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TRADE CREDIT: SOME ISSUES OF ACCOUNTING AND ANALYSIS OF ACCOUNTS RECEIVABLE

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Abstract. This article studies the accounting and analysis of accounts receivable, particularly trade credit, as a key financial management tool within the global competitive environment. The authors explore theoretical and practical aspects of managing accounts receivable and methods to assess its impact on financial stability. Emphasis is placed on the theoretical justification for non-standard practices in accounting and analyzing trade credit as a separate asset, aiding in better risk identification of bad debts that affect enterprise viability.

The study highlights that accounting entries for income registration result in constant receivables within assets, necessitating proper management strategies. Customer receivables, often from trade credit, require a dedicated debt management and collection policy to minimize operational risks. The authors point out that national and international accounting standards do not classify trade credit as a separate asset, complicating financial risk management and analysis.

Effective management methods, including data collection on customer creditworthiness, are critical for financial stability. The article underscores the importance of systematizing empirical studies to support theoretical development in accounting and analyzing accounts receivable. Effective trade credit management is vital for enterprise competitiveness.

The study employs dialectical and deductive approaches to draw logical conclusions on the relationship between receivable management and financial stability. The authors review Ukrainian and international legislation to identify legal aspects of receivables management. A high proportion of bills of exchange in receivables indicates customer credit risk, necessitating an effective credit policy. Recommendations include analyzing customer creditworthiness and using modern financial risk assessment methods.

This article proposes approaches to accounting and analyzing accounts receivable, enhancing the scientific theory of financial management and improving the application of theoretical knowledge in modern economic management.

Keywords*:* Accounting, Principles of financial accounting, accounts receivable management, trade credit, operational ratios.

JEL Classification: M410

1. INTRODUCTION

Globalization and the competitive environment have elevated companies' settlement operations to the level of a key financial management tool. The volume of settlement transactions among sellers of goods (works or services) is determined by the volume of sales revenue. “Every dollar of a company's revenue becomes a receivable that needs to be managed and collected” (Paul & Boden, 2008). The active use of this tool in daily management practice has a significant impact on the functioning of enterprises. Delay in payment can pose a serious threat to the viability of an enterprise, as the risks of losses from bad debts, as shown by research in some European countries (Siekelova et al., 2017), reach critical levels. For many businesses, the failure of customers to fulfill their obligations due to insolvency is a serious obstacle to their own ability to pay their bills on time (Siekelova et al., 2017).

Because income and expenses are recognized in accounting when they are incurred, regardless of the moment of payment of funds, settlement operations are characterized by the constant presence of customer debt and debt to a supplier. This is an integral element of settlement operations and an objective phenomenon (Mayboroda et al., 2018). However, the prerequisites for the emergence of debt are not only in the organizational and accounting plane, but also have an operational and financial component. Customer debts can be a purposeful trade credit and and an element of management of accounts receivable, which involves the development of a separate credit and debt collection policy (Kontuš, 2013). Increasing the terms of trade credit balances between reducing the risk of non-payment and attracting new customers, affecting the level and quality of receivables (Michalski, 2008). Understanding the role of trade credit in settlement operations remains insufficiently systematized due to the scattering of scientific research (Salima, 2008), which requires the creation of a unified approach to the study of the essence, causes, forms of manifestation and features of accounts receivable and accounts payable management (Mayboroda et al., 2018).

Neither national nor international accounting standards provide the allocation of trade credit as a separate asset with its own recognition conditions in accounts receivable. Empirical and theoretical research confirms the importance of several key factors in the process of accounting for trade credits, including: maintaining standard payment terms, careful assessment of financial risks, cash collections and guarantees, as well as the rejection of trilateral agreements to strengthen bilateral relations (Paul & Boden, 2008; Amanda, 2019).

