

## ACCOUNTING AND ANALYTICAL TOOLS FOR ASSESSING THE POTENTIAL OF CONSTRUCTION COMPANIES WITHIN A STRATEGIC MANAGEMENT FRAMEWORK

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In the current climate of economic instability and the transformation of market relations, improving the efficiency of management within construction companies has become particularly important. The construction industry is characterised by high capital intensity, long production cycles, significant dependence on investment resources and heightened risks, which necessitates the creation of a high-quality information base for management decision-making. In this context, accounting and analytical support takes on significant importance as an integrated system for the collection, processing, summarisation and interpretation of information regarding the enterprise's financial and economic activities. It serves as a key tool not only for day-to-day management but also for assessing the enterprise's potential, which includes evaluating resource capabilities, financial stability, investment attractiveness and competitiveness.

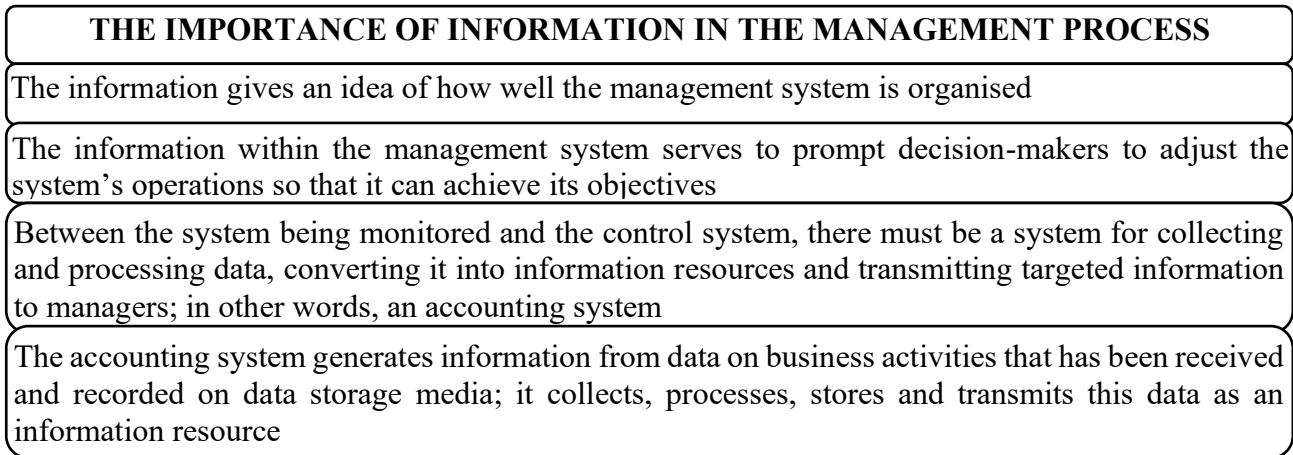
The relevance of this study is also driven by the need to refine methodological approaches to assessing the potential of construction companies in the context of the digitalisation of the economy, the growing volume of information, and increasing demands for its reliability and timeliness. The use of modern accounting and analytical tools enables a comprehensive diagnosis of the enterprise's condition, the timely identification of internal reserves and risks, and the formulation of well-founded management decisions. Thus, the study of the role of accounting and analytical support in the system of management and diagnosis of the potential of construction enterprises is relevant and has significant theoretical and practical importance for improving the efficiency of their operations in modern economic conditions.

In the current economic climate, information serves as a key resource and the fundamental basis for diagnosing an enterprise's potential. It is precisely high-quality, timely and relevant information support that creates the conditions for an objective assessment of a business entity's resource capabilities, operational efficiency and development prospects.

In the context of assessing an enterprise's potential, information is regarded as a systematically organised body of data concerning the internal and external operating environment, which must be collected, processed, analysed and interpreted in order to formulate well-founded management decisions. It enables the identification of the enterprise's existing and latent opportunities, the assessment of resource utilisation levels, and the identification of potential for improving operational efficiency. Of particular importance is accounting and analytical information, which integrates data from financial, management and statistical accounting, supplemented by analytical calculations. Such information is characterised by a high degree of reliability, structure, and the ability to be transformed according to management needs. The quality of information directly influences the results of assessing an enterprise's potential. It is determined by characteristics such as reliability, completeness, timeliness, relevance, comparability, and accessibility. An inadequate level of even one of these characteristics can lead to a distortion of the assessment results and the adoption of ineffective management decisions. Thus, information is not only a fundamental element of the diagnostic process, but also a strategic resource that ensures an improvement in the quality of enterprise potential management and its competitiveness in a dynamic external environment.

Information is the essential foundation required to assess a situation, develop possible alternatives for management decisions, and select the most appropriate one for practical application [7].

Figure 1 summarises the significance of information in the management process, which is directly linked to diagnosis and is an integral component of modern management, as it provides the informational and analytical basis for the formulation, adoption and adjustment of management decisions.



**Figure 1.** The importance of information in the management process  
 \*Source: compiled by the authors based on material [7].

In the current context of the development of accounting and analytical support for management, information plays a fundamental role, acting as a key element of interaction between the object of observation, its analytical model and the management entity (the observer). This interconnection forms the basis of the process of diagnosing an enterprise's potential, ensuring the transition from factual data to well-founded management decisions. The object of observation (the enterprise, its resources, processes and operational results) generates primary information in the form of economic indicators, events and characteristics. This information is subject to collection, systematisation and processing, resulting in the formation of an analytical model of the object a simplified, formalised representation of its essential properties and interrelationships. Information acts as a channel for the transfer of knowledge from a real object to its model, and also from the model to the observer. It is precisely through these information flows that the observer is able to interpret the state of the object, assess its potential, identify problems and formulate management interventions. At the same time, information provides feedback: management decisions taken by the observer on the basis of an analytical model influence the object of observation, leading to changes in its state and the formation of new information flows. Thus, information ensures the continuity and cyclical nature of the diagnostic and management process.

Table 1 presents a description of the systemic interaction of information as a connecting link between the object, the model for diagnosing the potential of a construction enterprise, and the relevant stakeholder groups.

**Table 1.** Characteristics of the systemic interaction of information as a connecting link between the object, the model for diagnosing the potential of a construction enterprise, and interested stakeholder groups

<b>System component</b>	<b>Specifications</b>	<b>The role of information</b>
Subject of observation	A real-world business, its resources, processes and performance	A primary source of information on the current state and trends in development
Information flows (incoming)	Data transmitted from the facility to the analysis system	They facilitate the creation of a diagnostic information database
Model of the diagnostic object	An analytical representation of an object in the form of metrics, indicators and relationships	Converts information into a format suitable for analysis and evaluation
Information flows (outgoing)	Summary and interpretation of information	The test results are forwarded to the observer
Stakeholder groups	A manager or analyst who makes decisions	Uses information to evaluate and make management decisions
Feedback	The system's response to control inputs	Generates new data for further analysis

\*Source: compiled by the authors.

