



# Improving Accounting and Management of Settlements with Foreign Suppliers in the Context of Global Digitalization on the Example of Agricultural Enterprise

**Natalia Selivanova**

Department of Accounting, Analysis and Audit, Odessa National Polytechnic University, Odessa, Ukraine

**Valentyna Borkovska** (Corresponding Author)

Department of Accounting, Taxation and E-Business Technologies, State Agrarian and Engineering University in Podilia, Kamenets-Podolsky  
Email: [48-48-48@ukr.net](mailto:48-48-48@ukr.net)

**Petro Mykytyuk**

Department of Management, Public Administration and Personnel, West Ukrainian National University, Ternopil, Ukraine

**Nataliia Holiachuk**

Department of Accounting and Auditing, Lutsk National Technical University, Lutsk, Ukraine

**Mykhailo Huz**

Department of Statistics and Economic Analysis, National University of Life and Environmental Sciences of Ukraine, Kyiv, Ukraine

**Oleksandr Zaitsev**

Department of Financial Technologies and Entrepreneurship, Sumy State University, Sumy, Ukraine

## Article History

Received: 27 February, 2022

Revised: 19 April, 2022

Accepted: 22 May, 2022

Published: 31 May, 2022

Copyright © 2022 ARPG & Author

This work is licensed under the Creative Commons

Attribution International

 CC BY: Creative Commons Attribution License 4.0

## Abstract

In the article, the authors developed proposals for improving the accounting and management of settlements with counterparties at importing agricultural enterprises in the context of global digitalization, namely: proposed analytical accounts for accounting settlements with suppliers at importing agricultural enterprises, which will help control accounts payable, the time of its payment and help to plan agreements with suppliers and contractors; considered in detail the accounting of payments to contractors, namely the accounting of discounts from foreign suppliers on agricultural raw materials received by the enterprise, when it is provided after customs clearance of goods; developed methodical bases of management of settlements with contractors at the enterprises-importers in the conditions of global digitalization; developed and visually presented the information base of control of settlements with contractors (suppliers) in the conditions of global digitalization; analyzed the main control functions implemented in the application solutions of various software products presented on the market of Ukraine, presented an analysis of the solution of internal control problems with the help of applied products and proposed the main areas of improvement of control elements. In general, the rational organization of accounting and management of suppliers and the state of settlements with them help to strengthen contractual and settlement discipline, fulfilment of obligations to supply products in a given range and quality, increase responsibility for compliance with payment discipline, reduce receivables and payables, accelerate receivables and, consequently, to improve the financial condition of the enterprise.

**Keywords:** Accounting; Agricultural enterprise; Automated accounting systems; Foreign suppliers; Foreign economic activity (FEA); Global digitalization; Management; Settlements.

## 1. Introduction

The global pandemic COVID-19 has significantly affected the functioning of all economic entities, and especially the agricultural sector. Still, due to the lockdown of many countries, domestic enterprises of foreign economic activity have suffered. If exporters can refocus their actions on the domestic market, it is more difficult for importing companies to do so. First, there are unique resources that are not available in Ukraine (ex. imported seeds); secondly, the quality of domestic resources is significantly lower or entirely unacceptable for the production of competitive agricultural products; third, the price of Ukrainian-made resources may be substantially higher than the price of foreign exporters.

Global digitalization opens up new opportunities, but at the same time, poses particular challenges and conditions for business management. A supplier is a vital link in a long business chain. The company's reputation depends on how competently and honestly the other party conducts its business, so potential suppliers are checked for certain parameters before concluding the contract. The tax inspection often sends counter-requests to all contractors during the on-site inspection.

Scientists are writing more and more about the accounting methodology regarding foreign economic activity:

- Issues of methodology and organization of accounting for foreign economic activity [1, 2]
- Taxation of export-import operations [3-5]

- Internal control and management of foreign economic activity [6, 7];
- Audit of foreign economic activity [8, 9].

Practitioners are increasingly focusing on practical aspects, focusing on the publication of textbooks that contain general information and rarely specific practical recommendations with the implementation of software and information products, so the purpose of the study is to develop recommendations for improving the accounting and management of settlements with foreign suppliers in the context of global digitalization and in particular, taking into account the peculiarities of the agricultural sector.

## 2. Research Methodology

To achieve the goal, the study was divided into specific tasks:

- a) a literature review, namely the study of the essence and characteristics of foreign economic activity of enterprises;
- b) studying the accounting of foreign economic activity of a particular enterprise with an emphasis on aspects that could be improved;
- c) Recommendations for improving the identified aspects with their detailed description.

At the first stage (Section 3), general scientific methods were used, such as *scientific abstraction, systematization, generalization, concretization and comparative analysis* – in the formation of the conceptual and categorical apparatus and generalization of the achievements of Ukrainian and foreign scientists on the issues of scientific research; *scientific abstraction; induction and deduction* – for the analysis of the modern system of foreign economic activity; *comparative law method* – to assess the regulatory framework for accounting and management of settlements with foreign suppliers;

At the second stage (Section 4), empirical methods were used, such as *methodical methods of tabular and graphical presentation of research results, grouping* – to analyze the characteristics of the agricultural enterprise, analysis of its synthetic and analytical accounting of accounts payable and receivable for goods, works, services (accounting for payments to suppliers and contractors).