It is impossible to ensure high efficiency of management of receivables without a steady flow of information, which includes the collection and analysis of data on the creditworthiness of customers. Effective management of these payments is a key to maintaining financial stability and improving the company's cash flow. Most companies in the system of accounts receivable focus on debt collection ignoring the importance of preliminary preparation and continuous monitoring of business relationships with customers (Kubickova & Soucek, 2013). Due to the lack of a deep understanding of legal aspects, effective methods for assessing operational risk (Kubickova & Soucek, 2013) and up-to-date accounting information, accounts receivable turns into a “black hole” that absorbs the company's payment means and reduces its ability to resource provision of operational activities.

These aspects emphasize the importance of systematizing of existing empirical studies to develop approaches to the theoretical substantiation of the development of the system of accounting and analysis of accounts receivable in terms of forming an information flow for trade credit management. Effective management of trade credit and accounts receivable is critical to ensuring the financial stability and competitiveness of enterprises.

2. THEORETICAL BACKGROUND

The issues of an effective system of accounting and analysis of receivables are in the legal plane (Kubickova & Soucek, 2013) and are regulated by national legislation, as well as national or international accounting standards. Some researchers point out the contradictory nature of regulatory documents (Tereshchenko, 2014), and the lack of clear recommendations in accounting and financial reporting standards (Feenstra et al., 2017), regarding the distinction between trade liabilities in financial statements as receivables for goods and trade credit.

In Ukrainian national legislation, the concept of “liability” and the concept of “debt” do not have clearly defined boundaries for accounting purposes. Moreover, within the same definition, the term “debt” is used to explain the essence of the term “liability”. For example, the latest version of the Law of Ukraine “On Accounting and Financial Reporting” of July 16, 1999 № 996-XIV states that “liabilities are debts of an enterprise that arose as a result of past events and the repayment of which is expected to lead to a decrease in the resources of an enterprise that embody economic benefits in the future" (Law of Ukraine, 1999). If we simplify the complex and controversial semantic structure of this definition in an applied sense, then a liability is a debt. Indirectly, this is confirmed by the analysis of the text of NRS 10 "Receivables" (Ministry of Finance of Ukraine, 1999). However, the relationship between the concepts under study here is reversed – debt is the result of liabilities. In particular, past events create obligations on the part of debtors to an enterprise. Debtors are legal entities and individuals who have such obligations. Liabilities of debtors may be in the form of cash, cash equivalents or other assets. Accounts receivable are defined as the total amount of liabilities of debtors as of a certain date. Thus, accounts receivable are the result of obligations of debtors arising from past events and reflect the amount owed at a certain point in time.

National standards foresee the existence of trade credit in the practice of settlement transactions, although they do not separate accounts receivable as a separate asset. When payments for products, goods, works or services are deferred, a difference arises between the fair value of the receivable and the nominal amount of cash or cash equivalents to be received. This difference is recognized as a receivable for accrued income (interest) in the period in which it accrues. In other words, if an entity grants a customer a deferred payment and expects to receive the money in the future, it should account for this difference between the actual value of the debt at the time of sale and the amount it will receive later.

Thus, only that part of the trade credit that is generated by the difference in prices for the same goods when selling with trade credit and without trade credit (for example, on a prepayment basis) is recognized as a separate asset. This ensures an accurate reflection of a company's financial position in the financial statements, as it allows to correctly recognize the revenue accrued over the period when the goods or services are actually provided, not just when the money is received. However, it does not allow management staff to identify which part of the revenue is derived from trade credits. If companies separately disclosed trade credit transactions in their financial statements, it would provide investors with a clear picture of a company's economic risk profile (Feenstra et al., 2017).

Trade credit can become an important tool for increasing the competitiveness of companies, but is often used passively, without a proper understanding of its full potential, being perceived as a traditional practice without taking into account efficiency or opportunities for development (Paul & (Boden, 2008). And some companies reduce their accounts receivable management policy to the elementary requirements of overdue payments (Paul & Boden, 2008) and do not take into account the fact that the structure of accounts receivable reflects the quality of revenue management (Salek, 2005).