Information acts as a universal integrator, linking the actual state of the enterprise, its analytical representation and managerial influence, thereby ensuring the integrity, continuity and effectiveness of the process of diagnosing the enterprise's potential. The information system for diagnosing the potential of construction enterprises is an integrated set of methods, tools, procedures and personnel that ensure the collection, processing, storage, analysis and transmission of information for the purpose of assessing the state, structure and efficiency of the enterprise's potential. Such a system operates within the framework of

accounting and analytical management support and is geared towards facilitating the adoption of well-founded management decisions.

Given the specific nature of the construction industry, the information system must be capable of reflecting the multi-project nature of operations, long production cycles, a significant proportion of work in progress, and high sensitivity to changes in the external environment. Its effectiveness is determined by a set of properties that characterise the quality of the formation and use of information resources in the process of diagnosing the enterprise's potential. Under martial law, the operations of construction enterprises are accompanied by significant transformations in the external and internal environment, which considerably complicates the process of establishing an effective information system for diagnosing their potential. The instability of economic processes, the destruction of infrastructure, limited access to resources and a high level of uncertainty give rise to a number of systemic problems in information support for management. One of the key problems is the disruption of the continuity of information flows, which is linked to the physical destruction or damage to information infrastructure, loss of access to databases and restrictions on communications. This makes it impossible to obtain reliable data in a timely manner for diagnostic purposes. A significant challenge is the decline in the reliability and completeness of information due to the complication of accounting processes, forced changes in the organisation of business operations, and restrictions on the monitoring of business transactions. Furthermore, there is the problem of fragmented data, which makes it difficult to form a comprehensive picture of the enterprise's potential. The high level of uncertainty and risk during wartime reduces the predictive value of information, as traditional methods of analysis and forecasting lose their relevance. This requires the adaptation of information systems to new operating conditions and the implementation of flexible analytical tools. Furthermore, the issue of information security becomes increasingly pressing, as the threat to cybersecurity, data loss or unauthorised access to data grows. At the same time, limited financial resources complicate the implementation of modern information technologies and the maintenance of an adequate level of technical support. The development of an information system for assessing the capacity of construction enterprises in wartime requires consideration of a range of interrelated issues that demand a systematic approach to their resolution. Table 2 summarises the main challenges in developing an information system for assessing the capacity of construction enterprises in the context of Russia's military aggression.

**Table 2.** Characteristics of the challenges involved in developing an information system for assessing the capacity of construction companies in wartime conditions

The problem	The essence of the manifestation	The impact on the assessment of a construction company's potential
Disruption to the information infrastructure	IT system failures, loss of databases, communication disruptions	It complicates the collection and transmission of information and reduces the speed of analysis
Fragmented information	The presence of incomplete, fragmented data	Prevents the formation of a comprehensive assessment of potential
A decline in data reliability	Misstatements in financial information due to inadequate controls	Leads to poor management decisions
Out-of-date information	Incorrect information in financial statements resulting from inadequate controls	Reduces the validity of diagnostic findings
A high degree of uncertainty	Instability in the external environment and markets	This makes it difficult to predict the development of potential
Restricted access to information	Loss of access to internal and external data sources	Reduces the comprehensiveness of the database
Cybersecurity threats	Risks of loss, theft or damage to information	Increases the risk of using unreliable data
Limited financial resources	Lack of funding for the development of IT infrastructure	Hampers the modernisation of information systems
Staffing issues	Brain drain, staff mobilisation	Reduces the quality of information processing and analysis
Disruption to communications	Complications in communication between departments and contractors	Reduces the consistency of information flows
Adjustment difficulties	The need for a rapid overhaul of information systems	Increases the load on the control system

*\*Source: compiled by the authors.*

However, this issue does not diminish the importance of high-quality information resources in ensuring a relevant diagnostic process. An information system is an integrated system for the collection, processing, analysis and transmission of information regarding the enterprise's activities; for the diagnostic process, it forms the information basis for a comprehensive assessment of potential. Table 3 presents a description of the characteristics of the information system for diagnosing the potential of construction enterprises.

**Table 3.** Characteristics of the properties of the information system for assessing the potential of construction companies

Property	Description of the property	The importance of an information system's capabilities for assessing the potential of construction companies
Systematic approach	The coherence of all elements of the information system and their interaction	Ensures the integrity and comprehensiveness of the diagnosis
Complexity	Coverage of all aspects of operations (operational, financial, investment)	Enables a comprehensive assessment of the company's potential
Hierarchical structure	Structuring the system by management levels (operational, tactical, strategic)	Facilitates the categorisation of information in line with management requirements
Adaptability	The system's ability to adapt to changes in its external and internal environments	Ensures the relevance of diagnostics in unstable conditions
Efficiency	The speed of collecting, processing and transmitting information	Enables a timely response to changes in potential
Accuracy	Accuracy of data reflecting the actual condition of the object	Ensures the objectivity of analytical conclusions
Relevance	Relevance of the information to the diagnostic objectives	Ensures the effectiveness of analytical procedures
Flexibility	The ability to modify the structure and content of information	Allows the system to be adapted to the specific requirements of projects
Integration	Consolidation of data from various sources (accounting, reporting, analytics)	Contributes to the creation of a unified information space
Continuity	The consistency of the information collection and processing process	Monitors changes in potential
Security	The existence of information security mechanisms	Prevents data loss or corruption
Economical	The optimal balance between costs and performance of the system	Improves the efficiency of information resource utilisation

*\*Source: compiled by the authors.*

Establishing an information system for assessing the capacity of construction companies is a complex, multi-stage process aimed at creating a comprehensive, reliable and adaptable information base necessary for conducting a comprehensive analysis and making effective management decisions. Given the specific nature of the construction industry, in particular the project-based nature of its activities, long production cycles, a significant proportion of work in progress, and dependence on external factors, the process of organising information support requires a systematic and integrated approach. The development of information support for diagnosing the potential of construction enterprises requires consideration of the sector-specific nature of their operations, which differs significantly from other types of economic activity. The specific features of construction impose heightened demands on the structure, content, timeliness and adaptability of the information flows used in the process of analytically assessing an enterprise's potential.

Figure 2 presents a generalised overview of the issues surrounding the development of information support for assessing the potential of construction enterprises (including in light of the challenges posed by Russia's military aggression against Ukraine).

