

Chapter 4

Challenges and Reforms in the Accounting System of Ukraine: The Impact of War and Transition to International Standards

Hana Bohušová

Ambis University

ORCID: 0000-0002-3669-4230

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4.1. Introduction

Ukraine's accounting system has evolved considerably since gaining independence in 1991. Before this, Ukraine was part of the Soviet Union's centrally planned economy, where accounting practices were focused on meeting state-controlled targets rather than serving as tools for decision-making in a market economy. This legacy has complicated Ukraine's efforts to adopt International Financial Reporting Standards (IFRS), which prioritise transparency and comparability – both critical for attracting foreign investment and integrating into global markets (Ernst & Young [EY Ukraine], 2023).

In 2012 the transition to IFRS became mandatory for large enterprises as part of Ukraine's broader economic reforms aimed at fostering transparency, improving financial disclosure, and attracting foreign investment. However, the shift has been far from uniform. Small and medium-sized enterprises (SMEs), in particular, continue to rely on National Accounting Standards (NAS), which retain many characteristics of the outdated Soviet-era system. The difficulties in fully implementing IFRS have been exacerbated by the ongoing war, which has caused economic instability, disrupted supply chains, and further complicated regulatory enforcement (Organisation for Economic Co-operation and Development [OECD], 2023; International Monetary Fund [IMF], 2023).

This paper examines the evolution of Ukraine's accounting system, focusing on the challenges posed by the transition to IFRS amidst the war and the lingering influence of Soviet-era practices. It also explores the broader issues of corruption, the informal economy, and bureaucratic inefficiencies that obstruct Ukraine's ability to maintain transparent and reliable financial reporting.

4.2. Aim and Methodology

The main aim of this paper is to provide a comprehensive analysis of the current state of accounting regulations in Ukraine, with a specific focus on the challenges posed by the ongoing conflict and the transition from Soviet-era practices to modern international standards. The objectives are as follows:

- to evaluate the progress of IFRS implementation and identify the barriers hindering its full adoption,
- to assess the impact of the war on accounting practices and financial reporting,
- to analyse the role of corruption, bureaucratic inefficiency, and the informal economy in complicating regulatory compliance,
- to propose recommendations for improving Ukraine's accounting system and aligning it more closely with international standards.

The research methodology used in this paper is based on qualitative analysis, utilising secondary sources such as international financial reports, government documents, scientific articles, and industry reports (OECD, IMF, EY, PwC). These sources provide insights into Ukraine's regulatory framework, the challenges associated with IFRS adoption, and the economic and political factors influencing financial reporting. The analysis includes:

- 1) a historical review of Ukraine's accounting transition from Soviet practices to IFRS,
- 2) a comparative analysis of the regulatory frameworks governing NAS and IFRS,
- 3) an evaluation of the war's direct and indirect impacts on business operations and financial reporting practices,
- 4) a review of the informal economy and its influence on transparency and financial stability.

4.3. Results and Discussion

4.3.1. Historical and Theoretical Background: Soviet Legacy and Reforms

The legacy of Soviet accounting continues to influence Ukraine's financial reporting system. Soviet-era accounting was designed for a centrally planned economy, with a primary focus on detailed bookkeeping and reporting to meet state quotas. This system did not prioritise transparency, flexibility, or the provision of investor-oriented information, which are the core principles of IFRS. After Ukraine gained independence in 1991, the country initiated reforms aimed at modernising its accounting practices and aligning them with international standards (Solodchenko & Sucher, 2005).

In the past two decades, Ukraine has made substantial efforts to transition its accounting system toward International Financial Reporting Standards (IFRS) to facilitate integration into the global economy. The adoption of IFRS aims to enhance transparency, comparability, and reliability in financial statements – key factors in attracting foreign investment and building trust in Ukraine's financial markets (PricewaterhouseCoopers [PwC Ukraine], 2023). One of the most significant reforms occurred in 2012, when IFRS became mandatory for large enterprises and publicly traded companies. This change was intended to improve the reliability of financial statements, enhance comparability, and foster greater investor confidence.

However, SMEs which comprise a significant portion of Ukraine's economy, were allowed to continue using National Accounting Standards (NAS), which are aligned with but not identical to IFRS. These standards aim to provide a simplified framework for smaller businesses while maintaining some level of international comparability (Deloitte Ukraine, 2023a).

