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ACCOUNTABLE DEBT AFFECTING THE ACTIVITIES OF ENTERPRISES AND METHODS OF ITS DETERMINATION

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Abstract. Accountable debt plays a critical role in shaping the financial stability, operational efficiency, and long-term sustainability of enterprises. Unlike general liabilities, accountable debt is directly associated with clearly identified obligations, responsible entities, and traceable repayment mechanisms. In modern corporate finance, the effective management and accurate determination of accountable debt have become increasingly important due to growing financial complexity, heightened transparency requirements, and stricter regulatory frameworks. This research paper examines the economic nature of accountable debt, its influence on enterprise activities, and contemporary methods used for its determination and evaluation. The study integrates theoretical perspectives from financial management and accounting with practical analytical tools, including ratio analysis, cash flow assessment, and risk-based classification. The paper argues that systematic identification and measurement of accountable debt enhance financial discipline, reduce insolvency risks, and support informed managerial decision-making. Recommendations are proposed for improving accountable debt management through integrated financial monitoring systems and institutional controls.

Keywords: accountable debt, enterprise finance, liabilities management, financial stability, debt assessment methods.

1.Introduction

In the context of a market-oriented economy, enterprises operate under continuous financial obligations arising from production, investment, and commercial activities. Debt, as a fundamental financial instrument, enables firms to expand operations, optimize capital structures, and increase competitiveness. However, excessive or poorly managed debt can undermine liquidity, distort financial performance, and ultimately threaten business continuity. Within this framework, the concept of accountable debt has gained increasing relevance.

Accountable debt refers to obligations that are clearly documented, economically justified, and assigned to specific responsibility centers within an enterprise. It differs from ambiguous or contingent liabilities by emphasizing transparency, traceability, and managerial accountability. As enterprises face growing scrutiny from creditors, investors, regulators, and auditors, the ability to accurately determine and control accountable debt becomes a strategic necessity.

2.Literature review

From an economic perspective, debt represents a contractual obligation to transfer economic resources in the future as a result of past transactions or events. Accountable debt is distinguished by several defining characteristics. First, it is documented, meaning that the obligation is supported by formal contracts, invoices, or legal agreements. Second, it is assignable, as responsibility for debt servicing is linked to specific departments, projects, or managerial units. Third, it is measurable, allowing for reliable valuation and monitoring over time.

Accountable debt often includes trade payables, tax liabilities, payroll obligations, short-term bank loans, and certain long-term borrowings that are directly linked to operational activities. In contrast, vague provisions, potential lawsuits, or unrecorded liabilities fall outside the scope of accountable debt due to uncertainty in valuation or responsibility.

For analytical and managerial purposes, accountable debt can be classified according to several criteria. Based on maturity, it is divided into **short-term** and **long-term** accountable debt. Short-term obligations primarily affect liquidity management, while long-term debt influences capital structure and investment capacity. According to origin, accountable debt may be **operational**, **financial**, or **fiscal** in nature. Operational accountable debt arises from routine business transactions, whereas financial accountable debt is linked to borrowing activities, and fiscal accountable debt relates to taxes and mandatory payments.

3.Analysis and results

Accountable debt has a direct impact on day-to-day enterprise operations. High levels of short-term accountable debt, particularly trade payables and wage arrears, can disrupt supply chains, lower employee morale, and weaken relationships with business partners. Conversely, a well-managed structure of accountable debt can serve as a tool for optimizing working capital and improving operational efficiency.

Enterprises that maintain clear accountability for debt obligations tend to demonstrate stronger cost control and faster decision-making, as managers are aware of the financial consequences of operational choices.

One of the most significant effects of accountable debt is its influence on liquidity and solvency. Excessive accumulation of accountable debt without corresponding cash inflows increases the risk of payment defaults and financial distress. Financial ratios such as the current ratio, quick ratio, and debt-to-equity ratio provide insights into the sustainability of accountable debt levels.

Empirical evidence suggests that enterprises with transparent and well-documented debt structures are better positioned to negotiate with creditors and access external financing on favorable terms. This highlights the role of accountable debt management in maintaining financial stability.