**A GENERAL OVERVIEW OF THE ISSUES SURROUNDING THE DEVELOPMENT OF INFORMATION SUPPORT FOR ASSESSING THE CAPACITY OF CONSTRUCTION COMPANIES (INCLUDING IN LIGHT OF THE CHALLENGES POSED BY RUSSIA'S MILITARY AGGRESSION AGAINST UKRAINE)**

*A list of issues relating to the provision of information for the diagnostic process*

The construction industry is characterised by a project-oriented approach, which means that every construction project is unique, with individual budgets, timelines and resource requirements. This necessitates the organisation of information by individual projects, their implementation phases and areas of responsibility

As the production cycle can span considerable periods of time, the information system must take into account work in progress, monitor long-term contracts and ensure the comparability of data over time

The capital-intensive nature and resource-dependent nature of the construction industry necessitate detailed tracking of material, labour and financial resources, as well as monitoring of their efficient use. The information must reflect the cost structure, trends in construction material prices and the level of resource availability

The construction sector is also characterised by the geographical dispersion of sites, which complicates the process of gathering and consolidating information. This necessitates the introduction of digital technologies, automated accounting systems and remote monitoring of work progress

Dependence on the external environment, in particular regulatory frameworks, the investment climate, the state of the property market and infrastructure. Information systems must integrate both internal and external data sources to ensure a comprehensive analysis

*A list of challenges in providing information support for the diagnostic process arising from Russia's military aggression against Ukraine*

The high level of uncertainty and risks associated with the security situation, which necessitates the development of scenario-based and adaptive information to support decision-making

The destruction of production and logistics infrastructure, necessitating the prompt updating of data on resource availability and project implementation capabilities

Changes in the structure of demand for construction work, in particular the growing importance of restoration and renovation, which should be reflected in information systems

Labour migration and staff turnover, which affect the compilation of data on the workforce capacity of enterprises

Increased requirements for information security and cybersecurity, necessitating the implementation of appropriate data protection measures

The limited nature of financial resources and investment, which calls for a more detailed analysis of companies' financial stability and liquidity

**Figure 2.** A general overview of the issues surrounding the development of information support for assessing the capacity of construction companies (including in light of the challenges posed by Russia's military aggression against Ukraine)

*\*Source: compiled by the authors.*

Consequently, the information support for assessing the potential of construction companies must take into account both the sector-specific characteristics of their operations and the specific challenges of wartime. This necessitates the development of flexible, adaptive and integrated information systems capable of providing a timely, reliable and comprehensive picture of the state and development prospects of enterprises in complex economic conditions. In the context of the digitalisation of economic processes and increasing demands for the soundness of management decisions, the development of effective information support for business entities takes on particular significance. Information support is a key element of the management, accounting, control and audit systems, as it forms the basis for the creation, transmission, processing and use of information resources in accordance with the needs of internal and external users. The need to assess the compliance of information support with user requirements stems from the fact that the quality, completeness and timeliness of information directly influence the effectiveness of management decisions, the efficacy of control procedures and the reliability of analytical conclusions. Failure of information support to meet established requirements may lead to information risks, data distortion, the adoption of unfounded

management decisions, and a reduction in users' trust in the enterprise's information system. The assessment of whether information provision meets users' requirements should be based on a combination of qualitative and quantitative criteria that characterise the information system's ability to satisfy users' information needs within the scope of their functional tasks. The main criteria for such an assessment should include the relevance, reliability, completeness, timeliness, accessibility, comprehensibility, structure, security and cost-effectiveness of the information.

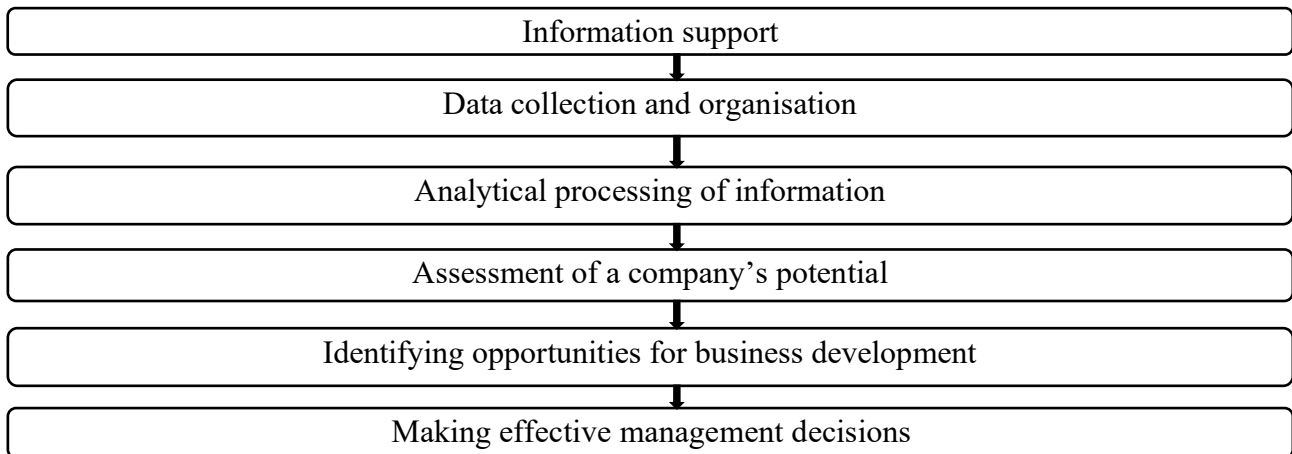
Figure 3 summarises the list of key requirements for information support and the system of interaction between its key elements for making high-quality management decisions based on relevant results of the diagnosis of construction enterprises' potential.

<b>A LIST OF KEY REQUIREMENTS FOR INFORMATION PROVISION AND THE SYSTEM OF INTERACTION BETWEEN ITS KEY ELEMENTS, AIMED AT ENABLING HIGH-QUALITY MANAGEMENT DECISIONS BASED ON RELEVANT FINDINGS FROM THE ASSESSMENT OF CONSTRUCTION COMPANIES' POTENTIAL</b>
The existence of an appropriate regulatory framework for the generation of accounting and analytical information, which governs the procedures for maintaining accounts, preparing financial statements and carrying out control procedures, and establishes the legal basis for the provision of information to business entities
Ensuring the transparency of information processes, which entails openness in the procedures for the creation, accumulation and transfer of information resources, thereby creating the conditions for increasing users' trust in the data
Ensuring the availability and timeliness of information, which guarantees that users receive the necessary information resources in a timely manner in accordance with their operational needs and helps to speed up management decision-
Adherence to the principles of regularity, completeness and reliability in information provision, which ensure that information is systematically updated, that there is sufficient data to make informed decisions, and that it accurately reflects the actual state of business processes
Ensuring the integration and interconnection of information generated within various accounting subsystems (including financial, management, tax, strategic and operational) thereby creating a unified information environment for the enterprise and enhancing the analytical value of information flows
Achieving a high level of harmonisation and consistency in accounting rules for the preparation of financial statements in accordance with international standards, thereby promoting the standardisation of methodological approaches, improving data comparability and integrating the national accounting system into the international information
Ensuring that accounting and analytical information remains adaptable to changes in management requirements and current trends in the development of international accounting theory, practice and methodology, thereby enabling the information support system to respond promptly to changes in the internal and external operating environment of the
Engaging independent auditors to assess the reliability and quality of information provision, as an audit helps to enhance confidence in the information, confirms its compliance with established quality criteria, and provides management with reasonable assurance regarding the reliability of the information base for decision-making

**Figure 3.** *List of key requirements for information support and the system of interaction between its key elements for making high-quality management decisions based on relevant results of the assessment of construction companies' potential*

*\*Source: compiled by the authors.*

To summarise the above, it is worth noting that information support plays a key role in the diagnostic process; we therefore consider it necessary to outline its optimal structural breakdown. However, a pressing issue is the visualisation of the impact of the logical model of how information support influences diagnostic potential and management decisions. However, a pressing issue is the visualisation of the impact of the logical model of how information support influences potential assessment and management decisions (figure 4).



