

NATIONAL ECONOMY'S MARKET MECHANISMS OF ACCOUNTING, ANALYSIS AND AUDIT

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FEATURES OF ACCOUNTING FOR CREDITORS IN THE ENTERPRISE

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The article is devoted to the theoretical and methodological foundations and practical issues of improving the quality and efficiency of the management of payables of enterprises with the aim of increasing profitability, solvency, financial stability and overcoming the crisis of non-payments. For the economic security and stability of the company's activity, the topic of research and identification of ways of managing accounts payable is relevant. The article discloses topical issues of receivables and payables management that contribute to the sustainable development of a business entity. The stages and main models of payables and receivables management are considered. The main advantages and disadvantages of debts for the enterprise are determined. The article also discusses modern approaches to the economic content of accounts payable. The composition and structure, causes of occurrence, terms of creation and terms of their existence and repayment are analyzed. The directions and methods of managing receivables and payables and their ratio are outlined.

ОСОБЛИВОСТІ ОБЛІКУ КРЕДИТОРСЬКОЇ ЗАБОРГОВАНІСТІ НА ПІДПРИЄМСТВІ

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Ключові слова:

кредиторська заборгованість,
управління заборгованістю,
прибуток, оцінка, активи,
позичальник, оптимізація

Стаття присвячена теоретико-методичним основам та практичним питанням підвищення якості та ефективності управління кредиторською заборгованістю підприємств з метою збільшення прибутковості, платоспроможності, фінансової стійкості та подолання кризи неплатежів. Для економічної безпеки і стабільності діяльності підприємства є актуальною тема дослідження та виявлення шляхів управління кредиторською заборгованістю. У статті розкриті актуальні питання управління дебіторською та кредиторською заборгованістю, що сприяють сталому розвитку суб'єкта господарювання. Розглянуто етапи та основні моделі управління кредиторською та дебіторською заборгованістю. Визначено основні переваги та недоліки заборгованостей для підприємства. Також у статті розглянуто сучасні підходи до економічного змісту кредиторської заборгованості. Проаналізовано склад та структуру, причини виникнення, строки створення і терміни їх існування та погашення. Окреслено напрями і прийоми управління дебіторською та кредиторською заборгованістю та їх співвідношенням.

Formulation of the problem

Business management is accompanied by the need to solve various tasks of varying complexity. Very often, individual entrepreneurs and organizations face the problem of non-repayment of debts by unscrupulous counterparties.

A modern debt management system should include all methods of control, evaluation and analysis of debt. At the same time, accounts payable management is work with the sources of overdue debts – constant work with counterparties, which includes not only the formation of the company's credit policy and the organization of contractual work, but also the management of debt obligations.

In the process of carrying out entrepreneurial activity by a business entity, current payables arise for goods, works, services received, necessary to ensure the normal functioning of the enterprise.

The relevance of the topic lies in the fact that in order to ensure the survival of the enterprise in modern conditions, management personnel need, most importantly, to be able to realistically assess the financial condition of their enterprise, and especially to pay a lot of attention to the analysis of accounts payable. Research into theoretical and practical problems of accounts payable management was conducted by the following scientists: F. Butynets, E. Zhukov, M. Lavryk, D. Marshal and A. Sheremet.

The economic activity of economic entities is connected with the use of funds that are in continuous circulation. As part of the company's sources of funds, a significant specific weight is occupied by loan funds, namely accounts payable. However, one of the most difficult and controversial issues of accounting is the accounting of accounts payable, which is connected with the existence of the problem of non-payments.

In market conditions of business, relations between enterprises have the character of monetary settlements. Settlements between enterprises and organizations are one of the necessary components of extended reproduction. They mediate the distribution and redistribution of the social product, its transition from commodity form to monetary form, and vice versa. Calculations are based on the economic basis of the circulation of funds in the production process and are a public recognition that the enterprise producing one or another product has fulfilled its production obligations and set goals.

In the process of carrying out business activities, the business entity interacts with other enterprises, organizations that supply material assets, including production stocks, equipment, other assets, provide services, perform work necessary to ensure the normal operation of the enterprise. As a result, current accounts payable to domestic and foreign suppliers and contractors arise.

Loan funds, including accounts payable, account for a significant share of the company's sources of funds.

