

***Financial and Banking Services Market***

Nataliya HALUSHKA,
Nadiya STETSYUK

**THE EUROPEAN EXPERIENCE
AND NATIONAL PRACTICE
OF ACCOUNTING FOR BILLS****Abstract**

The article considers theoretical and practical aspects of accounting for bills of exchange and promissory notes in the economic activity of Ukrainian enterprises. The authors analyse the European practice of using bill settlements and peculiarities of their accounting treatment in Ukraine.

Key words:

Market economy, bill relations, bills, bill settlements, accounting for bill transactions.

© Nataliya Halushka, Nadiya Stetsyuk, 2015.

Halushka Nataliya, Cand. of Economic Sciences, auditor company «Ter-Audit» Ltd., Ternopil, Ukraine.

Stetsyuk Nadiya, Cand. of Economic Sciences, Private Higher Education Establishment «European University», Kyiv, Ukraine.

JEL: G10, M41.

The problem. The integration processes that have been recently taking place in our country go hand in hand with evolution of new business contacts, trade partners, and of course, new forms of settlement. Among such forms of settlement, bills acquire a particular significance given shortage of cash funds, credit and investment resources. In addition to serving a function of fulfilling credit and settlement transactions, bills become an important alternative source of investment, and in some cases being used as a means of commercial (trade) credit.

Accounting for bill transactions is one of the most debatable and complex issues preconditioned by the problem of non-payment and the relatively recent resumption of bill circulation in Ukraine. In result, business entities are often conservative about using bills and express preference for other, even less effective, instruments. That is why, in order to solve the problem of using bills in practice, it is necessary that not only the role of this security be fully apprehended, but also that bill transactions be properly shown in the books of accounts.

Overview of the recent literature. The issues of accounting for bills were intensively researched by national economists. At various historical stages, a valuable contribution to settlement of these questions were made by such national and foreign scientists as M. Bilukha, A. Herasymovych, V. Zavhorodniy, S. Moshenskyi, T. Rudnenko, V. Sopko, V. Shevchuk, M. Pyatov, Ya. Sokolov, L. Shneidman, E. Hendriksen, and others, who focused on the problem of accounting for bill transactions as an essential constituent of settlement transactions.

An increased interest in the mentioned problems proves the need to advance the knowledge of theoretical and organizational aspects of accounting for bill transactions, as well as directions for their practical use.

Main body of the text. The evolution of market relations and growth of economic dynamics have once again drawn bills into the centre of our attention. This can be explained by functional capabilities of the bill, which allow using it in many economic transactions, such as profit-yielding investment; credit; pledging as collateral; discounting; purchase of goods and services with deferred payment; discharge of credit obligations; payments to the budget, etc. Along with that, bills are profitable, liquid and reliable financial instruments, which bring the interests of producers, financial institutions and the state together.

In general, bills share many other positive features: They promote growth of working capital and better payment discipline; natural reduction in the amount of overdue debts thanks to offsetting of counter-claims; activation of the legal processes and debt collection system; larger turnover of debtor-creditor debt obligations and circulation of capital, which will eventually produce a positive effect on the country's overall development. Bills are actively used in external trade and international settlements, a vivid manifestation of which is the international unification of legislation on bills.

The Geneva Uniform Law for Bills of Exchange and Promissory Notes, which Ukraine adopted in July 1999, defines bills as an order to repay a debt obligation. The multifunctionality of bills has been recognized in the majority of countries. Thus, in Germany bills are recognized as securities, as well as a means of payment and a means of credit; the French Commercial Code defines bills as a means of payment; in Lithuania bills are recognized securities as defined by the Act on Bills of Exchange and Promissory Notes; in the Czech Republic, the Act on Securities No. 591/1992 defines bills as special-purpose securities, as they can be drawn and used by any business entity (as specified by the Trade Code), as well as any citizen (as specified by the Civil Code). In the Hungarian Republic, bills are not defined as securities (although they have all the attributes of securities and are circulated on the market for securities), but represent a payment instrument in conformity with the Hungarian Law on Securities of 1996. In Ukraine, bills are defined as debt securities by the Law of Ukraine on Securities and Stock Exchange, as a means of payment by the Law of Ukraine on Banks and Banking, whereas tax legislation interprets bills as a type of commodities (goods). The peculiarities of regulations on circulation of bills in the EU countries and in Ukraine are shown in Table 1.

