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ACCOUNTING, ANALYSIS AND AUDITING INTEGRATION AS TOOLS FOR EFFECTIVE COMPANY LIABILITY MANAGEMENT

The article reviews the issues of effective management of the accounts payable, which financial stability and stability of the company depend on the state of the company, which is extremely important for business at the moment. Based on the analysis of scientific works of domestic and foreign scientists-specialists in the field of accounting, auditing and analysis, existing practice of company liability accounting, auditing and analysis organization, recommendations for effective management of accounts payable are developed and summarized. Recommend to make well-known coefficient analysis of the turnover of working capital, including for the management of accounts payable, which allows you to identify the weaker aspects of debt management practices. Foreign practice of company liability accounting, auditing and analysis is introduced. Examples of inefficient liability management in South African companies are given. The procedure for accounting of debts for which limitation period has expired and which has tax consequences, is briefly reviewed. Concluded that the majority of Kazakhstani companies carry out their activities at the expense of borrowed funds, since the share of their own funds in the capital is very low. When dealing with any contractors, it is important to remember that the business should bring benefit to both sides of transaction. The integration of accounting, analysis, and auditing of the company's liabilities contributes to compliance with this simple rule.

Key words: liabilities, payables, accounting, audit and analysis system, accounts payable management, financial stability, solvency, borrowed capital, integration.

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Компаниялардың міндеттемелерін тиімді басқару құралдары ретінде есеп, талдау және аудиттің интеграциясы

Мақалада қазіргі уақытта бизнес үшін өте маңызды болып табылатын компанияның қаржылық тұрақтылығы мен тұрақтылығының көрсеткіштері тәуелді болатын кредиторлық берешекті тиімді басқару мәселелері қарастырылады. Ғылыми еңбектерді және отандық бухгалтерлік есепті, міндеттемелерді талдау мен талдауды талдау негізінде кредиторлық берешекті тиімді басқару бойынша ұсыныстар жинақталған және әзірленген. Айналым капиталының айналымдылығын, оның ішінде кредиторлық берешекті басқару үшін кеңінен танымал коэффициентті талдау ұсынылды, ол берешекті басқару практикасының әлсіз жақтарын анықтауға мүмкіндік береді.

Компанияның міндеттемелерін есепке алу, аудит және талдаудың шетелдік тәжірибесі ұсынылған. Оңтүстік Африка компанияларында жауапкершілікті тиімсіз басқарудың мысалдары келтірілген. Салық салдарлары бар ескіру мерзімі өткен қарыздарды есепке алу процедурасы қысқаша қарастырылған. Қазақстандық компаниялардың көпшілігі өз қызметін қарыз капиталының қаражаты есебінен жүзеге асырады деген қорытынды жасалды, өйткені капиталдағы өз қаражатының үлесі өте төмен. Кез келген контрагенттермен жұмыс істеу кезінде бизнес мәміленің екі тарапына да пайда әкелуі тиіс екенін есте сақтау маңызды. Осы қарапайым ережелерді сақтауға компания міндеттемелерінің есебін, талдауын және аудитін біріктіру барынша ықпал етеді.

Түйін сөздер: міндеттемелер, кредиторлық берешек, есеп, аудит және талдау жүйесі, кредиторлық берешекті басқару, қаржылық тұрақтылық, төлем қабілеттілік, қарыз капиталы, интеграция.

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Интеграция учета, анализа и аудита как инструментов эффективного управления обязательствами компании

В статье исследуются вопросы эффективного управления кредиторской задолженности, от состояния которой зависят показатели финансовой устойчивости и стабильность компании, что на данный момент крайне важно для бизнеса. На основе анализа научных трудов и отечественной практики учета, аудита и анализа обязательств обобщены и разработаны рекомендации по эффективному управлению кредиторской задолженности. Рекомендован широко известный коэффициентный анализ оборачиваемости оборотного капитала, в том числе и для управления кредиторской задолженностью, который позволяет выявить более слабые стороны практики управления задолженностью.

