
Corporate Reporting in the Time of COVID-19: Analysis of Information Disclosed by Selected Companies Listed on the Warsaw Stock Exchange

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Abstract:

Purpose: The aim of the paper is to present the most important changes introduced in the balance sheet in the field of financial reporting and the impact of Sars-Cov-2 on the operating activities and financial results of selected companies from the Warsaw Stock Exchange (WSE).

Design/Methodology/Approach: The article was prepared based on a review of domestic and foreign literature, market analyses of consulting companies such as Deloitte, Ernst & Young, KPMG, PricewaterhouseCoopers, reports, and recommendations issued by the Polish Financial Supervision Authority (UKNF), guidelines of the European Securities and Markets Authority (ESMA) and financial statements of selected stock exchange companies from the Warsaw Stock Exchange.

Findings: The conducted research showed that Covid-19 had a significant impact on the financial data presented in the financial statements of selected companies from the Warsaw Stock Exchange. In the case of CCC SA, the management board was forced to issue shares to maintain liquidity. The results of banks show that individuals and enterprises repay their loans to a high degree, which may prove their good financial condition. The dangers of the coronavirus pandemic are still there. The analysis of the financial statements also showed that some companies ignored the risks associated with the pandemic.

Practical Implications: The article presents the impact of changes made in legal regulations and accounting regulations on the reported results and financial information.

Originality/value: The studies attempted to demonstrate the impact of COVID on the financial performance of enterprises.

Keywords: Financial reporting, IFRS, Sars-Cov-2, Poland, Warsaw Stock Exchange (WSE).

JEL codes: M40, M41.

Paper type: Research article.

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1. Introduction

The appearance of a virus called Sars-Cov-2 in December 2019, commonly known as the "coronavirus", can be considered as the so-called "Black Swan". The black swan is a specific metaphor referring to the highly probable risk, but widely ignored (especially in the initial period), which, in the event of its materialization, may have a highly destructive effect on the society, economy, or it may turn the surrounding reality into upside down. As time has shown, this virus initiated a global pandemic in March 2020 and contributed directly to the current global health, social and economic crisis. At the global world macroeconomic level, the COVID-19 outbreak caused the deepest global recession since 1929/1930 last century, when to the economy got absolutely creamed. The pandemic has a negative impact on the production, operation, and sales. Financial constraints may make the operation even harder in the pandemic.

Actions taken and implemented in practice by the authorities of individual countries to contain the virus, including restrictions on the movement of people, temporary closure of companies, including the cancellation of various types of mass events directly affected economic activity, which directly affected the financial reporting of economic entities. The effects of the introduced actions concern not only issues related to the valuation of assets or liabilities, but also disclosures in the financial reporting of these entities, including the potential and actual ability to continue as a going concern.

The motivation to take up the topic of the article results from the enormous perturbations caused by COVID-19 in health, social and, above all, economic life. The article analysed the financial data of selected listed companies to illustrate the impact of COVID-19 on the reported financial results in such industries as clothing, banking, tourism, and transport. The article was prepared based on a review of domestic and foreign literature, market analyses of consulting companies such as *Deloitte*, *Ernst & Young*, *KPMG*, *PricewaterhouseCoopers*, reports, and recommendations issued by the Polish Financial Supervision Authority (UKNF), guidelines of the European Securities and Markets Authority (ESMA) and financial statements of selected stock exchange companies from the Warsaw Stock Exchange.

2. A Literature Review on the Impact of Covid-19 on the Financial Situation and Financial Reporting of Companies

The literature on the subject is gradually enriched with scientific publications on the impact of COVID-19 on the financial situation and financial reporting of enterprises. In the literature studies it is emphasized the current conditions are uncertain, therefore, to maintain the quality of financial information to the users, auditors should exercise professional scepticism while auditing the financial statements figures (Joshi, 2020). Accounting practices such as fair value accounting, loss avoidance and income smoothing techniques (e.g., hedge accounting) can help to dampen the effect of a pandemic on firm performance (Ozili, 2020). In times of a pandemic, reliable and

detailed information about the company's situation becomes important. To maximize the usefulness of the information in the financial statements the solution may be to disclose the risk level of the presented forecast and estimated information, which will allow the investors to make informed decisions (Remlein, 2019). As emphasized by Rówińska (2013), the quality of reporting information results to a large extent from the accounting principles, which in their essence are subordinated to the principle of a true and fair view. Making rational and effective decisions is especially important in crisis conditions (Nermend, Łatuszyńska, and Thalassinos, 2021).

