SECTION 3.
FINANCE AND BANKING; TAXATION, ACCOUNTING AND AUDITING

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LIQUIDATION OF DESTROYED ASSETS IN WAR CONDITIONS

Businesses from the territories where active military operations are taking place have already felt the destructive power of the war: many have had their offices, shops, warehouses and even production facilities destroyed. What about an enterprise with destroyed (lost) assets? How to formalize the war-related liquidation of assets and reflect its consequences in accounting? This is exactly what we will talk about now.

Fixed assets are written off as follows. On the basis of Acts for write-off of fixed assets, the following operations are performed (they are issued with an accounting statement):

1) stop calculating depreciation from the month following the month of liquidation of the fixed assets. If the production method was used - from the date following the date of liquidation of the fixed asset object;

2) write off the accrued depreciation for the period of use of fixed assets by writing: Dt 13 - Kt 10;

3) write off the residual value of fixed assets in the period in which the object of fixed assets was liquidated, to other expenses by writing: Dt 976 "Writing off non-current assets" - Kt 10;

4) all expenses related to the liquidation of fixed assets (salaries of personnel employed for liquidation of fixed assets are assigned to subaccount 976).

5) if the object was previously revalued (subaccount 411 has a credit balance for it), the revaluation amount is debited: Dt 411 - Kt 441.

We recommend writing off low-value non-current tangible assets as follows. On the basis of the Deeds for the write-off of low-value non-current tangible assets, we make the following entries (making them an accounting certificate):

1) we write off the accrued depreciation for the period of use of low-value non-current tangible assets by writing: Dt 132 "Depreciation of other non-current tangible assets" - Kt 112 "Low-value non-current tangible assets" (for the amount of accrued depreciation of the object of low-value non-current tangible assets);

2) we write off the residual value of low-value non-current tangible assets by writing: Dt 976 - Kt 112 (for the amount of the residual value of the written-off object (if available)).

We recommend writing off commodity values as follows. On the basis of the documents drawn up during the inventory, as well as the Act of write-off, the enterprise writes off the destroyed goods. For this write-off of destroyed (lost) goods and material values, we show the following entry:

Dt 947 "Deficiencies and losses due to spoilage of values" - Kt 20, 22, 23, 25, 26, 27, 28.

We write off the goods destroyed in the store by writing: Dt 947 - Kt 282 "Goods in trade", and writing off the trade markup - by writing:

Dt 285 "Trade markup" - Kt 282 (or by the "red cancellation" method:
Dt 282 - Kt 285).

We do not make any additional accounting entries for destroyed (lost) low-value and perishable items that have already been put into operation.

When they were put into operation, they were already written off from the balance sheet (Dt 15, 23, 91, 92, 93, 94 - Kt 22). For low-value and fast-wearing items, only operational quantitative accounting remained in terms of places of operation and responsible persons during the period of their actual use. Such low-value and fast-wearing items are removed only from operational accounting.

Low-value and perishable items, not put into operation and destroyed in the warehouse, are written off as goods.

Currently, the practice of compensation for property destroyed (lost) during hostilities will only be formed. Many regulatory acts related to the procedure for compensation of losses, the creation of special funds for restoration or compensation of losses, are being developed by state authorities. It was also announced the implementation of the possibility in the Diya application to register information about damaged and destroyed property of Ukrainian citizens and the possibility to leave an application for compensation in Diya. However, there is currently no such possibility.

Thus, conclusions can be drawn. Before writing off the assets of the enterprise destroyed by the war, we must carry out an inventory. In order not to charge VAT on fixed assets, low-value non-current material assets, as well as for goods, it is enough to have documents about the inventory and Acts of write-off, in which it will be said that the reason for the destruction is military actions. We write off the balance of destroyed fixed assets, low-value non-current tangible assets, and commodity values in the month following the month in which the obstacles to access to the assets disappeared. High-income earners expect a difference only when writing off destroyed productive and non-productive fixed assets. Currently, there is no way to compensate the company for the losses caused by the war.

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