The foundation of Ukraine's national accounting system is the Law on Accounting and Financial Reporting in Ukraine. Initially enacted in 1999 and amended multiple times, this law requires large enterprises and public interest entities to apply both NAS and IFRS which serve as the legal foundation for accounting practices. NAS were developed to standardise accounting practices across various sectors and ensure transparency, consistency, and comparability in financial statements.

Regulatory bodies such as the Ministry of Finance, the National Bank of Ukraine, and the State Fiscal Service play a pivotal role in overseeing and implementing accounting reforms. These institutions are tasked with developing and enforcing accounting standards, providing guidance, and ensuring compliance (Verkhovna Rada of Ukraine, 2024). Additionally, international organisations like the International Monetary Fund (IMF) and the World Bank have played instrumental roles in promoting accounting reforms. Despite these efforts, the adoption of high-quality accounting standards has often faced resistance due to deeply entrenched local practices and vested interests.

The conceptual framework is essential in modernising Ukrainian NAS. It provides a set of underlying principles, assumptions, and guidelines that form the foundation for developing accounting standards, preparing financial statements, and ensuring consistency in financial reporting. This framework offers a structured approach to understanding the objectives and elements of financial reporting, helping standard-setters, auditors, and accountants apply accounting principles consistently across various entities and industries. It also aims to improve the quality and transparency of financial information, ensuring that financial statements provide relevant, reliable, and comparable data to investors, creditors, regulators, and management.

While Ukrainian NAS is primarily based on the Soviet-era principles – focusing on tax compliance and regulatory reporting – the conceptual framework has increasingly evolved to align with IFRS. This gradual alignment reflects Ukraine's ongoing efforts to modernise its financial reporting system and improve transparency.

Unlike IFRS or US GAAP, the conceptual framework (CF) in Ukrainian NAS is not codified in a single, standalone document. Instead, its principles are embedded within various legislative and regulatory documents such as the Law on Accounting and Financial Reporting in Ukraine, government regulations, and specific accounting standards issued by the Ministry of Finance of Ukraine.

The NAS conceptual framework defines the principles and objectives of financial reporting, ensuring that financial statements provide useful information for decision-making. It emphasises the importance of relevance, reliability, comparability, and understandability in financial reporting. NAS financial statements include a balance sheet (Statement of Financial Position), an income statement (Statement of Comprehensive Income), a cash flow statement, a statement of changes in equity, and notes to the financial statements. The guidelines also cover the recognition and measurement of assets, liabilities, income, and expenses.

As of the latest update, there are 30 individual NAS standards in Ukraine, each addressing specific aspects of financial reporting and accounting practices.

The Ministry of Finance of Ukraine is responsible for issuing, updating, and enforcing NAS. These standards are periodically reviewed and updated to ensure alignment with IFRS and to address new accounting challenges and practices. Regulatory bodies such as the State Fiscal Service ensure compliance with NAS through regular audits and inspections. However, compliance issues, economic instability, and a significant informal sector present challenges to the effective implementation of NAS. This detailed overview of the structure of NAS in Ukraine underscores the comprehensive nature of the standards, which are designed to align with international practices and promote transparency and reliability in financial reporting.

The most recent list of active NAS is presented below.

NAS 1: General Requirements for Financial Reporting.

NAS 2: Consolidated Financial Reporting.

NAS 6: Correction of Errors and Changes in Financial Statements.

NAS 7: Fixed Assets.

NAS 8: Intangible Assets.

NAS 9: Inventory.

NAS 10: Accounts Receivable.

NAS 11: Liabilities.

NAS 12: Financial Investments.

NAS 13: Financial Instruments.

NAS 14: Leases.

NAS 15: Revenue.

NAS 16: Expenses.

NAS 17: Income Tax.

NAS 18: Construction Contracts.

NAS 19: Business Combinations.

NAS 21: Effects of Changes in Foreign Exchange Rates.

NAS 22: Effects of Inflation.

NAS 23: Disclosure of Information on Related Parties.

NAS 24: Earnings per Share.

NAS 25: Simplified Financial Reporting.

NAS 26: Employee Benefits.

NAS 27: Non-current Assets Held for Sale and Discontinued Operations.

NAS 28: Impairment of Assets.

NAS 29: Segment Reporting.

NAS 30: Biological Assets.

NAS 31: Finance Costs.

NAS 32: Investment Property.

NAS 33: Exploration and Evaluation of Mineral Resources.

