

Optimization of Receivables of an Enterprise as a Tool for Strengthening Financial Efficiency

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Abstract. The article examines the significance of accounts receivable in enterprise financial management, focusing on their impact on liquidity, cash flow stability, and economic resilience. As a vital part of working capital, receivables represent anticipated cash inflows from clients and require efficient management to mitigate financial risks. In the Ukrainian context, marked by inflation and limited access to affordable credit, optimizing receivables is essential for maintaining solvency and reducing the financial burden of delayed payments. The study explores regulatory frameworks for receivables management in Ukraine, emphasizing national accounting standards and International Financial Reporting Standards (IFRS). These standards ensure transparency in financial reporting, particularly for enterprises operating in global markets. Legal mechanisms, including provisions within the Civil and Commercial Codes, regulate debt obligations and provide creditors with tools to enforce repayment. Accounts receivable significantly influence financial performance. Excessive receivables limit liquidity and reduce profitability by immobilizing resources. Effective management strategies involve categorizing debts, monitoring overdue accounts, and employing business intelligence tools to predict risks and maintain accurate financial reports. The article proposes measures to optimize receivables, including refining credit policies, implementing ERP systems, and encouraging timely payments through discounts or penalties. Adaptation to contemporary challenges, such as those caused by the COVID-19 pandemic and the ongoing war in Ukraine, is vital. Flexible payment terms, debt restructuring, and digital tools like automated invoicing systems are recommended to strengthen financial stability. The article also emphasizes a comprehensive approach that integrates legal, financial, and technological tools to minimize risks and ensure long-term stability. The proposed strategies are especially relevant for Ukrainian enterprises navigating economic volatility while striving for sustainable growth.

Keywords: accounts receivable, financial management, enterprise's liquidity, debt restructuring, financial resilience, receivables optimization.

JEL Classification: M41

1 Introduction

Effective management of receivables is an essential element of financial management. In modern business conditions, the optimization of

receivables contributes not only to improving the solvency of the enterprise, but also to reducing financial risks associated with overdue payments or insolvency of counterparties. This topic becomes

even more relevant in the context of globalization and integration of Ukraine into international markets. Optimization of receivables allows to reduce losses, increase liquidity and ensure the stability of financial indicators, which are key requirements for the successful development of any enterprise.

Accounts receivable play a key role in the financial activities of enterprises, as they are a vital component of working capital. They are formed because of the sale of goods and services with deferred payment, that is, on credit terms. This type of debt is one of the main asset items, which reflects the company's financial expectations for cash receipts from its counterparties. The importance of accounts receivable for an enterprise is difficult to overestimate, because it is it that provides a certain level of liquidity and allows maintaining financial stability, which is especially relevant in Ukrainian realities, where enterprises often face an unstable economic situation, high inflation and uncertainty in relations with counterparties.

Every company strives to maintain a stable cash flow, as it is the basis for timely fulfilment of obligations to suppliers, employees, and creditors. However, in the case of a significant share of receivables, the financial condition of the company may be at risk. An excessive amount of funds "frozen" in the form of receivables reduces capital turnover and leads to a significant reduction in liquidity, which can have an extremely negative impact on the company's solvency. In Ukraine, where access to credit resources is often limited by high interest rates, companies are particularly interested in effective management of receivables, as alternative sources of financing become too costly. Thus, the main purpose of this article is to study of the role of managing and optimizing the company's receivables as one of the tools for strengthening the economic stability and efficiency of the company's activities.

2 Theoretical and regulatory principles of accounting for receivables at Ukrainian enterprises

The regulation of accounting and classification of receivables in Ukraine is based on national legislation and international accounting standards, which ensure transparency and unity of accounting information. This is extremely important, since receivables are a significant element of assets, and the financial condition and reliability of financial statements of companies depend on the accuracy of their accounting. In Ukraine, accounting for receivables is regulated by a set of laws and regulations, national accounting regulations

(standards), as well as tax legislation (The Law of Ukraine "On Accounting and Financial Reporting in Ukraine", 1999). Ukrainian enterprises that conduct business with foreign partners or report to international investors are also guided by International Financial Reporting Standards (IFRS), which regulate the accounting for receivables to ensure transparency of financial reporting and compliance with international standards.

