Appendices

Appendix A

Table A1 The treatment of the valuation entity in accounting.
Source: *compiled by the author*

Authors	Definition of the concept of valuation in accounting
The principle of determining the valuation as a process of forming economic information for accounting purposes	
	Rating — assigning a numeric value to a measure or property of an object
P. Nimchinov	Monetary valuation is not a component of the accounting method, as is the method in other economic disciplines (political economy, statistics, finance, sectoral economics, etc.) where it is used. Monetary valuation is a condition in which there can be accounting. At the same time, it performs the function not of a method, but of a common meter of means adopted in the national economy
T. Marenich	Valuation in accounting is the process of expressing economic information in monetary terms, which is reflected in accounting and financial reporting in order to meet the needs of users of accounting data
Z. Tuiakova	Valuation is a focused, orderly process of calculating the value of an object of accounting observation in monetary terms, or expressing an opinion about the value of an object, is carried out by an economic entity or a professional valuer ... the results of which are reflected in the financial statements with regard to the requirements for the qualitative characteristics of financial information
N. Maliuga	Valuation is the process of realizing the positive or negative significance of any economic phenomena, the results of labor, the forms of production and labor activity, material actions, business achievements to satisfy human needs, interests, and goals of the subject
O. Fomina	Valuation is a process of systematic study and generalization of professional opinions about the likelihood of adverse conditions or events
The principle of determining the valuation as a methodical method of accounting	
Ya. Sokolov, V. Sokolov	Assessment of a way to transfer accounting objects from a natural meter to a cash one; assigning monetary value object
L. Lovinska	The essence of the valuation is measuring the value of objects of accounting. Valuation acts as a prerequisite for accounting and as its goal, result. As a prerequisite for accounting, valuation provides an opportunity to generalize diverse objects when they are reflected in synthetic accounting and financial reporting. As the purpose or result of accounting, the valuation is used in calculating the cost of the produced products, performed work, rendered services. Valuation is a component of the accounting method, with the help of which the measurement of the cost of accounting objects, the creation of high-quality characteristics of accounting and economic information and information support for the analysis of the financial condition of the enterprise and the effectiveness of its management are carried out
V. Shvets	Valuation is a method of valuation of economic assets, their sources of education
V. Sopko	The valuation of economic facts — phenomena and processes — is a prerequisite for their entry in the system of accounting evidence — documents, registers (bills) and reporting. The valuation in accounting is an in-house meter that allows to summarize all the business facts: phenomena and processes as a set. The valuation is also a composite method of accounting and its principle, without which there is no double-system accounting

Appendix B

The main stages of the genesis of fair value concept

The philosophical doctrine of Aristotle («Nicomachean Ethics»). The first fixation of the theory of fair exchange in the economy

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Fair value (pretium iustum) in ancient Rome. Legislative consolidation of the concept in the edict of Diocletian «On the prices of goods» (301 AD)

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The formalization and substantiation of the concept of «fair price» by Thomas Aquinas, the development of canonists' teaching about it, the middle of the XIII — the beginning of the XIV century.
The evolution of ideas about fair value in the XV—XVI centuries in the economic doctrine of Thomism (Silvestro Mazzolini, scholars of the Salamanca School)

↓

Jacques Savary, law school of accounting. XVII century. Start applying current/fair estimates for accounting purposes. The doctrine of the «fictitious liquidation» balance, which involves the use of property valuation at the price of a possible (foreseen, but not realized) sale, or above it — already with the real liquidation of the enterprise

↓

The concept of valuation of fair (and market) prices in a static accounting model, middle XIX — begin XX century. The first legal fixation of the application of fair value at the level of national accounting: all-German trade information (Allgemeines Deutsches Handelsgesetzbuch) 1861, Art. 31: All physical assets and receivables must be measured at fair value.
The use of fair value estimates in the UK and the USA, from the end of the XIX to the early 30s of the XX century, in particular — for financial assets.
Practical rejection of fair value valuation due to the economic crisis of 1929 — to prevent overvaluation of assets