IFRS 15 provides a more adequate definition of a receivable as an entity's unconditional right to compensation that depends only on the passage of time until the due date (IASB, 2015). It is the "right to compensation" rather than the "expected decrease in resources" that is a key in accounting, since receivables settlement transactions change only the physical composition of company's resources, not their amount. The value of the transferred assets is compensated to the buyers in cash. Therefore, when defining the term "liability", it is inappropriate to use the criterion of "reduction of company's resources", since such an interpretation may be ambiguous among management and does not contribute to maximizing efforts to ensure the conversion of income into cash, which is vital for company's operations (Salek, 2005).

Effective management of accounts receivable, and thus all enterprise revenues (Salek, 2005), depends on the existence of a systematic approach to determining the policy of deferred payment, which should be based on the development of an enterprise credit policy (Tereshchenko, 2014). In the domestic theory of enterprise management, there are three main types of credit policy, where conservative policy requires full advance payment, moderate policy allows payment delays for reliable counterparties and may include discounts, and aggressive policy is aimed at expanding sales markets by providing favorable payment terms to customers (Tereshchenko, 2014). The chosen policy should provide five key functions: credit risk assessment, granting of a credit, accounts receivable financing, credit collection, and credit risk assumption (Mian & Smith, 1992). It is also believed that the effectiveness of enterprise debt management is aimed at their prompt repayment and reduction of receivables (Ilyash & Dmytrenko, 2018). Taking into account target functions of credit policy, identifying sources of financing receivables is a critical aspect. Thus, reducing the amount of receivables leads to a reduction in the need to finance current operations and frees management from the need to constantly search for additional sources of financing.

There are two other aspects that indicate the need for a theoretical study of the role of accounting and analysis of accounts receivable in ensuring the effectiveness of financial management of an enterprise. Thus, in different years and in different countries (Paul & Boden, 2008; Gorondutse et al., 2016; Amanda, 2019; Purwanti, 2019; Štangová & Víghová, 2021; Eryatna et al., 2021; Wajo, 2021 and others) based on empirical research prove that trade credit management is an important strategic opportunity for enterprises to improve efficiency, liquidity and profitability. In turn, (Petersen & Rajan, 997; Paul & Boden, 2008; Giannetti et al., 2006, and others) justify trade credit as a practice where buyers receive goods before paying for them, which is the result of restrictions on buyers' access to credit from financial institutions or an underdeveloped capital market.

3. RESEARCH OBJECTIVE, METHODOLOGY AND DATA

The purpose of the study is to systematize modern approaches to accounting and analysis of accounts receivable, as well as to identify key factors that affect these processes. In particular, the study is aimed at studying modern approaches to improving the mechanisms for managing the resource support of an enterprise, assessing the effectiveness of the accounts receivable accounting system and its impact on the management of the financial and operational capacity of an enterprise, forming a deep understanding of the theoretical and practical aspects of accounts receivable accounting, identifying opportunities and limitations of introducing new accounting practices that will improve management of accounts receivable and increase the efficiency of an enterprise.

To determine the optimal ways of achieving the outlined research trajectory and solve the tasks within the framework of modern aspects of accounting and analysis of accounts receivable, in the context of dynamic changes in the field of accounting and analysis, a set of procedures for theoretical comprehension of reality was applied. The use of dialectical and deductive methodological approaches contributed to the formation of logical conclusions based on the axioms of economic knowledge and principles of accounts receivable accounting. This also made it possible to implement logical reasoning in the context of the existing discourse and empirical research on the impact of accounting and analysis of receivables on the effectiveness of management decisions.

Resolving internal contradictions and achieving a synthesis of diverse judgments allowed us to develop systematic logical conclusions, identify general patterns and common aspects, and establish relationships between the basic principles and patterns of a specific subject area of accounts receivable accounting in the general system of economic knowledge. This emphasizes the importance of integrating modern empirical and theoretical scientific results into accounting practice, which will contribute to more efficient management of financial resources and strengthen the analytical assessment of accounts receivable and trade credit as a determining element of the commercial efficiency of an enterprise.