In the paper prepared by the World Bank from 2016, on the example of another virus "Ebola", World Bank stated that, in Africa, the economic impact of virus has lasted more than the spread of the virus itself due to harsh shocks to production, consumption and investment (World Bank, 2016). A survey of 5,800 US small businesses found that many small businesses are financially unstable due to the current situation (Bartik, Cullen, Glaeser, Luca, and Ch. Stanton, 2020). Other research by Bagnera and Steinberg in US point out that almost 90% of the airline industry employees have been laid off, hotels are operating at 20% of their normal capacity, the tourism and travel industry is bound to suffer financial losses in 2020 (Bagnera and Steinberg, 2020).

The conducted research by Hońsko, Remlein, Równińska-Kral, and Świetla (2020) in Polish conditions state that the quality of disclosures regarding key events of 2020 in the analysed financial statements was low, which makes it difficult or impossible for stakeholders to assess the risk of these companies' operations.

Research of the COVID-19 impact on various Chinese industries of listed companies in China carried out by He, Niu and Sun (2020) found that except for the basic industry, which was less affected by the epidemic, the rest of the industries were significantly affected by the epidemic. The aviation, tourism and other service industries have been greatly impacted. Chinese patent medicine and Internet industries have achieved great development. Chudik, Mohaddes, Pesaran, Raissi, and Rebucci (2020) indicate that the extreme uncertainty about the path, duration, magnitude, and impact of the pandemic could pose a vicious cycle of dampening business and consumer confidence and tightening financial conditions, which could lead to job losses and investment.

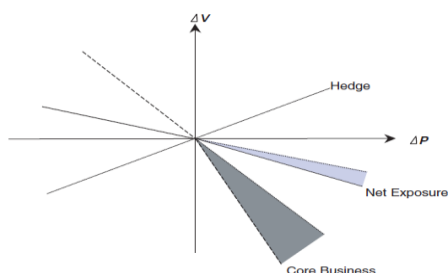
3. The Impact of Covid-19 on the Functioning of Enterprises

The arrival of COVID-19 was a unique event that has caused a significant and observed stagnation in everyone's business and life. The pandemic has a direct impact on the level of economic activity and has an impact on the measurement of entities' financial reporting performance. Timely disclosure of the likely effects of COVID-19 on the financial situation and operating results, as well as the company's liquidity and communication with the environment are important for stakeholder confidence. Experts also believe that reporting the impact of COVID -19 is not only limited to interim and annual financial reports, but also requires an update of risk management

disclosures (Joshi, 2020). Following the outbreak of the COVID-19 pandemic, credit moratoria ("credit holidays") were launched in many European Union countries. Their implementation took place in two main forms: (1) legal regulations (including Germany, Italy, Spain, Austria) and (2) voluntary banking initiatives (including Poland, the Netherlands, and Denmark) (NBP, 2020). Negative consequences are experienced by entities operating in industries directly affected by the lockdown.

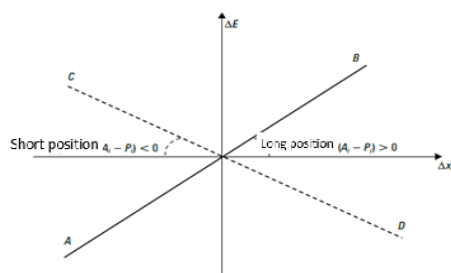
In the era of the coronavirus (COVID-19) pandemic and the economic crisis that begins in connection with this pandemic, it is particularly important to monitor the financial situation of enterprises, including financial risk. Financial risk causes financial effects in an economic entity exposed to this risk (Jajuga, 2019). In practice, this risk is managed using derivatives. We can express financial risk through the possibility of achieving results of business activity different from those assumed (Szopa, 2012). COVID-19 has created great uncertainty that leads to fear and extreme volatility in the financial markets (Chang, McAleer, and Wong, 2020). This enormous volatility in the financial markets, especially in the initial period, contributed to a significant increase in financial risk on the part of entrepreneurs. Financial risk can be presented in graphic form (Figure 1) and we can present the structure of financial risk (Figure 2).

