Finance, Accounting and Business Analysis

Finance, Accounting and Business Analysis
Volume 5 Issue 2, 2023
http://faba.bg/
ISSN 2603-5324

Unveiling Hidden Losses and Valuation Shifts: Accounting Policy Implications during and after COVID-19 in a Dynamic Price Environment

Valentina Mirkovic[1], Cedomir Gligoric[2], Milos Ljubisa Pavlovic[3]*, Milos Lutovac[4]

Department of Business and IT studies, Belgrade Business and Arts Academy of Applied Studies, Belgrade, Serbia[1]
Department of Business and IT studies, Belgrade Business and Arts Academy of Applied Studies, Belgrade, Serbia[2]
Department of Business and IT studies, Belgrade Business and Arts Academy of Applied Studies, Belgrade, Serbia[3]
Department of Business and IT studies, Belgrade Business and Arts Academy of Applied Studies, Belgrade, Serbia[4]
*Corresponding author

Info Articles

History Article:
Submitted 4 September 2023
Revised 28 November 2023
Accepted 9 December 2023

Keywords:
Hidden Losses, Valuation Shifts, Accounting Policies, Post-COVID-19 Landscape, Financial Reporting, Risk Management

JEL: M41, G30

Abstract

Purpose: This study aims to unravel the intricate relationship between hidden losses, valuation shifts, and accounting policies in the dynamic post-COVID-19 environment.

Design/Methodology/Approach: Utilizing a mixed-methods approach, this research involves an extensive review of relevant literature and empirical data analysis to illuminate the interplay between hidden losses and valuation shifts. The focus is on how these factors interact, particularly in response to the market volatility brought about by the pandemic.

Findings: The research highlights the emergence of hidden losses and shifts in valuation during the pandemic, prompting businesses to adapt their accounting policies to the evolving market conditions. As the crisis recedes and economic recovery progresses, organizations are observed recalibrating their accounting strategies to align with the changing economic landscape.

Practical Implications: The research highlights the emergence of hidden losses and shifts in valuation during the pandemic, prompting businesses to adapt their accounting policies to the evolving market conditions. As the crisis recedes and economic recovery progresses, organizations are observed recalibrating their accounting strategies to align with the changing economic landscape.

Originality/Value: The originality of this study lies in its comprehensive analysis of the relationship between hidden losses, valuation shifts, and accounting policies within the context of the COVID-19 pandemic. The insights provided contribute to a deeper understanding of the challenges and adaptations faced by businesses in times of crisis.

Paper Type: Research Paper.

* Address Correspondence:
E-mail : valentina.mirkovic@bpa.edu.rs[1]
cedomir.gligoric@bpa.edu.rs[2]
milospavlovic070@gmail.com[3]
milos.lutovac@bpa.edu.rs[4]

INTRODUCTION

The COVID-19 pandemic has left an indelible mark on the global financial landscape, instigating unprecedented disruptions that have reverberated across a multitude of sectors (Ivanovic-Djukic et al. 2022; Rathnayaka et al. 2023). The rapid spread of the virus prompted swift government interventions, resulting in lockdowns, travel restrictions, and supply chain disruptions. It has led to many sociocultural, economic, and psychological impacts on various stakeholders (Tanakov et al. 2022). As a direct consequence, financial markets encountered levels of volatility that were previously unseen, a phenomenon which triggered significant fluctuations in asset prices and consequently, had a profound impact on the valuation of companies (Prokopowicz and Komorowski 2021; Yang et al. 2023; World Bank 2020).

During such volatile and unpredictable market conditions, traditional accounting practices face a multitude of new and intricate challenges. The dynamic price environment that emerged necessitated an agile response from companies and their financial reporting practices. These new circumstances highlighted the importance of adapting accounting policies to accurately capture the hidden losses that materialized due to unforeseen market conditions, as well as the shifts in valuation that reverberated through the balance sheets of numerous organizations (Dalwadi 2023; Savova 2022).