The methodological basis for the formation of theoretical concepts, principles and methods for managing the process of accounting and analysis of accounts receivable at an enterprise were the works of domestic and foreign researchers. A critical analysis of scientific studies focused on various aspects of accounting and analysis of accounts receivable was carried out, which made it possible to determine their impact on the development of organizational forms of accounting and methods of accounting registration of the facts of using trade credits in the context of enterprise management efficiency.

4. RESULTS AND DISCUSSION

The problematics of accounting and analysis of receivables raised in this study relate exclusively to current receivables for products, goods, works, services and that part of it that arises as a result of the purposeful provision of trade credit. An analysis of the content of regulatory regulations on accounting methodology and some empirical studies on accounts receivable management shows that the practice of forming and using information on the operating financing of an enterprise does not foresee issuing of trade credit as a separate asset (Feenstra et al., 2017).

International Financial Reporting Standards IFRS 9 "Financial Instruments"(IASB, 2014), IFRS 15 "Revenue from Contracts with Customers" (IASB, 2015), IAS 1 "Presentation of Financial Statements" (IASB, 2001) and National Accounting Regulations (Standards) NRS 1 "General Requirements for Financial Reporting" (Ministry of Finance of Ukraine, 2013), NRS 10 "Receivables"(Ministry of Finance of Ukraine, 1999), NRS 15 "Revenues" (Ministry of Finance of Ukraine, 1999) do not provide for the separation of trade credit as a separate asset within accounts receivable from settlements with buyers and customers. Since accounts receivable arise in the course of the economic process related to the sale of goods, works or services, the object of accounting is settlement transactions with customers and buyers, and the value of such settlements is a separate asset from which the company receives economic benefits.

Literally, paragraphs 61-63 of IFRS 15 "Revenue from Contracts with Customers" require that the time value of money be taken into account when the period between delivery of goods or services and payment for them is significant (IASB, 2015). This means that the price of non-current liabilities should be adjusted to reflect the real value at the time of receipt of funds. However, such an adjustment is not required if the customer is expected to collect payment within one year of delivery. The standard is quite liberal with respect to current receivables and does not specify the circumstances in which they arise. That is, the valuation of accounts receivable for goods sold depends entirely on a company's operational resource management strategy (Paul & Boden, 2008). A company can implement an effective policy of managing settlement operations by actively managing credits to prevent late payments (Salek, 2005; Paul & Boden, 2008; Siekelova, 2017), or by passively recording receivables in accordance with accounting rules, reacting to payment problems when customers do not pay on time, instead of preventing such situations (Mian & Smith, 1992; Paul & Boden, 2008).

Since NRS 10 "Accounts Receivable" is based on international accounting standards, similar initial recognition and measurement conditions should be used for the accounting registration of current receivables arising from settlement transactions with customers for Ukrainian companies that apply national accounting standards. As a result, all current receivables measured at historical cost based on contractual arrangements are recognized in the financial statements as a single amount, regardless of the circumstances that led to their origination. Companies do not distinguish between receivables granted as trade credit and receivables arising in accordance with the rules for accounting registration of settlement transactions on the accounts on an accrual basis. Only the difference between the fair value of the receivable and the nominal amount of cash that the company receives from the customer as compensation for the goods transferred (work performed or services rendered) and, if provided for in the agreement, compensation for deferred payment is a separate asset. Such difference is a receivable for accrued income and is recognized as a separate asset in the period of its accrual.

Of course, one might assume that if there is no such debt in the balance sheet, then no trade credits were granted and all current trade receivables are only the result of specifics of accounting treatment. However, such an assumption can be a cause of error when analyzing the efficiency of using operating resources, liquidity, and financial stability of an enterprise (Amanda 2019; Štangová & Víghová, 2021). Thus, according to the results of empirical data (Giannetti et al., 2006), it was found that most of the studied firms received trade credit for free. This means that it is impossible to determine with certainty what part of current accounts receivable from settlements with buyers and customers is trade credit with information about the interest rate and the absolute amount of the balance of accounts receivable for accrued income. After all, companies may extend trade credit without requiring compensation for deferred payments from customers. This may be because in most companies the processing and fulfillment of orders is not directly controlled by credit managers (Salek, 2005). Or, it may be a reckless marketing policy or, on the contrary, a well-thought-out strategy of financial intermediation by the supplier for customers who have limited access to the banking market (Petersen & Rajan, 1997).