Представлена зарубежная практика учета, аудита и анализа обязательств компаний. Приведены примеры неэффективного управления обязательствами в компаниях ЮАР. Кратко рассмотрена процедура учета долгов, по которым истек срок давности, имеющая налоговые последствия. Сделан вывод, что большинство казахстанских компаний осуществляют свою деятельность за счет средств заемного капитала, так как доля собственных средств в капитале весьма низкая. При работе с любыми контрагентами важно, помнить, что бизнес должен приносить выгоду обоим сторонам сделки. Соблюдению данного простого правила всячески способствует интеграция учета, анализа и аудита обязательств компании.

Ключевые слова: обязательства, кредиторская задолженность, система учета, аудит и анализ, управление кредиторской задолженностью, финансовая устойчивость, платежеспособность, заемный капитал, интеграция.

Introduction

In the modern world of settlements and economic relationships, companies, regardless of their ownership and type of activity, have many liabilities, firstly tax payables, payables to company employees, and payments to suppliers and contractors, the so-called accounts payable.

Accounts payable to legal entities, individuals and individual entrepreneurs are created when this organization purchases goods, products, and services on a deferred-payment basis from another company, individual, or individual entrepreneur. This type of settlements is very popular in the market of Kazakhstan, as it is convenient for both parties.

Accounts payable appear before tax authority and non-budget funds every reporting period and in case of non-payment of taxes and other mandatory payments to the budget.

Also, the organization can raise borrowed funds to satisfy debts or other purposes, this is also a form of accounts payable. Accounts payable to banks and microfinance organizations appear as from receipt of money and upon signing the agreement. Since then, organization is obliged to pay the accounts payable within the terms set by the contract. Borrowed funds may be in monetary form, in commodity form (commercial credit), in the form of fixed assets (financial leasing).

Accounts payable to the employees are also created when the company has not paid the salary to its employees.

Among other things, companies may have accounts payable to accountable persons when the employee purchases goods or services for the company at his own expense.

All these types of accounts payable to suppliers and contractors, tax authorities, not-budget funds, employees and other creditors are paid by transferring funds to their current Bank account or by cash in full.

From day to day, different companies make payments and transfers to the accounts of other organizations. Thus, accounts payable are constantly either paid or appear in the financial market entities. It should be noted that accounts payable is not only a liability in monetary terms, it can act as an advance transferred to the account and here accounts payable are created in the form of provision of goods, works and services.

There are situations when there are valid reasons for creation of accounts payable. This may be a situation when goods or materials have already been paid for, and the difficulty with delivery was created due to bad weather or force majeure, or damage or defect of products.

Any flow of accounts payable reflects in the system of accounting, auditing and analysis.

Literature Review.

Foreign practice of accounting, auditing and analysis of liabilities is similar to Kazakhstan's. Current liabilities refer to liabilities that are expected to liquidate within a year or normal operating cycle, whichever is longer. Whereas working capital, sometimes called net working capital represents the excess of current assets over current liabilities and identifies the relatively liquid portion of total enterprise capital which constitutes a margin or buffers for meeting obligations within the ordinary operating cycle of the business (Lessambo, 2018).

In their research, Tatar T., Dechu S., Mani S., and Maurya C. note the following. Accounts payable is the amount owed to suppliers for goods and services delivered to the company. Suppliers issue invoices that go through several stages of processing before they are paid by the company. Companies have contractual obligations with suppliers to pay bills within a specified period. Invoices that exceed this time will incur a fine and affect the seller's satisfaction with the company. For large firms that deal with thousands of suppliers for their daily operations, it is very important to comply with service level agreements with suppliers to avoid penalties (Tatar et al, 2018).

Theoretical framework for the analysis of accounts payable was previously considered by the authors in various sources but the focus was mainly on assessing the effectiveness of the use of the. There are however few reports on analyzing the relationship between company performance and financial ratios so far although such analysis is the key to select a suitable technique for company performance analysis. Since company performance evaluation is commonly based on financial ratios derived from financial statements in different years, the relative relationship in financial ratios between failed and non-failed companies may change according to economic change in different years. Paper Zhengrong Yang (2000) analyses the relationship between company performance and financial ratios for the purpose of selecting a suitable technique for company performance evaluation.

