DEBT MANAGEMENT – EVALUATION OF THE SELECTED PART

Milan MAJERNÍK, Jozef SABLIK

ABSTRACT
Accounts receivables as a part of the assets. Definition of accounts receivables.

Account receivables are the right of the creditor to obtain a particular cash also as a kind by the debtor. In the company accounts receivables can be recognized in the balance sheet as active items of the current assets, where they act as in the transitory stage of the funding cycle. Account receivables can be simultaneously distinguished in economic, accountancy and legal term.

Receivables from an economic standpoint, the claim of the accounting point of view, the claim from the legal point of view.

Formation and breakdown of claims -formation of accounts receivables as a cause of various reasons. Basic breakdown of receivables arising from its inception, from the time of maturity breakdown of claims by financial analytical records, tax debts.

Valuation of account receivables in accounting - pricing methods and the cost, at face value, fair value, the use of international accounting standards in valuing assets.

KEY WORDS: *accounts receivables, assets, creditor, debtor, balance sheet, relationship*

1 ACCOUNTS RECEIVABLES AS A PART OF THE ASSETS

1.1 Definition of accounts receivables

Creditor's claim is entitled to certain cash or in kind by the debtor. The company has assets recognized in the balance as predominantly active items of current assets, which are transitory stage cycle funds. The claims can be simultaneously find in economic, accounting and legal term.

From an *economic point of view*, the claim form to provide trade credit to the customer as a sign of trust and fair trade relations. Vendor that requires prompt payment helps to fund a variety of performance by the buyer, because it provides business performance, without immediate consideration.

From the *accounting point of view* claim is an item of current assets, namely business assets, and creates a significant part of operating capital. Claims as part of current assets are also part of net working capital. The solvency of the company in the short term to ensure the management of net working capital so that they are always available liquid assets in cash and in such sum as requiring outstanding liabilities. Under the provisions of Law no. 431/2002 Collection of Law. Accounting is subject to accounting fair presentation of all assets and liabilities, capital and costs, income and expenses and profit entity. The claim is therefore from its inception until its death the subject of views in the books or records in the operative business.

From the *legal point of view*, the claim shall be deemed to which there is one participant relationship (creditor), require specific performance by the other party of the relationship (the debtor), and for some legal reason. Legal terminology handles term commitment (as opposed to the concept of the claim), the relations between debtors and creditors are legally regulated in contract law, specifically in the eighth section of the Civil Code - the law of obligations (§ 488) and the third part of the Commercial Code Terms obligations (§ 261).

Current receivables represent the creditor's claim to certain cash or in kind by the debtor which is in a certain agreed period due.

Doubtful (inconclusive) claim is one in which it is assumed that it is fully repaid. Such a claim requires the creditor to establish the necessary provision for the amount of potential losses.

The *disputed claim* is a claim which is the subject of judicial or arbitral proceedings.

Blocked claim is such that for some reason (insolvency, foreign exchange and other constraints) cannot be collected.

Barred claim - from a legal point of view is important to identify the statute of limitations for claims. After the expiry of the limitation period the debtor may voluntarily, but need not be legally enforceable fulfil the obligations arising from claims against the creditor. The limitation period is generally four years as provided in § 397 of the Commercial Code. The creditor has actively take care of their claims, while in practice it is one of the tools of avoiding so-called limitation, recognition of liability under § 323 of the Commercial Code. To complete the picture, that pursuant to § 101 of the Civil Code, the general limitation period of three years.

2 THE AIM AND THE METHODOLOGY

The aim of the article is to point out the specifics of the nature and manner of realization of the receivables in the area of management of the company, but also the impact on the efficient operation of the company in the Slovak Republic. The article processing methodology is based on the purpose of the article, its main reason, the theoretical definition of the claim, the breakdown of receivables, the specifics of the management of receivables, the conclusions and the identification of significant findings and claims in the care of receivables as assets of the company.

3 RESULTS AND DISCUSSION

3.1 The emergence and breakdown of receivables

Most claims have commercial credit character. Represent the entrepreneur the right to receive cash or non-cash consideration for the performance (delivery of goods, products and services). Claims incurred but also for various other reasons, such as:

- receivables from financial investments (financial investments in other companies),
- financial assets (the loans provided to other entities),
- receivables from partners and consortium (under different legal claims against partners, property-related entities and associations),
- receivables from advances (advances paid by the supplier),
- receivables from claims, demands and other subsidies.

The moment when the claim is relevant to the posting. Event is an important moment to meet the supply of goods and services, as defined in the relevant legislation (Commercial Code, Civil Code). Accounting policies define this moment as the day of the transaction.

The transaction date is the date on which delivery is to occur (the transfer of property to the date of entry into force of the Treaty), the payment obligation, debt collection, assignment, assumption of debt, finding deficits, deficit, surplus or damage, movement of assets within the financial units and other facts arising from specific regulations or internal affairs of an entity subject to accounting and that the entity occurred, eventually entity with the necessary documents that document these facts.

Caring for the claim must be understood as the daily care of business asset, which has certain peculiarities.

Debt management - offset and write off receivables

The basic adjustment of the receivables and payables is set out in Sections 358 to 364 of the Commercial Code. In the event that the creditor and the debtor have mutual claims that are of the same kind, they are extinguished by offsetting if they cover each other and if one of the participants makes a counterparty to the offset. A prerequisite for the claims of the same kind must be that of the same kind, cash. When the receivables are settled, they are extinguished at the time when the receivables are settled.

