

REVIEW OF RECEIVABLES AND PAYABLES WITH BOOKKEEPING FOR THE PURPOSE OF ACCOUNTING REPORTING

Tatjana Horvat, Associate Professor
University of Primorska, Faculty of Management, Koper, Slovenia
tatjana.horvat@fm-kp.si

Abstract. In this paper, we will present the basic characteristics of the accounting category of trade receivables and payables and their way of recording in double-entry accounting, the characteristics of which we will present in the paper. We will also present examples of posting on the topics covered. The purpose of this paper is to present the characteristics of the categories of trade receivables and trade payables defined in accounting in the simplest possible way and what to look for when posting in accounting companies for the purpose of the accounting reporting.

Key words: trade receivables, trade payables, accounting, accounting services.

ПРОВЕРКА ДЕБИТОРСКОЙ И КРЕДИТОРСКОЙ ЗАДОЛЖЕННОСТИ С ПОМОЩЬЮ БУХГАЛТЕРСКОГО УЧЕТА ДЛЯ ЦЕЛЕЙ БУХГАЛТЕРСКОЙ ОТЧЕТНОСТИ

Татьяна Хорват, доцент,
Приморский университет, Факультет менеджмента, Копер, Словения
tatjana.horvat@fm-kp.si

Аннотация. В этой статье мы представим основные характеристики учетной категории торговой дебиторской и кредиторской задолженности и их способ учета в бухгалтерском учете с двойной записью. Мы также представим примеры публикаций по затронутым темам. Цель данной статьи - как можно проще представить характеристики категорий торговой дебиторской и кредиторской задолженности, определенных в бухгалтерском учете, и на что следует обращать внимание при учете в бухгалтерских компаниях для целей бухгалтерской отчетности.

Ключевые слова: торговая дебиторская задолженность, торговая кредиторская задолженность, бухгалтерский учет, бухгалтерские услуги.

Introduction

We assume that trade receivables and trade payables are categories that are only related and need to be treated as accurately and promptly as possible for the successful operation of the company. Receivables, both short-term and long-term, are dealt with in SAS 5 (Slovenian Accounting Standards Number 5). Receivables arise mostly from customers or other financiers of products sold and services rendered, but also from suppliers of elements of the business process, employees, participants in the distribution of profit or loss, financiers and users of financial investments. Trade receivables are receivables related to products sold, merchandise and services rendered, as well as other assets sold. Receivables are broken down into long-term and short-term according to maturity. Short-term receivables are expected to be settled within one year, while all other receivables are considered long-term. Receivables of all types are initially recognized in the amounts arising from the relevant documents, assuming that they will be paid.

Receivables in the consolidated balance sheet include receivables of the parent company and subsidiaries. The receivables of the group as a whole do not include the receivables of the companies in the group to other companies in the group, as in such a case they are internal accounting relations; only receivables of companies in the group from others that are not members of the group are taken into account (SAS 5, 2016).

On the other side, the characteristics of trade payables are discussed in SAS 11, within the scope of short-term debts. Short-term debts are recognized liabilities related to the financing of own funds, which must be repaid or settled within a year at the latest, especially in cash. Short-term debts are financial and business. Short-term financial debts are short-term loans obtained on the basis of loan agreements and short-term securities issued. Short-term operating debts are short-term supplier loans for purchased goods or purchased services and other short-term liabilities to employees, financiers and the government. Upon initial recognition, short-term debts are valued with the amounts from the relevant documents on their occurrence,

which in the case of short-term financial debts prove the receipt of cash or repayment of a business debt, and in the case of short-term business debts the receipt of a product or service. expense or share in profit or loss (SAS 11, 2016).

Research question and methods of work

We set the following research question:

How should be trade receivables and trade payables posted to the accounts for the purpose of accounting reporting?

With the methods of description, compilation. deduction and bookkeeping we will give the companies advice for accounting reporting of trade receivables and trade payables.

Any business event that affects, among other things, trade receivables and trade payables is called a business arrangement. The following is an example of business events that affect trade receivables and trade payables.