We can state the fact that the issue of analyzing the qualitative structure of accounts receivable for settlements with buyers and customers in the context of determining the proportion of trade credit is complicated by the lack of operational information about the “body” of trade credit as a separate object of accounting and financial reporting. And the need for such analysis for effective management is undeniable, given that a company must finance trade credit at the expense of working capital or through credit lines from banking institutions, which creates an additional financial burden on the operating financial result.

Despite the fact that trade credit is accompanied by an increase in the level of operational risk, some empirical and theoretical studies (Petersen & Rajan, 1997; Salek, 2005; Paul & Boden, 2008) prove the existence of a stable popularity for this form of operational financing. Among the main reasons cited by various researchers, the overarching idea is that for many customers trade credit is a form of financing of last resort (Petersen & Rajan, 1997). And enterprises that have access to credit from financial institutions with better terms are more likely to offer more trade credit. It is assumed that through this mechanism, firms that need trade credit can set higher prices and gain the opportunity to potentially capture prospective business if a customer fails to meet payment deadlines (Petersen & Rajan, 1997). In an attempt to theoretically summarize the existing evidence (Paul & Boden, 2008), it is concluded that it is theoretically possible to show the impact of trade credit on price discrimination and transaction cost reduction. It is also noted that some companies may use their high creditworthiness for financial intermediation, providing their customers with deferred payment terms to stimulate their own sales. However, there is little empirical evidence to support these phenomena in practice, and there is a lack of conceptual justification for the processes of formulating and applying specific credit policies (Paul & Boden, 2008).

There are other approaches to the organization of trade credit accounting, where the focus is on the structuring of receivables and recommendations for building a phased algorithm for managing income monetization (Salek, 2005). And the reasons for the emergence and the need to administer trade credit at an enterprise are presented as conflicting goals (sales growth, profitability, cash generation, market share and risk tolerance), the solution of which ensures the quality of management of accounts receivable. At the same time, the author also insists on the need to divide the asset into separate structural components, but according to slightly different criteria – size, structure and complexity. Each such asset requires a different management strategy (Salek, 2005).

Thus, trade credit in the structure of accounts receivable remains a popular form of financing due to limited access to other sources of credit and the possibility of differentiating pricing policies for companies that need it. Theoretical research confirms the possible impact on price discrimination and cost reduction, and improving approaches to accounting for trade credit requires the development of management strategies that take into account various asset criteria. The current practice of implementing financial intermediation technology (Feenstra et al., 2017) requires that trade credit to customers be allocated as a separate asset in the structure of current accounts receivable. In particular, the reverse factoring mechanism described in detail (Feenstra et al., 2017) foresees participation in settlement operations of a financial institution that acts as a guarantor and minimizes financial risks. This mechanism is similar to a short-term avalized bill of exchange, where the bank also acts as a guarantor of minimizing financial risks. However, there are some differences. The main difference is that the supplier cannot appeal to the bank that provided the bill of exchange advance before the bill matures. Instead, under the terms of a tripartite reverse factoring agreement, the supplier can request early repayment of the trade credit and receive the amount owed at a discount (Feenstra et al., 2017). For the client of an enterprise, nothing fundamentally changes either in reverse factoring or in avalized bill of exchange: the buyer must pay the full value of the debt. However, the supplier gains time, which affects the duration of the receivables turnover and, as a result, the indicators of efficiency, liquidity and profitability.

If we speak about the impact of the volume of commodity credits on the efficiency of economic activity of enterprises, the results of empirical observations should be divided by the scale of the objects of study. In particular, (Petersen & Rajan, 1997, Kubickova & Souce, 2013; Gorondutse et al., 2016) at different times and in different countries conducted observations of the activities of small and medium-sized enterprises.