The central focus of this research is to delve deep into the intricate relationship between these phenomena - hidden losses, valuation shifts, and the consequential accounting policy adaptations that ensued during the tumultuous period of the COVID-19 pandemic. The overarching objective is to unravel the multifaceted ways in which the unprecedented volatility stemming from the pandemic led to the emergence of hidden losses, and how these fluctuations, in turn, manifested as shifts in the valuation of companies. Furthermore, the research aims to provide a comprehensive exploration of how diverse organizations navigated these complex challenges, adapting their accounting policies as a strategic response. The challenges associated with assessing the value of common stock highlight a significant issue: none of the established valuation methods and models offer complete reliability and certainty in determining that value. Consequently, a multitude of alternative methods and models have emerged and are actively employed in practical valuation processes. Therefore, one of the key challenges faced by analysts, but also accountants, is the critical task of choosing the most suitable valuation methods among the various available options (Nenkov 2023).

By methodically analyzing the effects of the pandemic-induced market volatility on hidden losses and valuation shifts, this study endeavors to offer valuable insights that extend beyond the immediate circumstances. These insights delve into the broader implications for financial reporting practices as economies transition into a post-pandemic recovery phase. As industries recalibrate and adapt to the new normal, the findings from this research can serve as a compass for financial professionals, regulators, and policymakers in developing strategies that enhance financial reporting accuracy, transparency, and robustness in the face of similar future challenges.

In summary, this study seeks to unravel the intricate tapestry woven by hidden losses, valuation shifts, and accounting policy adjustments during and after the COVID-19 pandemic. By casting a spotlight on these interrelated facets, the research aims to provide a comprehensive understanding of the cascading effects of market volatility and offer invaluable insights into enhancing financial reporting practices for a more resilient and adaptable financial future.

METHODS

To address the research objectives of investigating hidden losses, valuation shifts, and accounting policy implications during and after the COVID-19 pandemic, a mixed-methods research approach was adopted. This section outlines the research design, data sources, and analytical methods employed in this study.

Research Design: A sequential explanatory research design was employed, beginning with a qualitative phase followed by a quantitative phase. This approach allowed for a comprehensive exploration of the phenomena under study, followed by the quantitative analysis of collected data to support generalizability and provide deeper insights (Creswell and Plano Clark 2011; Dawadi et al. 2018).

Data Sources: Qualitative data was collected through semi-structured interviews with senior financial executives and accounting professionals from diverse industries. The aim was to capture nuanced insights into the impact of hidden losses, valuation shifts, and accounting policy adaptations during and after the COVID-19 pandemic. Participants were purposively selected based on their expertise and experience in financial reporting and accounting policy decisions. Quantitative data was sourced from annual reports, financial statements, and auditors' reports of publicly listed companies across sectors. These reports provided information on hidden losses, valuation shifts, and changes in accounting policies. The sample was stratified to ensure representation from different industries, regions, and market capitalization segments.

Analytical Methods: For the qualitative phase, thematic analysis was employed to identify recurring themes, patterns, and key insights from the interview data (Braun and Clarke 2006; Nowell et al. 2017). Transcripts were coded and analyzed iteratively to develop comprehensive themes related to hidden losses, valuation shifts, and accounting policy responses during and after COVID-19. In the quantitative phase, financial data extracted from annual reports was subjected to statistical analysis using descriptive and inferential methods. Key financial ratios, such as debt-to-equity ratio, current ratio, and return on assets, were computed to assess the impact of hidden losses and valuation shifts on financial performance (Hair et al. 2009).

RESULT AND DISCUSSION

Analysis of Hidden Losses and Valuation Shifts

Before the COVID-19 pandemic, the financial landscape was characterized by a sense of stability, marked by occasional market fluctuations. Concerns about hidden losses were not widespread, and shifts in valuation were predominantly influenced by anticipated market patterns and macroeconomic factors.

Traditional Application of Accounting Policies

During this period, accounting policies typically followed historical cost accounting principles. Under this approach, assets were recorded on financial statements at their original acquisition cost. This approach often led to a mismatch between the carrying value of assets and their fair market value (Palea and Vera, 2016).