Figure 1. Risk management in firm



Source: G. Schroeck, *Risk management and value creation in financial institutions*, John Wiley & Sons, New Jersey, 2002, p. 96.

Figure 2. The structure of financial risk



Source: A. Szopa, *Podstawy inżynierii finansowej*, Oficyna Wydawnicza Wolters Kluwer business, Warszawa 2013, p. 29.

IAS 1 Presentation of Financial Statements requires that in preparation financial statements, management has assessed the entity's ability to going concern basis and whether the going concern assumption is appropriate (IAS 1). The management board is required to assess the entity's ability to continue as a going concern. In making this assessment, the management board shall consider, as appropriate the existing and projected effects of the COVID-19 pandemic on the unit's operations. Given the unpredictability of the potential impact of the COVID-19 pandemic, there may be significant uncertainties that create serious doubts about the entity's ability to continue as a going concern. When the entity draws up financial statements, it is required to disclose the material ones related to uncertainties in the financial statements (EY, 2020). Statutory auditors should be critical of a situation where the Management Board has assessed that the current circumstances will not have a significant impact on the entity and there are no significant doubts as to the entity's ability to continue as a going concern (PIBR, 2020).

From a financial reporting perspective, COVID-19 has affected the following areas, going on business, financial instruments, assessment of asset impairment non-financial, government subsidies, income tax, contract liabilities, insurance, leasing, determining the fair value and revenue recognition.

Domestic enterprises use financial instruments. Financial instruments are inextricably accompanied by risk (sometimes smaller, sometimes larger) related to their possession by an economic entity. COVID-19 undoubtedly influenced the market valuation of these instruments. Financial instruments are becoming an integral part of financial reporting. Polish economic practice shows that many companies use derivatives. It should also be pointed out that the financial problems of enterprises result from the inappropriate use of derivatives, e.g., for speculation (Grima and Thalassinos, 2020a; Grima and Thalassinos, 2020b).

Table 1 presents, based on the data of the Central Statistical Office in Warsaw, the balance sheet value of the disclosed financial instruments in the balance sheets of Polish enterprises in 2012-2018.

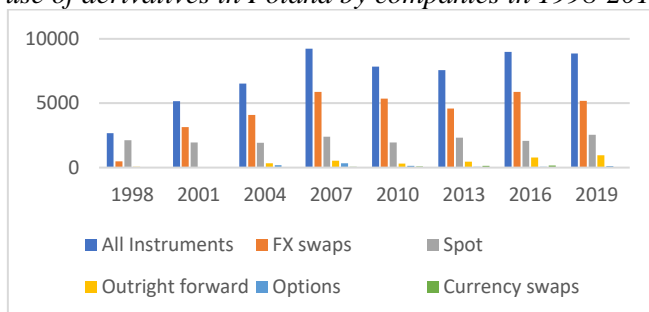
Table 1. *Balance sheet value of disclosed financial instruments on the side of assets and liabilities in non-financial enterprises in 2012-2018*

Year	Companies that have financial instruments in assets	Value of reported financial instruments in assets (data in PLN billion)	Companies with financial instruments in liabilities	Value of reported financial instruments in assets (data in PLN billion)
2012	560	94,2	377	113,1
2014	1 319	260,8	1 090	240,1
2017	1 641	352,5	1 406	334,2
2018	1 962	429,3	1 756	429,0

Source: Own study based on GUS, 2019.

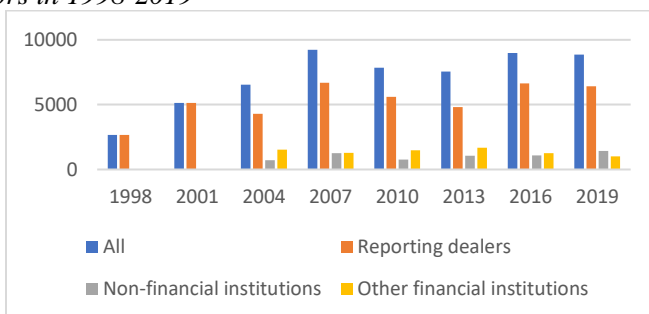
Polish companies also use derivatives (see Figure 3). The structure of use by individual institutions is presented in Figure 4.