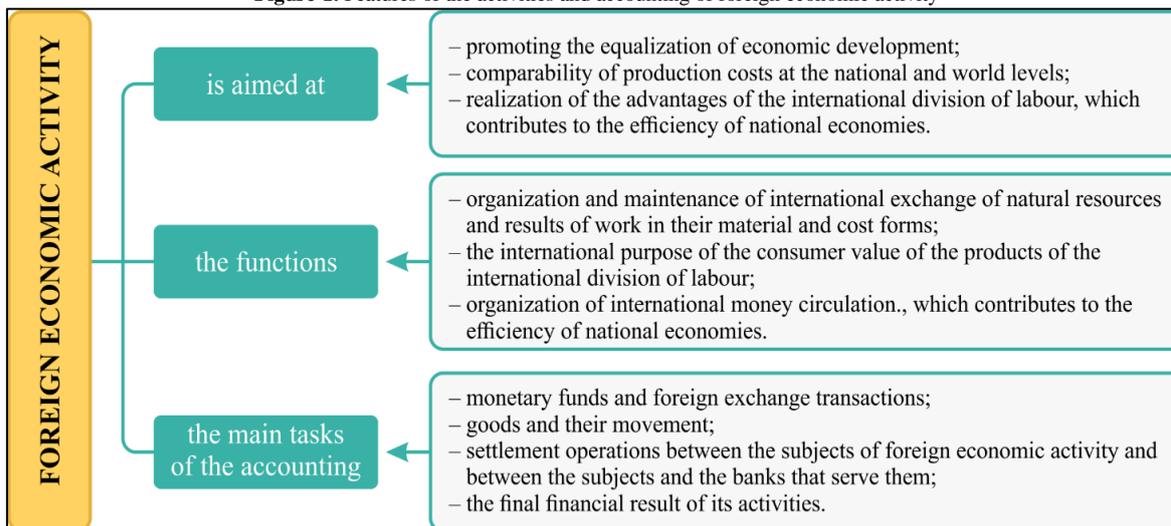
At the third stage (Section 5), both types of methods were used, such as *structural-logical analysis* – to build the structure and generalize the theoretical and practical provisions of the study; *systematization, generalization and comparative analysis* – in the analysis of applied solutions of various software products presented on the market of Ukraine; *economic experiment* – formation of recommendations for the application of accounting and management of settlements with foreign suppliers using digitalization; *theoretical generalization* – to form the conclusions of the study. To assess the control function in the applied solutions of software products presented on the Ukrainian market, the functionality of such software products as "1C: Enterprise", "1C: ERP Enterprise Management", "Debit Plus". <https://debet.com.ua/uk> "Info-enterprise" and program complex "Universal".

## 3. Features of the Foreign Economic Activity of Companies

There is a need to buy goods, agricultural raw materials, and real estate abroad in many domestic enterprises. Buying or purchasing something abroad is not a regular buying and selling process. It includes customs clearance of goods, details of registration of delivery costs and exchange control by the National Bank of Ukraine (NBU). For organizations engaged in foreign trade, the import or export of goods is, of course, a widespread and well-known business [8, 9].

Foreign economic activity (FEA) is an essential component of the economy of any state, without which its functioning and development can be complicated. It is a process of realizing foreign economic relations, including international trade, joint ventures, services and other types of cooperation [10-12].

Article 1 of the Law of Ukraine "On Foreign Economic Activity" of 16.04. 1991 N 959 gives the following definition of this term: "it is the activity of economic entities of Ukraine and foreign economic entities, built on the relationship between them, which takes place on the territory of Ukraine and abroad" [13]. However, Article 4 of the same law describes and presents a list of foreign economic activities, mainly exporting and importing goods, works, and services. Foreign economic activity in all countries aims to solve the relevant problems (Fig. 1).

**Figure-1.** Features of the activities and accounting of foreign economic activity

Source: compiled by the authors according to Efremova [11], Law of Ukraine [13], Megaeva, et al. [14]

The practical significance of foreign economic activity is the ability to obtain foreign exchange earnings from exports, increase the technical level of production (through imports, more efficient equipment and technologies), to produce competitive products.

In current conditions, the foreign economic activity of states is a system of economic relations that are formed in the exchange of resources between countries and their economic entities. Economic relations introduce all aspects of the economic life of the state: production, trade, investment and finance.

Foreign economic activity is a multidimensional integrated management system. It involves two main subsystems:

- Foreign trade activity;
- International production and investment activities.

Foreign economic activity as the exit of trade relations beyond national borders is a conjunctural level. This situation is due primarily to the fact that internationalization covers only the sphere of circulation. Connection to the economic relations system at the commodity movement of capital and its servicing currency and credit relations makes a country utterly dependent on the world market as a system of single markets.

Foreign economic activity is formed here based on internationalization, covering all stages of the reproduction process and information, legal and socio-cultural infrastructure. The country's connection to the system of world economic relations at the level of the technical division of labour in production itself attracts it to a single world economic space, the core of which is production and investment activities. The country has direct access to a holistic global market for goods and capital, new technologies and modern management.

These foreign economic activity levels do not reflect the full range of relations that develop in this system. Each group fixes only a particular aspect of economic life, a specific facet of the relations of its elements. This is expressed in one way or another in two possible models of foreign economic activity: foreign trade and production and investment.

The modern system of foreign economic activity is characterized by the following features [15-18]:

- Strengthening the relationship between the situation on world markets for goods and services and domestic needs of individual countries. Such forms and elements in the system of foreign economic activity as information exchange, communication services, transport services, consulting, franchising, know-how, leasing, insurance, etc., are widely developed.
- The new international division of labour, which has developed in recent years, is characterized by a relative decline in the share of raw materials in world trade. Science-intensive, high-tech industries are growing faster: chemistry, instrument making, electronics, and the aerospace industry. The USA, EU countries and Japan base their export strategies on these areas. The new strategy of TNCs is transportation to newly industrialized countries, where relatively cheap labour and raw materials, production of clothing, footwear, shipbuilding, automotive and more.
- Development of integration processes. The economic borders between the countries are gradually being eliminated, and a single regional economic space is being created, which is subject to general regulation.
- Movement of labour from country to country, which is a consequence of differences in human, raw materials and financial resources. Up to 25 million people move around the world in search of work every year.
- Growth of foreign trade, which helps reduce production costs.
- Active and purposeful role of the state in involving the country in the global world economy. The purpose of state regulation is to create favourable legal, economic and political conditions that provide effective in terms of the interests of the country and the individual entrepreneur foreign economic activity at all levels.