Today, Ukrainian enterprises are actively implementing the principles of international reporting, adapting national standards to the requirements of IFRS. As part of the process of European integration and improving the investment climate in Ukraine, national standards are gradually approaching international ones. Large companies, as well as state-owned enterprises, are required to submit financial statements in accordance with IFRS, which contributes to the transparency of reporting and raises accounting standards in general (The Order of the Ministry of Finance of Ukraine "On Approval of the Procedure for Using Receivables and/or Property of a Legal Entity as Sources of Repayment of Tax Debt of a Taxpayer and/or a Separate Subdivision of a Legal Entity", 1999).

In the legal field of Ukraine, as stated in the Question-Answer Document "How is current accounts receivable reflected, and which accounting entries are used to record recognition and repayment of accounts receivable for goods?" (2003), accounting and regulation of debt repayment terms are regulated by a set of legislative and regulatory documents, among which the Civil Code of Ukraine and the Commercial Code of Ukraine occupy a key place. They provide for the basic principles of contractual relations and contain general rules for establishing deadlines for the fulfilment of obligations. Thus, commercial law enshrines the right of the creditor to apply penalties in the event of a delay in the fulfilment of debt obligations, as well as the ability to apply to court for forced debt collection. These regulatory provisions contribute to the formation of a clear system of responsibility that motivates counterparties to fulfil their obligations on time.

For effective debt management, Ukrainian enterprises develop and implement an internal lending policy that provides for the determination of optimal repayment terms depending on the financial condition of the counterparty, the type of goods or services and the general financial needs of the enterprise. Such approaches are based on the analysis of the solvency of clients, the assessment of their credit risk and the forecasting of possible payment delays. For this purpose, methods of

analysis of financial indicators of counterparties are used, including liquidity, asset turnover and profitability ratios, which allow the enterprise to assess the reliability of the debtor and make a decision on the duration of the credit period (The Order of the Ministry of Finance of Ukraine "On Approval of the Procedure for Using Receivables and/or Property of a Legal Entity as Sources of Repayment of Tax Debt of a Taxpayer and/or a Separate Subdivision of a Legal Entity", 2017).

In the conditions of the Ukrainian market, where many enterprises operate in unstable economic conditions, credit policy often provides for the provision of short-term loans with a condition of a gradual increase in the term subject to timely payment. This makes it possible to reduce the risks of non-return and ensure operational cash flow. At the same time, enterprises can apply a differentiated term policy depending on the volume of cooperation: more loyal conditions and longer debt repayment terms can be established for strategic customers. In Ukrainian realities, special attention is also paid to the legal aspects of debt collection since the imperfection of the legislation can create additional difficulties for creditors. To ensure timely repayment of debt, enterprises often include in contracts clear provisions on sanctions for overdue payment, as well as reservations regarding the creditor's right to go to court or to arbitration (Derhaliuk, 2015). At the same time, enterprises sometimes resort to alternative methods of dispute resolution, such as negotiations, debt restructuring or factoring, which allows to reduce operating costs for litigation and avoid unnecessary burden on financial reporting.

