

Liudmyla MELNYK, Professor of Accounting and Taxation, Uman National University of Horticulture, Ukraine, liudmyla.melnyk21@gmail.com

Natalia OLYADNICHUK, Associate Professor of Accounting and Taxation, Uman National University of Horticulture, Ukraine, n.olyadnichuk@ukr.net

Olga PIDLUBNA, Lecturer, Department of Accounting and Taxation, Uman National University of Horticulture, Ukraine, dani.1611@meta.ua

Svetlana MYKHAYLOVYNA, Associate Professor of Accounting and Taxation, Uman National University of Horticulture, Ukraine, mihailovina@gmail.com

Tamara KUCHERENKO, Professor of Accounting and Taxation, Uman National University of Horticulture, Ukraine, kucherenko_te@ukr.net

Maryna KORCHEMNA, Lecturer, Department of Foreign Languages and Social and Humanitarian Disciplines, Kyiv Institute of Intellectual Property and Law, National University "Odessa Law Academy", Ukraine, marinka.k@ukr.net

ACCOUNTING OF RECEIVABLES AND THEIR IMPROVEMENT

The issue of accounting of receivables for shipped goods, products, work performed and services rendered is extremely relevant today. Timely repayment of liabilities ensures the uninterrupted operation of the business entity, as the receipt of monetary funds to the account of the seller of assets allows making planned sale of productive supplies, non-current assets, etc. for performing the production-and-economic process.

Keywords: *debtors, accounting of receivables, accounting improvement.*

Introduction. Effective organization of settlements with debtors allows increasing the solvency of the enterprise, raising the turnover of its assets and enlarging the profitability of production. In the accounting of the enterprise, obligations do not arise at the time of concluding the contract, but after the implementation of one of the parties to the actions provided for in it, as a result of which there is a debt of one party to another. In the practical activities of enterprises,

payments for commodity transactions do not coincide in time. This explains the formation of receivables and payables. Overdue receivables cause withdrawal of funds from the company's turnover for a longer period, which is stipulated in the contractual obligations. This situation has a negative impact on the financial condition of the business entity, and late payment of debts and liabilities leads to the attraction of funds belonging to other enterprises into turnover. Late payments create mutual debts between producers and consumers of products, lead to debts by payments, which causes deterioration of the financial state.

The specifics of the formation of accounting of receivables are obligatory detailing of each type of debts and reflecting the status of payments in the financial reporting. The formation of accounting of receivables should provide at any times complete information on the state and estimation of debt claims, which is possible in compliance with the principles of accounting formation. The policy of receivables management, which is a part of the general policy of current assets management and marketing policy of the enterprise, aimed at expanding sales revenue, determines the efficiency of the enterprise operation.

The purpose of the article is to study the scientific-and-theoretical essence of accounting of receivables, to reveal current problems of the formation and process of accounting of receivables, to find ways to improve the document support of settlement transactions with debtors.

To achieve the set purpose the following tasks were solved:

- to study the scientific-and-theoretical content of receivables;
- to reveal modern current problems of formation of receivables and their reflection in accounting;
- to offer the ways to improve the accounting of receivables.

Research methods. The theoretical and methodological basis of research was general scientific and special economic methods of cognition of phenomena and processes. In the process of writing the article, the following methods of economic research were used: dialectical and abstract-and-logical (for theoretical generalization and formulation of conclusions); monographic (in the study of best practices on the

operation of research objects); empirical (observation of the current state of accounting of receivables).

Hypothesis. Researchers and practitioners have been studying the theoretical and practical issues of accounting for settlement operations, in particular receivables by commodity transactions, methods of their repayment, as well as the study of problematic issues concerning the aspects of regulation of settlement operations for many years. Despite significant scientific best practice, a number of problems remain unresolved regarding the classification of receivables, terms of their repayment and reduction of the term of delay (default of term) of receivables.

Analysis of recent researches and publications. It is important to determine the moment of liability arising as the legal and economic aspects of this issue do not coincide in order to organize accounting of payments with debtors properly. Thus, a legal obligation arises at the time of signing the agreement on goods delivery, the essence of which is that it is enforceable in the future. Such an obligation is not reflected in the accounting, as it is not a debt obligation, it means that it is recorded only when a debt arises in connection with it. Commonly, debt arises after receiving the rights to use products, goods, works and services. A great number of problematic issues arise at the time of occurrence the receivables and the terms of their payment. Many scholars and practitioners emphasize unresolved issues of this nature.