The market for bills in Germany is represented by corporate bills and banking bills. The latter are the second largest section of the bill market in Germany after corporate bills (bills guaranteed by aval and banker's acceptances). Bills are re-discounted as follows: A corporate bill guaranteed by aval (or a bill of exchange accepted by a foreign bank) is offered to a company acting as a bill broker (a consultant on purchase and sale of securities) and cooperating with a certain local bank. The bill broker determines the ranking of the avalizing bank and draws (or does not draw) a recommendation on his bank to discount the bill. In addition, well-spread are the so-called business credits (*Wirtschaftskredit*), which are bill obligations of companies and enterprises with the banking sector. In export operations, two main forms of bills are used: classical export bills and trade bills of exchange (for direct trade credit). The principle of commodity backing usually requires that trade bills be drawn against goods (commodities), but bills can also be backed by services rendered or not yet rendered. Banker's acceptances are used mainly for external credit and as a basis for banker's acceptance financing. Their popularity is explained by the increased responsibility arising from these obligations, since bank's obligations (as opposed to regular acceptance) offer higher guarantees on foreign trade risks (Moshenskyi, 2007, p. 111).

Table 1

Regulations on circulation of bills in Ukraine and in the EU countries

Country	Legal definition of the bill	Commodity backing	Restrictions on issuance	Circulation controls	Trade in bills	Taxation of bill transactions
Ukraine	Security, means of payment, commodity	Obligatory	Issuance of bills not backed by goods (commodities) is prohibited	National Securities and Stock Market Commission, National Bank of Ukraine, Cabinet of Ministers of Ukraine	Over-the-counter, unregulated market	In all transactions bills are taxed similar to goods (commodities)
Germany	Security, means of payment, means of credit	Not required	None	None	The market for bills non-existent. Transfer of ownership rights to bills upon mutual agreement by endorsement	Annulled
France	Means of payment	Not required	None	None	Banks	–
Lithuania	Security	Not required	None	None	Clearing houses	On general terms, similar to other financial activity
Czech Republic	Security	Not required	None	None	Exchanges and over-the-counter markets	–
Hungary	Means of payment	Not required	Any bill covered by cash funds can be recognised as commercial paper	None	Banks	Taxation in accordance with active income tax regulations

In France, the so called LCR (lettre de change-releve) bills are used: Bills of exchange on a magnetic medium, which are used simultaneously as a dematerialised means of payment and an instrument of fund-raising for enterprises (electronic trade bills), and BOR (billet a ordre-releve) or electronic promissory notes. Should the primary debtor wish that a security continues to circulate in a documentary form, the LCC (bills of exchange circulating in a documentary form) or BOC bills (promissory notes in a documentary form) are used. In the case of LCRs or BORs, the transactions are recorded in the information system of the Central Bank of France (Ibid., p. 105). Ten days before maturity date, the drawer presents the document to the bank; the bank enters the data from the document into the computer system of the National Bank of France within five days before maturity; and after the data is entered, the respective notice is sent to the drawee's bank. Within six days before maturity of the bill, the bank which received the data on the bill, transfers it further by means of an inter-bank settlement system to the bank of domiciliation, which on the last day before maturity sends its client a statement with a payment document attached thereto; the payment is realized when the drawee sends the payment document back. Should the drawee fail to return this document back to the drawer, this event will be qualified as default on payment. The domiciling bank enters this information in the electronic record, which is forwarded to the settlement computer, which in its turn sends the respective notice to the drawer's bank. The drawee's bank addresses its client, the payer, in writing. Should the drawee agree to pay, he is supposed to communicate his acceptance with the help of a payment order. This order should be delivered to the drawee's bank no later than on the last day before the date of maturity; should the payment order remain unreturned, the bill of exchange is recognized as dishonoured. In case the bill is honoured, the bank debits the drawee's account and credits the drawer's account. There should be no discrepancy between the electronic data entries and the respective information written on the bill at the time the bill is presented for payment; accounting records and copies are used as legal proof of payment (Chaput, 1998, pp. 213–214).