The primary method of determining accountable debt is through accounting records and financial statements. The balance sheet provides a snapshot of liabilities, while notes to the financial statements offer detailed breakdowns of debt components. Accrual accounting ensures that obligations are recognized at the time they arise, rather than when payments are made.

Financial analysis plays a crucial role in assessing accountable debt. Ratios such as total liabilities to assets, interest coverage ratio, and accounts payable turnover help evaluate debt sustainability and repayment capacity. Trend analysis enables enterprises to track changes in accountable debt over time and identify emerging risks.

Modern approaches to accountable debt determination increasingly incorporate risk assessment and managerial responsibility. Risk-based classification evaluates debt according to probability of default, currency exposure, interest rate sensitivity, and counterparty risk. This approach allows enterprises to prioritize debt management efforts and allocate resources more efficiently.

Managerial accounting systems further enhance accountable debt determination by assigning obligations to responsibility centers, projects, or cost units. Such systems strengthen internal accountability and support performance-based evaluation.

Despite its importance, accountable debt determination faces several challenges. These include incomplete documentation, weak internal controls, information asymmetry, and volatility in economic conditions. In emerging economies, institutional weaknesses and regulatory gaps may further complicate debt transparency.

Technological solutions such as integrated enterprise resource planning (ERP) systems and digital accounting platforms offer opportunities to improve accuracy and timeliness in debt determination.

The purpose of any organization's economic activity is determined not only by the sale of products or services, but also by the timely collection of payments. Today, the business community pays great attention to improving the efficiency of accounts receivable management in modern conditions.

Each enterprise, in the process of carrying out its economic activities, concludes contracts for the sale of goods and materials, works and services. Competent and professional accounting of settlements with customers and buyers directly affects the acceleration of the turnover of working capital and the timely execution of financial transactions.[1]

According to accounting standards, accounts receivable is the amount of debt owed to the enterprise by debtors for a specific date. Debtors can be legal entities and individuals who owe the company cash, cash equivalents or other assets. Based on accounting data, it is possible to determine the amount of debt at any date, but usually this amount is determined at the balance sheet date.

Usually, receivables are expressed in the economic benefit of the enterprise, in the expectation of receiving cash or cash equivalents sooner or later as a result of their payment. Therefore, receivables can be recognized as an asset only when there is a probability of their payment by debtors.

The size and condition of receivables is often one of the most important and urgent issues that a financial manager has to deal with. Insufficient financial resources and liquid assets lead to a delay in the fulfillment of the organization's obligations or force the organization's management to resort to more expensive debt financial resources from banks. The use of short-term borrowed financial resources leads to an increase in the cost of manufactured products or services provided and, as a result, a decrease in the financial result of operating activities. Effective management of receivables involves not only improving the quality of debt management, but also planning the organization's development and prospects for its activities in the market.

Therefore, it is natural for questions to arise: “What are receivables?”, “By what criteria are they classified?” and “How can enterprises determine receivables?”.

Accounts receivable - a property claim of an organization against other persons who are its debtors in legal relations arising from various grounds. When accounts receivable are accepted for accounting, receivables and liabilities are valued at the amount established in the contract by agreement of the parties to the transaction. In essence, accounts receivable and prepayment are very close to each other. In accounts receivable, the seller, having delivered the goods, receives from the buyer a part of the amount specified in the contract for the goods in the form of an advance payment, which is the month when the accounts receivable is recognized. Conversely, the buyer of goods pays the seller an advance or prepayment for the goods being purchased and settles the balance with the seller after receiving the goods. The amount of the prepayment and the delivery period of the goods are specified in the contract concluded between the seller and the buyer. If the contract between the seller and the buyer is broken and the buyer does not pay for the goods received on time, the seller incurs a receivable. If the buyer does not fulfill the contract, it is extinguished by the court.

Most experts define receivables based on the consequences of their occurrence in the economic, accounting or legal environment. The definitions of receivables drawn up in accordance with this principle, as well as the financial interpretation of receivables, can be seen in the table below.