NAS 34: Share-Based Payments.

The coexistence of two parallel accounting frameworks – NAS and IFRS – has resulted in confusion and inconsistencies in financial reporting, especially for businesses that operate in both domestic and international markets (PwC Ukraine, 2023).

4.3.2. Regulatory Challenges: IFRS vs. NAS

The dual use of IFRS and NAS within Ukraine's regulatory framework poses significant challenges for businesses. While large enterprises are mandated to comply with IFRS, smaller companies continue to follow NAS, which retains elements more closely aligned with Soviet-era accounting practices.

This coexistence has led to inconsistencies in financial reporting, complicating the efforts of investors and regulators to assess the financial health and performance of companies across different sectors (EY Ukraine, 2023). Tables 4.1 and 4.2 compare the most significant standards between the two frameworks.

Table 4.1. Comparison of Ukrainian NAS and IAS/IFRS

Ukrainian NAS	IAS/IFRS equivalent	Key differences	Alignment level
	Conceptual Framework	IFRS: Principles-based, emphasising the economic substance of transactions over their legal form. IFRS is geared towards providing useful information to a wide range of stakeholders, including investors. NAS: Rules-based, heavily influenced by Soviet-era practices. The focus is primarily on compliance with tax and regulatory frameworks, rather than investor-oriented financial reporting.	Low
NAS 1: General Provisions for Financial Reporting	IAS 1: Presentation of Financial Statements	NAS 1 follows the structure of IAS 1 but lacks some disclosure requirements that IAS 1 mandates such as a statement of comprehensive income.	Partial
NAS 2: Consolidated Financial Statements	IFRS 10: Consolidated Financial Statements	IFRS 10 requires consolidation based on control, not just ownership. NAS 2 focuses more on legal ownership.	Partial
NAS 7: Fixed Assets	IAS 16: Property, Plant, and Equipment	NAS 10 is similar to IAS 16 but uses historical cost more frequently. Revaluation under NAS is less common and less detailed.	Partial
NAS 8: Intangible Assets	IAS 38: Intangible Assets	NAS 12 follows IAS 38 but lacks some of the detailed guidance on the recognition and amortisation of intangible assets.	Partial
NAS 9: Inventories	IAS 2: Inventories	NAS 11 aligns with IAS 2 on the measurement of inventories at the lower of cost or net realisable value. However, IAS 2 has more detailed requirements on write-downs.	High
NAS 11: Liabilities	IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets	NAS 11 is generally less detailed but aligned with the same principles.	Partial
NAS 12, 13: Financial Instruments	IFRS 9: Financial Instruments	IFRS 9 requires financial instruments to be measured at fair value, while NAS 25 generally uses historical cost.	Low

NAS 14: Leases	IFRS 16: Leases	NAS 14 still allows off-balance sheet treatment for operating leases, while IFRS 16 requires recognition of leases on the balance sheet (right-of-use asset and liability).	Low
NAS 15: Revenue NAS 18: Construction Contracts	IFRS 15: Revenue from Contracts with Customers	IFRS 15 is more detailed and principles-based, using a 5-step model for revenue recognition. NAS 23 is simpler and tends to recognise revenue earlier.	Low
NAS 21: Effects of Changes in Foreign Exchange Rates	IAS 21: The Effects of Changes in Foreign Exchange Rates	NAS 21 aligns with IAS 21 in accounting for foreign currency transactions, but IAS 21 provides more guidance on translation differences in financial statements.	High

Source: own elaboration.

Table 4.2. Impact on financial statements

Aspect	IFRS Impact	NAS Impact	Impact on Financial Statements
Revenue Recognition	Delayed revenue recognition. ↓	Early recognition. ↑	Lower short-term profits under IFRS. NAS may overstate profits due to earlier recognition.
Inventory Valuation	Lower of cost or NRV. ↓	Historical cost ↑	IFRS shows more conservative asset valuations. NAS may inflate total assets.
PPE Revaluation	Fair value revaluation. ↑	Historical cost. ↓	IFRS increases asset values through revaluation. NAS understates assets, especially in inflationary environments.
Leases	Right-of-use asset and liability recognized. ↑	Off-balance sheet. ↓	IFRS results in higher liabilities and assets. NAS hides long-term obligations from the balance sheet.
Financial Instruments	Fair value introduces volatility. ↓	Historical cost reduces volatility. ↑	IFRS introduces volatility in asset and liability values, impacting profit/loss. NAS offers stable but potentially outdated valuations.
Impairment of Assets	More frequent and earlier impairments. ↓	Delayed recognition. ↑	IFRS lowers asset values through regular impairment tests. NAS delays impairment, leading to overstated asset values.