An important aspect is the workflow information for registering the movement of the above areas of accounting.

Import (import of goods) – purchase (including with payment in non-monetary form) by Ukrainian subjects of foreign economic activity from foreign economic entities of goods with or without the import of these goods into the

territory of Ukraine, including the purchase of agricultural goods intended for own consumption institutions and organizations of Ukraine located outside its borders.

When importing agricultural goods, the company's assets increase in stocks. Therefore, the accounting during the receipt of supplies must be guided by NAR(S) "Inventories" [19]. Therefore, following this provision, purchased (received) inventories are kept on the company's balance sheet at the acquisition cost, which consists of the following actual costs:

- amounts paid to the supplier (seller) under the contract;
- amounts paid for information, mediation and similar services in connection with the search and purchase of shares;
- import duty;
- the amount of indirect taxes in connection with the acquisition of inventories, which are not reimbursed to the company;
- costs of purchase, loading and unloading, including insurance costs for the risks of transportation of supplies and movement of inventory to where they will be used;
- Other costs directly related to acquiring inventories and bringing them to a condition suitable for their intended purpose.

The unit of inventory accounting is their name or homogeneous group (type).

Imported works (services) cannot be recorded in the enterprise's inventory, so costs are reflected in accounting. If the import of works (services) is directly related to the main activity of the enterprise, these services are reflected in account 23 "Production". If works (services) are imported for sale, they have reflected in account 93 "Sales costs".

In any case, the number of imported works and services should be reflected in the cost statements for the activities they perform.

#### **4. Prerequisites for Improving Accounting and Management of Settlements with Foreign Suppliers in the Context of Global Digitalization on the Example of an Agricultural Enterprise**

The basis for the recommendation development is MacCoop LLC, which conducts activities in the agricultural sector and is actively engaged in foreign economic activity. Accounting at MacCoop LLC is fully automated; it has several advantages:

- Prompt receipt of the information on the range of sales in terms of each product. The outlet owner has access to report on the profitability of all items, which allows him not to increase the volume of dependent products.
- Control over the quantitative availability reduces the level of theft.
- The ability to quickly conduct an inventory.
- Improving the quality of customer service by providing prompt assistance to customers.

The company independently forms an accounting policy that affects trading operations. Violation of accounting principles for agricultural goods can lead to a decrease in profits and the formation of shortages.

The analysis of the peculiarities of the enterprise and the specifics of management showed that the main contractors are imported suppliers of agricultural raw materials and buyers of finished products.

According to UAS 9 "Inventories", for accounting purposes, inventories include raw materials, primary and auxiliary materials, components and other tangible assets intended for the production of products..." [20].

At MacCoop LLC, purchased (received) imported stocks (agricultural raw materials, fertilizers, seeds, etc.), following Article 8 of NAR(S) 9, are credited to the balance sheet of the enterprise at their original cost. The initial cost of inventories purchased for a fee is the value of inventories, including the following actual costs:

- Supplier (seller) by the contract, except for indirect taxes;
- Import duties;
- Indirect taxes related to the acquisition of inventory, which is not refundable to the company;
- Delivery and purchase costs;
- Other costs are directly related to acquiring inventories and bringing them to a state in which they are suitable for their intended purpose [20, 21].

Since the value of purchased goods or fixed assets is set in foreign currency, for the correct determination of the initial value at the same time with the above rules should also apply the rules of NAR(S) 21 "The impact of changes in exchange rates" [22].

Thus, when calculating the initial cost of imported goods in UAH, the company's accountant determines which event occurred earlier: posting the goods or paying their value.

If the first event transfers an advance on goods, their initial value is determined by the first paragraph of paragraph 6 NAR(S) 21. According to this rule, the amount of advance (prepayment) in the foreign currency provided to others for payments for non-monetary assets (inventories, fixed assets, intangible assets, etc.), when included in the value of these assets, is converted into the reporting currency at the exchange rate at the beginning of the day of payment of the advance. Simply put, if the goods are paid for 100%, then when posting, its value should be converted into hryvnia at the rate of the NBU on the date of prepayment. It should be noted that the term "beginning of the day" used in UAS 21 should be understood as the NBU rate set on a certain date [22].

If the first event is the receipt (posting) of imported goods, its initial value is determined by paragraph 5 NAR(S) 21. Under this rule, foreign exchange transactions during initial recognition are reflected in the reporting

currency by converting the amount in foreign currency by the currency exchange rate at the beginning of the day of the transaction (date of recognition of assets, liabilities, equity, income and expenses).

Synthetic and analytical accounting of accounts payable for goods, works, services (accounting of settlements with suppliers and contractors). Account 63 "Settlements with suppliers and contractors" is used to account for payments to suppliers and contractors for the received inventory, work performed and services provided at MacCoop LLC, which has three sub-accounts, but the company uses two:

631 "Settlements with domestic suppliers";

Sub-account 631 records settlements for received inventory, work performed, services provided with domestic suppliers and contractors.

632 "Settlements with foreign suppliers".

Sub-account 632 "Settlements with foreign suppliers" records settlements with foreign suppliers and contractors for the received goods and materials, work performed, services provided.

Analytical accounting is conducted separately for each supplier and contractor in terms of each document (invoice) for payment.

We believe that such accounting is insufficiently detailed and does not consider the terms of debt repayment and compliance with the terms of debt repayment.

Sub-accounts 363 and 364 are not used by the surveyed enterprise in its economic activity.

Synthetic and analytical accounting of receivables for goods, works, services (accounting of settlements with buyers and customers). As noted above, trade receivables arise from an enterprise's ordinary course of business, which may involve the sale of goods, the performance of works, or the provision of services.