Principles of determining receivables	
By application	Definition
Economic	The amount of debts of an enterprise to legal entities and individuals as a result of economic relations with them.
Accounting	Asset item in the accounting balance sheet
Legal	Property rights (claims) belonging to the organization as a creditor for unfulfilled monetary obligations of third parties.
Financial	A financial category reflecting a set of specific financial relations between suppliers and buyers in terms of methods and terms of settlements, taking the form of a current asset of the supplier - a potential positive cash flow.

Accounts receivable is the amount of debt that legal entities or individuals owe to other legal entities or individuals as a result of their mutual economic relations. Accounts receivable may be associated with the normal course of business or with violations of financial, accounting and payment discipline.

For the preparation of financial statements, accounts receivable are classified according to the following criteria:

- payment period;

- objects for which the debtor's obligations arise;

- timely payment by the debtor.

According to the first two criteria, long-term and current (short-term) receivables are distinguished.

Long-term receivables are the amount of receivables that do not arise during the normal operating cycle and are due to be paid after 12 months from the balance sheet date.

Current (short-term) receivables are the amount of receivables that arise during the normal operating cycle or are due to be paid within 12 months from the balance sheet date. Current receivables are also the amount of receivables that are due for more than one year but are expected to be paid during the normal business cycle.

In Uzbekistan, the state determines the level of overdue receivables and the amount of prepayments for goods purchased. One of the first legislative acts in Uzbekistan on identifying and taking measures against overdue receivables is Decree No. PF-1154 of May 12, 1995.[2]

It provides:

- for enterprises to be prohibited from shipping products unless at least 15 percent of the value of the products delivered is paid in advance;

- after 90 days from the date of actual shipment of the goods, the amount of funds for the delivered goods is considered past due.

All these limits and prepayment amounts on accounts receivable were introduced in the mid-1990s out of necessity. The disintegration of the Union, the breakdown of inter-republic relations and relations between enterprises, the transition from a planned economy to a market economy - all this was reflected in the accounts between enterprises during the transition period. This, in turn, had a negative impact on payment discipline, tax collection, and the economy as a whole. As a result, it became necessary to take decisive measures to ensure economic development.

Under certain circumstances, receivables can turn into bad debts. In this case, the company cannot use the funds that have not been received by the enterprise in its own interests: for the purchase of materials, repair of equipment, payment of creditors, which can negatively affect its entire activity.

An increase or decrease in receivables depends on the turnover of capital invested in working capital and affects the financial condition of the enterprise.

"Dead" receivables are formed as a result of the bankruptcy of debtor organizations or the expiration of their payment period, after which they lose their significance and become irrecoverable (hopeless) debts.[3]

Thus, proceeding from the above, enterprises operating in the conditions of today's market economy have complete economic freedom, and in such conditions the formation of methodologies and tools for managing receivables, their development trends are closely related to the needs of enterprise management and the level of development of market infrastructure.

Receivables are a factor determining the following:

- the volume and composition of the enterprise's working capital;
- the volume and composition of sales proceeds;
- the duration of the enterprise's financial cycle;
- the turnover of working ctal and assets in general;
- the liquidity and solvency of the enterprise;
- sources of enterprise funds.

According to the timeliness of payment, receivables are divided into ordinary and overdue. A debt that does not have a payment deadline is considered ordinary. A debt for goods, works, and services that has not been paid for within the period specified in the contract is considered overdue. Overdue receivables may be doubtful or uncollectible. Thus, receivables can be defined as a current asset that arises in the course of an enterprise's trading activities and characterizes the relationship of counterparties to pay for the value of goods (works, services) received.

Accountable debt is a crucial determinant of enterprise performance, financial stability, and strategic sustainability. This study demonstrates that clearly identified and properly managed accountable debt enhances operational discipline, reduces financial risks, and supports informed decision-making. Effective determination of accountable debt requires a combination of accounting accuracy, financial analysis, and managerial accountability.

To improve accountable debt management, enterprises are recommended to:

strengthen internal control and documentation procedures;

integrate accounting and managerial reporting systems;

apply risk-based classification and monitoring tools;

align debt policies with long-term strategic objectives.

Future research may focus on empirical analysis of accountable debt management practices across industries and regions, as well as the role of digital technologies in enhancing debt transparency.

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