Accounts payable has a great influence on the financial results of the enterprise and on economic activity in general. In order to increase the financial performance of all types of ordinary activities and ensure the solvency of enterprises, it is necessary to accelerate the circulation of working capital. Therefore, in order to effectively use the company's loan funds, it is necessary to learn how to properly manage them.

In the conditions of the global economic crisis, the rational organization of settlement operations is extremely important in ensuring the efficiency of the functioning of enterprises. Accelerating cash flow is one of the important ways to improve the financial situation of industrial economic entities. Market conditions of business require the activation of factors that have a direct impact on the effectiveness of management.

Analysis of latest research and publications

Accounts payable constitute a significant share of the company's current liabilities – in some industries up to

40–50%, which means that the reliability of these indicators is necessary to ensure the reliability of financial reporting as a whole. As a result of the study of educational literature and scientific works, it was found that among specialists in the fields of accounting, finance and economics, there is no unanimity regarding the definition of the essence of the concept of “creditor debt”.

Despite the long history of the existence of accounts payable and the state of its study, there is no consensus in modern scientific literature regarding the interpretation of this concept.

Thus, G.V. Vlasyuk defines payables as money that is temporarily subordinated to the enterprise, firm, that is subject to return to the legal or physical person from whom they were borrowed and to whom they were not paid.

In addition, statistical data indicate that this debt is characterized, in turn, by a rather high level of specific weight of overdue debt.

G.O. Partyn and Zagorodniy A.H. emphasize that accounts payable is the enterprise's debt to other legal entities and individuals, which arose as a result of previously performed actions (events), is valued in hryvnias and for which the enterprise has obligations to repay it within a certain period.

So, as we can see, the given interpretations of the concept of “creditor debt” confirm that there are certain differences in the definitions of this concept.

Basically, scientists consider accounts payable as money, some as a part of property or a form of payment for goods and services, but no one emphasizes that accounts payable is a component of capital circulation. After all, the elements of capital circulation are part of a continuous flow of economic transactions. Purchases lead to an increase in production stocks and accounts payable, production – to an increase in finished products, sales – to an increase in receivables and cash.

This cycle of operations is repeated many times and as a result is reduced to cash receipts and payments. Therefore, we believe that accounts payable is a component of capital circulation, which is the subject of binding legal relations between the debtor and his creditor, which arose at the stage of supply and have a hryvnia equivalent.

Formulation of the purposes of the article

The purpose of the article is to consider theoretical approaches to the management of the company's payables, to determine the main stages of the formation of the company's payables management system.

Outline of the main material of the research

A special place in accounts payable is occupied by numerous settlements with suppliers and contractors. In addition, the presence of overdue debt can lead to deterioration of the image of the enterprise.

Accounts payable allows the company to temporarily use borrowed funds, but on the other hand, it reduces solvency and liquidity indicators. Effective management of accounts payable makes it possible to eliminate the negative consequences of its presence.

For the normal functioning of all branches of the economy, it is necessary to have reliable information about

the financial condition of the enterprise, in particular about the payables. Given that the history of the existence of accounts payable is ancient, there is no consensus in modern scientific literature regarding the interpretation of this concept. Yes, Butynets F.F. considers accounts payable as a form of payment for goods and services that are purchased in the course of the company's operations, that are periodically repeated and used in production or for resale.

Particular attention should be paid to the legality of calculations, their expediency, documentation and correctness of the display of calculation operations according to accounting and reporting data.

In order to improve the current accounting practice of accounts payable of enterprises, it is necessary to implement internal control of settlements with creditors. Wide and effective implementation of internal control is a necessary prerequisite for the successful functioning of enterprises.

The purpose of internal control of settlements with creditors is to establish the correctness, reliability and timeliness of data display in the primary documentation of the enterprise, accounting registers and reporting. Control involves checking compliance with planned indicators; establishment of a monitoring system for the terms of payment of payments; control over the performance of contractual relations by both counterparties and personnel; identification of reserves for the growth of the company's solvency and control over the results of the implementation of optimization management decisions.

Preliminary control of settlements with counterparties consists in the careful selection of clients in order to minimize the probability of their non-fulfillment of obligations. For this purpose, each enterprise can develop its own selection system using various criteria and indicators.