The study (Petersen & Rajan, 1997) can be considered fundamental, as the evidence provided by the results of a comprehensive study was used in many works on this issue. Among other things, the authors found that trade credit is more expensive than institutional financing, especially for medium-term periods, due to the fact that suppliers take into account risks and costs in their prices, while financial institutions offer more favorable conditions due to effective risk management. The evidence (Petersen & Rajan, 1997) that trade credit is more cost-effective for buyers than institutional financing has long been well established. Until (Giannetti et al., 2006) did not find that most of the sample firms in their study received trade credit at low cost or even for free. Such discrepancy in empirical results is due to different methodological approaches to the evaluation of the results. In particular, researchers (Giannetti et al., 2006) linked the size of an enterprise to the cost of the received trade credit and determined the existence of a certain dependence. The assumption was made that the size of the buyer applying for trade credit should indicate a lower risk for the lender, and therefore such companies are given larger discounts. Also, it is agreed that large companies with many suppliers have better bargaining power when determining the order of payments (Giannetti et al., 2006). Therefore, for suppliers, the issue of accounting for certain components of receivables, including accrued compensation for operational risk, is quite important and requires additional methodological justification.

The fact that operational risks are taken into account in the price of goods sold through the provision of trade credit is important for accounting practice. After all, this is a significant component of financing regulated by IFRS 9 Financial Instruments. In such circumstances, the seller should recognize the amount of the receivable simultaneously with the revenue from the sale of goods for the amount that would have been paid by the customer without the provision of trade credit. And the difference in the price of the goods should be amortized on a monthly basis by increasing the amount of receivables with a simultaneous increase in the amount of interest income.

The same practice is provided for in NRS 10 “Accounts Receivable”, with the only difference being that interest income is recognized separately from the principal amount of the trade credit as a receivable for accrued income in the period of its occurrence.

Another important point which was established (Petersen & Rajan, 1997) is that companies with a good credit rating choose institutional financing more readily than trade credit. On the contrary, firms with low credit ratings and thus high operational risk are more likely to choose trade credit as a source of financing for operating expenses and inventories. Thus, companies with a high level of trade credits in the structure of current accounts receivable have a high operational risk. However, it is difficult for stakeholders to estimate the amount of trade credits in the structure of receivables, since such receivables are not separated into a separate accounting item and are not recognized as a separate asset in the financial statements. Later on (Kubickova & Soucek, 2013) noted this as a major obstacle to fully covering all aspects of effective trade credit management. They noted two critical circumstances – a lack of attention to the preparation of business relationships and insufficient monitoring of requirements at all stages of the trade credit life cycle (Kubickova & Soucek, 2013).

With regard to the analysis of the impact of accounts receivable on the profitability of an enterprise, an applied study of small and medium-sized enterprises in the manufacturing sector was conducted (Gorondutse et al., 2016). The results of this study showed a stable relationship between the operating ratios of receivables duration and inventory turnover duration on the amount of working capital, as well as the impact on return on assets, return on sales, and net profit from operations.

A study of large non-financial companies (Baños-Caballero et al., 2013) shows that accounts receivable plays a key role in the ability to easily and quickly change current balance sheet items in the short term. Moreover, suppliers that offer settlement terms with stronger positions and greater access to the capital market have a greater impact on the ability to adjust working capital through the amount of trade credit extended and the length of time receivables are deferred. Such results are indirectly consistent with the evidence provided by (Petersen & Rajan, 1997; Salek, 2005; Paul & Boden, 2008). On the contrary, the cost of borrowed capital, sales growth, capital investments, probability of financial difficulties and profitability have a negative impact on working capital (Paul & Boden, 2008). With higher economic growth, companies usually have more working capital and a higher ability to settle payments by extending trade credit to their customers. In the works by (Eryatna et al., 2021) it was established that the impact of operating ratios on the profitability of enterprises is low. Cash turnover does not have a significant impact on profitability, but bill turnover and inventory turnover have a significant impact (Eryatna et al., 2021). It should be noted here that the separate analysis of bill turnover and accounts receivable turnover has its own economic meaning.