Example: the impact of certain business events of the company "Zaboj" on its economic categories:

1. On 1 July 2008, the company "Zaboj" purchased 10 m³ of boards from the supplier "Hrast" in the total value of 10,500 d.e. + 20% VAT.
2. The business event, the purchase of boards, causes on the one hand an increase in the stock of material by 10,500 d.e. (increase in assets) and increase in receivables from the state by 2,100 d.e. (increase in assets), on the other hand, increase in trade payables by 12,600 d.e. (increase in liabilities) because the bill has not yet been paid.
3. On 14 July 2008, the company "Zaboj" paid the supplier "Hrast" an invoice for the purchased boards. A business event, payment of an invoice by transfer from a transaction account, results in a reduction of money in the transaction account (reduction of assets) and a reduction of liabilities to suppliers (reduction of liabilities to sources of funds), both in the amount of 12,600 d.e. 3.
4. On 17 July 2008, a warehouseman in the company "Zaboj" leased 9 m² of boards for production in the amount of 9,450 d.e. (calculation: $10,500 / 10 \times 9 = 9,450$ d.e.).
5. A business event, the issuance of material from a warehouse to production, results in a decrease in the stock of materials (decrease in the category of assets) and the occurrence of material costs (increase in costs), both in the amount of 9,450 d.e. (Hočevar et al., 2004, pp. 144-146).

All business events are posted to accounts, with each account belonging to a specific class that has its own number. The chart of accounts for the general ledger is based on the chart of accounts prepared by the Slovenian Institute of Auditors, so that the basic distribution of accounts is uniform for all companies. However, the company can break it down for its own needs (SAS 22, 2016, p. 122).

Example: What does account number 120015 mean?

The first number (1) indicates that this account belongs to the class of current assets and accrued costs and deferred revenue, the two-digit number (12) indicates that this account belongs to the group of short-term trade receivables, the three-digit number (120) indicates that it is a synthetic short-term receivables account. to customers in the country and six-digit (120015) indicates a specific customer.

In Slovenia we have these Account classes with specific numbers:

CLASS 0: Long-term assets

CLASS 1: Current assets, excluding inventories, and accrued costs and deferred revenue

CLASS 2: Short-term liabilities (accruals) and accrued costs and deferred revenue

CLASS 3: Inventories of raw materials and supplies

CLASS 4: Costs

CLASS 5: Use of this class is free

CLASS 6: Inventories of products and goods

CLASS 7: Expenditure and revenue

CLASS 8: Profit or loss

CLASS 9: Capital, long-term liabilities (debts) and long-term provisions

The presentation of classes shows the content division into individual types of economic categories. In classes 0,1,3 and 6 we monitor assets, in classes 2 and 9 we monitor liabilities, in class 4 costs, in class 7 expenses and revenues and in class 8 we determine the profit or loss.

Posting to Accounts

Example: At company "A", trade payables at the beginning of the period amounted to EUR 1,000, followed by business events during the period, which increased trade payables (business events 1,2,4 and 6) or decreased (business events 3 and 5). As these are liabilities to liabilities (passive account), we will post the opening balance and the increase on the credit side, and the decrease on the debit side of the account.

The posting of the listed business events is as follows:

D 2xx Trade payables K			D 1xx Bank account K		
3) 500	1.000	Z.st.)	1) Z.st. 5.000	1.500	2)
5) 1.500	1.000	1)	3) 5.000	1.000	7)
	2.000	2)	14) 1.000	2.500	9)
	1.000	4)		4.780	15)
	1.200	6)		5	16)

When posting to accounts, we use double-entry posting rules. We show below the posting to accounts of trade receivables and trade payables.

Example: Trade receivables

We issue an invoice to customers for products sold in the amount of EUR 2,500 + 20% VAT (EUR 2,500 x 1.20 = EUR 3,000).

Step 1: The business event affects the change in trade receivables and causes the generation of sales revenues and liabilities to the state for the payment of VAT.