Accounts receivable for goods works and services arise when the company sells goods on credit with deferred payment. The company uses account 36 "Settlements with buyers and customers" to account for trade receivables. This invoice reflects the generalization of information on settlements with buyers and customers for shipped products, goods, work performed, and services rendered, except for debt, which is secured by a promissory note.

The debit of account 36 "Settlements with buyers and customers", reflects the selling price of sold products, goods, work performed, services rendered (including the performance of barter contracts), which includes value-added tax, excise duties and other taxes, fees (required), language payments), which are subject to transfer to budgets and extra-budgetary funds and are included in the cost of implementation.

On loan – the number of payments received on the enterprise's accounts in banking institutions, cash and other types of payments.

The account balance is debit and reflects the debt of buyers and customers for the received products (works, services).

Analytical accounting of settlements with buyers and customers should ensure the receipt of data on arrears for which payment is not yet due, as well as arrears not paid on time. In the accounting methodology, the moment of recognition of income (revenue) from the sale of products (goods, other assets) is important, which is determined by UAS 15 "Income".

## 5. Results

### 5.1. Improving the Accounting of Settlements with Foreign Suppliers

As the analysis of MacCoop LLC activity showed, the improvement of accounting of settlements with foreign suppliers can be made in two aspects:

1) *Improvement of the analytics of account 63 "Settlements with suppliers and contractors".*

MacCoop LLC uses two sub-accounts of Account 63.

We believe that such a detail is insufficient for MacCoop LLC, as it does not clearly reflect the terms of debt repayment and the fulfilment of the terms of its compensation.

Therefore, for MacCoop LLC, we offer the following details of account 63 "Settlements with suppliers and contractors" (Fig. 2).

**Figure-2.** Proposed analytical accounts for accounting settlements by contractors (suppliers) at importing enterprises (for example, MacCoop LLC)

Accounting	First order sub-account	Second order sub-account
63 "Settlements with suppliers and contractors"	631 "Settlements with domestic suppliers"	631.1 "Debts to domestic suppliers, the term of payment of which has not yet come"
		631.2 "Deferred indebtedness to domestic suppliers due to quarantine measures"
		631.3 "Overdue debts to domestic suppliers"
	632 "Settlements with foreign suppliers"	632.1 "Debts to foreign suppliers, the term of payment of which has not yet come"
		632.2 "Deferred indebtedness to foreign suppliers due to quarantine measures"
		632.3 "Overdue debts to foreign suppliers"
	633 "Settlements with members of industrial and financial groups"	633.1 "Debts to members of industrial and financial groups, the term of payment of which has not yet come"
		633.2 "Deferred debt to members of industrial and financial groups in connection with quarantine measures"
		633.3 "Overdue debts to members of industrial and financial groups"

Source: compiled by the authors

MacCoop LLC does not yet have members of industrial and financial groups among its counterparties, but the situation may change in the future; as the consolidation and unification of organizations are currently underway, the development will consider these possible contractors.

The use of such account details in accounting helps to control accounts payable at the time of its payment and helps to plan agreements with suppliers and contractors. Accounts payable for services rendered should be accumulated on 685 sub-account "Settlements with other creditors".

2) *accounting for a discount from a foreign supplier on raw materials received by the enterprise.*

As mentioned above, due to the coronavirus pandemic, the company's production and sales volumes fell. It did not fully pay for the last batch of raw materials with its leading Chinese supplier of raw materials – Jiangsu Jiahua Metal Wire Co., Ltd. The amount of debt was \$ 2,500. (US dollars). The company has been working with this supplier for a long time, and there has never been such a situation, so the supplier, to maintain its counterparty, made a discount on the amount of debt (2500 USD). The company needs to properly account for the discount it received for the first time, so the accountant has no experience.

On a real example, we will show how correctly to account for a discount on raw materials. First, let's look at the main points: in practice, there are two options for providing such a discount:

Option 1. The discount is granted and issued before the customs clearance of goods.

Option 2. The discount is provided after customs clearance of the goods (situation MacCoop LLC).

In this situation, it is appropriate that the registration of imported goods be accurately reproduced. The initial cost of stocks consists, in particular, of the amounts payable to the supplier, the amounts of import duties, etc.

As a result, the importer calculates the initial cost of inventories at the time of their posting, based on the specified price of the supplier, which is fixed by the contract (agreement), invoice, etc., taking into account additional arrangements that reduce this price.

Inventories acquired for consideration are expressed as the sum of the costs incurred by the entity in connection with the acquisition of stocks and are carried at cost. In particular, the purchase price excludes deductions and indirect taxes under the contract with the supplier, except when taxes are not reimbursed according to applicable law. In addition, paragraph 15 NAR(S) 9 (and other accounting requirements) does not allow a decrease in the initial cost of goods due to changes in the supplier's price. Thus, if the discount is documented before posting this product, the initial value of the imported product is determined, taking into account the discount (provided that the discount is set with a specific product) [18].

Suppose the discount is received after the actual registration of the goods. In that case, the importer will have no reason to correct the original value of the goods received, regardless of the date of registration of such a discount (in the period when the goods were shipped or in subsequent periods). In this case, the discount received should be considered only as other operating income and taken into account on the day when it is documented (Dt 632 Kt 719). In this case, on the date of recognition of income, it is necessary to transfer the debt in foreign currency and reflect the exchange rate differences (paragraph 5 P NAR(S) 21) [21].

Income tax: The Tax Code of Ukraine does not make a difference concerning the discount granted by a non-resident importer in the tax accounting of the latter. Therefore, as this transaction is reflected in the accounting, it will affect the object of income tax.

At the same time, it is worth noting that if the company bought goods from a non-resident from a country included in the list approved by the Cabinet of Ministers of Ukraine [22] (in our case no: the supplier is not a resident of Hong Kong or Macao) or from a non-resident organization legal form, which does not pay corporate tax (in our case, no) and the company uses the differences, i.e. the pre-tax financial result increases by 30%. In such a situation, it is crucial to provide a discount or not because such a difference from the contract value is calculated. Undoubtedly, if the posting and discounting are carried out in the same year, and 30% of the difference is used for the year, then, calculating the difference, you should start with a reduced price.