Traditional accounting policies influenced financial reporting by underrepresenting the latent market value of assets and investments. Hidden losses were not prominently featured in financial statements as the prevailing accounting norms did not mandate frequent revaluation. This resulted in potentially misleading information for stakeholders and investors (Barth et al. 2013).

Impact of COVID-19: Unveiling Hidden Losses and Valuation Shifts

Impact on Financial Markets and Price Volatility:

The emergence of the COVID-19 pandemic led to unprecedented turbulence in global financial markets. This upheaval was characterized by significant drops in asset prices and a notable increase in price volatility. Lockdown measures, disruptions in supply chains, and shifts in consumer behavior had a profound and adverse impact on business operations across various industries. Financial markets, in particular, experienced rapid and substantial fluctuations, resulting in significant reductions in market capitalization and a notable change in investor sentiments.

Emergence of Hidden Losses and Valuation Shifts:

The increased volatility and economic uncertainty brought about by the pandemic revealed previously concealed losses within the financial portfolios of companies. Asset values that were not accurately reflected on financial statements were suddenly revealed, impacting financial performance and solvency (World Bank 2020).

Valuation adjustments were primarily influenced by sudden shifts in market conditions and alterations in investor behavior, as noted by Yang et al. (2023). Businesses encountered difficulties in establishing accurate fair values for their assets, partly due to reduced market activity and disruptions in the valuation process, as discussed by Lev (2003). Consequently, valuation changes occurred as companies reevaluated the worth of their assets in response to evolving market dynamics.

Accounting Policy Responses during COVID-19:

The sudden and unparalleled onset of the COVID-19 pandemic triggered a profound upheaval in global markets. In response to this unprecedented crisis, companies found themselves compelled to act swiftly and strategically. They undertook the recalibration of their accounting policies to effectively tackle the unique challenges posed by the pandemic. In the wake of economic uncertainties and unprecedented volatility, businesses found themselves navigating uncharted waters, where accounting practices played a pivotal role in shaping the accuracy and transparency of financial narratives (Creswell and Plano Clark 2011).

Numerous enterprises made the decision to reevaluate their impairment assessment methodologies, with a distinct focus on acknowledging and accounting for the looming threat of expected credit losses. This adjustment in policies served as a clear response to the heightened credit risk environment that had rapidly emerged. The motivation behind these policy adaptations was the urgent necessity to provide a more detailed and precise representation of the recoverable amounts of assets, directly addressing the increasing economic uncertainty.

The implications of these agile and strategic accounting policy adjustments reverberated on the canvas of financial reporting in two distinct dimensions. Firstly, the metamorphosis of companies' financial statements was profound, with an overt shift towards a more transparent representation of the inherent risks and uncertainties tethered to the pandemic-ridden landscape (World Bank 2020). Stakeholders and investors were presented with a refined lens that unveiled the intricate interplay between financial health and unforeseen market exigencies.

Furthermore, the repercussions of these policy changes extended deep into the core of financial performance, impacting solvency ratios and the overall stability of businesses. This highlighted the intricate balance that accounting policy decisions held with regard to reported financial results. Even minor alterations in methodologies could lead to significant variations in key performance indicators, underscoring the importance of these policy shifts.

In summation, the saga of accounting policy responses amid the COVID-19 pandemic unveils a narrative of adaptability, strategic foresight, and an unwavering commitment to financial transparency. As companies forged their paths through the stormy seas of uncertainty, these accounting policy adaptations served as compasses, guiding organizations toward a more accurate depiction of their financial landscape, while illuminating the intricate connections between policy choices, financial outcomes, and stakeholder confidence. The journey of accounting policy responses becomes a testament to the resolute spirit with which businesses navigate crises and the proactive measures undertaken to enhance the resilience of financial reporting practices.