3 The impact of accounts receivable on the economic condition of the enterprise

Accounts receivable affect key aspects of a company's operations, including liquidity, solvency, and profitability. Its analysis requires a comprehensive approach due to the complexity of the relationships between financial indicators. Accounts receivable directly affect the financial structure of the company. Its excessive size limits access to cash that could be used to cover operating expenses, investments, or business expansion. Accounts receivable can be a source of liquidity, but at the same time reduce profitability by withdrawing resources from economic turnover. Optimizing its level involves a balance between the speed of collection and maintaining stable sales. External factors, such as tax policy and the state of the financial market, form the conditions for lending to customers. Internal factors, such as the credit policy of the enterprise, production volume

and product life cycle, determine the structure of debt and its optimal level (Fedorenko, Kolotusha, 2023). For financial reporting, receivables are classified into long-term and current, depending on their maturity. Long-term is estimated at discounted value, while current is reflected at original cost. Bad debts are excluded from assets to avoid distortion of financial reporting. Modern BI tools allow to automate the analysis of receivables, risk monitoring and forecasting. This reduces the likelihood of cash gaps and improves the management of the company's financial flows.

Developing an accounts receivable management strategy is a key element of effective financial management of an enterprise. Accounts receivable arise as a result of the sale of goods or services on credit and reflect a part of the company's working capital that is temporarily not profitable. Ineffective management of accounts receivable can lead to liquidity problems, increased credit risks and a decrease in the financial stability of the organization. Therefore, developing an accounts receivable management strategy is a vital component of the enterprise's financial policy. The main objectives of accounts receivable management are to ensure timely repayment of funds, minimize the risks of non-payment, optimize the costs of managing debtors, and maintain an appropriate level of liquidity and asset turnover (Zymovets, 2019). To achieve these goals, it is necessary to develop a comprehensive strategy that considers the specifics of the enterprise's activities, industry features, macroeconomic conditions, and characteristics of counterparties.

The implementation of receivables monitoring tools is a major step in ensuring the financial stability of the enterprise. An effective monitoring system allows to timely identify problems in settlements with counterparties, reduce the risks of overdue payments and maintain an appropriate level of liquidity. This task is especially relevant in a dynamic business environment, where the speed of making management decisions becomes a key factor in competitiveness. The receivables monitoring system should include a set of measures and tools aimed at constantly tracking the status of settlements. The main elements of such a system are automated accounting technologies, regular analysis of debt indicators and a clear mechanism for communicating with customers.

4 Proposals for optimizing accounts receivable at the enterprise

Optimization of receivables is one of the key elements of effective financial management of an enterprise, as it allows to increase its liquidity,

ensure the stability of cash flows and reduce the risks of non-payment. In modern conditions, Ukrainian enterprises face significant challenges in the field of receivables management, which requires the implementation of an integrated approach to solving this problem.

One of the most critical areas of optimization is the improvement of customer lending policy. The enterprise needs to develop a clear credit policy that will determine the conditions for providing a commodity loan, payment deadlines, as well as criteria for assessing the solvency of counterparties. To do this, it is advisable to implement a scoring system that will be based on the analysis of financial indicators of clients, their credit history, as well as market risks associated with a specific industry. This approach will reduce the likelihood of cooperation with unreliable partners (Vasechko, 2021). Another valuable tool is the use of a system for monitoring and controlling receivables. Modern information technologies allow users to automate the process of accounting for debts, track their repayment terms and warn about the onset of critical dates. For example, the implementation of ERP systems (enterprise resource management systems) enables to integrate receivables management with other business processes, such as accounting, financial planning, and risk management.

It is also advisable to use mechanisms to encourage timely payments from counterparties. These can be, on the one hand, loyalty programs for customers who fulfil their obligations on time, for example, discounts for prompt payment or flexible terms of future contracts. On the other hand, penalties for overdue payments can be provided, which should be clearly spelled out in the contract. This approach motivates counterparties to adhere to the established deadlines and at the same time protects the interests of the enterprise.