Step 2: Receivables from customers increase, as do revenues and liabilities to the state.

Step 3: We post sales receivables and liabilities to the government on the debit side of the accounts receivable account and on the credit side of the accounts.

1xx Trade receivables		7xx Sales		2xx The liabilities to the State	
5a) 3.000		2.500	5a)	500	5a)

Example: trade payables

The company purchases material worth EUR 1,000 + 20% VAT (purchase price with VAT = 1,000 + 200 = EUR 1,200).

Step 1: The business event affects the change in inventories of materials, receivables from the state and liabilities to the supplier.

Step 2: The stock of materials increases, as do receivables from the state and liabilities to suppliers.

Step 3: We post on the debit side of the accounts receivable from the state and the stock of materials and on the credit side of the account of liabilities to suppliers (Hočvar et al., 2004, pp. 164-183).

3xx Stock of material		2xx Liabilities to suppliers		1xx Trade receivables from the state	
9) 1.000		1.200	9)	200	

Accounting Services

Posting is the work of accountants employed by companies or accounting services that perform this work as external accounting service providers. Mandatory accounting services ensure that entrepreneurs comply with tax, labor and other laws, standards and regulations. They are implemented in the context of financial accounting; namely as a function of bookkeeping and financial reporting. These services are intended primarily for external users of accounting information, ie the tax administration, statistical records collected in the form of statistical annual reports by the Agency of the Republic of Slovenia for Public Legal

Records and Related Services (AJPES), or reports for the Bank of Slovenia or the Employment Service. similar institutions (Glažar 2010, 4).

These are the services of obligatory keeping of basic and auxiliary books, compilation of the annual report, tax returns, personnel records, statistical reports and the preparation of other reports prescribed by laws, standards and regulations.

Optional accounting services are provided at the request of the client and are intended primarily for internal information. Optional services are divided into simple and professionally demanding. They are simple, for example, the preparation of various extracts from accounting records, such as an extract of open items, an extract from the register of fixed assets and the like (Glažar 2010, 4). It is appropriate that accounting services also include certain non-accounting services in their services. Namely, some entrepreneurs also expect services from accounting services, such as the transfer of documents, mail, money, copying and editing documents, compiling travel orders, cash management and other administrative work (Glažar 2010, 6).

Professionally demanding are those services that are related to monitoring, reporting, planning and data analysis, as well as professional consulting and education (Glažar 2010, 4). Client education is an area that some accounting services deliberately neglect because they fear they may lose business with more qualified clients. But this is an unfounded fear. Client education is an important activity in the quality of accounting services. The transfer of certain knowledge to an entrepreneur can have a double benefit. A suitably educated entrepreneur manages and arranges the documentation correctly, so that in accounting they have no problems with clearing and editing documents (Macarol 2001, 144; summarized after Glažar 2010, 6).

On the other hand, an entrepreneur who understands the function of accounting will be able to appreciate the work done by an accountant (Glažar 2010, 6). Accounting services that teach their clients to read balance sheets and financial books can thus effectively indirectly contribute to the successful operation of companies. Since entrepreneurs in most cases need tax and other business advice, it is good to offer accounting services, if possible, these services as well. Since most accountants need to know tax legislation, it would also be pointless for accounting services not to offer tax advice (Glažar 2010, 6).

More and more accounting services also include the preparation of business, investment and financial plans among their services. Entrepreneurs agree that a good business plan helps an entrepreneur to get an overview of the market, find himself in the market better, prevent business losses and increase his chances (<http://www.finance.si/270046/Dober-ra%E8unovodja-is-important-%E8len-in-company>).

Accounting service is an intermediate link between business entities and the state. The activity of the accounting service is also preventive in the spirit of preventing tax evasion on the one hand and paying higher tax liabilities than those stipulated by law on the other. Both the state and taxpayers should be aware that it is in the interests of both (<http://www.finance.si/51521/Ra%E8unovodski-servisi-Izbrati-je-treba-pravega-naro%E8nika-storitev>).