Source: own elaboration.

Empirical studies demonstrated that the adoption of IFRS had significant financial impacts on Ukrainian companies, particularly in sectors with large physical assets and financial instruments. Skrypnyk and Ambarchian (2015) found that companies applying IFRS reported lower short-term profits due to deferred revenue recognition and earlier recognition of impairments. However, the revaluation of property, plant, and equipment under IFRS often resulted in higher total assets, providing a more accurate reflection of market conditions compared to NAS, which relies on historical cost.

Empirical Findings Summary

- Revenue Recognition: companies under IFRS recognized 15% less revenue in the initial period compared to NAS.

- **PPE Valuation:** the revaluation of assets under IFRS led to a 12% increase in total assets in asset-heavy industries.
- **Lease Liabilities:** IFRS capitalises leases, resulting in a 20% increase in liabilities compared to NAS, which keeps leases off the balance sheet.

Regulatory differences pose a significant barrier to the full adoption of IFRS in Ukraine, primarily due to inconsistencies between local laws and international standards. Research highlights several factors contributing to this issue. Many countries, including Ukraine, have only partially adopted IFRS as they must align their local regulations with international standards. According to Nobes and Zeff (2016), countries converging their local standards with IFRS often face delays in regulatory approval or find themselves adjusting IFRS to fit their local context, which can dilute the effectiveness of full adoption.

Gray (1988), and Finch (2009) discussed how national accounting systems, deeply rooted in legal and tax frameworks, can conflict with IFRS adoption. In Ukraine, NAS is heavily influenced by the tax system, making it difficult to fully shift to IFRS principles, which focus more on investor transparency. This gap between tax-driven accounting and investor-driven IFRS is a common barrier in transitioning economies (Ball, 2006; Mirza & Holt, 2011; Zeghal & Mhedhbi, 2006).

Furthermore, IFRS's complexity and the evolving nature of Ukraine's financial markets pose challenges, particularly for small and medium-sized enterprises (SMEs), in adopting these standards. According to C. N. Albu and N. Albu (2012), the local economic environment is not yet fully aligned with the sophistication required for IFRS. The lack of widespread IFRS expertise and advanced accounting systems also presents a significant barrier. There is a shortage of qualified accounting professionals in Ukraine, particularly those with IFRS expertise. This gap hinders businesses' capacity to implement international standards effectively. Many accountants in Ukraine were trained under Soviet-era practices and may not have received the necessary education or professional development to implement modern international standards effectively. This lack of expertise leads to discrepancies in financial reporting. Panasyuk et al. (2021) identified several barriers to the full adoption of IFRS by Ukrainian companies, including legislative gaps, the complexity of IFRS, lack of expertise, high costs, and resistance to change. Legislative gaps arise from inconsistencies between Ukrainian legislation and IFRS requirements. Compared to national GAAPs, IFRS is perceived as more complex and difficult to apply. Transitioning to IFRS entails significant costs, such as system upgrades and staff training, which pose a considerable challenge for Ukrainian businesses.

Note that Ukraine's accounting system, influenced by Soviet-era practices that prioritise tax compliance over financial transparency, further complicates the adoption of IFRS. The dual requirement to maintain separate systems for tax accounting and financial reporting under IFRS adds another layer of complexity. These challenges, particularly the costs associated with training professionals and implementing advanced systems, remain substantial barriers to IFRS adoption in Ukraine.

4.3.3. Impact of the War on Accounting Practices

The Russia-Ukraine war, which began on February 24, 2022, has had far-reaching consequences for businesses globally and within Ukraine.

Impact on companies operating in Ukraine

The war has had profound global economic implications, disrupting supply chains, causing fluctuations in commodity prices, and increasing inflationary pressures. These challenges have significantly impacted companies operating in or connected to Ukraine, Russia, and neighbouring countries, as highlighted by Deloitte (2023a). Businesses have been forced to carefully evaluate the financial effects on their assets, liabilities, and overall operations.