Figure 3. *The use of derivatives in Poland by companies in 1998-2019*



Source: Own study based on BIS, 2019.

Figure 4. *The use of derivatives in Poland by enterprises from the financial and non-financial sectors in 1998-2019*



Source: Own study based on BIS 2019.

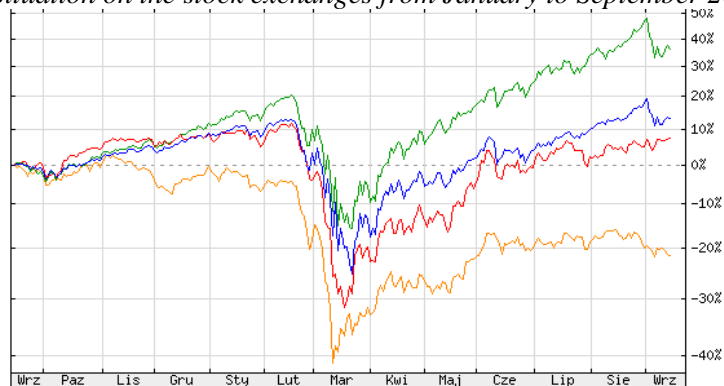
The following International Standards on Auditing are of particular importance in auditing financial instruments:

- ISA 540, which deals with the auditor's responsibility to audit accounting estimates, including accounting estimates relating to financial instruments measured at fair value.
- ISA 315 and ISA 330, which deal with identifying, assessing, and responding to the risks of material misstatement.
- ISA 500 explains what constitutes audit evidence and deals with the auditor's responsibility to design and perform audit procedures to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the auditor's opinion.

The SARS-CoV-2 coronavirus pandemic may have a significant impact on the valuation, among others financial instruments in the upcoming interim reports of listed

companies as well as in the annual reports of all companies. The high volatility of prices concerned almost all asset categories, in particular in the stock market.

Figure 5. Situation on the stock exchanges from January to September 2020



Polish WIG20, German DAX, US S&P500, US NASDAQ

Source: Own study based on:

(<https://stooq.pl/q/?s=^spx&d=20200916&c=1y&t=l&a=lg&r=^ndq+^dax+wig20>)

Significantly negative effects of the valuation of financial instruments could be observed in the financial results of the first three quarters of 2020, especially in the case of financial institutions, as shown in Figure 5. In the second and third quarter of 2020, we can observe an increase in the valuation of shares on global stock exchanges, including new historical peaks in the case of the US NASDAQ index.

Most financial instruments have a market price. However, there are also financial instruments that do not have an active market and whose valuation is based on valuation models. In practice, due to the determination of the fair value of financial instruments, three basic groups of models can be distinguished:

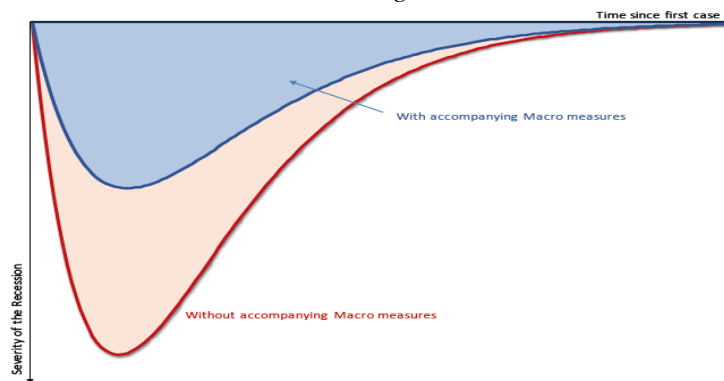
- 1) Models based on discounted cash flows - e.g., DCF model.
- 2) Models for the valuation of capital assets - incl. CAPM (Capital Asset Pricing Model) model, as well as APT (Arbitrage Pricing Theory) model.
- 3) Models of valuation of derivatives (derivatives) - incl. the Black-Scholes Model as well as the binomial option pricing model.