It is also necessary to systematically carry out an inventory of debts by checking primary documents, which are the basis for making calculations and displaying transactions in accounting, and to reconcile balances with counterparties on a monthly basis.

Internal control of accounts payable should ensure the timely repayment of contractual obligations. This allows the company to avoid losses in the form of financial sanctions. In addition to material benefits, effective control helps establish a positive image of the enterprise in the business environment, which in turn increases the level of trust of partners, increases the probability of signing contracts on more favorable terms. Preliminary control of settlements with counterparties consists in the careful selection of clients in order to minimize the probability of their non-fulfillment of obligations. For this purpose, each enterprise can develop its own selection system using various criteria and indicators. The main aspects that are taken into account in the process of making a decision on cooperation with a particular counterparty include the following: the reputation of a potential counterparty (supplier or buyer) – a subjective assessment based on the experience of previous relations, the state of payment discipline, and as well as own observations and information received from other counterparties; reliability of the financial position – study and analysis of the main indicators of the counterparty's financial statements (solvency, liquidity, creditworthiness, sustainability).

At the initial stage of implementation of control at the enterprise, it is necessary to check the validity and effectiveness of the strategy of relations with counterparties chosen by the enterprise. First of all, it should include the conditions for granting or receiving a product credit, its security, term, and the feasibility of applying discounts. The order of classification of all customers is important, since the correct distribution of debtors and creditors, which most fully reflects the essence of all settlement transactions of the enterprise, is a guarantee of success in making managerial decisions. One of the main aspects of the internal control of accounts payable is the verification of their legal form and justification. To carry out the acquisition process, the enterprise enters into economic relations with other market participants, the legal basis of which is the conclusion of contracts. The process of contractual work is regulated at the enterprise level (micro level) and at the state level through legislative acts (macro level). The tasks that arise in the process of monitoring contractual processes are to check: firstly, the compliance of the content of contracts with the legal framework of Ukraine, and secondly, the formalization of the process of concluding contracts, that is, whether all important aspects, mandatory details (terms, terms of settlements, liability for breach of contractual obligations).

Important in the organization of an effective system of internal control of settlements with counterparties is ensuring the reliability of information preservation from third parties, in particular, checking the documentation storage system, the functioning of the archive service, the procedure for inventorying documents in the archive and ensuring access to documents.

Accounting and analysis of settlements with creditors has always been and remains an urgent problem for research, because by selling products or services to partners, the company receives income – the most important indicator of its financial activity. All enterprises strive to ensure that the products they produce or the services they provide are sold in full, at a good price and in the best possible time.

The legal principles of the organization of documentation of settlements with suppliers and contractors are quite clearly regulated by the laws of Ukraine, resolutions of the Cabinet of Ministers, orders of ministries, departments, the state tax administration, and the National Bank of Ukraine. Since accounts payable affects the determination of the real financial condition of the enterprise, its management, as a component, is one of the most important and complex elements. The levels of regulatory regulation of the analysis and accounting of settlements with suppliers and contractors are presented in Table 1.

Normative documents of the first level of regulation are of considerable importance because they are given priority when considering problematic issues, they dominate over other normative documents. The issue of regulation of relations between suppliers and contractors is covered in the Law of Ukraine "On the Protection of Consumer Rights" dated November 23, 2018 No. 2628-XIII. This legislative act regulates the relations between consumers of goods, works, services and manufacturers, performers, sellers in the conditions of different forms of ownership,

Table 1 – Levels of legal support for accounting and analysis accounts payable

1 level	Constitution, Laws and Codes of Ukraine
2 level	Resolutions of the Cabinet of Ministers of Ukraine
3 level	National and international accounting standards and financial reporting
4 level	Methodical recommendations and instructions
5 level	Organizational regulations of economic entities

establishes the rights of consumers and determines the mechanism of implementation of the state protection of their rights.

The basis of all types of transactions is the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” dated September 18, 2018 No. 2545-VIII, which defines the legal principles of regulation, organization and maintenance of accounting and financial reporting in Ukraine. This law also defines such a concept as “obligations”.

In accordance with this law, the business entity independently determines the accounting policy, which reflects the basic principles of accounting for the relevant objects.