For companies with operations in Ukraine, the war has created numerous financial reporting challenges. Key considerations include the impairment of long-term assets, disruptions to supply chains, and the recognition of losses resulting from closures and damages in affected areas. Additionally, foreign currency volatility and the increased risk of cyberattacks add to the complexities faced by these businesses. The heightened uncertainty has necessitated a thorough evaluation of direct and indirect exposures, which must be reflected in financial statements.

In the USA, the SEC has issued guidance on financial disclosures related to the war, emphasising areas such as risk factors, management discussion and analysis (MD&A), and internal control over financial reporting. These directives aim to ensure transparency and provide stakeholders with a clear understanding of the war's financial impact on affected companies.

Impact on Ukrainian companies

The war in Ukraine has profoundly disrupted accounting practices, creating a cascade of economic instability, interrupted supply chains, and inflationary pressures that challenge the ability of businesses to maintain accurate and transparent financial records (OECD, 2023). These disruptions have led to production delays, logistical challenges, and inventory management issues, complicating revenue recognition and resulting in frequent discrepancies between financial forecasts and actual outcomes (World Bank Group, 2023).

PwC (2022) stated that approximately 60% of companies operating in Ukraine reported the need to assess impairment indicators due to physical damage, loss of control over assets in occupied territories, or a significant drop in expected cash flows. More than 40% of surveyed businesses faced material interruptions to supply chains, directly impacting inventory levels and valuation. Furthermore, over 30% of firms noted delays in the recognition of revenue due to contract cancellations or fulfilment difficulties, with long-term projects requiring reassessment under IFRS 15. PwC emphasised the need for Ukrainian companies to provide detailed disclosure of risk exposure, asset revaluation impacts, and liquidity concerns in line with IAS 1 and IAS 10, as war-related events often qualify as either adjusting or non-adjusting events depending on timing and severity.

Inflation has compounded these difficulties, particularly in the valuation of assets and the measurement of liabilities. In response to these challenges, some businesses have turned to creative accounting methods to present more favourable financial outcomes, undermining the accuracy of financial reporting and complicating stakeholders' decision-making processes (Deloitte Ukraine, 2023a). According to PwC (2022), currency fluctuations and the hryvnia devaluation led to exchange losses averaging 15–20% on foreign-denominated liabilities.

Regulatory enforcement has also been weakened due to the ongoing conflict. Key oversight institutions, including the Ministry of Finance and the National Bank of Ukraine, have struggled

to maintain effective regulatory compliance amid the war's disruptions (IMF, 2023). Consequently the government has shifted its priorities from long-term financial reforms to ensuring immediate economic survival.

4.3.4. Barriers to Transparency and Compliance

Despite Ukraine making efforts to modernise its accounting system, several obstacles continue to impede progress toward achieving transparency and alignment with international standards. Corruption remains a significant challenge, undermining the effective enforcement of accounting regulations. Transparency International (2023) ranked Ukraine 104th out of 180 countries in its 2023 Corruption Perceptions Index, with a corruption score of 36. Corruption undermines the enforcement of financial reporting standards by leading to inconsistent penalties for non-compliance, thereby reducing regulatory accountability and weakening overall transparency.

Recent study by Noy and Dabamona (2024) confirmed that the Russia-Ukraine conflict has caused persistent disruptions in accounting regulation and practice across Ukraine. The conflict has amplified regulatory divergence and significantly weakened enforcement mechanisms – particularly in the eastern and southern regions – where access to company records and audit functions has been curtailed. According to the World Bank Group (2023) assessment, over 45% of Ukrainian businesses reported disruption in their ability to maintain regular financial records due to displacements, damaged infrastructure, or loss of personnel. Furthermore, 30% of companies faced delays in the preparation or audit of their financial statements (World Bank Group, 2023). In response to these challenges, firms increasingly adopted conservative reporting approaches, including earlier impairment recognition, expanded risk disclosures, and precautionary valuations of property, plant, and equipment. Deloitte Ukraine (2023b) noted that nearly two-thirds of Ukrainian firms revised their 2022 disclosures to reflect war-related risks and supply chain uncertainties. Technological innovations are also gaining traction: around 18% of large Ukrainian enterprises reported piloting blockchain-based or automated reporting solutions to enhance data reliability and reduce manual reporting errors (PwC, 2023). These empirical trends underline the urgent need for Ukraine to implement adaptive regulatory reforms, support institutional resilience, and enhance international collaboration to safeguard transparency, comparability, and market trust amidst ongoing geopolitical uncertainty.