**Figure 4.** Characteristics of the development of information support for assessing the potential of construction companies in the context of effective management decision-making

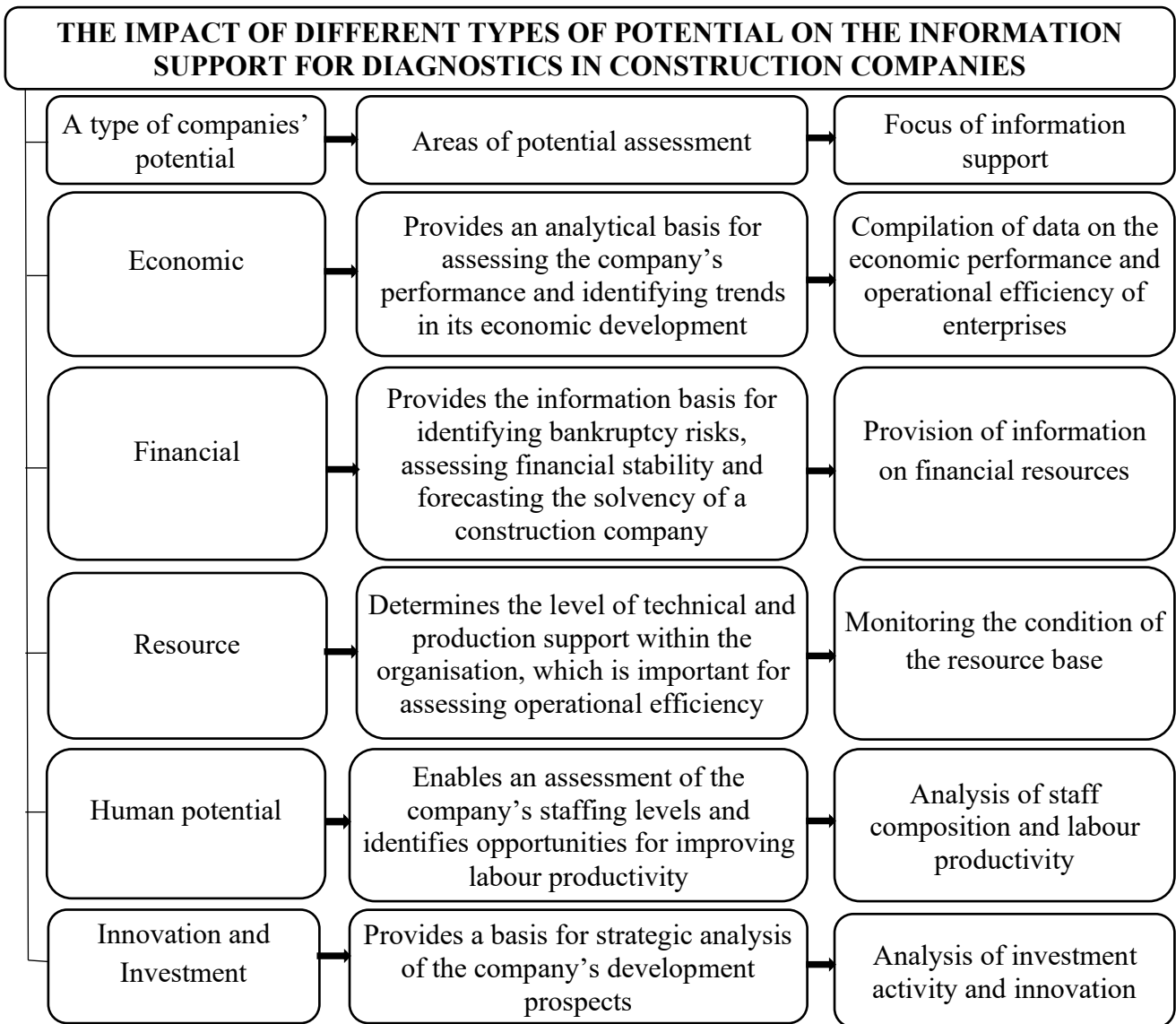
*\*Source: compiled by the authors.*

In the current context of the construction industry's development characterized by a highly dynamic market environment, resource-intensive production processes, and intensifying competitive pressure - the issue of establishing a high-quality information support system for assessing the potential of construction companies has become particularly relevant. Information support serves as a fundamental element of the management system, as it ensures the generation, accumulation, systematization, processing, and transmission of information flows necessary for a comprehensive assessment of the enterprise's resource capabilities and the determination of its prospects for further development. The structural decomposition of the information support for diagnosing a construction enterprise's potential involves dividing the overall information system into separate, functionally interrelated subsystems, each of which plays an independent role in the process of collecting, processing, analysing, and interpreting data. This approach allows for a detailed analysis of the structure of the enterprise's information environment, the identification of the strengths and weaknesses of information flows, and the assessment of their adequacy, relevance, and suitability for supporting management processes.

Within the framework of structural decomposition, it is advisable to distinguish between regulatory and legal, accounting and analytical, information and technological, organizational and communication, control, methodological, and external analytical support. Their comprehensive functioning ensures the formation of an integrated information base for diagnosing the production, financial, human resources, technical, innovation, and investment potential of a construction enterprise. The practical significance of the structural decomposition of information support lies in creating the prerequisites for improving the quality of management decisions through the timely receipt of relevant information, minimizing information asymmetry, increasing the reliability of analytical assessments, and ensuring the enterprise's adaptability to changes in the external environment. Thus, the structural decomposition of information support for diagnosing the potential of construction enterprises constitutes a multi-level system of interrelated information components that provide comprehensive information and analytical support for the processes of assessing the enterprise's resource capabilities. Its implementation contributes to improving the quality of diagnostic procedures, ensures a systematic analysis of internal and external development factors, and forms an adequate information basis for making well-founded, timely, and strategically effective management decisions.

The various types of a construction company's potential form the basis for the information needed to assess its operations, as each one defines a specific area for evaluating the company's functional status. A comprehensive analysis of economic, financial, resource, labor, and investment-innovation potential allow for the formation of a multi-dimensional system of diagnostic indicators, which ensures the objectivity of management decisions, improves the enterprise's operational efficiency, and strengthens its competitive position in the construction services market.

Given that the key types of potential to be studied in the course of scientific research are economic, financial, resource, labor, and innovation-investment potential, figure 5 summarizes the impact of these types of potential on the information support for the diagnosis of construction enterprises.