In the UK, the market for bills is represented by corporate bills of exchange accepted by commercial banks. The peculiarity of the British market for bills is that bills of exchange are discounted by discount houses and later re-discounted by the Bank of England. The acquired bills are debited to Bills Acquired Account and credited to Accounts Receivable Account. The bills honoured are recorded in the debit of Cash in Bank Account and as a credit of Bills Received Account.

In Italy, the most popular bills include financial bills and banker's acceptances (for the value of 50 000 to 250 000 Euros and payment period from 3 to 12 months). The cost of using these financial instrument includes: (1) an acceptance fee of 0.5 to 1% of the face value of the bill of exchange paid to the accepting bank; (2) tax expenses (upon reorganization of financial activity taxation system, as of July 1998 the withholding tax on banker's acceptance was increased

from 15 to 27%) and stamp duty (0.05165 Euro per each 515.46 Euros); (3) payments on investment rate of return (the rate is meant to make the yield competitive compared to yield on government bonds) (Ferrari, A., Gualandri, E., Landi, A., & Vezzani, P., 2005, p. 105).

In Ukraine, bills of exchange and promissory notes can only be drawn in settlement of the goods sold, services rendered, or works performed, (On circulation of bills, 2001) and the amount of debt obligation for the goods sold should not be less than the face value of the bill. The bill is «issued» at the moment when it was delivered to the creditor (seller) for the first time. Bills in circulation include promissory notes and bills of exchange that either charge an interest for the length of time in circulation (interest-bearing bills) or do not charge any interest (non-interest-bearing bills). At the time of issuance, in the case of promissory notes, there are two parties to this debt instrument: the maker (the obligor company) and the drawee (first holder, the creditor company). The process of making a promissory note includes the following steps: first, the goods are delivered from the creditor (seller) to the buyer, and after that, the debtor (buyer) makes a promissory note onto the creditor. After the promissory note has been issued and delivered to the seller (creditor), as confirmed by the Bill Acceptance-Transfer Certificate, the buyer (debtor) discharges the debt obligation on received goods in the books of accounts, and assumes a debt obligation on bills (financial liability) by crediting sub-account 621 «Short-term bills issued in national currency» or sub-account 511 «Long-term bills issued in national currency» (if the payment period exceeds 12 months). The seller (creditor) discharges its debt obligation on delivered goods and assumes a debt obligation on bills (financial asset) by debiting sub-account 341 «Short-term bills retained to maturity in national currency» (as recommended by us) or sub-account 182 «Long-term bills received» depending on the bill payment period.

The bill of exchange, as well as the promissory note, can be drawn (issued) only against the goods (services, works) factually delivered. There generally are three parties to a bill of exchange. In addition to drawer, acting as a person who gives an order to pay, and the payee (first holder of the bill, a person for whose benefit the bill was drawn), the third party to a bill transaction is a payer (drawee), who is ordered to pay the amount owing under the bill. Prior to date of maturity, the drawee must give his agreement (acceptance) to pay the amount owing, that is, at the moment when the bill of exchange is issued, the person denoted as the drawee in the bill of exchange (or as the drawer of the promissory note) must have an outstanding debt obligation with the drawer and/or the third person to whose order the payment is to be made, the amount of which should not be less than the amount of payment specified in the bill (Ibid).

Thus, in order to issue a bill of exchange, the company acting in the capacity of a drawer should have an outstanding receivables account with the paying company and an outstanding payables account with the company acting in the capacity of a holder. In addition, receivables must not necessarily arise from

the goods sold, as opposed to payables liability of the drawer of the bill with the bill-holding company. In the accounting books, transactions with bills are shown similar to transactions with promissory notes. Differences show up only at issuance of the bills of exchange, while on the due date the bill is presented for payment and honoured.