The amount of VAT paid during customs clearance of goods is subject to full inclusion in the tax credit [23]. That is, the tax liability on VAT paid at customs remains unchanged, and the tax credit specified in the customs declaration is not adjusted.

Consider how the situation will be reflected in the accounting: MacCoop LLC ordered and received from the supplier Jiangsu Jiahua Metal Wire Co., Ltd. copper scrap of 12250 USD (USD) on a postpaid basis. The customs value of the goods is equal to the contract value, and goods are subject to import duty at a rate of 10% and VAT at 20%. When the company posted the goods, it informed the supplier that it did not have enough funds to repay the debt entirely, so the supplier provided a discount of 2250 USD for full debt repayment. The discount was documented by amending the previous agreement between the parties. Exchange rate:

- On the date of customs clearance – UAH 28.08 / \$ 1;
- On the date of receipt of the goods in the warehouse – UAH 28.15 / \$ 1;
- On the date of the discount – UAH 28.15 / \$ 1;
- On the date of payment for the goods – UAH 28.27 / \$ 1.

Let's display accounting in [Table 2](#).

It should be noted that according to the Civil Code of Ukraine, the buyer must pay the seller the total price for the goods. The parties' agreement determines the contract's price. It may be changed after signing the contract (until its full implementation by the parties) only in the cases and under the conditions provided by the contract or the charter. The price change is not allowed after fulfilling the contract terms [23]. Therefore, changes in the price of the goods must be agreed upon under the agreement, and the contract must specify the conditions of price reduction (for example, compliance with payment terms, the quantity of shipment, etc.).

Because of this, any price reduction in the interests of the importer should be made by signing a contract (annexes). If the above conditions are not met, the change in the price reduction is considered as an exemption from the obligation to pay for the goods of the importing company (the debtor), i.e. debt forgiveness (the debtor's consent is not required).

### 5.2. Improving the Management of Settlements with Foreign Suppliers in the Context of Global Digitalization

Digitalization is an approach to using digital resources in the work of an organization. It involves redefining technologies and business processes to improve the working environment of employees interact with customers and other participants in the activities of a modern enterprise. Digitization improves company productivity and is a top priority for business leaders and IT organizations worldwide. The digitization process gives the accountant the tools and communication channels for digital accounting and knowledge exchange.

The main advantages of digitalization are four communication channels, which can change:

- 1) Physical goods become digital services;
- 2) Digital platforms are simplified and optimized;
- 3) Local services become global; digitalization simplifies traditional production.

**Table-2.** Correspondence of accounts receivable for goods, works, services

The content of the business transaction	Accounting		Amount, UAH.
	Debit	Credit	
Payment of import duty at customs: \$ 12'250 * UAH 28.08 * 10% = UAH 34'398	377	311	34398,0
Payment of VAT at customs (\$ 12'250 * UAH 28.08 + UAH 34'398) * 20% = UAH 75'675.6			75675,6
Copper scrap is accounted for \$ 12'250 * UAH 28.15 = UAH 34'4837.5	281	632	344837,5
Included in the original cost of copper scrap import duty	281	377	34398,0
The VAT tax credit is displayed	641/VAT	377	75675,6
The income in the amount of the received discount is reflected \$ 2250 * UAH 28.2 = UAH 63'450.	632	719	63450,0
Payment to the supplier is transferred from the current account \$ 10,000 * UAH 28.27 = UAH 28'270.	632	312	28270,0

Source: compiled by the authors

**Figure-3.** Proposed improving accounting and management of settlements with foreign suppliers using digitalization (by MacCoop LLC example)

The screenshot shows an Excel spreadsheet with the following structure:

- Columns:** A (Supplier No), B (Supplier Name), C (Account number), D (Payment term), E-H (Deferred debt: I, II, III, IV), I-L (Overdue debt: I, II, III, IV), M-P (Overdue debt: I, II, III, IV), Q-R (Overdue debt: I, II), S-T (Overdue debt: I, II), U (Amount of payment with VAT, UAH), V (Account balance at the end of the day), W (Account balance for the month), X (Date of payment).
- Rows:** 1-11. Row 10 is a 'Total' row with 'x' in columns C and D.

Source: compiled by the authors

Since MacCoop LLC has already entered the world market, at least for now only as an importer, we will concentrate more on the fourth advantage: simplifying traditional management methods with the help of digital technologies.

Since MacCoop LLC is not a very large agricultural enterprise with substantial financial resources, which confirms the presence of debt with suppliers, we will not suggest using additional IT programs that require additional financial investments. We propose the Analytical table of the management of settlements with counterparties, which will help prevent the occurrence of overdue accounts payable, will promote effective control over the timely repayment of debts of the enterprise to suppliers (contractors) and build this table in MS Excel (Fig. 3), which is already installed at the enterprise, but with advanced capabilities: placing it on Google Drive with shared access: chief accountant, accountant, financial director, commercial director and others who need to have access to the financial information of the enterprise. On a Google disk, the proposed table will look like this (Fig. 3).

The accounting of settlements, including with contractors at the enterprises, should be accurately controlled. And not only on the final reporting dates, provided using financial accounting but also at any time for the needs of management decisions. Therefore, there is a need to deepen the informativeness of accounting for these objects.