Another important reporting area is impairment of assets. An asset is impaired when the entity is not IAS 36 Impairment of Assets requires the entity to make an evaluation final each reporting period for impairment of assets non-financial entity able to recover it carrying amount through use or sale. The entity is required to assess as at the balance sheet date, whether there are indications of impairment. Impairment of assets involves many assumptions, estimates and judgments (Bareja, 2018). The greater the uncertainty surrounding the present environment, the more important it becomes for entities to provide detailed disclosures about the assumptions made, the evidence on which they are based, and the effect of changes to those key assumptions.

For some firms, it may be necessary to assess whether an asset or group of non-current assets requires a test for impairment. Governments of many countries in recent months have put in place measures to assist actors in response to the pandemic. These measures include, among others, subsidies, tax exemptions and reductions, reductions in public fees, or reductions or deferrals of rents. Government grants should be recognized as an asset only when it is certain that the enterprise will meet the related conditions and will ultimately receive the grant. Government grants should be recognized systematically in the profit and loss account in the periods in which the enterprise recognizes the costs that the subsidies are intended to compensate.

The factor contributing to the reduction of the scale of the economic crisis are protective programs by public institutions. They are designed to reduce the risk of degeneration temporary decline in income and liquidity of companies in solvency problems, a significant increase in unemployment, or reduced loan availability (NBP, 2020). Figure 6 shows the impact of measures taken by the governments of individual countries on limiting the effects of the economic shock and the situation if the aid measures would not be implemented.

Figure 6. Government assistance in reducing economic shock



Source: P.O. Gourinchas, *Flattening the pandemic and recession curves*, March 2020 (<https://voxeu.org/article/flattening-pandemic-and-recession-curves>).

We can include among the most important ESMA documents issued during the pandemic:

- 1) ESMA recommends action by financial market participants for covid-19 impact (ESMA, 11 March 2020).
- 2) Accounting implications of the COVID-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9 (25 March 2020).
- 3) Actions to mitigate the impact of COVID-19 on the EU financial markets regarding publication deadlines under the Transparency Directive (27 March 2020).

- 4) Implications of the COVID-19 outbreak on the half-yearly financial reports (20 May 2020).

4. Financial Data Analysis

The economic effects of the COVID-19 pandemic have a significant impact about many companies and, consequently, on key information presented in financial statements. The negative effects of the COVID-19 pandemic on the results and financial statements of companies are often significant, their scale depends on the industry in which the company operates.

The research carried out by Deloitte shows the following results. Almost two-thirds of financial directors in Poland say that the SARS-CoV-2 epidemic did not disrupt financial liquidity in their companies. Managers also see the devastating impact of the coronavirus on business, which will affect revenues, employment, and planned investments. Over 90 percent The CFO believes that this is not a good time to take risks, and their activities will focus primarily on cost reduction (Deloitte, June 2020). It seems that the impact of Covid-19 will also contribute, in the case of listed companies, to a significant reduction in the payment of dividends to shareholders, or not at all to pay dividends for a certain period. Consulting firm Deloitte also published in July 2020 interesting research results on future business prospects. As for the economic outlook, the Polish CFOs' forecasts regarding the inflation rate are pessimistic, especially for Poland - 5.2%, compared to the Euro zone - 3.3%.

In the fall of 2019, these proportions were respectively - 3.3% for Poland and 1.8% for the Euro Zone. In the case of business prospects regarding the level of financial and economic uncertainty in their companies, Polish CFOs are characterized by a large divergence of opinion. 69% perceive it as high and 6% as low. When it comes to shaping the nearest future as regards investment dynamics, they are pessimistic for Poland (77% of respondents believe that it will be large) (Deloitte, July 2020). An important aspect in the functioning of enterprises is also the fact that the virus occurs among employees of a given company, which often causes the suspension of current activities.

In Poland, the Polish Financial Supervision Authority (UKNF) has developed a package of measures to further strengthen the resilience of the banking sector and the possibilities of financing the economy in connection with the COVID-19. UKNF has taken actions, including in capital buffers, provisions and classification of credit exposures, Legislative changes. The European Securities and Markets Authority (ESMA) also recommended financial market participants to take appropriate measures to address the effects of the Covid-19 coronavirus. Actions were taken in the following areas: business continuity planning, market information disclosure, fund management and financial reporting under COVID-19 conditions.