A large sector of the economy operates informally, with minimal or no financial reporting, which complicates efforts by the regulatory bodies to ensure accurate and transparent disclosures (Golovko et al., 2022). According to World Economics (2024), the size of Ukraine's informal economy is estimated to be 44.2%, representing approximately USD 388 billion at GDP PPP levels. As a result, substantial financial activity remains unaccounted for in official financial statements, enabling companies to evade taxes and bypass regulatory oversight. Additionally, corruption undermines the consistent application of financial reporting standards, as penalties for non-compliance are often applied arbitrarily, further eroding accountability.

Another significant obstacle is Ukraine's dual regulatory framework, which mandates the use of International Financial Reporting Standards (IFRS) for large enterprises and publicly traded companies, while smaller and medium-sized enterprises (SMEs) adhere to National Accounting Standards (NAS). This dual system leads to inconsistencies in financial reporting across the

economy, making it challenging for investors to compare financial statements across sectors and companies. Moreover, it complicates regulatory oversight, as enforcement agencies must ensure compliance with two distinct sets of standards. This division stretches resources and reduces the effectiveness of consistent enforcement.

Deloitte (2022) identified economic instability as a further factor complicating financial reporting in Ukraine. Inflation, currency fluctuations, and disruptions to supply chains have created an unpredictable business environment, making it difficult for companies to maintain accurate and reliable financial records.

The transparency of public companies in Ukraine, particularly in terms of audited financial and non-financial reporting, was critically low, as noted by Makarenko and Serpeninova (2017). However, since then Ukraine has made significant progress in aligning its regulatory framework with international standards according to the Generis Global Legal Services report (2024). This progress has provided greater clarity regarding compliance obligations for businesses and contributed to a fairer business environment. Annual financial statements, which companies in Ukraine are required to prepare, serve as a key tool for ensuring transparency. The accuracy of these statements is verified through external audits, which safeguard their integrity, yet the failure to meet these requirements can lead to severe consequences, including financial penalties, reduced investor confidence, and operational restrictions.

Based on the aforementioned analysis, several recommendations can be made to address the challenges in Ukraine's financial reporting system:

Recommendations

1. Reinforce regulatory oversight: the Ukrainian government should allocate increased financial and human resources to its key regulatory bodies, such as the Ministry of Finance and the National Bank of Ukraine, to enable more robust enforcement of IFRS compliance and financial transparency standards (World Bank Group, 2023).
2. Modernise and digitise reporting infrastructure: modernising and digitising the reporting infrastructure in Ukraine is a crucial step towards improving efficiency, transparency, and resilience. Ukraine should accelerate the adoption of secure digital platforms e.g. XBRL and AI-supported audit tools to improve the timeliness, reliability, and accessibility of financial reports and make compliance with international standards more efficient (PwC, 2023). This transition should be supported by government initiatives.
3. Develop crisis-responsive reporting guidelines: Ukraine's regulators should publish crisis-specific accounting guidance to standardise the reporting of asset impairments, supply chain disruptions, and operational losses. This would help align practices and mitigate inconsistencies during future conflict or emergency periods (Deloitte Ukraine, 2023).
4. Enhance international cooperation and technical assistance: collaboration with international organisations such as the World Bank, IFRS Foundation, and the EU can support regulatory capacity building and offer technical expertise to improve Ukraine's resilience to future shocks (Noy & Dabamona, 2024).
5. Expand IFRS training and certification: given the shortage of qualified IFRS professionals, universities and professional associations in Ukraine should expand certification programmes and practical workshops targeting war-affected regions and SMEs (EY Ukraine, 2023).

These recommendations collectively aim to strengthen Ukraine's financial reporting framework, align it with global standards, and promote a more robust and transparent business environment.

4.5. Conclusions

Ukraine's accounting system is at a critical crossroads. While significant strides have been made in aligning with IFRS, the country's progress has been hindered by the ongoing war, economic instability, and the enduring influence of Soviet-era practices. The coexistence of IFRS and NAS continues to create challenges for businesses and regulators, making it difficult to maintain consistent financial reporting across sectors.

Despite these challenges there is a clear path forward. Strengthening regulatory frameworks, investing in professional education, and addressing corruption are essential steps in modernising Ukraine's accounting system. By fostering greater transparency and improving compliance with international standards, Ukraine can attract more foreign investment and continue its integration into the global financial system.

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