**Figure 5.** The impact of different types of potential on the information support for the diagnosis of construction enterprises

*\*Source: compiled by the authors.*

Thus, the various types of potential within a construction enterprise form the basis for the information support required to diagnose its operations, as each of them determines a specific area for assessing the enterprise's functional condition. A comprehensive analysis of economic, financial, resource, labour and investment-innovation potential allow for the formation of a multi-dimensional system of diagnostic indicators, which ensures the objectivity of management decisions, improves the efficiency of the enterprise's operations and strengthens its competitive position in the construction services market. The effectiveness of diagnostic procedures depends to a large extent on the comprehensive consideration of the main components of the enterprise's potential, which characterise its internal capabilities, reserves and prospects for development.

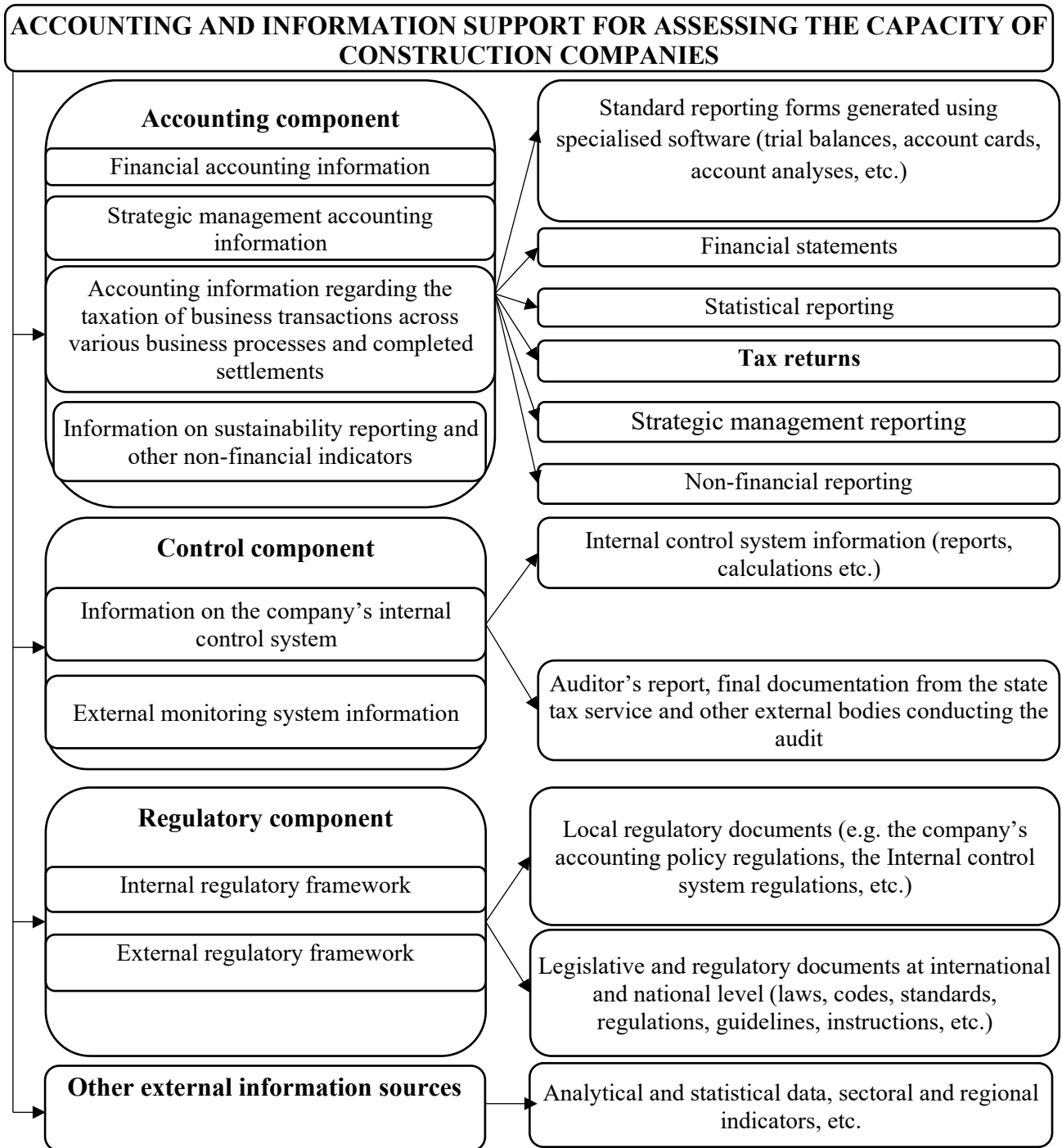
The potential of a construction enterprise represents an integrated set of the entity's existing and latent capabilities regarding the achievement of strategic and tactical goals through the effective use of resources, management decisions and adaptation to changes in the external environment. Information is therefore a valuable resource in the diagnostic process. Credit is due to F.F. Butynets scholarly approach to defining the value of information and its potential to influence the adoption of specific management decisions. The scholar emphasises that, for information to be reliable and useful, it must possess the following qualitative characteristics (table 4).

**Table 4.** Qualitative characteristics of information

Qualitative characteristic	Details
Timeliness	Information must reach the user in a timely manner, as otherwise it will cease to reflect the actual state of the enterprise
Predictability	Information must reflect the enterprise's development trends and thereby serve as a basis for forecasting the enterprise's future activities
Feedback from information sources	Information enables the implementation of operational management decisions
Reliability (accuracy)	This involves providing the user with truthful, complete, accurate and objective data, free from errors and distortions that could influence users' decisions
Accessibility (usability)	Information must be understandable and suitable for use by users
Materiality	Information is material if its omission or inclusion could influence users' economic (management) decisions based on financial statements
Usability (relevance)	Information must enable users to assess past, present and future events in a timely manner, and to confirm and adjust their past assessments
Neutrality	The information provided by accounting must be objective; in other words, it must not be influenced by any interested parties
Comprehensiveness	The information must be complete; this means that no information which is important and useful should be omitted
Comparability	the information must be presented in such a way that it can be compared across different periods. Users must also be able to compare the information in the financial statements of different entities.

*\*Source: compiled by the authors based on material [1].*

The next stage of the study involves the justification and description of the accounting and information support for assessing the potential of construction companies (figure 6). One must agree with S.I. Vasylishyn view that the functional orientation of accounting and analytical support within an enterprise's management system is manifested through the following functions: informational (meeting the information needs of internal and external stakeholders in the management process); assessment (identification and reliable quantitative and qualitative assessment of risks and threats and the extent of their impact on the development of the enterprise's potential and the enterprise as a whole); mobilisation (mobilisation of material, financial, labour and entrepreneurial resources and protection of the enterprise's assets in the process of developing measures to counter risks and threats to business activities); protective (establishing the foundations for comprehensive cyber protection of the enterprise's information infrastructure amidst the increasing digitalisation of accounting and analytical processes and the protection of trade secrets); verification (verifying the reliability of counterparties and other entities exerting direct and indirect influence on the business environment of enterprises); preventive (timely prevention of crisis situations; identification of potential for growth based on the use of modern analytical methods of economic research); planning (justification of strategic and tactical plans regarding the development of measures to monitor and strengthen the business entity's potential); control (ensuring permanent control over the implementation of adopted management decisions regarding the strengthening of the enterprise's potential) [11].