The industries that were most affected by the effects of the coronavirus include: Tourist, Gastronomy, Hotel, Clothing, Transport (in the initial period, e.g., closing borders). Table 2 presents the analysed companies from the Warsaw Stock Exchange. The analysis of the financial results of companies shows that each industry is adversely affected by the pandemic. It is also visible in the market valuations of these companies. The most important aid activities for enterprises include in terms of costs incurred (Masoodi, 2020):

- The economic units inventory and determine the size of the fixed costs incurred so far and incurred during the period of the domestic and health quarantine imposed by most of the countries of the world to avoid the spread of the virus among members of society as a result of the convergence and social contact accompanying social, economic, recreational, educational and other activities, in preparation for putting it into the economic, financial and accounting treatment By legislative, legal and professional bodies, such as the Ministry of Finance, the Central Bank and the International Monetary Fund.
- Issuing binding legislation from legislative bodies that impose on governments the bulk of these costs in the form of grants or zero-interest loans as part of their responsibilities towards society and in a way that enables economic units to gather themselves and stand on their feet again.
- Contribute effectively to reducing tax burdens on economic units in proportions commensurate with the size of costs/losses incurred during the period and documented a documentary fundamentalist.

Deduction/recovery of a portion of the social security funds to which the economic units contributed, as part of their payment to workers' salaries without benefiting from their services on the one hand, and in a manner that guarantees future workers' rights on the other.

Within the clothing and cosmetics sector were analysed: CCC SA (Table 3), LPP SA (Table 4) and VGR SA (Table 5). The following major accounting data concerning the reported reporting items were analysed net revenues from sales, profit (loss) on activities operational, net profit (loss), EBITDA, Equity, earnings per share.

As shown by the financial data, the clothing industry experiences a negative impact of the pandemic in its financial results. Significant losses can be observed at the level of the net financial result, which, among other things, also translates into a significant decrease in earnings per share. In the case of CCC SA, a significant decrease in equity capital can also be observed from period to period, which may also raise concerns among investors. A significant decline in financial results should also be visible in the following reporting periods, e.g., for the second quarter of 2020 due to the long-term closure of shopping centres until May 2020.

Table 2. Analysed companies from the Warsaw Stock Exchange

Economy sector	Clothing and cosmetics	Banking	Transport and logistics	Tourism
Company name	CCC SA ²	PKO BP SA ³	PKP CARGO SA ⁴	RAINBOW TOURS SA ⁵
	LPP SA ⁶	PEKAO SA ⁷	ENTER AIR SA ⁸	
	VRG SA ⁹	SANTANDER CONSUMER BANK SA ¹⁰	OT LOGISTICS ¹¹	

Source: Own study.

Table 3. CCC SA - basic financial data for the first three quarters of 2018, 2019 and 2020 (in PLN thousand)

	2018	2019	2020
Net revenues from sales	1 468 700	1 613 600	1 190 900
Profit (loss) on activities operational	41 100	87 500	35 400
Net profit (loss)	11 600	47 300	(394 900)
EBITDA	211 700	285 100	209 500
Equity	999 200	871 000	1 068 300
Number of shares	41 164	41 164	54 868

Source: Own study based on quarterly financial statements CCC SA for 2018-2020.

Table 4. LPP SA - basic financial data for the first three quarters of 2018, 2019 and 2020 (in PLN thousand)

	2018	2019	2020
Net revenues from sales	4 586 765	4 993 240	2 638 131
Profit (loss) on activities operational	182 775	53 924	(9 196)
Net profit (loss)	234 373	(101 513)	(199 750)
EBITDA	318 975	366 713	218 125
Equity	2 715 162	2 974 443	3 195 231
Number of shares	1 839,291	1 839,291	1 839,291

Source: Own study based on quarterly financial statements LPP SA for 2018-2020.