In general, bills of exchange are also receivables, but with different legal consequences. You should always pay special attention to the dynamics of the receivables line versus the line of promissory notes received as collateral for customer payments. There is a significant difference between these types of liabilities and their legal consequences. A bill of exchange, as an instrument that has significant legal consequences in case of default by a customer, is a means of disciplining the debtor. This means that a company that has received a commodity loan must strictly comply with the terms and conditions set out in the bill of exchange, as failure to do so may result in legal action and serious financial consequences, including the possibility of liquidation. Such an approach is important to ensure the financial stability of the supplier and the fulfillment of financial obligations by the client in accordance with the established terms and conditions. Typically, bill of exchanges are intended to minimize operational risks on trade credits granted by customers with lower creditworthiness of suppliers.

The availability of high proportion of bill of exchanges received to total trade accounts receivable may indicate that the supplier tends to work with customers with lower credit ratings. Alternatively, the supplier manages receivables under the influence of an "economic shock" (Petersen & Rajan, 1997), when a company suffers losses in the reporting period due to a decline in sales. In such circumstances, many customers take advantage of the moment to arbitrarily extend the terms of receivables repayment (Petersen & Rajan, 1997). The supplier has no choice but to convert trade credits into another legal form by demanding a bill of exchange from customers for the next batch of goods delivered. Such a structure of receivables in the balance sheet may signal an increased risk of non-payment with a normal indicator of quick liquidity (Štangová & Víghová, 2021) for institutional creditors, potential investors, auditors, and other individuals or legal entities with a legitimate interest in company's activities.

But there is another aspect that can be a theoretical justification for the empirical results (Amanda, 2019; Eryatna et al., 2021,) that prove the existence of a relationship between the duration of trade credit turnover and return on assets. Companies that extend more trade credit to customers with lower creditworthiness convert such receivables into promissory notes, affecting both the numerator and denominator of the ROA. Higher interest rates, as a compensation for risk, increase net profit in the numerator and stricter measures to control the maturity of trade credits reduce the average value of assets in the denominator, as shorter turnover duration reduces the amount of working capital used to finance trade credits (Amanda, 2019).

Thus, the structure of trade accounts receivable should be of constant interest to the company's management and become an integral part of the debt management strategy. To increase the information content of such an analysis, certain organizational measures should be taken in terms of accounting for trade credits and their allocation as a separate asset in the financial statements. Management should clearly differentiate the dynamics of accounts receivable, which arises due to the rules of accounting records and compliance with the accrual principle, from the dynamics of purposeful trade credits. And the use of promissory notes can significantly reduce the operational risks associated with trade credits and ensure timely receipt of payments, which helps maintain the company's financial stability.

5. CONCLUSIONS

The study has raised important issues of accounting and analysis of receivables, focusing on current receivables for products, goods, works and services arising from trade credit. The study critically analyzed existing regulations and empirical evidence from the research of a large number of scholars in different parts of the world and over a long period of time, which led to a number of important conclusions.

First, it has been found that the practice of forming and using information on operating financing of enterprises does not foresee the allocation of trade credit as a separate asset. This is confirmed by International Financial Reporting Sstandards, such as IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers", and others, as well as by National Accounting Standards in Ukraine.

Secondly, a significant number of diverse empirical studies conducted by scientists in different parts of the world show that the volume of granted commodity credits significantly affects the efficiency of economic activity of enterprises. The article establishes the ambiguity of the assumption that trade credit is more expensive than institutional financing, especially for medium-term periods, due to the risks and costs included in the prices by suppliers. Reasonable evidence is found that a significant part of enterprises can obtain trade credit at a fairly low price or even free of charge, which indirectly indicates the possibility of applying different methodological approaches to assessing the results of empirical observation.