**Figure 6.** Accounting and information support for assessing the capacity of construction companies  
 \*Source: compiled by the authors.

Kuzmin O.E. and Melnyk O.G. emphasise that the availability, completeness and form of information support influence the diagnostic process and the ability to process data. In the presence of complete and reliable information, diagnosis becomes a sequence of algorithmic actions involving the processing, identification and interpretation of information. If, however, the information available is insufficient, it becomes necessary to take into account the risks of data incompleteness and ensure its reliable processing [3].

Let us examine in detail the significance of each component of the information support system, as summarised in Figure 6, in the process of assessing the potential of construction enterprises. In the current economic climate, financial reporting serves as a key element of the accounting and information support for assessing a company's potential, as it provides a systematic, standardised and reliable reflection of the results

of its financial and economic activities. It is worth noting that the key forms of this reporting are form 1 «Balance (Statement of financial position)», form 2 «Statements of financial results (Statement of comprehensive income)», form 3 «Cash Flow Statement», form 4 «Statement of changes in equity», and form 5 «Notes to the annual financial statements». From the list of forms provided, it should be noted that the role of financial reporting lies in forming the information base necessary for a comprehensive assessment of the level of development and the effectiveness of the use of the enterprise's resource potential. It accumulates summary indicators regarding assets, liabilities, equity, income, expenses and cash flows, which enables a multidimensional analysis of the financial position and performance of the business entity.

Financial reporting performs a number of important functions in the process of assessing an enterprise's potential. Firstly, an informational function, providing users with relevant data for making management decisions. Secondly, an analytical function, as it forms the basis for assessing liquidity, solvency, financial stability, profitability and business activity, and enables the assessment of bankruptcy risk. Thirdly, a control function, which manifests itself in the ability to monitor the efficiency of resource utilisation and identify deviations from planned indicators. Financial reporting takes on particular significance in the context of assessing the structural components of an enterprise's potential.

Analysis of form 1 «Balance (Statement of financial position)» allows for the determination of an enterprise's asset and financial potential, and the assessment of balance sheet liquidity.

Form 2 «Statements of financial results (Statement of comprehensive income)» serves as the basis for determining profitability, return on investment, operational efficiency, business activity, as well as for analysing the level of operating expenses and return on equity.

Form 3 «Cash Flow Statement» enables the analysis of cash flows (including net cash flow) based on the results of business entities' operating, financing and investing activities, as well as the determination of net cash flow for the reporting period.

The Statement of changes in equity provides a detailed analysis of the components of equity, enabling the assessment of balances at both the beginning and end of the relevant financial year, as well as highlighting changes that occurred during the year and evaluating their impact on the total value of equity. Furthermore, this form serves as a useful information basis for conducting in-depth analysis of solvency.

The notes to the annual financial statements (form 5) provide details of the key indicators reflected in the previously analysed forms and enable an in-depth analysis of data regarding the components of intangible assets, fixed assets, capital investments, financial investments, income and expenses, cash, provisions and reserves, inventories, trade receivables, shortages and losses from the disposal of assets, construction contracts, tax and profit, and others.

It is an indisputable fact that financial reporting is fundamental, but its effective use is only possible in conjunction with data from strategic management accounting, financial accounting (for example, trial balances), tax reporting and non-financial data, analytical calculations and information on the external environment, which ensures the comprehensiveness and soundness of the assessment of the enterprise's potential.

Furthermore, to ensure the reliability of the diagnostic results, it is advisable to use financial statements that have undergone an independent audit, and whose figures have been confirmed by independent auditors.

In order to carry out a thorough assessment of the potential of construction companies and to make effective management decisions based on the results, financial reporting information must meet the quality characteristics that determine its usefulness and are set out in National Accounting Regulation (Standard) 1 «General requirements for financial reporting» and the conceptual framework for financial reporting, the characteristics of which are summarised in table 5.

**Table 5.** Characteristics of the requirements for financial reporting set out in National Accounting Regulation (Standard) 1 «General Requirements for Financial Reporting» and the conceptual framework for financial reporting

National Accounting Standard 1 «General Requirements for Financial Reporting»		
Qualitative description		Description
Relevance and understandability		The information presented in financial statements must be relevant and understandable to users, provided that they possess sufficient knowledge and have an interest in understanding that information
Relevance		Financial statements should contain only relevant information that influences users' decision-making, enables them to assess past, present and future events in a timely manner, and to confirm and adjust their previous assessments.
Reliability (truthfulness)		Financial statements must be reliable (truthful). The information presented in the financial statements is reliable (truthful) if it is free from errors and misstatements that could influence the decisions of users of the financial statements.
Comparability		Financial statements should enable users to compare: an entity's financial statements across different periods; and the financial statements of different entities.
The conceptual framework for financial reporting		
Quality characteristic criterion	Name of quality characteristic	Characteristic
Fundamental	Relevance	Relevant financial information may lead to differences in the decisions made by users. Financial information may lead to differences in decisions if it has predictive value, confirmatory value, or both. Financial information has predictive value if it can be used as input to the processes that users employ to predict future earnings. Financial information has confirmatory value if it provides a response to (confirms or revises) prior estimates. The predictive value and confirmatory value of financial information are interrelated.
	Accurate representation	Financial statements present economic phenomena in words and figures. To be useful, financial information must not only present the relevant phenomena; it must also present them faithfully. To be a perfectly faithful representation, the description must have three characteristics. It must be complete, neutral and free from error.
Amplifiers	Comparability	Comparability is a qualitative characteristic that enables users to identify and understand the similarities and differences between articles. Unlike other qualitative characteristics, comparability does not apply to a single article. At least two articles are required for a comparison.
	Verifiability	Verifiability means that various informed and independent observers can reach a consensus though not necessarily complete agreement that a particular description is a true representation. Quantitatively defined information is not the only assessment that can be verified. A whole range of possible values and their corresponding probabilities can also be verified. Verification can be direct or indirect. Direct verification involves checking a sum or other representation through direct observation, such as counting money. Indirect verification involves checking the input data for models, formulas and other methods, as well as recalculating the output data using the same methodology.
	Timeliness	Timeliness means that decision-makers have access to information at the right time so that this information can influence their decisions. Generally speaking, the older the information, the less useful it is. However, some information may remain relevant long after the end of the reporting period because, for example, some users may need to identify and assess trends.
	Clarity	Some matters are inherently complex and cannot be easily understood. By omitting information about such matters from financial statements, the information in the financial statements becomes easier to understand. However, such reports would be incomplete and there is therefore a risk of misleading users. Financial statements are prepared for users who have a sufficient understanding of business and economic activity, and who carefully review and analyse the information.

\*Source: compiled by the authors based on material [4,5].