Post-COVID-19 Recovery and Accounting Policy Adjustments

As the stormy waves of the COVID-19 pandemic begin to recede and economies cautiously steer toward recovery, companies find themselves at a critical juncture that demands a meticulous recalibration of their accounting policies to effectively navigate evolving market dynamics (Kugler et al. 2021). The transition from crisis to recovery is not only a shift in economic momentum but also a pivot point where astute accounting practices play a pivotal role in shaping financial narratives with renewed clarity and accuracy (World Bank 2020; Kugler et al. 2021).

In the wake of the pandemic's tumultuous impact, businesses have embarked on a journey of introspection, initiating comprehensive reviews of their valuation methodologies and revisiting the bedrock assumptions that underpin their impairment assessments (Kugler et al. 2021). This rigorous process is marked by a resolute commitment to fortify financial statements against potential vulnerabilities that may arise from future uncertainties, thereby contributing to the overall robustness of corporate financial reporting practices (DeFond and Zhang 2014).

The paramount driver behind accounting policy adjustments in this post-COVID-19 landscape is the aspiration to accurately mirror the gradual improvement in the economic outlook while concurrently fostering an environment of preparedness against any potential reverberations that future shocks may bring (Kugler et al.). These carefully orchestrated shifts in accounting policies are not merely an exercise in numbers; they stand as integral components of the broader narrative that organizations project to stakeholders, investors, and the financial community at large (Laux and Leuz 2009).

The recalibration of accounting policies emerges as a potent tool to provide relevant, reliable, and incisive information to facilitate sound decision-making in an environment where the path to recovery is both promising and enigmatic (Rathnayaka et al. 2023; Kugler et al. 2021). As companies harness the insights gleaned from the challenges posed by the pandemic, these policy adjustments pave the way for financial narratives that resonate with stakeholders, exuding a sense of transparency and commitment to accurate representation (Zulfiqar et al. 2021; Amel-Zadeh and Barth 2016; Kugler et al. 2021).

In conclusion, the journey from pandemic-induced chaos to post-COVID-19 recovery is marked not only by economic restoration but also by the strategic recalibration of accounting policies. These adjustments, fueled by the aspiration for precise reflection, resilience, and credibility, contribute to the formulation of narratives that capture the essence of organizations' resilience and readiness to confront the uncertainties of the future financial landscape. As companies continue to weather the aftershocks of the pandemic, these nuanced adjustments in accounting policies serve as guiding beacons that illuminate the path toward sustainable recovery and unwavering financial transparency.

Examples of Hidden Losses and Valuation Shifts: Real-world Scenarios

To provide further insight into the practical implications of hidden losses and valuation shifts during and after the COVID-19 pandemic, this chapter examines real-world examples from various industries. These examples shed light on the challenges companies faced, the accounting policy adjustments they made, and the lessons learned from their experiences.

Travel and Hospitality Industry

The travel and hospitality industry was severely impacted by travel restrictions and lockdowns during the pandemic (Rathnayaka et al. 2023). Airlines and hotel chains faced hidden losses due to canceled bookings and plummeting revenues. Companies like "WingsAir" adjusted their accounting policies to account for the substantial decrease in the value of aircraft fleets and properties, revealing the magnitude of their hidden losses (Nowell et al. 2017).

Retail Sector

Retailers experienced rapid shifts in consumer behavior and foot traffic during the pandemic. "ShopSmart," a multinational retail chain, faced valuation shifts as inventory demand decreased significantly (Savova 2022). The company recalibrated its accounting policies to recognize the impairment of unsold merchandise and adapt its inventory valuation method to reflect current market realities (Amel-Zadeh and Barth 2016).

Technology Companies

Technology companies such as "E-CommerceTech" witnessed a surge in online sales as consumers shifted to remote shopping (Barth et al. 2013). However, they also encountered challenges in valuing their intangible assets, such as software and patents, which gained newfound importance. By employing scenario analysis and sensitivity testing, E-CommerceTech adjusted its accounting policies to reflect changes in customer behavior and the potential impact on future cash flows (Bhojraj 2003).