For correct tax assessment of transactions on debt obligations formalised through bills, such as bill issuance (placement) and discharge by means of cashless repayment within the period of time specified by the drawer (drawee (acceptor)) or discharge of bill liability (retirement or discharge of liability by the issuer), we must take into account the provisions of paragraph 23 of the Accounting Standard 13 «Financial Instruments». Based on this Standard, the bills are recognized and classified as a particular class of financial instruments. This feature reveals the essence of economic and legal relations between the drawer and the payee (first owner or holder of the bill), whereby the payee (first owner of the bill) avoids being artificially recognized as subject to provisions of paragraph 153.8, article 153 of the Tax Code of Ukraine, which regulates transactions on trade in securities. The provisions of paragraph 153.9, article 153 of the Tax Code specify that paragraph 153.8 of the Code does not apply to tax payers-issuers in transactions on placement of corporate rights or other securities, as well as their repurchase or redemption by such tax-paying issuers (in our case, drawer of the note (drawee of the bill)). Thus, the payee (first holder) seems to be removed from the effect of this norm. In transactions where placement, repurchase or redemption of securities is performed by the issuer, the latter generates neither gains nor losses from trade in securities because such transactions are not recognized as transactions on trade in securities. Article 17, part 8 of the Law of Ukraine «On Securities and Stock Exchange» provides that placement (original issue (emission)) and repurchase (redemption) of its own securities by the issuer are not recognized as transactions on trade in securities. Thus, the payee (first holder) does not incur any expenses at the time when securities are originally placed. That is, the original issue (placement) of a security (i.e. drawing up of the bill on the payee or first holder of the bill) is also not qualified as a transaction on trade in securities by this first holder of the bill. Moreover, trade in foreign-currency assets entails the transfer of rights to payment documents and other securities denominated in national or foreign currency (Tax Code, 2010). On the other hand, the transactions on placement of securities (issuance of a bill) do not entail the transfer of rights to claims on debt obligations, since securities are not recognized as commodities (goods) in transactions on their placement (alienation in favour of the first owner) or original issue (emission), as well as redemption or repurchase (Ibid). In all other transactions on alienation of securities (purchase and sale, exchange (including bill payment), gift), the bill is treated similar to commodities (goods) (Accounting Regulation No. 13, 2001).

When the bill (bill obligation) is repayed, it is considered to have been honoured. Such a payment is realized by the drawer of the promissory note, ac-

ceptor of the bill of exchange, special payer of the aval-guaranteed bill, or paying agent of a domiciled bill. It is the holder of the bill who is expected to show initiative and present the bill for payment (See Article 38 of the Uniform Law for Bills of Exchange and Promissory Notes.). On the territory of Ukraine, the bill is always honoured at face value, and moreover, only in the form of cashless payment (On Circulation of Bills, 2001). The payment can only be performed if the bill is presented in due place. That is why the presentment of the bill for payment should take place in the locality specified in the bill. Should such a locality be not mentioned directly, the bill is payable at the place of issue of the note (Uniform Law for Bills, 1930). A bank address can also be specified as a place of payment, and the bill should be presented thereto. The payment on the bill can be fulfilled in full or in part. In the latter case, the payer should request that the holder of the bill puts a mark about every such payment on the bill and provides a proof of payment (Ibid). When the bill is honoured at maturity (a short-term bill obligation is discharged), the maker of the promissory note or the acceptor (drawee) of the bill of exchange discharges the bill liability by recording the transaction as a debit to account 621 «Short-term bills issued in national currency» and a credit to account 311 «Current accounts in national currency». When the bill is honoured at maturity (a long-term bill obligation is discharged) in full or in part (upon mutual agreement), the drawer of the note (drawee or acceptor of the bill) removes the amount payable from long-term liabilities (by debiting account 511 «Long-term bills in national currency»), then credits account 611 «Current commitments on long-term liabilities in national currency», and only after that settles it by debiting this same account and crediting account 311 «Current accounts in national currency».

The payee (first holder) has to record the receipt of bill payment as a discharge of the bill receivable. All subsequent holders of the bill, who received it through endorsement, have to record the transaction on bill repayment within the specified period of time (discharge of bill receivable) as alienation of the bill in favor of the drawer (drawee) in exchange for cash assets. The transaction on sale of the bill generates profits which are calculated as overall fair value of the acquired cash assets (face value of the bill plus interest on an interest-bearing bill).