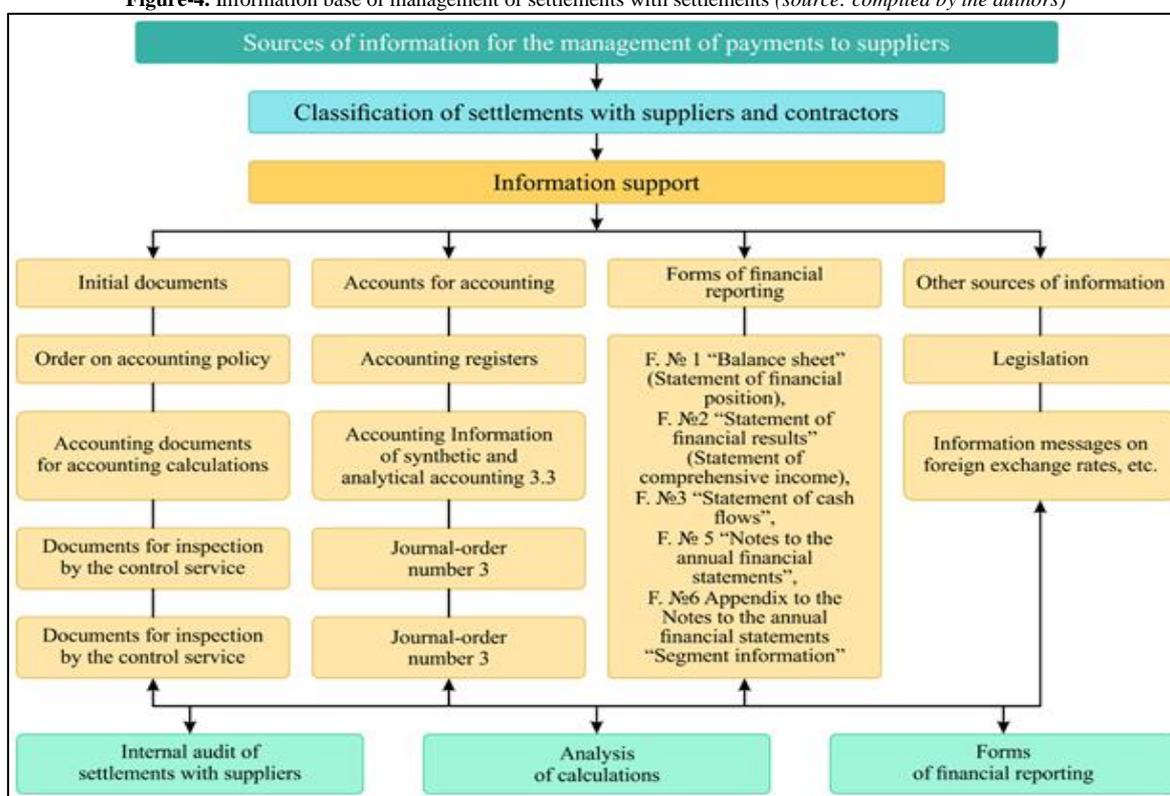
From our point of view, management is vital, but due to the pandemic at the enterprise and so the volumes have decreased, so now it is impractical to spend financial resources on management decisions. Thus, it is necessary to use the available resources, namely the internal audit department, which already exists at MacCoop LLC. It is a structure capable of performing the functions of controlling the preparation of objective financial information, assessing the effectiveness of the internal control system, risk identification and management, as internal controllers can perform a significant amount of control functions assigned to the direction of the entity. It is also essential that internal audit departments are used in enterprises in most countries and, in practice, prove their effectiveness.

Management of settlements with contractors in the implementation of the material and technical enterprise includes:

- Systematic control of the accuracy of financial statements and reporting data on the existence and change of receivables and payables;
- Timely transfer of funds to creditors and repayment of due debts of debtors;
- The correctness of the requirements and the timely implementation of their payment, compliance with accounting and payment discipline at the level of impact on the solvency of the enterprise.

The composition of information sources for the management of settlements with suppliers and contractors will be offered in Fig. 4.

**Figure-4.** Information base of management of settlements with settlements (source: compiled by the authors)



As shown in Fig. 4, documents are required to obtain data on the status of settlements with suppliers and contractors to confirm the accuracy of the information, management, analysis, and decision-making and provide appropriate recommendations.

The object of accounting of the importing company in the foreign market is material and economic agreements of legal entities or individuals in carrying out certain operations with domestic and foreign partners.

The main objectives of the management of the preparation of financial statements of any kind of cooperation with foreign companies are:

- Competence and mandatory compliance with the relevant regulations coordinating the accounting of the enterprise in the foreign market;
- Accounting of general accounting data on various goods, which is kept on synthetic accounts, and detailed information on the movement of products;
- Establishing the essence of the process of accounting for the characteristic properties of a particular type of action, taking into account the commercial nature of their implementation;
- Registration of transactions using foreign and domestic currencies (at the exchange rate on the date of the action and the date of the report reflecting the difference in the accounts);

- Tax accounting for various categories of business operations of the enterprise in the foreign market, taking into account the concluded contracts;
- Organization of accounting strategy using the characteristic principles of the accounting mechanism by type of activity of the company in the foreign market;
- Development and control of the accounting program for payment of taxes for the purpose of a guarantee of inviolability of the received or sent party and control of the performance of conditions of the contract;
- Estimating the value of imported products on the foreign market, the cost of manufacturing and marketing goods for export and calculating economic results by type of product under each contract;
- Preparation of a report for the formation of guiding resolutions;
- Control of the inviolability of products at customs and elsewhere, including during movement from point to point;
- Control over the fulfilment of sections of contractual obligations (temporary periods of shipment-unloading, comprehensive payment of invoices, etc.);
- Control over the formation of all types of reports by Ukrainian legislation and their timely transfer to the relevant legal entities.

Government agencies and legal and accounting departments of the enterprises themselves conduct management and control of foreign economic activity. Control is exercised over previous and principal transactions in legal requirements, proper payment, and transportation of goods and delivery times. Many methods, the complexity of their organization, as well as the conduct of foreign trade processes, increase the need for more detailed control over the contracts of partner companies engaged in the export and import of products. But the agreement can be considered justified only if the supervisory structure itself undergoes reforms that ensure the rapid flow of essential data that directs all the company's work in the right direction and form a financial reporting structure that meets all legal and contractual conditions.