Acts of the second level of regulation regulate issues at the methodical level. The main foundation for accounts payable is P(S)BO 11 “Liabilities”. According to it, a liability is recognized if its value can be reliably determined and there is a possibility of a decrease in economic benefits in the future as a result of its repayment. If a previously recognized obligation is not repayable as of the balance sheet date, its amount is included in the income of the reporting period.

Both the positive and negative role of accounts payable in the economic activity of an individual enterprise and in the economy as a whole were also revealed.

Accounts payable is a natural component of the enterprise’s balance sheet, which arises as a result of the discrepancy between the date of the appearance of obligations and the date of payments for them. The financial condition of the enterprise is affected by both the size of the accounts payable balances and the turnover period of each of them.

The Order “On the accounting policy of the enterprise” acquires a rather important importance in the accounting and analysis of accounts payable, because it contains all the elements related to their accounting that are specific for this enterprise, that is, the accounting policy indicates which of the alternative options of the proposed P(C)) BO was chosen and should be applied in practice. In the order on the accounting policy of the economic entity, it is advisable to reflect the method of recognition of accounts payable.

The analysis of accounts payable begins with the study of its composition and structure according to the data of Form 1 “Balance”. Then the share of each type of payables in its total amount is calculated. Such indicators are calculated according to the plan and actually, and when comparing them, deviations in the structure of payables are determined, the reasons for changes in its individual elements are established, and measures are developed to settle the debt, especially those components that negatively affect the company’s activities. The third and fourth liability sections of the company’s balance sheet serve as a source of information for the analysis of payables.

In the process of analysis, the structure of payables is evaluated (that is, the share of individual items in the total amount of payables). According to the organizational and methodical model of the analysis of accounts payable, the company at the first stage determines the composition and structure of accounts payable, performs an analysis of deviations and trends in changes in items of accounts payable over several years.

During the analysis, you should evaluate the terms of the debt, pay attention to the terms, restrictions on the use of resources, and the possibility of attracting additional sources of financing. Usually, the main reason for changes in the structure of payables is mutual non-payment. This proves the comparative analysis of payables and receivables.

The analysis of accounts payable should be carried out based on the data of accounting reports of enterprises, as well as on the basis of analytical accounting of settlements with creditors. It must be carried out in a certain sequence and begin with an assessment of the volume and dynamics of accounts payable in general and by type. Note that it is quite difficult to determine the quantitative impact of changes in accounts payable on the company’s financial condition. The increase in accounts payable cannot be unequivocally evaluated negatively as an increase in the company’s debts to creditors, the repayment of which causes an outflow of resources, deterioration of the company’s financial condition.

Conclusions

The analysis of the situation at the enterprises of Ukraine indicates the need for a wide implementation of effective intra-economic control over settlements with creditors. This will provide management personnel with reliable, timely, as complete as possible information about the state, structure and dynamics of relations with counterparties and will help to correctly determine the main areas of activity and tasks facing the business entity.

The primary tasks during the control of payables are: ensuring the legal validity of each amount of payables; study of the causes of debts and calculation of their consequences; taking measures to collect receivables and clarifying the existence of a real possibility of repaying payables; regular inventory of settlements at the enterprise and control over the statute of limitations.

A necessary condition for high-quality information provision of debt accounting is the determination of its essence and classification. For this, it is necessary to define debt as a synthesized economic category and to determine the nature of its occurrence.

To improve accounts payable, it is necessary to control the ratio of receivables and payables in a timely manner. A significant excess of receivables poses a threat to the

financial stability of the enterprise and makes it necessary to attract additional sources of financing. It is also necessary to monitor the state of payments for overdue debts. In the conditions of inflation, any delay in payment leads to the fact that the company actually receives only a part of the cost of the work performed.

For analysis and forecasting, you should use data on the structure of payables for several recent reporting or interim dates. It characterizes the terms of debt for each creditor, and not the average period of repayment of the corresponding amounts. By comparing data for several months, the analyst can identify new accounts with normal

and overdue debts and predict the payment repayment time for them. In order to achieve the sustainable development of the enterprise, it is necessary to apply constant monitoring, modern assessment methods, and also implement a clear organization of management of its payables. Therefore, it is necessary to effectively form a model of accounts payable management, taking into account the specifics of the industry and the enterprise. It is also advisable to adapt the document flow to the selected information system, to distribute responsibility for the formation of accounts payable and to create a mechanism for motivation and stimulation of its reduction.

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