As for discharge of the bills payable liability, it should be emphasized that the bill is recognized as honoured if the payment is realized within the due period of time and in cashless form (On Securities, 2001; Uniform Law for Bills, 1930). Only in this case, the mentioned provisions of the Tax Code are met. Therefore, when the drawer (drawee (acceptor)) discharges the bill liability in full or in part within the due period of time by cashless payment, he does not incur any expenses from transactions with securities for the amount of face value of the bill, thus meeting the mentioned provisions of the Tax Code. However, in general tax accounting, he does incur expenses for the amount of accrued interest for the period of circulation of the bill that is being paid in full or in part. When the bill is presented for honour by the payee (first holder), such taxpayers do not generate

any profits other than for the sum of the face value of the bill (Tax Code, 2010). The interest on the interest-bearing bill for such a payer (payee) is recognized as a profit; similar provisions apply to interest expenses incurred by the drawer (drawee (acceptor)).

Presentment of the bill for honour by its subsequent holders (including drawers (drawees) to debtors (drawers (drawees)) is qualified in tax accounting of these entities as re-negotiation of the bill by re-endorsement to new owners of the bill (Ibid). In such transactions, the rights to cash flows owing under the bill are transferred through alienation (purchase-sale, exchange (including bill payment), gift).

In the books of accounts, when the bill is acquired from the drawer (drawee) through alienation (purchase, exchange, gift), the holder of the bill records it as an acquisition of financial investment by debiting sub-account 144 «Long-term bills purchased» or sub-account 353 «Short-term bills purchased» and crediting either sub-account 311 «Current accounts in national currency» (if purchased for cash funds) or sub-account 361 «Settlements with domestic buyers» (if purchased in exchange for delivered goods, works, services), or sub-account 745 «Income from assets received free of charge». This transaction can also be recorded by crediting sub-account 377 «Settlements with other debtors», (with prior record of its debit), or sub-account 311 «Current Accounts in national currency», or 361 «Settlements with domestic buyers», or 745 «Income from assets received free of charge», depending on its purpose — cash settlement or barter settlement (bill payment), or gift (Accounting Regulation (Standard) No. 12; Accounting Regulation (Standard) No. 13).

This transaction does not give rise to changes in the entity's own bill obligations recorded in the liabilities section of the balance-sheet at face value of the issued bill. Later, this bill liability can be discharged by debiting sub-account 611 «Current commitments on long-term liabilities in national currency» for long-term bills or sub-account 621 «Short-term bills issued in national currency» and sub-account 684 «Payments on accrued interest» (for interest-bearing bills) and crediting sub-account 741 «Income from realized financial investments» with simultaneous discharge of the self-cost of acquired bills by debiting sub-account 971 «Self-cost of realized financial investment» and crediting sub-accounts 144 «Long-term bills purchased» or 352 «Short-term bills purchased».

In case the bill which has been previously credited to income is further re-negotiated by the maker acting in the capacity of a new holder, this transaction will be qualified as regular sale of the bill either for cash assets or in exchange for other goods (barter), or free of charge, similar to transactions of re-negotiation performed by all other subsequent holders of the bill. We will consider these transactions as trade in securities. In the accounting books of the payee (first holder), the transactions on bill alienation in favour of its drawer (drawee) are treated similar to transactions of alienation in favour of the next holder of the bill,

that is, as a sale, exchange, or gift at the price higher than the bill's face value plus interest, or lower than its face value plus interest, or equal to its face value plus interest, or as a transfer without charge. In the books of the subsequent holder of the bill, the transaction of alienation of the bill in favour of the drawer (drawee), regardless of its purpose and method of payment (cash or barter), is recognized as re-negotiation of the bill that has been previously negotiated to such a holder as financial investment. That is, this transaction is qualified as trade in securities. We suggest that this transaction should be recorded as a credit entry in sub-account 144 «Long-term bills purchased» or 353 «Short-term bills purchased» and as a debit entry in sub-account 971 «Self-cost of realized financial investments». At the same time, the profit should be recorded as a credit entry in sub-account 741 «Income from realized financial investments» and as a debit entry in either sub-account 311 «Current accounts in national currency» (if the bill is sold for cash funds) or sub-account 631 «Settlements with domestic suppliers and subcontractors» (in the case of noncash (barter) payment (bill payment) for received goods, services, works), or no entry (should the bill be transferred free of charge).