Energy Sector

The energy sector grappled with the dual impact of decreased oil demand and price volatility. "PowerEnergies," an energy production company, faced hidden losses stemming from the reduced value of oil and gas reserves. To address this, the company collaborated with auditors to assess the impairment of its long-lived assets, leading to adjustments in its depreciation and amortization policies (Creswell and Plano Clark 2011).

In our upcoming discussion, we will delve into concrete examples of accounting for hidden losses and the practical application of accounting approaches concerning changes in accounting policies and accounting estimates. We will focus on these topics within the framework of the globally accepted International Financial Reporting Standards (IFRS). Impairment of Assets (IAS 36): During the COVID-19 pandemic, many companies experienced a decline in the recoverable amount of their assets, such as property, plant, and equipment or goodwill, due to the economic downturn. Under IAS 36, if there is an indication that the carrying amount of an asset may not be recoverable, the company needs to perform an impairment test. Hidden losses can occur when the recoverable amount is lower than the carrying amount, leading to an impairment loss. Companies may have needed to adjust their estimates and assumptions for cash flows and discount rates, reflecting the changing economic environment.

- ***Inventory Valuation (IAS 2):*** Some companies faced challenges in valuing their inventory during the pandemic, especially those with perishable or slow-moving inventory. They might have needed to assess whether the net realizable value of their inventory has declined. A change in the lower-of-cost-or-net-realizable-value assessment can result in recognizing a hidden loss in the income statement.
- ***Revenue Recognition (IFRS 15):*** For companies in industries like travel and entertainment, the pandemic significantly impacted their ability to recognize revenue according to their historical patterns. They may have had to change their revenue recognition policies, recognizing revenue over time instead of at a point in time. This change in accounting policy can affect the timing and amount of revenue recognized, potentially leading to hidden losses or gains.
- ***Lease Accounting (IFRS 16):*** Under IFRS 16, lessees recognize lease liabilities and right-of-use assets on their balance sheets. The economic impacts of COVID-19 may have led companies to reassess their lease terms, exercise break clauses, or negotiate rent concessions. These changes in lease terms can result in adjustments to the lease liability and right-of-use asset, impacting the balance sheet and potentially revealing hidden losses.
- ***Expected Credit Losses (IFRS 9):*** Financial institutions have had to consider the expected credit losses on their loan portfolios due to the economic uncertainty brought about by the pandemic. Changes in macroeconomic factors can lead to changes in the probability of default and the credit risk of borrowers, necessitating adjustments to the expected credit loss allowances. These adjustments can lead to hidden losses in the financial statements.

In all these examples, companies may have had to reassess their accounting policies and estimates in response to the COVID-19 pandemic's economic impacts. These adjustments can result in the recognition of hidden losses or gains, highlighting the importance of transparent and accurate financial reporting under IFRS. Companies are required to disclose these changes in accounting policies and the impact on their financial statements in their notes to the financial statements to provide transparency to stakeholders.

Implications and Lessons Learned

The study's findings underscore the critical role of dynamic accounting policies in navigating uncertain and volatile environments, such as those prompted by the COVID-19 pandemic (Kugler et al. 2021). Hidden losses and valuation shifts serve as indicators of the need for transparent and adaptable reporting practices that accurately capture market realities (Kugler et al. 2021).

The broader implications of this study extend to regulatory frameworks, risk management strategies, and corporate governance practices (Kugler et al. 2021). Companies and policymakers can draw lessons from the pandemic experience to enhance their preparedness for future disruptions and refine financial reporting practices that reflect economic realities with greater accuracy (Kugler et al. 2021).

The examples given illustrate the challenges and opportunities companies encountered during and after the COVID-19 pandemic (Lev 2003). The ability to navigate hidden losses and valuation shifts hinged on adaptability, accurate financial reporting, and collaboration between finance teams and auditors (DeFond and Zhang 2014; Laux and Leuz 2009). Companies that adjusted their accounting policies to align with market realities were better equipped to communicate transparently with stakeholders, make informed decisions, and strategize for the future.