² <https://corporate.ccc.eu/en/investor-relations>

³ <https://www.pkobp.pl/investor-relations/>

⁴ <https://www.pkpcargo.com/en/investor-relations/>

⁵ <https://ir.r.pl/>

⁶ <https://www.lppsa.com/en/investor-relations>

⁷ <https://www.pekao.com.pl/en/investors-relations.html>

⁸ <https://ir.enterair.pl/en/financial-information/>

⁹ <https://www.vrg.pl/en/for-investors>

¹⁰ <https://bank.santander.pl/investor-relations/investor-relations.html>

¹¹ <https://otlogistics.pl/relacje-inwestorskie/>

Table 5. VGR SA - basic financial data for the first three quarters of 2018, 2019 and 2020 (in PLN thousand)

	2018	2019	2020
Net revenues from sales	533 429	735 804	621 710
Profit (loss) on activities operational	31 152	39 937	(9 030)
Net profit (loss)	21 140	19 644	(29 300)
EBITDA	43 699	122 350	75 617
Equity	567 726	819 371	834 049
Number of shares	179 194	245 610	245 610

Source: Own study based on quarterly financial statements VGR SA for 2018-2020.

Within the banking sector were analysed, PEKAO SA (Table 6), PKO BP SA (Table 7), and SANTANDER CONSUMER BANK SA (Table 8). The following accounting items were analysed, interest income, commissions income, result on banking activities, net profit (loss), Equity, earnings per share. The performance of the banking sector turned out to be quite stable in the period under review. The analysed banks were profitable. A decline in profits is visible, especially for the first three quarter of 2020. This drop in profits is certainly influenced by the economic freezing introduced in March 2020. The closure of the economy caused great uncertainty about the future, there was a significant drop in the share of loans. The results of subsequent reporting periods should also show a downward trend. For example, due to the introduction of credit moratoria for people and enterprises. This uncertainty about how future profits will be generated is also evident in bank equity prices.

Table 6. PEKAO SA - basic financial data for the first three quarters of 2018, 2019 and 2020 (in PLN thousand)

	2018	2019	2020
Interest income	4 538 541	4 970 273	4 572 154
Commissions Income	2 097 177	2 153 596	2 111 103
Result on banking activities	5 674 222	6 055 855	5 935 603
Net profit (loss)	1 537 933	1 480 661	916 900
Equity	21 988 784	22 811 520	25 138 168
Number of shares	262 470,034	262 470,034	262 470,034

Source: own study based on quarterly financial statements PKO BP SA for 2018-2020.

Table 7. PKO BP SA - basic financial data for the first three quarters of 2018, 2019 and 2020 (in PLN thousand)

	2018	2019	2020
Interest income	8 518 000	9 400 000	8 939 000
Commissions Income	3 003 000	3 505 000	3 576 000
Result on banking activities	9 642 000	10 655 000	10 563 000
Net profit (loss)	2 732 000	3 308 000	2 018 000
Equity	36 267 000	41 045 000	44 788 000
Number of shares	1 250 000,000	1 250 000,000	1 250 000,000

Source: Own study based on quarterly financial statements PEKAO SA for 2018-2020.

Table 8. *SANTANDER CONSUMER BANK SA - basic financial data for the first three quarters of 2018, 2019 and 2020 (in PLN thousand)*

	2018	2019	2020
Interest income	5 230 953	6 364 304	5 357 172
Commissions Income	1 862 342	1 953 097	1 934 225
Result on banking activities	6 047 465	6 897 845	6 357 611
Net profit (loss)	1 598 113	1 631 313	973 621
Equity	23 057 026	24 937 399	26 826 490
Number of shares	99 333,481	102 088,305	1 021,893

Source: Own study based on quarterly financial statements Santander Consumer Bank SA for 2018-2020.

In the transport and tourism sector analysed, ENTER AIR SA (Table 9), OT LOGISTIC SA (Table 10), PKP CARGO SA (Table 11), RAINBOW TOURS SA (Table 12). The following major accounting data concerning the reported reporting items were analysed, net revenues from sales, profit (loss) on activities operational, net profit (loss), EBITDA, Equity, earnings per share.

COVID-19 has had a highly negative impact on the reported financial results of the transport industry. This industry practically did not function in March 2020 after the closure of the borders between countries. The road transport industry returned to work the fastest, the aviation industry was practically closed until the holiday season. The negative effects of the downtime are visible in the results for the first three quarter of 2020. It is very visible in the results of, for example, PKP CARGO SA, which has shown practically profits in recent years, and reported a large net loss for the first three quarter of 2020. Currently, the reconstruction of land and air transport is observed. Stocks of companies in this sector also experienced a significant drop in the price on the stock exchange.