The bill can also be dispossessed in result of being discounted by the bank. That is, if an enterprise is in high need of funds and cannot wait until the day of maturity, it can sell the bill to a bank. A transaction entailing a purchase of the bill by the bank prior to maturity is called «discounting». According to regulations of the National Bank of Ukraine, (Regulation «On the order of performing banking transactions with bills in national currency on the territory of Ukraine», 2002) bill discounting is a form of term credit, whereby the bank grants a term loan to the holder or presenter of the bill. The bill can be further alienated only by the bank. As a rule, the bank discounts bills that have an exact time of credit written on them, such as at a fixed date, at a fixed period after date, at a fixed period after presentment. Along with that, in order to be honoured, the bill must contain the indication of the date of presentment. The bank discounts (buys) bills at the price lower than face value, whereas the amount of the discount is the bank's fee for performing the transaction of bill discounting. When discounting non-local bills, in addition to the discount, banks can charge such extra fees as «damno» (a fee for encashing non-local bills) and «porto» (a compensation for postal or telegraph transfer services charged to drawer's account in situations, when the place of bill payment is not the same as the place of bookkeeping). Along with the bill presented for discounting, the bank requests that a Register of Bills be submitted in the form established by the bank. This transaction is shown in the payee's (first holder) books of accounts similar to transaction of negotiating the bill to another owner for cash assets, but with indication of the rebate (discount). We suggest that such transactions should be credited to sub-account 345 «Bills received, retained for sale in national currency» for the face value of the bill and sub-account 373 «Payments on accrued incomes» for the accrued interest on interest-bearing bills and debited to account 31 «Accounts in banks» for the amount of money

received and sub-account 977 «Other expenses on regular activity» for the amount of the discount.

At the same time, the interest on the face value of the bill is accrued for the period of its retainment by the payee (first holder) by debiting sub-account 373 «Payments on accrued incomes» and crediting account 732 «Interest received». The next holder who acquired the bill by endorsement records the transaction of bill discounting as a transaction on alienation of the bill for cash assets, i.e. as a previously purchased financial investment that is re-sold to the bank. In the books, account 31 «Accounts in Banks» should be debited and sub-account 741 «Income from realized financial investments» should be credited for the price of the bill (sales price). We also recommend that the self-cost of the bill should be simultaneously discharged by debiting sub-account 971 «Self-cost of realized financial investment» and crediting sub-account 144 «Long-term bills purchased» or sub-account 353 «Short-term bills purchased».

Thus, the transfer of rights to receive cash flows from bills is realized when the payee (first holder) of the bill negotiates it (through purchase and sale, exchange (including bill payment), gift) to a new holder (including drawer (drawee (acceptor)) by endorsement or cession (renouncement of claims), who in turn can renegotiate it to new owners by re-endorsement or cession. In transactions on further alienation (purchase-sale, exchange (including bill payment) gift) of the bill by the new owners (including drawers (drawees, acceptors)) who acquired the bill from the first holder in result of its prior alienation by re-endorsement, such taxpayers generate profits on securities at fair value of the received assets (cash funds, other assets or discharged own liability) (Tax Code, 2010).

For transactions of alienation through bills that are recognized as financial investments (i.e. financial assets held for resale), there is a special tax procedure known as «disclosure of securities»(Ibid). According to this procedure, profits and losses arising from transactions with securities are accumulated in Appendix K3 of the Income Tax Declaration. At year end, should one class of securities generate a loss, it shall be recorded as a decrease in this same class of securities' financial result of the future reporting periods, so that not to reduce profits arising from other classes of securities.

It is worth to admit that in Lithuania, for example, the taxation of bill transactions is performed on general terms, similar to other financial activity; in Hungary, it is performed in accordance with active income tax regulations. The legislation on bills in Ukraine See paragraph 10, article 2 of the Law of Ukraine «On taxes, deductions and other budget payments» (2003) provides that profits from bill transactions shall be recognized on the day when the rights to the bill were acquired or the day when the bill was delivered directly to the new owner, either natural person or legal entity. The Commercial Code and General Tax Code of France contain no mention of any peculiarities in taxing such transactions. In

Germany, the taxing of bills was annulled as of 01.01.1992 based on the Financial Market Promotion Act of 22.02.1990 (Collection of Laws, DGBI I, Art. 266).