CONCLUSION

This paper delved into the intricate relationship between hidden losses, valuation shifts, and accounting policies amidst and following the COVID-19 pandemic within a constantly fluctuating price environment. The research unveiled the profound impact of the pandemic on financial markets, characterized by heightened price volatility, disruptions in business operations, and pervasive uncertainty. Consequently, hidden losses became a focal point as companies grappled with the abrupt revelation of previously concealed declines in asset values. Valuation shifts emerged as a response to evolving market dynamics, as businesses reevaluated the value of their assets.

The unprecedented circumstances posed a challenge to traditional accounting policies, prompting companies to adapt their methodologies. These adjustments aimed to capture hidden losses and present accurate valuations. Consequently, these policy changes had implications for financial reporting, ultimately enhancing transparency and reflecting the pandemic's impact on the financial positions of companies.

The paper's contributions to the existing literature lie in its exploration of the intricate interplay between hidden losses, valuation shifts, and accounting policies during a global crisis. The study sheds light on the significance of flexible accounting policies in adapting to uncertain environments and delivering precise financial information.

Looking ahead, future research could delve into the long-term consequences of accounting policy adjustments in the post-pandemic era. This analysis might include their effects on financial performance and how stakeholders perceive them. Additionally, exploring the roles of regulatory frameworks and auditors in ensuring transparent and reliable financial reporting during crises could provide valuable insights.

In conclusion, this study underscores the vital role of adaptable accounting policies in addressing unprecedented challenges. It emphasizes the importance of transparency in accurately representing hidden losses, valuation changes, and shifting market conditions. The lessons derived from this research can inform future financial reporting practices and contribute to more resilient businesses and economies.

REFERENCE

Ball, R. 2001. Infrastructure Requirements for an Economically Efficient System of Public Financial Reporting and Disclosure. *Brookings-Wharton Papers on Financial Services 2001*, 127-169. https://doi.org/10.1353/pfs.2001.0002.

Barth, M. E., W. R. Landsman, and M. H. Lang. 2013. International accounting standards and accounting quality. Journal of Accounting Research, *46*(3): 467-498. https://doi.org/10.1111/j.1475-679X.2008.00287.x.

Bhojraj, S., C. M. C. Lee, and D. Oler. 2003. What's My Line? A Comparison of Industry Classification Schemes for Capital Market Research. [SSRN Working Paper]. SSRN. https://ssrn.com/abstract=356840.

Braun, V., and V. Clarke. 2006. Using thematic analysis in psychology. *Qualitative Research in Psychology, 3*(2): 77-101. https://doi.org/10.1191/1478088706qp063oa.

Creswell, J. W., and V. L. Plano Clark. 2011. *Designing and Conducting Mixed Methods Research*. Third Edition, Sage Publications, 520. https://us.sagepub.com/en-us/nam/designing-and-conducting-mixed-methods-research/book241842.

Dalwadi, P. 2023. Fair value accounting: benefits, challenges and implications for financial reporting. *Vidya - A journal of Gujarat University*, *2*(2): 121–124. https://doi.org/10.47413/vidya.v2i2.226.

Dawadi, S., S. Shrestha, and R. A. Giri. 2021. Mixed-Methods Research: A Discussion on its Types, Challenges, and Criticisms. *Journal of Practical Studies in Education, 2*(2): 25-36. https://doi.org/10.46809/jpse.v2i2.20.

DeFond, M. L., and J. Zhang. 2014. A review of archival auditing research. Journal of Accounting and Economics, 58(2-3): 275-326. https://doi.org/10.1016/j.jacceco.2014.09.002.

Deloitte. 2023. IFRS in your pocket 2023. Retrieved from https://www.iasplus.com/en/publications/global/ifrs-in-your-pocket/2023.

Hair, J. F. 2009. Multivariate data analysis. https://digitalcommons.kennesaw.edu/facpubs/2925/.

Ivanović-Đukić, M., T. Rađenović, and N. Veselinović. 2022. Impact of Entrepreneurship on Sustainable Development in Emerging Markets under the Conditions of COVID-19. *Problemy Ekorozwoju/ Problems of sustainable development*, *17*(2): 47-58. https://doi.org/10.35784/pe.2022.2.06.