Study Wüthrich M.V., Merz M. (2013) merge all available financial positions to the full balance sheet approach.

They consider that To avoid inconsistencies it is crucial that the same state price deflator (and valuation method) is applied to all financial positions of the balance sheet. The solvency consideration then adds a dynamic component to the problem, namely, it considers the question whether the values of the liabilities are covered by asset values also in one year's time from today.

Then define the notions of solvency and acceptability which are supplemented by many examples in asset-and-liability management. They discuss the limited liability option of shareholders, provide insight on dividend payment rules. Analyze hedging financial risk with the Margrabe option and discuss portfolio optimization under solvency constraints.

Company performance is commonly evaluated based on financial ratios, whicll are derived frown accounting figures contained in financial statements.

According to Lessambo F.I. (2018) ratio analysis is a diagnostic tool that helps to identify problem areas and opportunities within a company. Financial expert shall use ratios with caution, as there is considerable subjectivity involved, in their computation. More, ratios may not be strictly comparable for different firms due to a variety of factors such as different accounting practices, policies, and the level of risks accepted by the management. Furthermore, if a firm is engaged in diverse product lines, it may be difficult to identify the industry category to which the firm belongs.

Accounts Payable Analytics – Indispensable for Optimizing Cash Flow. Most of the organizations with significant cross-border balance-sheet exposure grapple with the challenges of managing their payables effectively. Paper Bandopadhyay P., Semwal J., Suneet K., Tulika (2012) introduces an analytical framework that can be employed for effective payables management.

The study of the links and interactions between quality management and accounting is still a novel topic in academia and, therefore, the literature addressing this subject is still incipient.

The purpose paper Sedevich-Fons, L is to analyze the relationships between the ISO 9000 model and the accounts payable function, describe the potential benefits of their integration, evaluate their compatibility and propose a method for their amalgamation in practice. the study emphasizes the need for their integration, identifies the links between them and proposes a model for their joint consideration. The analysis highlights the importance of the Accounts Payable function in organizations and discloses its suitability to be included in the ISO 9000 model as any other organizational processes.

Study Abuhommous, A. A. (2017) has managerial implications regarding trade credit policy. There is strong evidence that the trade credit policy is affected by firm's access towards capital market funds. Thus, regulators and policy maker should bear in mind that the banking system should help firms to achieve their target accounts payable ratio. In addition, firm's management should be aware of the importance of trade credit to finance sales growth. All of these results should assist firm managers to find the factors that affect the target accounts payable ratio, which ultimately may affect the firm value and performance.

Scientists Enow, S. T. And Kamala, P. studied the practice of managing the accounts payable of small, medium and micro-enterprises (SMEs) in South Africa. And they came to the following conclusion. SMEs in South Africa tend to buy by cash or pay on time when buying on credit. Out of the total number of SMEs, 22 % buy both by both cash and on credit, while 8 % buy only on a credit basis. Those who buy on credit is 72%, who pay their creditors immediately to take advantage of discounts. Only 43% of accounts payable is paid on the last day when the payment is due. The results of the study also show that lack of staff and time are the main factors that prevent SMEs from managing their accounts payable more effectively. Only 52% of South African SMEs use computers to manage their accounts payable (Enow et al, 2016).

Therefore, it can be concluded that in the South African economy, suppliers act as rainmakers who review SMEs as risky enterprises for which they are reluctant to offer credit.

In this regard, these scientists should create soft lending, develop competitive advantages of suppliers and companies that widely use the sale and purchase on credit in order to revive the economy, to increase cash flows in the country. In addition, the government of South Africa is recommended to develop factors that contribute to the effective management of accounts payable, which include the widespread use of computer programs to pay debts on the company liabilities.

Here I would like to note that Kazakhstan has moved so far forward of South Africa in terms of online payments and bank transactions.