Skolotii L.O. (2018) mentions the system of causes of receivables arising, among the main of them are as follows: low payment discipline and solvency of buyers, violation of settlement-and-payment discipline by counterparties, lack of practical factoring, imperfect policy of debt collection, etc.

Yedynak T.S., Pukha I.P. (2020) consider receivables management to be problematic in difficult modern economic conditions, as the structure and dynamics of receivables for previous reporting periods are poorly analyzed, which complicates the process of making the right management decisions.

Ksiondz S.M. (2010) substantiates methodical basis of receivables and emphasizes the importance of managing them in the overall management system of the enterprise.

Satur V.S. (2012) indicates the lack of possibility to obtain information on receivables in the amount and form sufficient for a proper analysis of payments with debtors in order to make managerial decisions. The author emphasizes the lack of control over the state and amount of doubtful and bad debts at domestic enterprises.

Solovei N.V., Malinoshevska K.I. (2021) are convinced that the solution to the main problems of accounting of receivables is the proper organization of this accounting process, which should contribute to the organization of information, transparency and reliability of data on settlement transactions with debtors.

Undoubtedly, mentioned problematic issues of accounting of receivables are quite relevant today, the solution of which requires a comprehensive approach and the formation of appropriate regulatory-and-statutory and legal platforms.

Presenting the main material. Accounting-and-economic and organizational issues of settlements with debtors, timely repayment of receivables, creation of a reserve of doubtful debts have always been one of the main positions, as they have a significant impact on the financial stability and independence of the business entity. It is necessary to analyze the essence and classification of receivables taking into account the importance of receivables management. Adequate organization of settlement transactions requires strict adherence to financial discipline, timely payment of debts by liabilities, in order to ensure timely receiving of funds for sold products, goods, works and services. Late payments for received material values or untimely receipt of funds for sold products and provided services leads to financial difficulties in performing business activities, as receivables cause withdrawal of funds from the turnover of enterprises, which negatively affects their financial condition, and late payment of debts and liabilities leads to the attraction of funds belonging to other enterprises into turnover.

Accounting classification of receivables is determined by the Chart of Accounts of assets, capital, liabilities and business operations of enterprises and organizations, as well as the Balance Sheet, which are mutually agreed. The current classification of receivables in the balance sheet takes into account the level of liquidity of items, more useful for users of financial statements concerning estimation of the financial

condition of the enterprise, provides complete information about the level of receivables and the possibility of converting financial liabilities into cash. Taking into account the classification features of receivables, the economic nature of different types of receivables is revealed, which provides an in-depth financial analysis, the main basis of management.

An important issue in accounting of receivables is its estimation on the basis of: historical prime cost, cost of sales, current value, present value. The estimation of receivables in current accounting is based on the initial cost. Initial receivables are accepted on the balance by historical (actual) prime cost, which is the value of assets transferred to the debtor - goods, intangible assets, work performed, services, amount of transferred funds accrued before interest-taking, etc. Based on the provisions of Statute (standards) of accounting 10, current receivables connected with the sale of products, goods, works and services are recognized as an asset simultaneously with the recognition of income from the sale of products, goods, works and services. Therefore, the overestimation of valuation is accompanied by an overestimation of income, which is reflected in the reporting, which may affect the reliability of financial statements. Such debt is estimated by the initial value of sold products, goods, works and services. The sum of income from the sale of assets arising from the transaction is recognized as the agreement between the seller and the buyer. This sum is measured by the fair value of the compensation which was received or is receivable.

The circumstances of the debts arising are of great importance today. It should be divided into monetary and commodity, which will force to intensify the work on debt analysis and increase control over the observance of settlement discipline. Receivables are divided into: monetary-and-debtor, which arose as a result of payment; commodity-and-debtor, which arose as a result of the supply of tangible assets. There is no need to allocate separately barter-and-debtor receivables, because the reflection of these operations in the accounting does not differ from the usual delivery that is write-off of such receivables occurs according to the commodity-and-debtor scheme.

The state of settlements is closely related to the results of production activity - the state of cash security, their effective use, the circulation of settlement discipline, which is the main element in the chain of improving the process of economic mechanism, that is marketing activity today acquires a new relevance. This is the organization and implementation of all processes and areas of work related to the flow of goods and services from the moment of primary agricultural production to the moment of sale and receiving by specific consumers.