Conclusions. As proven by the international practice, bills are highly useful in situations of a crisis thanks to their multifunctionality since they substitute short-term bank credit with commercial credit, decrease the level of non-payments, and contribute to settlement of debtor and creditor obligations. The international legislation on bills (which Ukraine adopted in 1999) fully protects all parties to bill negotiation, assuring this instrument's global credibility. A telling example of this is the fact that it is with bills that the EU countries entered external capital markets in critical situations. Moreover, in order to promote financial market development, Germany eliminated taxes on bill transactions, whereas France created paperless bills in order to decrease current expenses, as well as introduced a new type of a bill collectible only 6 times per month in order to solve cash management problems at the bill-holding enterprises. Thus, the use of bills would enable national enterprises to speed up settlements among market entities (as there will be no need in extracting cash or non-cash funds from their cash flows) and contribute to financial healthening and growing profitability of enterprises, leading to Ukraine's gradual exit from the crisis.

Proceeding from the European experience, we believe that implementation of bill settlements in the practice of national enterprises calls for the development of new approaches to enterprise management concept, which should be updated with respect to specification of goals, objectives and principles faced by the accounting system, as well as for integration of accounting with other managerial functions.

Bibliography

1. Accounting regulation (standard) No. 12 «Financial Investments». [Approved by Order of the Ministry of Finance of Ukraine No.91 of 26.04.2000 and registered with Ministry of Justice of Ukraine under No. 284.4505 of 17.05.2000, with amendments]. Retrieved from <http://www.liga zakon.ua>. (in Ukrainian).
2. Accounting regulation (standard) No. 13 «Financial Instruments». [Approved by Order of the Ministry of Finance of Ukraine No. 559 of 30.11.2001 and registered with Ministry of Justice of Ukraine under No.1050/6241 of 19.12.2001, with amendments]. Retrieved from <http://www.ligazakon.ua>. (in Ukrainian).
3. Chaput, Y. (1998). *Effets de commerce, cheques et instruments de paiement*. P.: Presses universitaires de France.
4. Ferrari, A., Gualandri, E., Landi, A., Vezzani, P. (2005). *Gli strumenti finanziari*. Torino: G. Giappichelli Editore.

5. Hutkevych, S. O., Korinko, M. D. (2004). Bills in the system of securities: Problems of institutionalization and development. [Textbook]. Kyiv: Vydavnytstvo Yevropeiskoho Universytetu. (in Ukrainian).
6. Jeantin, M., Cannu, P., Granier, T. (2005). Droit commercial. Instruments de paiement et de credit. Titrisation. P.: Dalloz.
7. Moshenskyi, C. Z. (2007). A bill. Basic concepts. Kyiv, Rivne: Planeta-Druk. (in Ukrainian).
8. On banks and banking. [The Law of Ukraine of 20.031991 with ammendments]. Retrieved from <http://www.zakon.rada.gov.ua>. (in Ukrainian).
9. On circulation of bills in Ukraine. [The Law of Ukraine No. 2374–III of 05.04.2001]. Retrieved from <http://www.zakon.rada.gov.ua>. (in Ukrainian).
10. On securities and stock exchange. [The Law of Ukraine No. 3480–IV of 23.02.2006]. Retrieved from <http://www.zakon.rada.gov.ua>. (in Ukrainian).
11. Provisions on the order of performing banking transactions with bills in national currency on the territory of Ukraine. [Approved by the Decree of the Board of Directors of the National Bank of Ukraine No. 508 as of 16.12.2002 with changes and ammendments]. Retrieved from <http://www.zakon.rada.gov.ua>. (in Ukrainian).
12. Rudnenko, T. Regulation of bill circulation in Ukraine and abroad. Retrieved from <http://vexel.prom.ua/a44032-regulyuvannya-obgu-vekselv.html>. (in Ukrainian).
13. Tax Code of Ukraine [No. 2755-VI as of December 2, 2010 with ammendments]. Retrieved from <http://www.zakon.rada.gov.ua>. (in Ukrainian).
14. Uniform Law for Bills of Exchange and Promissory Notes, Appendix I to Geneva Convention of June 07, 1930. (Official translation). League of Nations. Retrieved from <http://www.zakon.rada.gov.ua>. (in Ukrainian).
15. Zagalova, Z.A. (2000). Modern markets for bills: Foreign and Russian practice. [Monograph]. (Edited by Prof. N.H. Tokaeva). Vladikavkaz: SOGU Publishing. (in Russian).