Global digitization tools are increasingly being implemented in Ukrainian enterprises. For all tasks of the financial reporting process to be performed correctly, it is necessary to always adhere to certain rules and, if possible, to automate the management process as much as possible.

Many experts in the field of accounting give a high assessment of the level of digitalization of the management of accounting processes in the field of control. Recent application solutions in programming and configuration have significantly added dynamics to the process of managing, accounting and control. In addition, the developers paid attention to financial and management analysis; for this purpose, the software products created internal and external finishes and individual analytical products. Many application solutions contain targeted sections for analysis and decision-making in managing various resources.

Automated systems have also become widely used in internal control and audit. Accounting and analytical information are effectively used in managing supply, production, and sales. The need to control the movement of all types of resources and their use has led to the introduction of automated systems of individual documents, reports and processing with control functions.

Thus, in modern applied solutions, management functions in terms of control are implemented in the following areas:

- Ensuring the safety of property: fixed assets, materials, goods, finished products, etc.;
- Control of settlements with counterparties;
- Control over the execution of orders;
- Control over the implementation of estimates and budgets, etc.

Consider the functionality of individual application solutions ([Table 3](#)).

**Table-3.** Control functions in application solutions of various software products presented on the Ukrainian market

The name of the control function	Software product				
	1C: Enterprise	1C: ERP Enterprise Management	Debit Plus	Universal	Info-enterprise
Ability to conduct an inventory of assets	+	+	+	+	+
Reconciliation of settlements with counterparties	+	+	+	+	+
Monitoring the execution of orders		+	+	+	
Control of resource use			+	+	
Inventory control		+		+	
Monitoring the implementation of estimates and budgets		+			
Existence of the section "head" with functions of the analysis	+	+	+	+	+
Support of orders				+	
Control of tax payments		+			

Source: compiled by the authors

**Table-4.** Solving the problems of internal control with the help of automated accounting systems

<b>The main directions of the management function - control</b>	<b>Applied AAS solutions</b>
Control over the financial and economic activities of the entity	Implemented in part
Control over compliance with the directions of development of the subject	Not implemented
Control and ensure the effective operation of the subject	Implemented in part
Control over settlement and payment transactions	Implemented
Control over production costs	Implemented
Control of revenue receipts for sold products	Implemented in debt reports
Control over the formation of financial results	Implemented in part
Detection, prevention and correction of distortions in accounting	Not implemented
Control over observance of the legislation, timeliness of settlements with the budget and extra-budgetary funds	Implemented in part
Control over the timeliness and accuracy, as well as the completeness of the reflection in the accounting of all business transactions	Implemented in part
Control over the correctness of accounting records	Implemented in part
Analysis of the activity of the enterprise	Implemented according to standard financial indicators
Control over the list of investments and projects	Not implemented
Control over the reliability of the information, which is provided to the control system	Not implemented
Organization of relations between call controllers, representatives of inverting and control bodies	Implemented in part

Source: compiled by the authors

As can be seen from [Table 4](#), standard functions of actual control are implemented in many application solutions; however, currently, much more functionality is required from automation tools. So, for example, the enterprise-importers besides management of a condition of stocks of the goods it is necessary to control:

- Timing of stocks;
- Expiration dates of goods;
- Validity of certificates;
- Deadlines for filing claims for curtains, etc.

Modern accounting automation systems require more analytical capabilities to solve a broader range of management tasks. Here is an analysis of internal control problems with the help of applied products ([Table 4](#)).

Analysis of the implementation of control tasks using automated accounting systems (ASBO) showed that not all areas are implemented in modern applications. Some contours of internal control are absent; control functions are implemented using separate documents, reports and processing.

It is possible to implement a significant part of control functions in the ASBO by creating a separate area of internal control to place all the main components of the circuit: directories, documents, journals, and reports. Thus, the main areas of improvement of control elements:

- a) creation of auxiliary directories, transfers (employees of the control service, shelf life, service life, etc.);
- b) determination of the range of working documents, including inventory:
  - Fixed assets;
  - Investments in long-term assets;
  - Profitable investments in long-term assets;
  - Long-term and short-term financial investments;
  - Long-term and short-term receivables;
  - Deferred tax assets;
  - Materials;
  - Work in progress;
  - Finished products and goods;
  - Cash;
  - Settlements with creditors, the budget for taxes and social insurance;
  - All types of created reserves, etc.
- c) Creation of specialized journals that combine information on individual areas of accounting (incoming electronic invoices and goods and transport documents for the entry of goods, which are electronic invoices and goods and transport documents for shipment of goods and others);
- d) Creation of inquiries and reports on separate directions of the account and the existence of various types of records, including incorrect.

The ultimate goal may be to form comprehensive reports on certain areas of internal control.

## 6. Conclusions

The article presents recommendations for improving the accounting and management of settlements with foreign suppliers in the context of global digitalization on the example of agricultural enterprise, which are based on the relationship between theory and practice. According to the analysis of the enterprise 's activities, accounting for settlements with foreign suppliers can be improved in two aspects: improving the analytics of account 63

"Settlements with suppliers and contractors", and accounting and taxation of discounts provided after customs clearance. We have given examples that can be applied in practice in these respects.

In general, the rational organization of accounting for potential suppliers and the status of settlements with them help to strengthen contractual and settlement discipline, fulfilment of obligations to supply products in a given range and quality, increase responsibility for compliance with payment discipline, reduce receivables and payables, accelerate turnover, therefore, improving the financial condition of the enterprise.

A separate aspect was the study on improving the management of settlements with foreign suppliers in the context of globalization. An analytical table of settlements with contractors (suppliers) was proposed; proposed documents necessary to obtain data on the status of settlements with suppliers and contractors to confirm the accuracy of information, analysis, decision-making and provide appropriate recommendations; the Ukrainian market of software products is analyzed from the point of view of the representation of control functions in them. All this will contribute to effective control over the timely repayment of the agricultural company's debt to suppliers (contractors).