Due to the coronavirus pandemic, in 2020 there may be a decrease in the number of tourist trips around the world by about 70%. The pandemic had an impact on a significant reduction in tourist traffic in the first three quarters of 2020. There are still significant business risks in this industry for the future.

Table 9. *ENTER AIR SA - basic financial data for the first three quarters of 2018, 2019 and 2020 (in PLN thousand)*

	2018	2019	2020
Net revenues from sales	1 063 158	1 343 564	416 966
Profit (loss) on activities operational	122 848	230 909	(76 587)
Net profit (loss)	78 599	104 470	(98 685)
EBITDA	144 815	377 143	50 494
Equity	330 696	386 026	264 614
Number of shares	17 543,750	17 543,750	17 543,750

Source: Own study based on quarterly financial statements ENTER AIR SA for 2018-2020.

Table 10. OT LOGISTIC SA - basic financial data for the first three quarters of 2018, 2019 and 2020 (in PLN thousand)

	2018	2019	2020
Net revenues from sales	724 297	758 705	632 476
Profit (loss) on activities operational	3 172	13 410	4 912
Net profit (loss)	(9 069)	(28 960)	(45 265)
EBITDA	38 385	98 578	77 417
Equity	107 573	91 563	(35 024)
Number of shares	11 998,780	11 998,780	11 998,780

Source: Own study based on quarterly financial statements OT LOGISTIC for 2018-2020.

Table 11. PKP CARGO SA - basic financial data for the first three quarters of 2018, 2019 and 2020 (in PLN thousand)

	2018	2019	2020
Net revenues from sales	3 805 200	3 616 600	2 974 200
Profit (loss) on activities operational	274 700	182 800	(145 400)
Net profit (loss)	194 300	98 700	(176 300)
EBITDA	700 600	713 100	433 600
Equity	3 502 400	3 504 800	3 162 400
Number of shares	44 786,917	44 786,917	44 786,917

Source: Own study based on quarterly financial statements PKP CARGO SA for 2018-2020.

Table 12. RAINBOW TOURS SA - basic financial data for the first three quarters of 2018, 2019 and 2020 (in PLN thousand)

	2018	2019	2020
Net revenues from sales	1 364 326	1 478 420	418 363
Profit (loss) on activities operational	19 824	62 661	(14 292)
Net profit (loss)	14 095	48 555	(14 262)
EBITDA	32 326	75 498	(2 237)
Equity	110 604	152 916	118 980
Number of shares	14 552,000	14 552,000	14 552,000

Source: Own study based on quarterly financial statements RAINBOW TOURS SA for 2018-2020.

5. Conclusions

The economic effects of the SARS-CoV-2 pandemic had a significant impact on the financial reporting of many economic entities from all industries and sectors of the economy. The appearance of a virus Sars-Cov-2 can be considered as the "Black swan". The pandemic has had negative effects on health, society, and business. In the era of the coronavirus, it is particularly important to monitor the financial situation of enterprises, including in particular financial risk. Financial risk causes financial effects in an economic entity exposed to this risk through the possibility of achieving results of business activity different from those assumed. Statutory auditors should be

critical of a situation where the Management Board has assessed that the current circumstances will not have a significant impact on the entity.

From a financial reporting perspective, COVID-19 has affected the following areas: going on business, financial instruments, assessment of asset impairment non-financial, government subsidies, income tax, contract liabilities, insurance, leasing, determining the fair value and revenue recognition. Coronavirus pandemic has a significant impact on the valuation, among others financial instruments. The high volatility of prices concerned almost all asset categories, in the stock market.

The economic effects of the COVID-19 pandemic have a significant impact about many companies and, consequently, on key information presented in financial statements. The negative effects of the COVID-19 pandemic on the results and financial statements of companies are often significant, their scale depends on the industry in which the company operates.

The analysis of the financial results of companies shows that each industry is adversely affected by the pandemic. It is also visible in the market valuations of these companies. The clothing and transport industries were hit hardest, especially in the early stages of the global closure pandemic. The author is well aware of the limitations of the conducted research. The research problem may be explored more comprehensively in the future.

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