Most attention is paid to the issues of accounting of receivables for products, goods, works and services. The balance sheet reflects the initial and net realizable value of receivables for products, goods, works and services, which is defined as the difference between the original value of receivables and reserve of doubtful debts. Herewith, the value of reserve of doubtful debts is determined based on the solvency of individual debtors or on the basis of the classification of receivables. If the amount of bad debts for products, goods, works and services exceeds the amount of the reserve of doubtful debts, the difference is written off directly to the expenses of the period.

The occurrence of receivables is an objective process caused by the existence of risks when conducting settlement payments between counterparties based on the results of a business transaction. However, its size and structure are influenced by a number of factors, which can be divided into two main groups: external and internal. External factors do not depend on the activities of the enterprise and it is difficult to limit their impact. Internal - depend on how organized the management of receivables within the enterprise activity. Mentioned factors affect the occurrence and amount of receivables. It will help to avoid the risks of lack of settlements taking them into account when dealing with counterparties.

The consequences of risks when conducting mutual settlements with counterparties to repay receivables can be: non-repayment of funds on time and in full; refund in full, but violating the term specified in the contract; non-refund after the expiration of the period of limitation, etc. In order to avoid the negative consequences of settlement operations, it is necessary to ensure an appropriate system

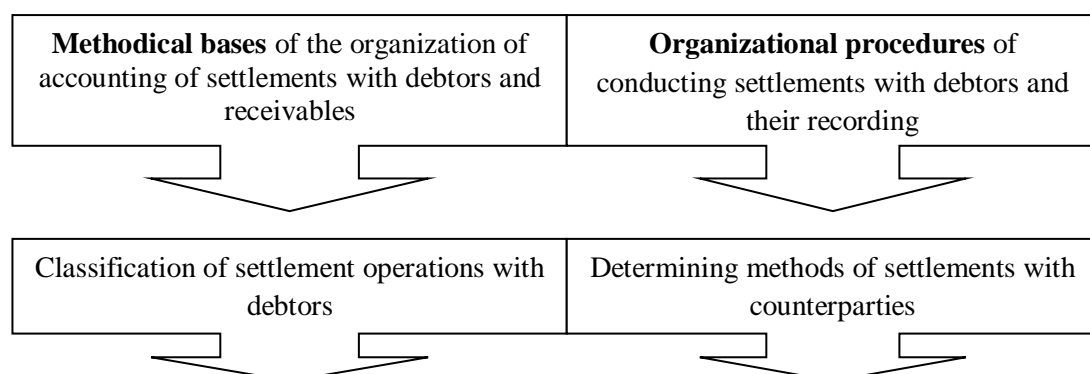
of receivables management, the purpose of which is to minimize the negative manifestations of receivables, receive the maximum benefit from it and prevent occurrence of doubtful and bad debts. A clearly defined purpose makes it possible to identify the main elements of the management system of receivables of the business entity:

- preliminary estimation of counterparties;
- economic-and-information support of receivables accounting;
- analysis of receivables;
- rating of debtors;
- application of a discount when making a prepayment;
- creation of a reserve of doubtful debts.

After analyzing the classification features of receivables, we can conclude that the classification of the debt types in national standards is reduced to a simple list, but this is not enough. Thus, it is necessary to systematize conceptual approaches to the implementation of the division of receivables depending on the following classification features: term, fact of repayment, sources of financing, sources of repayment, possibility to estimate, repayment procedures, subjects and objects of liabilities.

The peculiarity of the organization of accounting of settlement operations with debtors is the implementation of organizational procedures in combination and simultaneous application of methodical techniques for accounting of receivables.

It is advisable to apply a system of a complex combination of organizational procedures and methods of accounting of receivables to ensure the proper organization of accounting of settlements with debtors and receivables (Fig. 1).



<ul style="list-style-type: none"> - recognition of the counterparty as a debtor; - the procedure for recognizing receivables, their classification and reflection in accounting; - estimation of receivables at the recognition date and balance sheet date; - use of financial instruments in settlements with debtors; - estimation of losses from the liquidation of receivables 	<p>organizing of:</p> <ul style="list-style-type: none"> - contractual relations; - documentation of settlements with debtors; - tax payments; - inventory of settlement status; - repayment of receivables and conducting a claim case; - liquidation of receivables
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Fig. 1. Complex organization of settlements with debtors

Source: made by the authors

Organization of settlements accounting with debtors requires a comprehensive approach of management staff of the enterprise to solve the problems of ensuring the stability of financial flows, primarily due to the main activity and sales of products, goods, works and services. Proposed measures to some extent relate to organization of settlements with buyers and customers, whose debt is a significant share in the structure of current assets of the enterprise. A comprehensive system of organization of accounting of payments with debtors in the unity of methodical and organizational aspects will also give the possibility to ensure the timeliness and completeness of repayment of other receivables.