↓

1960—1990s. Formation of the modern GAAP and IFRS fair value doctrine. The first use of the concept of fair value in the international standard — IAS 17 «Accounting for leases» (1977), and also later in IAS 16 «Fixed assets», IAS 18 «Revenue», IAS 22 «Combining companies», IAS 39 «Financial instruments»

↓

The current state. SFAS No. 157 «Fair Value Measurement» and IFRS 13 «Fair Value Measurement». The conceptual basis of IFRS as Mixed assessment model amended in 2018

Fig. B1 The main stages of the evolution of fair value concept.
Source: *compiled by the author*

Appendix C

Table C1 Advantages and disadvantages of methods for assessing the disposal of inventories by certain scientists. ***Source:*** *compiled by the author*

Method	Essence	Source
	Weighted average cost	
Advantages	The simplicity and accessibility of this method make it possible to widely apply it in practice. However, it should be borne in mind that the use of the method in the conditions of daily receipt and use of inventories in large quantities (for example, in large industrial enterprises) may be inefficient and rather time-consuming	[47]
	Identified cost method	
Advantages	The method of the identified cost is indispensable if the company uses high-value stocks or those that can't be interchanged	[47]
	A positive characteristic of the method of identified cost is the fact that this is the only way in which physical and cost turns of inventories are combined, that is, when using this method, the movement of the value of stocks coincides with their physical movement	[46]
Disadvantages	This method is not advisable to use if there is a large amount of stocks at the enterprise and a considerable variety of their nomenclature	[47]
	Firstly, the possibility of using this method is limited for reasons and a varied range and a large number of identical stocks. Another undesirable feature of this method is the ability to manipulate the amount of profit, making subjective choice of what stock to use in a certain period of time. For most enterprises, this method is unacceptable because of the complexity and impracticality of tracking the acquisition and use (sale) of specific units of each inventory item	[46]
	FIFO method	
Advantages	This method provides an almost complete coincidence of the movement of value with the physical movement of stocks; the use of the FIFO method maximally approximates the value of stocks to the current market value; method consistent and objective; method prevents chances of manipulating the amount of profit	[47]
Disadvantages	The disadvantage of using the FIFO method is that in the period of inflation it ensures the presence of an unreasonably excessive amount of profit. This is explained by the fact that with the growth of prices for stocks, an enterprise increases the realizable value of products, not taking into account that it was made from materials that were purchased before the price increase	[46]

Appendix D

Table D1 Proposed project of National provision (standard) of accounting 3 «Actuarial financial statements» (NP(S)A 3). ***Source:*** *compiled on the basis of applying the approach of A. Shyhaev 2011 [51] and in accordance with the accounting of the Conceptual Basis of Financial Reporting [57]*

No.	Project of NP(S)A 3 «Actuarial financial statements»
1	2
	I. General provisions
1.1	This National Provisions (standard) defines the purpose, composition and principles of preparing actuarial financial statements and the requirements for recognizing and disclosing its elements
1.2	The norms of this National Provisions (standard) apply to the actuarial financial statements of legal entities (hereinafter referred to as enterprises) of all forms of ownership (except banks and budget institutions), which, if necessary, can transform financial statements and financial statements prepared under IFRS in actuarial financial statements
1.3	The terms used in the national accounting provisions (standards) have the following meanings: — *operational assets* — assets that are used in the course of the company's operations; — *operational liabilities* — liabilities arising in the course of operating activities. — *financial assets* — assets that are used during the direct implementation of financial operations by the enterprise; — *financial obligations* — are obliged to provide funding for the operating activities of the enterprise; — *net operating assets* — reflect the value of resources attracted by the company from investors, borrowers and other capital providers in the framework of financial activities and investments in operating activities. Net operating assets are calculated as the difference between operating assets and operating liabilities; — *net financial assets (liabilities)* — reflect the amount of the company's net debt and are calculated as the difference between financial assets and financial liabilities; — *actuarial financial statements* — accounting statements were transformed, containing information on changes in economic value and future cash flows of the company over the period
1.4	The purpose of preparing actuarial financial statements is providing real and potential investors in making decisions about investing capital in an investee with complete, truthful and unbiased information about changes in the economic value of a business and future cash flows of the investee
1.5	The procedure for the presentation of actuarial financial statements to investors is determined by the management of the company
	II. Composition and elements of actuarial financial statements
2.1	Actuarial financial statements consist of: actuarial balance (actuarial statement of financial position) (hereinafter referred to as actuarial balance sheet), actuarial statement of comprehensive income (actuarial statement of comprehensive income) (hereinafter referred to as actuarial statement of comprehensive income), actuarial statement of cash flows (actuarial balance of cash flow), actuarial report on changes in equity