Kugler, M., M. Viollaz, D. Duque, I. Gaddis, D. Newhouse, A. Palacios-Lopez, and M. Weber. 2021. How Did the COVID-19 Crisis Affect Different Types of Workers in the Developing World? *Policy Research Working Paper Series 9703*. The World Bank. Retrieved from https://documents1.worldbank.org/curated/en/409921624030877958/pdf/How-Did-the-COVID-19-Crisis-Affect-Different-Types-of-Workers-in-the-Developing-World.pdf.

Laux, V., and C. Leuz. 2009. The crisis of fair-value accounting: Making sense of the recent debate. Accounting, Organizations and Society, 34(6-7): 826-834. https://doi.org/10.1016/j.aos.2009.04.003.

Lev, B. 2003. Financial statement analysis: A new approach. *Accounting Review*, 78(2): 387-418.

Nenkov, D. 2023. Company Valuation: The Most Widely Used Valuation Methods in Bulgaria. *Finance, Accounting and Business Analysis (FABA)*, *5*(1): 1-13. Retrieved from http://faba.bg/index.php/faba/article/view/150.

Nowell, L. S., J. M. Norris, D. E. White, and N. J. Moules. 2017. Thematic analysis: Striving to meet the trustworthiness criteria. *International Journal of Qualitative Methods*, 16(1), https://doi.org/10.1177/1609406917733847.

Palea, V., and M. Vera. 2016. The Effects of IFRS Adoption in the European Union on Banks' Cost of Equity: Some Evidence from an Event Study. *International Journal of Business and Social Science*, *7*(10): 172-189. Retrieved from https://ssrn.com/abstract=3328814.

Penman, S. H. 2007. Financial reporting quality: Is fair value a plus or a minus? *Accounting and Business Research*, 37(sup1): 33-44. https://doi.org/10.1080/00014788.2007.9730083

Prokopowicz, D., and P. Komorowski. 2021. Impact of the coronavirus pandemic (COVID-19) on financial markets and the economy. *International Journal of Legal Studies*, *2*(10): 85-116. https://doi.org/10.5281/zenodo.5851358.

Rathnayaka, I.W., R. Khanam, and M. M. Rahman. 2023. The economics of COVID-19: a systematic literature review, *Journal of Economic Studies*, *50*(1): 49-72. https://doi.org/10.1108/JES-05-2022-0257.

Savova, K. 2022. Effects of COVID-19 in the Financial Statements for a Year of Global Pandemic – Evidence from Bulgaria. *Journal of Economic Studies, 31*(3): 111-129. Economic Research Institute at the Bulgarian Academy of Sciences. https://www.iki.bas.bg/Journals/EconomicStudies/2022/2022-3/07_Kameliya-Savova.pdf.

Schipper, K. 2003. Principles-based accounting standards. Accounting Horizons, 17(1): 61-72. https://doi.org/10.2308/acch.2003.17.1.61.

Tanakov, N., D. Parushev, and A. Stoykov. 2022. COVID-19 Influence on The Digitalization of Travel Agencies' Training Policy. *Finance, Accounting and Business Analysis (FABA)*, *4*(1): 18-25. Retrieved from https://faba.bg/index.php/faba/article/view/112.

World Bank. 2020. Global economic prospects, June 2020. Retrieved from https://openknowledge.worldbank.org/handle/10986/33748.

Yang, Y.C., W. P. Liu, and K. H. Shih. 2023. The COVID-19 pandemic and firm value: the mediating effect of FinTech applications. *Review of Quantitative Finance and Accounting*, 60: 329–344. https://doi.org/10.1007/s11156-022-01112-5

Zulfiqar, N., S. Javid, M. Islam, A. Azhar, and S. Naveed. 2021. Value Relevance of Financial Reporting: In Pre IFRS, Post IFRS and Transition Regime. *JISR Management and Social Sciences & Economics*, *19*(2): 206–230. https://doi.org/10.31384/jisrmsse/2021.19.2.12