Mutual reconciliation of settlements is an extremely important stage in accounting of receivables of any business entity. References of any form are used to check the balances of receivables. We propose to use the Statement of reconciliation of mutual settlements (table 1), which will allow checking the correctness of the debt reflection and payment for it in the context of individual documents.

Table 1. Statement of reconciliation of mutual settlements between counterparties, UAH

Counterparty (buyer)	Opening balance	Increase in counterpa rty debt	Reduction of counterpar ty debt	Counterpa rty debt

«Ukravtoservis» LLC	36000,00			36000,00
Delivery note No.Б021017/02 of 02.01.2021		57902,00		
Delivery note No.Б021017/02 of 03.01.2021		69588,00		
Bank statement No.Б0000001 of 03.01.2021			69588,00	
Bank statement No.Б0000003 of 04.01.2021			57902,00	
Delivery note No.Б041017/07 of 12.01.2021		22704,00		
Delivery note No.Б041017/09 of 14.01.2021		4800,00		
Bank statement No.Б0000006 of 26.01.2021			4500,00	300,00
Bank statement No.Б0000008 of 29.01.2021			22400,00	304,00
Delivery note No.Б091017/07 of 30.01.2021		23 400,00		23400,00

Total for January 2021		178 394,00	154 390,00	60004,00
<i>Chief accountant</i>	√ <i>signature</i>	<i>31.01.2021</i>	<i>Debit</i>	<i>3611</i>
<i>Accountant on accounting of settlement operations</i>	√ <i>signature</i>	<i>31.01.2021</i>	<i>Credit</i>	<i>701</i>

The Statement of reconciliation of mutual settlements between counterparties is formed on the basis of data of bank statements, which ensures the reliability of accounting-and-economic information. The Statement is passed to the counterparty for acquaintance and acceptance of administrative decisions concerning fulfillment of contractual obligations. Formation and use of such Statement will improve the settlement discipline and ensure timely fulfillment of contractual terms by counterparties.

Modern economic environment encourages business entities to create effective systems for managing receivables. One of which is the rating of debtors, which can be carried out only in the conditions of properly established accounting-and-information support at the enterprise, and which aims to facilitate the process of making managerial decisions to determine the terms of commodity credit granting and its repayment or refinancing of receivables by determining the level of debtors reliability.

Rating of debtors shows the reliability of counterparties who owed the enterprise certain amounts of money and its equivalents as a result of the enterprise's operations for the sale of products, goods, works performed or services rendered, according to the developed set of parameters of reliability estimation with the aim to belong them to some group:

- duration of cooperation with debtors;
- intensity of cooperation with debtors;
- term of withdrawal of current capital (type of receivables);

- frequency of cases of late repayment of receivables.

A systematic approach to the rating of debtors will facilitate the proper estimation of the counterparties' solvency which will ensure regular cash flow and uninterrupted production of outputs (goods, works and services).

Conclusions. It is investigated that the legislative and normative-and-legal bases, which regulate the methodology of accounting of receivables, need constant revision and specification in terms of adaptation to modern business requirements. Observance of all norms of the current legislation on the account of settlements with debtors will promote achievement of successful results in production-and-financial activity and will allow reducing the term of debt on settlements with debtors and to direct costs of such debt to production process of the enterprise.

The topical problematic issues of receivables at the stage of their formation, reflection in accounting and repayment of debts are analyzed. It is proved that receivables by their economic nature arise during the normal production cycle and must be repaid within the time specified in the contractual terms of the counterparties. Taking into account the classification characteristics concerning the term of receivables repayment allows you to clearly determine the date (dates) of repayment, penal sanctions in case of non-compliance with the terms of the contract and so on.

It is proposed to optimize the primary accounting-and-economic information and eliminate its unjustified duplication in the registers of analytical and synthetic accounting, which will significantly reduce the expenses of labour of accounting machine, lessen the number of accounting documents, improve the quality of economic-and-accounting information and provide favourable conditions for production-and-financial activities of the enterprise in general. Regular reconciliation of settlements with counterparties will increase the level of settlement discipline and ensure the timeliness and completeness of debt repayment, which will positively affect the stability of the production-and-economic process.

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