Statistical reporting, which is also compiled by entities in the construction sector. The key forms relevant for use in the diagnostic process are the Labour Report, the Report on Wage Arrears, the Report on Working Conditions, Benefits and Compensation for Work in Hazardous Conditions, and the Report on the Execution of Construction Works. Statistical reporting within the accounting and information support system for diagnosing the potential of construction enterprises fulfils an important scientific and applied function, ensuring the formation of a comprehensive, representative and comparable information base regarding the state and development trends of both individual businesses and the sector as a whole. Statistical reporting accumulates data on the volume of construction output, investment activity, labour resources, labour productivity, cost structure and the technical and economic characteristics of operations, which form the basis for analysing production, labour and investment potential. Despite its significant analytical value, statistical reporting has certain limitations, in particular the aggregated nature of indicators, the periodic nature of data collection, and a lack of detail regarding the enterprise's internal processes. This necessitates its use in conjunction with financial and management accounting data. Statistical reporting is an important component of the information support for diagnosing the potential of construction enterprises, as it broadens the analytical scope of the study by taking into account sectoral and macroeconomic operating conditions, thereby enhancing the objectivity and validity of the assessment of their potential.

The view put forward by the authors N. Yu. Yershova, O. S. Prokopyshyn, T.B. Pryidak and L.V. Yalovega, that tax reporting is currently evolving from a mandatory procedure into a strategic management tool which facilitates the adoption of well-founded management decisions, ensures financial transparency and shapes the image of a socially responsible business. The role of tax reporting in business communications is a vital component not only for compliance with legal requirements but also for building effective interactions with external and internal participants in business processes. In this context, tax reporting serves as the basis for effective communication with regulatory authorities, partners and investors, as well as for providing information support to company managers. Scholars identify the following types of communication in tax reporting: 1) external communication – interaction with regulatory authorities (compliance with tax legislation and timely payment of taxes; avoidance of fines, penalties and other risks through correct filing of returns; including the submission of reports, their analysis, the provision of explanations and the conduct of audits); ensuring the trust of investors, partners and other stakeholders (making informed decisions regarding investments, reorganisation, adjustments to internal structure and tax policy; planning cash flow and operational activities based on tax data); 2) internal communications – information support for managers (providing information on current tax liabilities for risk assessment and financial planning; optimising tax expenditure through the analysis of tax incentives and tax minimisation mechanisms); using reporting data for strategic and tactical decisions (use of reporting to assess the financial stability of the enterprise by investors and partners; compliance with tax legislation as an indicator of reliability and a prerequisite for attracting investment) [13]. Furthermore, based on data from tax returns, financial statements and accounting information (in particular from accounting accounts 64 and 65), an assessment of the enterprise's tax burden is carried out and the tax planning process is facilitated.

Strategic management reporting is a dynamic system of interrelated financial and non-financial strategic indicators derived from accounting and analysis processes. These indicators are presented as a set of reports in an easily understandable format, characterising the effectiveness of the organisation's strategy implementation within the specific conditions of the macro and micro-environment, enabling strategic management decisions to be made regarding the optimisation of the company's competitiveness growth strategy in the long term, whilst responding promptly to changes in the company's strategy and information requests from the management system. The aim of strategic management reporting is to provide the company's management with strategic accounting information for the development of a strategy for enhancing the company's competitiveness in the long term and its optimisation in response to changes in macro- and micro-environmental conditions [9].

Figure 7 summarises the key aspects that underscore the importance of strategic management in the process of assessing a construction company's potential.

**THE KEY ASPECTS THAT UNDERSCORE THE IMPORTANCE OF STRATEGIC MANAGEMENT IN THE PROCESS OF ASSESSING A CONSTRUCTION COMPANY'S POTENTIAL**

Strategic management reporting ensures a long-term focus in analysis, which is particularly relevant to the construction industry given its lengthy production cycles, high capital intensity and dependence on investment processes

Strategic management provides the information framework for assessing a company's strategic resources and capabilities, including the effectiveness of investment and construction projects, the level of business diversification, and adaptability to changes in market conditions

Strategic management reporting helps to identify the factors that contribute to competitive advantage, as it enables the analysis of the value chain, costs at various stages of the construction product lifecycle, and the effectiveness of interactions with external counterparties

Strategic management reporting serves a predictive function, enabling the modelling of scenarios for the company's development and the assessment of potential risks and threats

Strategic management reporting plays a vital coordinating role by aligning the objectives of the organisation's various departments with its overall development strategy and providing information to support the strategic control process. This enables the timely identification of deviations from strategic targets and the adjustment of how resources are utilised.

*Figure 7. The key aspects that underscore the importance of strategic management in the process of assessing a construction company's potential*

*\*Source: compiled by the authors based on material [9].*

The effectiveness of strategic management reporting depends on the level of methodological support, the quality of information flows and the degree of integration with other accounting and analysis subsystems. Limitations may include the complexity of compiling non-financial indicators, the subjectivity of assessments and significant demands on the enterprise's information infrastructure. Strategic management reporting, in the process of diagnosing the potential of construction enterprises, serves as an important source of information for analysing a system of indicators that reflect long-term development opportunities, competitiveness and the efficiency of resource utilisation. Its distinctive feature is its focus on combining financial and non-financial indicators, which enables a comprehensive assessment of the enterprise's potential. To reinforce the validity of these assertions, the following arguments are worth considering.

Based on strategic management reporting data, the following indicators can be calculated:

1) indicators of the enterprise's competitiveness, including market share, position among key competitors, the level of differentiation of construction services, and the degree of diversification of the project portfolio. Such indicators allow for an assessment of the external component of the enterprise's potential and its strategic prospects;

2) indicators of the effectiveness of investment and construction projects, including project profitability, duration of implementation, adherence to budgets and schedules, as well as indicators of project activity risk. Their analysis aids in assessing investment and production potential;

3) indicators of innovation potential, specifically the volume of investment in new technologies, the proportion of innovative projects, the level of technological modernisation, and the implementation of digital solutions in construction. This enables an assessment of the enterprise's capacity for development and adaptation;

4) indicators of strategic stability and risks, including the level of dependence on individual clients, diversification of funding sources, sensitivity to changes in market conditions, as well as an assessment of external and internal risks.

The above confirms that strategic management reporting is an integral component of the system for assessing the potential of a construction enterprise, as it provides a comprehensive, forward-looking

assessment of its resource capabilities and competitive positions, which enhances the soundness of strategic management decisions and contributes to the long-term operational effectiveness of the enterprise.

In the current context of transforming economic relations and the growing importance of the concept of sustainable development, non-financial reporting particularly sustainability reporting is becoming particularly relevant as a component of the accounting and information framework for assessing an enterprise's potential. From a scientific perspective, non-financial reporting is viewed as a systematic set of indicators reflecting the environmental, social and governance aspects of an enterprise's activities (ESG components), which are not fully reflected in traditional financial reporting but significantly influence the formation of its long-term potential. Accordingly, this form of reporting is relevant for construction enterprises in the diagnostic and management process. In the context of transformative changes in the economic environment in which business entities operate, the issue of ensuring sustainable development takes on priority significance. Globalisation, political instability, inflationary pressures, limited state support for businesses, the existence of significant risks to investment activities, and insufficient financial resources have a destructive impact on the business environment of the enterprise.