One of the objectives of this article is to study the flow of accounts payable, the state of which determines the indicators of financial stability, and solvency of the company, which is currently extremely important for business.

Material and Methods.

Theoretical and methodological basis of the study was the scientific works of domestic and foreign scientists-specialists in the field of accounting, auditing and analysis, legislative acts, materials published in the press and the Internet. The documents consist of memos from the regulator, notes or magazines owned by the company (issued to the corporate environment), annual reports which are publicly available (company website).

In addition, a systematic analysis of the existing practice of accounting, auditing and analysis organization of the company's liabilities was applied.

Results and Discussion.

It is well known that solvency is the ability of an enterprise to pay its bills on time and in full.

Accounts payable, especially past-due ones, have a direct impact on solvency.

Past-due accounts payable arise if the company, after reviewing and signing the contract, did not make payment after the payment date specified in the contract. Past-due accounts payable have another type of debt. This is doubtful accounts payable that arose in connection with goods received, works performed, services rendered, accrued employee assets, but not paid for within three-year period.

If the company has this type of debt, it is a poor indicator of solvency. There is a high probability that the company will go bankrupt, having such debts and not paying them. Another not very good indicator for both the creditor organization and the debtor organization appears if the company does not pay the bills for a long time, then term of limitation comes and the accounts payable can no longer be paid and in this case is written off.

Amortization of accounts payable is a procedure for debts accounting for which the term of limitations has expired and which has tax consequences. Accounts payable written off by the debtor should be taken into the amount of total annual income, excluding VAT.

The amortization procedure is as follows. Firstly, you must have all source documents on the basis of which this debt was created. If the company decides to write off accounts payable, the authorized employee should execute the following documents:

1. Receivables and payables stock-taking act (f. INV-4);
2. Accounting statement (f. C-1);
3. Creditor debts amortization order.

Then the employee makes debt adjustments and makes changes in the accounting records.

Debt adjustment is made by 1C program employee responsible for this area of work. The employee creates the document "Debt adjustment", selects type of document operation – "debt amortization", selects the creditor organization, fills in the partner contract, amount and currency of accounts payable and enters the document. Thus, accounts payable are written off, and the written-off amount of liabilities is included in the total annual income, excluding VAT.

For the debtor organization, on the one hand, this is good, since this amount will no longer have to be paid, but it does not affect its reputation and in the future, few people will want to deal with such contractors.

But on the part of the creditor organization, this is worse, because the debt cannot be returned and this can create certain difficulties.

In practice, we have not met with doubtful accounts payable and its write-off, but in nature in Kazakhstan and not only in Kazakhstan practice, doubtful accounts payable exists, but is extremely rare.

For example, in the United States of America, the procedure for writing off debts is very common, since debts and loans are the basis of business existence in America (Jonathan, 2019).

Analysis of the movement of accounts payable, the so-called "history" can be tracked in the turnover balance sheet, as well as it can be viewed on the company's balance sheet. This is also common in foreign practice.

For example, in her book on the development of financial accounting, author Sarah Trukko notes that, in the balance sheet, accounts payable show in detail what balance is at the beginning of the period, what turnover was for the period, and the final balance. The balance sheet reflects all the company's financial operations for any given period, i.e., week, month, quarter, half-year, and year.

When preparing financial statements, the turnover balance sheet is an indispensable tool. It can be used to correct errors that were made during the introduction of the company's business activities. On the basis of the current balance sheet, the balance sheet is compiled, where accounts payable occupy two sections: short-term liabilities in the third section and long-term liabilities in the fourth section (Trucco, 2015).

Understanding the importance of accounts payable, as well as to prevent the occurrence of possible errors when monitoring it, it is necessary to conduct audits for reliable accounting, competent management of the company's finances.

Checking the reality of accounts payable is one of the most important tools for managing liabilities, since operations with accounts payable and cash payments create certain conditions and opportunities for fraud, embezzlement and misrepresentation of financial statements. To identify this kind of "unreliable" accounting obligations, the scientist Aliomarova P. (2018), during the audit of payables, recommends the auditor in the process of program execution to find out how much he can rely on the work of internal audit made in this direction, to identify the status of internal control and accounting.