Thirdly, the authors substantiate the need to clearly differentiate the dynamics of accounts receivable, which arises due to the rules of accounting records and adherence to the accrual principle, from the dynamics of purposeful trade credits. To increase the information content of the analysis of accounts receivable, it is necessary to take certain organizational measures in terms of accounting for trade credits and their separation into a separate asset in the financial statements.

It should also be noted that the use of promissory notes can significantly reduce operational risks associated with trade credits and ensure timely receipt of payments, which will help maintain the financial stability of the company. It is assumed, which requires further research and empirical confirmation, that companies that extend more trade credits to customers with lower creditworthiness convert such receivables into bill of exchanges. This affects both the numerator and denominator of the return on assets: higher interest rates as compensation for risk increase net income (numerator), while stricter credit maturity controls reduce average assets (denominator). Thus, on the one hand, bill of exchanges can serve as an effective means of disciplining debtors and ensuring that clients fulfill their financial obligations in accordance with the terms and conditions set forth, and on the other hand, they can be a tool for increasing profitability.

In conclusion, the study emphasizes the importance of integrating modern empirical and theoretical scientific results into accounting practice for more efficient management of financial resources and strengthening the analytical assessment of accounts receivable and trade credit. This will contribute to the overall increase in the commercial efficiency of enterprises.

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Гнатюк Тарас, Шкромида Віталій, Шкромида Надія. Торговий кредит: окремі питання обліку та аналізу дебіторської заборгованості. *Журнал Прикарпатського університету імені Василя Стефаника*, **11** (2) (2024), 79-90.

Статтю присвячено дослідженню обліку та аналізу дебіторської заборгованості, зокрема торговельного кредиту, як ключового інструменту фінансового управління в умовах глобального конкурентного середовища. Досліджено теоретичні та практичні аспекти управління дебіторською заборгованістю та методи оцінки її впливу на фінансову стабільність. Наголос зроблено на теоретичному обґрунтуванні нестандартних практик в обліку та аналізі торговельного кредиту як окремого активу, що допомагає краще ідентифікувати ризики втрат від безнадійних боргів, які впливають на життєздатність підприємств.

У дослідженні зазначається, що бухгалтерські записи для реєстрації доходу призводять до постійної наявності дебіторської заборгованості в складі активів, що вимагає відповідних стратегій управління. Дебіторська заборгованість клієнтів, часто пов'язана з торговельним кредитом, потребує окремої політики управління боргами та їх стягнення для мінімізації операційних ризиків. Автори зазначають, що національні та міжнародні бухгалтерські стандарти не класифікують торговельний кредит як окремий актив, що ускладнює управління та аналіз фінансових ризиків.

Ефективні методи управління, включаючи збір даних про кредитоспроможність клієнтів, є критичними для фінансової стабільності. Стаття підкреслює важливість систематизації емпіричних досліджень для підтримки теоретичного розвитку в обліку та аналізі дебіторської заборгованості. Ефективне управління торговельним кредитом є життєво важливим для конкурентоспроможності підприємств.

Дослідження використовує діалектичний та дедуктивний підходи для формування логічних висновків щодо взаємозв'язку між управлінням дебіторською заборгованістю та фінансовою стабільністю. У статті проаналізовано українське та міжнародне законодавство, щоб визначити правові аспекти управління дебіторською заборгованістю. Високий відсоток векселів у загальній сумі дебіторської заборгованості свідчить про кредитний ризик клієнтів, що вимагає ефективної кредитної політики. Рекомендації включають аналіз кредитоспроможності клієнтів та використання сучасних методів оцінки фінансових ризиків.

Ця стаття пропонує підходи до обліку та аналізу дебіторської заборгованості, покращуючи наукову теорію фінансового управління та підвищуючи рівень прикладного використання теоретичних знань у сучасному економічному управлінні.

Ключові слова: бухгалтерський облік, принципи фінансового обліку, управління дебіторською заборгованістю, торговий кредит, операційні коефіцієнти.