Sustainable development is a model of economic growth in which the use of resources is directed towards meeting human needs whilst preserving the environment, so that these development needs can be met not only in the present but also for future generations [10]. It is worth noting that the issue of sustainable development is one of the most pressing in the modern world. It is addressed by world leaders, hundreds of governmental and intergovernmental programmes are dedicated to it, and it has been on the agenda of the most influential international organisations for many years [8]. An important prerequisite for sustainable business development was the «Triple Bottom Line» concept proposed by an American economist and entrepreneur, according to which the results of a business entity's activities must be assessed from financial, environmental and social perspectives. Based on the above, it is appropriate to consider the sustainable development of an enterprise from the perspective of the triad of social, economic and environmental components. The socio-economic-environmental system is a combination of social, economic and environmental subsystems, harmoniously integrated into a whole that generates a new quality – sustainable development – provided that: the economic subsystem ensures a high level of production of material goods and services sufficient to achieve social and environmental goals; the social subsystem is aimed at achieving the all-round development of the individual and an adequate standard of living; the environmental subsystem is focused on the preservation of the environment and the regeneration of labour resources in favourable natural conditions [2]. Accordingly, with a view to the successful implementation of sustainable development policy, the question of justifying the feasibility of applying effective management tools that will create a platform for the implementation of strategic tasks aimed at ensuring the sustainable development of the business entity, as the primary link in the economic system, becomes relevant. The transformational processes of the economic system have laid the groundwork for a scientific understanding of the need to change approaches to analysing the results of a business's activities. Current realities highlight the need to apply diagnostics as a dominant management tool, which, in practical terms, will ensure a comprehensive study of the business entity's level of development across economic, social and environmental dimensions, whilst simultaneously identifying factors that have a destructive impact on the successful implementation of the sustainable development strategy. In this context, it is worth emphasising that the focus of diagnostic tasks, as a management tool, should be oriented towards fulfilling the priority functions of the diagnostic process: analytical, anti-crisis, research, informational, preventive, symptomatic, and others. The assessment of an enterprise's level of development and its potential must be based on the use of a complementary synthesis of the dominant principles of diagnosis, namely, decomposability, dynamism, economic feasibility, completeness, logicity, objectivity, systematicity, purposefulness, and others. Following on from this, it is necessary to summarise the characteristics of the constituent components of sustainable development.

1. *The economic component.* Economic stability is one of the key aspects of sustainable development. The responsible and rational use of natural resources helps to prevent resource depletion, which is critical to business continuity. Investment in sustainable technologies can lead to the opening up of new markets and increased competitiveness. Businesses focused on sustainable development also reduce risks associated with fluctuations in resource prices, changes in regulatory requirements and negative public opinion. A sustainable business creates long-term value for its shareholders and owners and maintains stability in an unstable market.

2. *The social component.* Corporate social responsibility involves ensuring safe and healthy working conditions, fair pay and investment in community development. Companies that implement socially responsible practices typically have better relationships with their employees, which boosts their motivation

and productivity. This not only enhances the company's reputation but also helps attract and retain talented staff. Furthermore, social responsibility builds trust in the company among customers, partners and investors. Investing in local communities and social projects not only strengthens the company's image but also contributes to the creation of a stable and harmonious society, which is vital for the long-term success of the business. Businesses actively engaged in social responsibility may also benefit from tax breaks and other government incentives.

3. *The environmental component.* A business that actively works to reduce its negative environmental impact not only responds to the challenges of the present but also prepares for future regulatory requirements and changes in consumer preferences. Environmental responsibility also fosters innovation. In seeking new ways to reduce their environmental impact, companies can develop new products and services that meet current market demands [12].

These components should be summarised in a Sustainability Report, which allows for the assessment of progress in implementing sustainable practices and promotes transparency and openness in business management. It also encourages companies to improve their operations and helps to enhance their competitiveness. Overall, sustainability reporting drives the creation of a more sustainable and environmentally responsible economy. Furthermore, the relevance and necessity of auditors providing assurance on sustainability reporting are increasing. Today, business organisations understand that their actions have a significant impact on the social, environmental and economic aspects of society, so improving their performance in these areas is becoming extremely important [6].

Information from the control process (both internal and external) plays a distinctive functional role in the process of assessing potential.

Information generated within the internal control system for the business processes of a construction company, as well as the results of financial statement audits, play a key role in ensuring the objectivity, reliability and analytical suitability of the data used in the process of diagnosing potential and making effective management decisions. In the context of construction companies, where operations are characterised by project-based organisation, long production cycles and high resource intensity, the importance of internal control increases significantly. After all, internal control information enables a thorough assessment of the status and effectiveness of key business processes, including the planning and execution of construction works, cost management, the use of material and technical resources, and adherence to project deadlines. This creates the conditions for identifying internal reserves for improving efficiency, pinpointing «bottlenecks» and minimising operational risks.

At the same time, the audit of financial statements provides an independent assessment of the reliability and completeness of the presentation of the company's performance indicators in the financial statements. Its results serve as an important source of information for confirming the quality of accounting data used in the process of diagnosing potential. The auditor's report helps to reduce information asymmetry and increase confidence in financial information among internal and external users.

The synergistic effect of combining internal control and audit information is manifested in an increase in the soundness of management decisions. In particular, such information facilitates a more accurate assessment of the enterprise's resource potential; the timely identification of deviations in the execution of construction projects; the evaluation of the efficiency of financial and material resource utilisation; the minimisation of risks of financial losses and ineffective management; and the formulation of development strategies based on reliable data.

The regulatory component of the accounting and information support for assessing the capacity of construction companies also plays a decisive role in ensuring the consistency, coherence and reliability of information flows. Internal regulatory documents, in particular the Accounting Policy and the Regulations on the Organisation of Internal Control, govern accounting methods, control procedures and the preparation of reporting information, thereby enhancing its analytical suitability for assessing the enterprise's potential. State-level regulatory acts ensure the standardisation of approaches to the organisation of accounting, the preparation of financial statements and the assessment of economic indicators, which also has a positive impact on the organisation and results of the diagnostic process. Taken together, this ensures the formation of a sound information base for making effective management decisions and determining the strategic directions of the enterprise's development.

Statistical data at national and regional levels generally enable a comparative analysis to be carried out, gaps in capacity development to be identified, and the strategic direction of development to be properly defined.

Consequently, a well-structured accounting and information system for assessing the potential of construction enterprises is a key factor in ensuring the objectivity and reliability of evaluation results. It creates an appropriate information base for a comprehensive analysis of resource capabilities, the efficiency of their use, and the identification of the enterprise's development potential. The consistency and completeness of information flows contribute to increasing the soundness of analytical conclusions and reducing the level of information risks. Ultimately, this ensures the adoption of effective management decisions and the formation of sustainable competitive advantages in the long term.

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