Continuation of Table D1

1	2
2.2	The actuarial balance sheet of an enterprise is compiled from the balance sheet data (financial state report) or consolidated balance sheet (financial state report) of the enterprise for the reporting period
2.3	The form and composition of the articles of the actuarial financial statements are determined by this National Provisions (standard) and are given in Appendix A
2.4	The actuarial financial statements include indicators of the activities of branches, representative offices, branches and other separate divisions of the enterprise
2.5	The actuarial balance sheet reflects operating and financial assets, operational and financial liabilities and equity of the enterprise. For the distinction between operating and financial activities, net operating assets are calculated as the difference between operating assets and operational liabilities and net financial assets or liabilities as the difference between financial assets and financial liabilities
2.6	The actuarial statement of comprehensive income discloses information about the cumulative financial result, which consists of the cumulative financial result from operating activities (operating profit) and the cumulative financial result from financial activities (net financial income or net financial expenses)
2.7	The actuarial cash flow statement (actuarial cash flow balance) provides data on cash flow from operating, financial and investment activities, with cash flow from investing activities being distributed to cash flow from investments in operating assets and cash flow from investments in financial assets. In drawing up the actuarial balance of cash flow, a dynamic accounting concept is used, which implies the need to reflect data on the operating and financial activities of an enterprise not only on the basis of moment indicators, but also on the basis of interval indicators (turnover on accounts)
2.8	The actuarial statement of changes in equity discloses information about changes in the equity of an enterprise, including: transactions with shareholders (holders of ordinary shares), net result of shareholders and the aggregate financial result of these transactions. In the columns of the actuarial report on changes in equity, intended for targeting the components of equity capital, the indicators given in section I «Equity capital» of the balance are indicated
2.9	Companies that, according to the law, use international financial reporting standards, can also (if necessary) transform financial statements prepared under IFRS in the actuarial financial statements
	III. Qualitative characteristics of actuarial financial statements and principles of its preparation
3.1	The information provided in the actuarial financial statements should be useful for current and potential investors, lenders and other lenders in making decisions about providing resources to this business entity. Such decisions include the acquisition, sale or maintenance of equity and debt instruments, as well as the provision or repayment of loans and other forms of loans [M4. The conceptual framework of financial reporting [57]]
3.2	Actuarial financial statements should contain useful, that is relevant and reliable information about the resources of the enterprise, the requirements for the business entity, and how effective and efficient the management staff and the governing board fulfilled their duties in order to use the resources of the business entities. investors, lenders and other lenders could evaluate the prospects for future net cash inflows of the enterprise [M4. Conceptual basis of financial accounting [57]]

Continuation of Table D1

1	2
3.3	General-purpose actuarial financial statements are not intended to show the value of the enterprise that it reports; but it provides information to help current and potential investors, lenders and other lenders assess the value of the enterprise [M7. The conceptual framework of financial reporting [57]]
3.4	Actuarial financial statements of an enterprise are formed in compliance with the fundamental and intensifying principles of requirements: — fundamental principles — allow you to separate useful information from Useless; — reinforcing principles — allow you to analyze the degree of usefulness of accounting information and to distinguish between more useful and less useful information. Fundamental principles include: principles-requirements of relevance (relevance) and truthful representation: — relevance (relevance) provides that in order to be useful for making decisions about investing, lending and other similar decisions about investing resources in an enterprise, the information must be relevant (relevant), the future value and confirming value are components of the relevance principle; — true representation suggests that in order to be useful for making decisions about investing, lending and other similar decisions about investing resources in an enterprise, the information must create a true representation of economic phenomena, the content of which it must present, that is, be complete, neutral and error free The reinforcing principles include: principle-the requirement of comparison, timeliness and clarity: — comparison, provides that in order to enhance the usefulness when investors make decisions about investing resources, relevant information truthfully reflects economic phenomena, should allow users to identify similarities and differences between the two sets of economic phenomena; — timeliness characterizes the need to ensure the availability of information disclosed to interested persons until the time when this information loses the ability to influence their decision making about investing resources in an enterprise; — clarity provides that information may not be useful for making decisions about investing and lending, if it is not submitted in a way that is understandable to those interested in it
	IV. Information disclosure in actuarial financial statements
4.1	In the actuarial statement of comprehensive income, information on the calculation of equity at the beginning and end of the reporting period is presented separately
4.2	The preparation of the actuarial statement of comprehensive income is carried out in two stages: 1) the actuarial statement of comprehensive income includes financial results directly attributable to equity accounts and are reflected in the statement of changes in equity; 2) all items of income and expenses are regrouped by operating and financial activities and the net financial result is determined for each of these two types of activities, as well as the total income for the whole enterprise