Audit of accounts payable allows you to confirm the accuracy of information about the status of payments and identify "problem" debts. This allows you to improve the financial performance of the company and avoid the risks associated with late payments. This, in turn, contributes to efficient management of working capital (accounts receivable, accounts payable, inventory, and cash).

According to a number of scientists (Aveline et al, 2014), working capital management is a continuous necessary process that ensures the company's activities and, consequently, profits. For this purpose, we recommend to make well-known coefficient analysis of the turnover of working capital, including for the management of accounts payable, which allows you to identify the weaker aspects of debt management practices. The management of accounts payable can be improved through regular negotiations with suppliers to provide discounts for timely payments.

Conclusion.

Thus, analysis of the introduced sources, domestic practice of accounting, auditing and analysis of the company's liabilities, allows us to make the following recommendations for effective management of accounts payable.

1. If the company has past-due unpaid bills, when the company does not meet the payment deadlines, and if the payment to suppliers is not in full and with a long break, which contributes to the deterioration of business reputation with partners, and therefore affects the price increase in the future. To avoid this, we recommend drawing up receivables and payables stock-taking act to increase the turnover of debt obligations.

2. Perform regular debt analysis, identify the rate of accounts receivable and accounts payable, and ensure their optimal ratio, set a critical level, track the dynamics, and take action if rejected.

3. Create a payment schedule for the main suppliers and pay the liabilities that arise in a timely manner. This will allow the company to improve its reputation and become a more reliable partner.

4. Special attention should be paid when selecting potential creditors, as well as to the terms of the concluded contract for the provision of services or receipt of goods, since the company's financing depends on the loyalty of creditors and the terms of the concluded contract.

5. Accounts payable are inextricably linked with accounts receivable. To pay accounts payable, increase the payment of accounts receivable. Competently select debtors who comply with payment discipline, as well as conduct forecast financial and economic opportunities of the companies.

6. For accounts receivable, develop an active flexible system that involves 70% prepayment of the total amount, or full payment, and only then provision of services.

7. Create provision for doubtful accounts receivable, and record unpaid accounts receivable. Thus, accounts payable will be paid in less time.

8. To increase profitability and competitiveness, we recommend to develop and to have a strategic line to use and raise borrowed capital, which will contribute to financial stability as much as possible.

When developing strategic line, the company's management faces the choice of using its own or borrowed funds, as well as the ratio of these resources. There is an opinion that company that uses only its own capital has an advantage and stability in the market, but if you look from a competitive position, it does not matter what means the company operates. Borrowed capital contributes to the company's financing, while equity capital ensures stable development in the financial market, but limits the pace of its development.

Practice shows that the majority of Kazakhstani companies carry out their activities at the expense of borrowed funds, since the share of their own funds in the capital is very low. In such cases, we recommend to develop and to have a clear strategic line, where you will be able to raise borrowed funds correctly and most effectively, as well as use your own capital, forming your own financing policy.

9. Develop settlement strategy with suppliers and contractors and strictly adhere to it. As we have already noted above, the basis of financial relations in the market of Kazakhstan are suppliers and settlements between them. Most of the daily payments are mainly related to suppliers and contractors. As a result, accounts payable between counterparties are created. We agree with the opinion of foreign scientists V. Feller and Wolfgang Buchholz (2011), who argue that the developed strategy with suppliers and contractors will prevent an increase in the level of accounts payable and will improve the company's reputation.

Completing the list of recommendations for effective management of the company's obligations, I would like to note the following.

When dealing with any contractors, it is important to remember that the business should bring benefit to both sides of transaction. Author Bernd W. Wirtz (2011), in his book Managing business models, quoted Damon Miller, managing Director of Trust My Paper: Understanding that another business should make a profit is not just common sense. It's a matter of respect. You must bring this into all negotiations, otherwise your long-term strategy is doomed to failure.

The integration of accounting, analysis, and auditing of the company's liabilities contributes to compliance with this simple rule.

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