In the context of post-COVID recovery and full-scale war in Ukraine, receivables management is becoming critical to ensuring the financial sustainability of enterprises. These challenges require adapting traditional approaches to new realities, as well as developing innovative solutions that consider the impact of economic instability, logistical obstacles, and reduced customer solvency. First, it is necessary to improve the system of analysing customer solvency, considering the changes that have occurred because of the pandemic and military operations. The use of modern digital platforms for monitoring economic activity, analysing credit history, and forecasting financial risks should become a priority for Ukrainian enterprises (Popova, Kuz, 2020). For example, in conditions

of reduction or disruption of work of many enterprises, it is important to monitor changes in the business activity of counterparties in a timely manner. This will give an opportunity to avoid cooperation with customers who may not fulfil their obligations. In the post-COVID period, the use of flexible payment terms has become relevant. Enterprises should review their credit policies, considering the specifics of the markets in which they operate. For clients who are in a war zone or have been significantly affected by the pandemic, it is advisable to implement individual credit conditions, such as deferred payments or payment in instalments. This will help preserve partnerships and avoid losing the client base.

The war has significantly complicated traditional channels of communication and interaction with clients. Therefore, enterprises need to actively use remote tools to collaborate with debtors. Online platforms for invoicing, reminders of payment deadlines and negotiations have become an indispensable tool in conditions where physical access to clients is often impossible (Shurpenkova, Lutsenko, 2022). In addition, the implementation of automated solutions, such as chatbots or emails with reminders of debt repayment deadlines, can significantly reduce the cost of servicing receivables.

An essential element of optimization is the implementation of receivables insurance mechanisms that provide protection against non-payment risks. In today's conditions, it is especially important to expand cooperation with Ukrainian and international insurance companies that offer commercial risk insurance policies. This approach allows enterprises to reduce financial losses in the event of bankruptcy or insolvency of counterparties. Restructuring of existing receivables is of particular importance. For many debtor enterprises, the war and its consequences have caused temporary insolvency, so it is important not only to demand repayment of debts, but also to offer realistic restructuring schedules (Rudyka, Chemchykalenko, Krupko, 2018). This may include extending payment terms, writing off part of the debt, or changing the currency of settlements.

Thus, the optimization of receivables in modern conditions should be based on adaptation to external challenges and the use of innovative management tools. Flexibility, transparency, effective interaction with clients and attracting support from the state and international organizations will become key factors in successfully overcoming difficulties and maintaining the financial stability of enterprises in Ukraine.

5 Conclusions

Accounts receivable is one of the key components of the current assets of an enterprise, which significantly affects its economic condition. It determines the level of liquidity, stability of cash flows and the ability of the enterprise to fulfil its obligations. Improper management of accounts receivable can lead to financial difficulties, in particular, cash gaps, increased debt to creditors and loss of financial stability. Analysis of the legal aspects of accounts receivable management showed that the current legislation of Ukraine provides a sufficient regulatory framework for regulating this issue. In particular, domestic law offers various mechanisms for forced debt collection through courts, alternative dispute resolution methods, such as mediation and arbitration, as well as tools for writing off bad debts. However, the study revealed the need for further improvement of legal mechanisms, simplification of judicial settlement procedures and harmonization of accounting and tax approaches to accounting for debts.

The measures proposed in the work to optimize receivables are aimed at reducing the risks of non-payment, increasing the efficiency of economic management and ensuring the stability of

enterprises in conditions of economic instability. The key areas of such measures are improving credit policy, implementing modern information technologies for monitoring and accounting of debt, using factoring and commercial risk insurance, as well as introducing mechanisms to stimulate timely payments.

Particular attention was paid to the specific conditions of the post-COVID period and wartime, which create additional challenges for enterprises. In this context, effective tools have become flexible debt restructuring conditions, the use of remote solutions for collaborating with debtors, as well as attracting international support and government business assistance programs. In general, optimizing the composition and structure of receivables involves a comprehensive approach that combines legal, financial, and organizational tools. This allows enterprises to reduce financial risks, ensure transparency of business operations and increase the level of financial stability even in tough economic conditions. The recommendations proposed in the work may be useful for Ukrainian enterprises seeking to increase the efficiency of their asset management and adapt to modern challenges.

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