According to the Commercial Code, it is not possible to count:

- Forfeited receivables,
- Invalid receivables,
- Claims that cannot be claimed in court,
- claims on deposits.

Depreciation of a receivable is a direct write down of the receivable by the fact that part or all of the receivable is debited to expenses. The write-off of the cost receivable is in principle irrecoverable, therefore, the write-off receivable can no longer be recovered in the asset account. However, the write-off of the receivable does not legally mean the renunciation of the right to the claim. In practice, the receivable is sometimes enforced even after its internal accounting depreciation legally against the debtor if there are available legal remedies available to it. Recognition of accrued debts can be secured off-the-shelf, off-balance sheet or operational records. Alternatively, the payment of such a debited debt will be credited to account 646 - Receivables from written off receivables.

Accounts are distinguished between **amortization of receivables and adjustments to receivables**. Transitional impairment of receivables shall be accounted for in the accounting by an appropriate provision. Adjustments to receivables are created in the case of doubtful receivables that are at risk for the debtor to pay in full or in part, and in the case of disputed claims against debtors who are in dispute about their recognition or payment. The write-off of the receivable is accounted for in the account 546 - Depreciation of the receivable where, according to the accounting procedures, it is accounted for with the permanent waiving of the recovery of the receivables.

From the point of view of an enterprise, receivable is a property item like any other, and therefore the write-off of the receivable is an undesirable phenomenon from the point of view of the economy of the enterprise, representing the impairment of the asset (creation of the load - loss). It is not only important to produce and sell the production, but it is important to sell it to a client who actually pays the claim. In practice, it is necessary to use all forms of commercial law that precede the emergence of irrecoverable claims (e.g. advance payments, credit, court recourse, execution, law enforcement in various forms - bill, pledge). Mutual knowledge of business partners and steady and long-term business relationships contribute significantly to good financial relationships.

Debt management - Capitalization of receivables

The Commercial Code defines the capital as the sum of the monetary and non-monetary contributions of all the members to society. (For cooperatives as a sum of member deposits repaid by members of the cooperative). Registered capital is mandatory in a limited liability company, a joint-stock company and a cooperative, and its amount is entered in the business register.

Capitalization of a receivable is a term that refers to the process of converting a receivable into equity in a company.

Therefore, the Commercial Code permits other than monetary representation of the deposit. The non-pecuniary and cash contribution may be separately governed by the social contract or the statutes of the individual types of companies, unless this is excluded by the Commercial Code. In the non-cash deposit, only a value that can be valued by money that the company can use economically can be accepted.

The most common types of non-pecuniary deposits are: immovable property, movables, receivables, and possibly also intangible assets (licenses, know-how, copyright, etc.). Receivables on registration in the Commercial Register (as a form of non-monetary contribution) must have a value determined on the basis of an expert's report.

Capitalization of the receivable is the offsetting (deposit) of receivables into the debtor's equity. The creditor becomes a partner, respectively. the shareholder of a company entitled to a business share, respectively. with the right to share.

By capitalizing the debtor's claim, the liability of the debtor is cancelled and its registered capital is increased. The creditor thus becomes the co-owner of the company. There are asset transfers in the balance sheet, the receivables (the amount of the capitalized receivable) and the financial investments are increased. Debt transfers occur in the liabilities field, where the company's liabilities (by the amount of the capitalized receivable) are reduced and the registered capital is increased.

Debt management - Time breakdown of receivables for financial institutions

Time structure of trade receivables / Comparison of 2016 and 2017 /

	31.12.2016	Proportion	31.12.2017	Proportion
Gross receivables from business, of which				
By maturity				
After maturity				
Withing 30 days after maturity				
From 31 to 90 days after maturity				
From 91 to 110 days after maturity				
From 181 to 360 days after maturity				
More than 360 days after maturity				
Built retrieval items 391				
Not receivables				
Bad receivables gross				

Debt management for financial institutions is based on the time structure of trade receivables that is the basis of a business's business. This is followed by the maturity of receivables and maturity, which has an impact on the tracking of the debt service and the liquidity of the entity as the underlying indicators set by the financial institution. Monitoring the created adjustments to receivables The Accounting Act regulates Section 26 of the prudential principle that sets out the obligation for accounting entities to measure assets and liabilities and, when accounting for the economic outturn, to take as a basis all the risks, losses and impairments that relate to assets and liabilities and are the accounting unit we are aware of the date of preparation of the financial statements. An allowance is formed when inventories determine that the fair value of the receivables is less favorable than that stated in the accounting for their doubt. At this point, a write-down may be created for this impairment of receivables. Adjustments under the applicable accounting regulations can not be created to increase the value of receivables, respectively. to reduce or increase the value of the liabilities.

In the case of receivables management for financial institutions, the customer specification is specified, the amount of the receivable, the original maturity, the settlement and the estimated amount receivable for the receivable.

4 CONCLUSION

Debt care should be understood as the day-to-day care of the property of an enterprise that has some specifics. And in our contribution, we refer to this day-to-day care of the claim as the assets of an enterprise that an enterprise can secure through the management of receivables and its selected parts - offset, write-off, capitalization and time management of receivables.

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Authors

doc. Dr. Ing. Milan M a j e r n í k
Institute of Management of the Slovak University of Technology
Vazovova 5
812 43 Bratislava

prof. Ing. Jozef S a b l i k , CSc.
Institute of Industrial Engineering and Management
Faculty of Materials Science and Technology in Trnava
Slovak University of Technology in Bratislava
Jána Bottu 25
917 24 Trnava