However, our study is not exhaustive and relates to a specific narrow area of research and practice in the field of accounting and management.

The conducted research makes a basis for the further improvement of theoretical and methodical bases of the account and management of calculations with contractors at the importing enterprises. A promising area of improvement is the analysis of import operations and the introduction of management accounting in the enterprise, which will ensure adequate reflection of the facts of foreign trade; the visual reflection of the economic essence of import operations; building a realistic picture of the financial results obtained by the company and to optimize the use of resources and reduce accounting errors associated with duplication of information.

## References

- [1] Eremeeva, S. V., 2018. "Features of the accounting of re-export operations." *Auditor*, vol. 2, pp. 24-31. Available: [https://doi.org/10.12737/article\\_5a6717c8caf416.08094880](https://doi.org/10.12737/article_5a6717c8caf416.08094880)
- [2] Gribushenkova, V., 2019. "Accounting policies of organizations engaged in foreign economic activity." *Accounting Analysis Auditing*, vol. 6, pp. 6-15. Available: <https://doi.org/10.26794/2408-9303-2019-6-5-6-15>
- [3] Deng, Z., 2020. "Foreign exchange risk, hedging, and tax-motivated outbound income shifting." *Journal of Accounting Research*, vol. 58, Available: <https://doi.org/10.1111/1475-679X.12326>
- [4] Kaspina, R. and Plotnikova, L., 2020. "Accounting and taxation of foreign economic activities of organizations." Available: <https://doi.org/10.12737/1018339>
- [5] Safonova, M. and Petukh, A., 2017. "Technology for implementation of the tax-control compliance system in the organization structure." *British Journal for Social and Economic Research*, vol. 2, pp. 43-53.
- [6] Ivanov, I., 2020. "Management of the company's foreign economic activity." Available: <https://doi.org/10.12737/1023802>
- [7] Yakushev, A., 2021. "Management of foreign economic activity of the organization." Available: <https://doi.org/10.36871/ek.up.p.r.2021.09.02.002>
- [8] Danylyshyn, B., Dubyna, M., Zabashtanskyi, M., Ostrovska, N., Blishchuk, K., and Kozak, I., 2021. "Innovative instruments of monetary and fiscal policy." *Universal Journal of Accounting and Finance*, vol. 9, pp. 1213-1221.
- [9] Panasyuk, V., Ovsiuk, N., Volchek, R., Azarenkov, G., Volenshchuk, N., and Tyvonchuk, O., 2021. "The process of forming accounting policies of ukrainian enterprises by international financial reporting standards." *Universal Journal of Accounting and Finance*, vol. 9, pp. 1199-1211.
- [10] Bashynska, I., Sokhatska, O., Stepanova, T., Rybianets, S., and Sobol, O., 2019. "Modelling the risks of international trade contracts." *International Journal of Innovative Technology and Exploring Engineering*, vol. 8, pp. 2815-2820.
- [11] Efreanova, E., 2021. "Audit of foreign economic activity." Available: <https://doi.org/10.36871/ek.up.p.r.2021.04.04.028>
- [12] Frolova, L., Zhadko, K., Ilyash, O., Yermak, S., and Nosova, T., 2021. "Model for opportunities assessment to increase the enterprise innovation activity." *Business: Theory and Practice*, vol. 22, pp. 1-11.
- [13] Law of Ukraine. "On foreign economic activity." Available: <https://zakon.rada.gov.ua/laws/show/959-12#Text>
- [14] Megaeva, S., Sorokina, O., and Bogdanov, Y., 2020. "Accounting for foreign economic activity." Available: <https://doi.org/10.18411/lj-03-2020-34>
- [15] Ibragimov, F., 2021. "Improving the foreign-economic activity of entrepreneurs." *ACADEMICIA An International Multidisciplinary Research Journal*, vol. 11, pp. 377-381. Available: <https://doi.org/10.5958/2249-7137.2021.00370.0>
- [16] Poplavskiy, M., 2019. "Entrepreneurship in the field of art business in the European Union." *Journal of Entrepreneurship Education*, vol. 22, pp. 1-6.
- [17] Potyshniak, O., Dobuliak, L., Filippov, V., Malakhovskiy, Y., and Lozova, O., 2019. "Assessment of the effectiveness of the strategic management system of investment activities of companies." *Academy of Strategic Management Journal*, vol. 18, pp. 1-5.

- [18] Yevtushenko, V., Liashevskaya, V., and Chupryniuk, Y., 2020. "Researching and improving the strategic planning of the foreign economic activity of enterprise." *Business Inform*, vol. 6, pp. 23-29. Available: <https://doi.org/10.32983/2222-4459-2020-6-23-29>
- [19] National Accounting Regulation. "(Standard) 9 "Inventories." Available: <https://zakon.rada.gov.ua/laws/show/z0751-99#Text>
- [20] Filyppova, S., Kovtunenka, Y., Filippov, V., Voloshchuk, L., and Malin, O., 2021. "Sustainable development entrepreneurship formation: System-integrated management tools." In *E3S Web of Conferences*, 255, 01049.
- [21] National Accounting Regulation. "(Standard) 21 Impact of changes in exchange rates." Available: <https://zakon.rada.gov.ua/laws/show/z0515-00#Text>
- [22] Resolution of the cabinet of ministers of Ukraine, 2017. Available: <https://zakon.rada.gov.ua/laws/show/1045-2017-%D0%BF?lang=en#Text>
- [23] Kuzmenko, H., Yahelska, K., Artyukh, O., I., B., Volenshchuk, N., and Sulimenko, L., 2021. "Improved methodology of accounting and audit of payments to employees in Ukraine." *Universal Journal of Accounting and Finance*, vol. 9, pp. 44-53.