Appendix E

Table E1 Value drivers of group *A* enterprises

Tasks	Indicator
Financial and material capital	
Growth of enterprise value	Market value added, thousand UAH. Economic value added, thousand UAH
Increased profitability	Turnover profitability, %. Return on assets, %. Return on investment, %
Equity provision	Ratio of own working capital. Ratio of non-current assets of equity
Interface capital	
Raising awareness of value groups	Loyalty level of value influence groups. Enterprise share in the market for a specific product
Maintaining marketing activity	Ratio of the cost of finding suppliers. Discount rate
Brand management	Index of the existence of the enterprise brand on the market
Organizational capital	
Improving the efficiency of the planning system	Enterprise security stocks. Expenses for the provision of services
Content quality level	Share of investment in quality improvement. The result of the introduction of technical innovations
Creating a quality management system	Quality of services provided. Supplier performance index
Human capital	
Staff development	Profitability of training expenses
Increase in staff satisfaction	Level of support for initiatives
Decrease in staff turnover	Staff turnover rate

Appendix F

Table F1 Value drivers of group *B* enterprises

Tasks	Indicator
Financial and material capital	
Growth of enterprise value	Market Value Added. Economic Value Added
Increased profitability	Net profitability of sold products. Return on investments
Equity provision	Financial autonomy ratio. Return on equity
Interface capital	
Raising awareness of value groups	Loyalty level of value influence groups. Enterprise market share
Improving the communication system	Share of expenses on the communication system. Client index (comparison of the cost of a new client and the content of a permanent)
Improving the effectiveness of marketing activities	Ratio of income from the new product and the number of consumers
Organizational capital	
Improving the quality of service	Share of investment in quality improvement. Result of the technical innovations implementation
Creating a quality management system	Quality management system efficiency ratio
Human capital	
Improving staff skills	Profitability of training expenses. Profitability of staff, thousand UAH
Increase in productivity	Labor productivity, thousand UAH. Average daily output per worker
Creating a resource planning subsystem	The ratio of the enterprise workforce

Appendix G

Table G1 Value drivers of group *C* enterprises

Tasks	Indicator
Financial and material capital	
Growth of enterprise value	Market Value Added. Economic Value Added
Increased profitability	Net profitability of sold products. Return on investments
Equity provision	Financial independence ratio. Return on equity
Interface capital	
Raising awareness of value groups	Loyalty level of value influence groups. Index of the duration of interaction with value influence groups
Evaluation of the enterprise image	Integral indicator of assessing the image of the enterprise
Improving the effectiveness of marketing activities	The ratio of income from the new product and the number of consumers
Organizational capital	
Improving the efficiency of the planning system	Enterprise security stocks
Improving the quality of service	Share of investment in quality improvement. Innovation result
Creating a quality management system	Quality management system efficiency ratio
Human capital	
Improving staff skills	Profitability of training expenses. Profitability of staff, thousand UAH
Increase productivity	Labor productivity, thousand UAH. Average daily output per worker, thousand
Stimulation of creative activity of workers	Coefficient of creative activity
Creating a resource planning subsystem	Ratio of the enterprise workforce