technological) provides a framework to assess macro-environmental factors, such as changes in government policies, economic sanctions, labor shortages due to migration, or advancements in precision agriculture technologies. By systematically analyzing these factors, agribusinesses can prioritize risks based on their potential impact. Risk control strategies are then implemented to mitigate identified risks. These may include diversifying suppliers to reduce dependence on single sources, securing insurance against crop failures or asset damage, adopting hedging strategies to manage commodity price volatility, and investing in climate-resilient farming practices. Technology also plays a pivotal role, with tools like satellite monitoring and data analytics enabling real-time risk tracking and decision-making. For instance, predictive weather models can help farmers anticipate adverse conditions, while blockchain-based supply chain solutions can enhance transparency and traceability, mitigating risks of fraud or delays. In wartime, risk management must also address unique challenges, such as physical security threats to assets and personnel, disruptions in energy supply, and restricted access to financing. By embedding risk management into their auditing processes, agribusinesses can ensure that risks are continuously monitored, and contingency plans are updated to maintain operational stability.

Ultimately, a proactive risk management system not only minimizes losses but also builds stakeholder confidence, positioning enterprises for resilience and growth in a volatile environment.

Flexibility in a Changing Environment: In Ukraine's dynamic and unpredictable wartime economy, flexibility is a critical attribute for agribusiness enterprises to maintain competitiveness and minimize losses. The ability to adapt swiftly to fluctuating market demands, evolving legal frameworks, and unpredictable environmental conditions is essential for ensuring operational continuity and seizing emerging opportunities. For agribusinesses, flexibility entails both strategic and operational agility to navigate the complexities of a crisis-driven landscape. Adapting to Market Fluctuations: The war has significantly disrupted Ukraine's agricultural markets, with challenges such as blocked export routes, reduced domestic demand due to population displacement, and volatile global commodity prices. Flexible agribusinesses can respond by diversifying their product portfolios or exploring alternative markets. For instance, shifting from traditional grain exports to processed agricultural products (e.g., flour or biofuels) can open new revenue streams. Additionally, leveraging digital platforms for e-commerce or direct-to-consumer sales can help bypass disrupted distribution channels, ensuring market access. Navigating Legal and Regulatory Changes: The wartime environment has prompted rapid changes in Ukraine's regulatory landscape, including tax exemptions, simplified export procedures, and alignment with EU standards as part of integration efforts. Agribusinesses must stay agile to comply with these evolving requirements while capitalizing on incentives. For example, adopting international auditing and reporting standards, such as IFRS, can enhance credibility with foreign investors and facilitate access to EU markets. Regular engagement with regulatory bodies and industry associations ensures timely awareness of legal updates, enabling proactive adjustments to business practices. Responding to Environmental Conditions: Climatic variability, exacerbated by

climate change, poses significant risks to agricultural productivity. Flexible agribusinesses adopt adaptive farming practices, such as crop rotation, drought-resistant seed varieties, or precision irrigation systems, to mitigate the impact of adverse weather. Furthermore, wartime disruptions, such as fuel shortages or damaged infrastructure, necessitate innovative solutions like solar-powered equipment or localized supply chains to maintain operations. Scenario planning and forecasting tools enable businesses to anticipate environmental challenges and adjust production strategies accordingly. Operational and Strategic Agility: Flexibility extends to internal processes, where agribusinesses must optimize resource allocation and workforce management. For instance, cross-training employees to handle multiple roles can address labor shortages caused by migration or conscription. Strategic partnerships, such as collaborations with international aid organizations or logistics providers, can enhance access to resources and markets. Moreover, embracing digital transformation—through tools like farm management software or IoT-enabled equipment—empowers businesses to respond rapidly to changing conditions with data-driven decisions. By fostering a culture of adaptability, agribusiness enterprises can turn challenges into opportunities, such as tapping into global demand for Ukrainian agricultural products or leveraging wartime innovations for long-term efficiency gains. Auditing plays a pivotal role in supporting flexibility by providing real-time insights into financial health, operational risks, and compliance status, enabling informed decision-making. Ultimately, flexibility in a changing environment ensures that Ukrainian agribusinesses not only survive but thrive amidst uncertainty, contributing to both national food security and global agricultural markets.

Automation of Business Processes: Modern technologies automate key processes, reducing human error and boosting efficiency. Secure information systems are essential to counter external threats.

Resource Reservation: Agribusinesses should maintain reserves of materials, equipment, and resources to mitigate supply disruptions or emergencies, preventing production halts.

Communication and Information Management: Effective communication ensures rapid responses, coordinates internal units, and engages external stakeholders, crucial during planting or harvesting seasons.

Planning and Forecasting: Adaptive planning and detailed cash flow and resource forecasts help navigate uncertainty.

Conclusions. Ensuring business continuity for enterprises, particularly in agribusiness, is vital for Ukraine's economic stability and food security amid uncertainty. This study confirms that auditing business continuity serves not only as an evaluation tool but also as a mechanism for long-term survival and adaptation to crises.

Key factors include effective risk management, flexibility in responding to external changes, automation, resource reservation, robust communication, and strategic planning. For agribusiness, these are critical due to seasonal production, market reliance, logistics challenges, and war-related risks. Auditing business continuity must reflect agribusiness specifics, supporting informed management decisions and preventing financial instability. Approaches focusing on risk assessment, cash flow forecasting, financial resource analysis, and adaptability are essential for effective operations during crises. Thus, auditing transcends traditional financial reporting, becoming a key management tool in economic and political instability, strengthening agribusiness resilience for sustainable development under challenging conditions.

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