Accounting services should pay more attention to client education and consulting services, especially in the tax area, where there is a lot of ambiguity, which causes a lot of headaches for entrepreneurs. Contract for the provision of accounting services The types of services that an accounting service provides for a particular client depend on their agreement. The accounting service can provide all or only some of the services for the client.

Depending on the individual needs of the clients, they determine the types of services in the mutual contract on accounting services. In June 2010, the Chamber of Accounting Services adopted and published on the Internet a standard contract for the provision of accounting services, which serves as an aid to the members of the Chamber for the formation of contracts between providers and clients of accounting services. It is also used by other accounting services to help draw up contracts.

The contract is non-binding and allows changes in individual provisions regarding mutual obligations. The contract also defines the tasks and responsibilities of both contractors and clients, as well as the price and other provisions.

Types of accounting

Each legal entity can decide for itself whether to have its own accounting or to outsource it for the purpose of accounting reporting, which is professionally qualified either a legal entity or a natural person. The possibility of choice is defined in SAS 22 - Business Books, which in Chapter B. Standard in point c stipulates: "Keeping business books can be entrusted to another professionally qualified legal or natural person" (Koželj 2009, 37-38). Few small entrepreneurs are individuals who dare to run their own accounts,

and few companies, especially micro-enterprises, can afford their own accounting. There are several reasons for this.

It is difficult to expect that these entrepreneurs, in addition to all the obligations they have with their activity, will also take care of accounting, unless, of course, this is not their core business. Both knowledge and time are limited and the simplest and most reliable way to entrust everything is to an expert who has accounting at his fingertips (<http://www.e-racunovodstvo.info/lastno-racunovodstvo-ali-zunanji-racunovodski-servis/>).

Conclusion

Receivables and liabilities for the purpose of accounting reporting are areas to which we must pay a lot of attention in our operations and constantly monitor them. At a time of global economic crisis, when more and more companies are dealing with liquidity problems, the "chain connection" between trade receivables and trade payables is particularly important. The facts show that more and more companies are among the defaulters simply because they themselves do not receive payments for their receivables. This is a kind of vicious circle, which can also lead to the bankruptcy of many companies. Today, a company practically does not benefit if it has orders, fulfills them and does its job in full, but if it does not receive payment for them. Accounting must therefore monitor business as a whole, as all categories influence each other and the right balance must be constantly maintained. It is therefore important that the balance of trade receivables and payables for the purpose of accounting reporting is constantly monitored and thus react in a timely manner to potential situations that may jeopardize the existence of the company and take the necessary measures to resolve the situation in a timely manner.

References

1. Fajmot Katja. 2011. Storitve računovodskih servisov iz vidika izvajalcev in naročnikov. Celje: FKPV.
2. Hočevar, M., Igličar, S., Zaman, M.: Osnove računovodstva. Ljubljana: Ekonomska fakulteta v Ljubljani. 2004.
3. Koželj, Stanko. 2009. Vloga zunanjega računovodje kot izvajalca strokovnih storitev. Letna konferenca računovodij. Zbornik referatov. 12. letna konferenca računovodij. Ljubljana: Slovenski inštitut za revizijo. ISBN 978-961-6495-40-0.
4. Macarol, Božena. 2003. Računovodski servisi: Izbrati je treba pravega naročnika storitev. Finance 12/2003. [Online]. [Citirano 15. 2. 2011; 23:10]. Dostopno na spletnem naslovu: <http://www.finance.si/51521/Ra%E8unovodski-servisi-Izbrati-je-treba-pravega-naro%E8nika-storitev>.
5. Macarol, Božena. 2008. Kako izbrati primerno stranko računovodskega servisa. V: Revija za računovodstvo, davke, carine, gospodarsko in delovno pravo ter pravo skupnosti, november, letnik 1, št. 11. Str. 13-16. ISSN 1855-3877.
6. Slovenian Accounting standards. Slovenski računovodski standardi (SRS). Ljubljana: Slovenian Institut of Auditors. 2016.