

# *Analysis of Accounts Receivable Management of Natural Drinking Company*

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**Abstract:** In the context of high-quality development of the modern economy, various industries are facing fierce competition. In order to obtain a certain market share, various industries will introduce new sales methods, such as using credit sales to increase sales. This method seems to help enterprises increase market share, but if used improperly, it will have the opposite effect. This sales method will lead to an increase in accounts receivable and make management more difficult. To date, most companies in China have a poor awareness of accounts receivable management and do not have a set of applicable management methods, making it difficult to collect accounts receivable and, in serious cases, exposing the company to the risk of bankruptcy. It has then become a major challenge for many business managers to try to use this type of sales to increase profits for the business while at the same time preventing economic losses to the company from dead and bad debts. This paper takes WESTKIND Natural Beverage Company as an example, and provides a comprehensive analysis of some management measures for enterprise accounts receivable. It firstly writes about the current situation of accounts receivable management in WESTKIND Natural Beverage Company, then analyses the problems existing in its accounts receivable management, and puts forward some reasonable suggestions for the corresponding problems, in the hope of providing some useful reference and reference for improving the level of accounts receivable management in WESTKIND Natural Beverage Company.

## 1. Introduction

### 1.1. Research Background

With the changes of the times, the Chinese market economy and social environment are also rapidly developing. Many enterprises, in order to enter the era of rapid development and maintain their share in the fierce market competition, adopt credit sales to expand sales to achieve the goal of increasing profits, thereby improving the competitiveness of enterprises. However, a large amount of accounts receivable is subsequently formed for enterprises, resulting in a high proportion of

accounts receivable in the current assets of enterprises. Therefore, how to effectively manage accounts receivable is crucial for every enterprise to ensure better capital operations and the healthy and sustainable development of the enterprise. This article combines social practice experience and only considers how to achieve the research topic of accounts receivable management.

## **1.2. Study Purpose and Significance**

### **1.2.1. Purpose of Research**

Through research and analysis of accounts receivable management issues for companies in the natural beverage industry, it is found that modern market economy is a credit economy. In order to cope with the rapid development of modern society and bring huge opportunities and challenges to Weikeda Natural Beverage Company, while ensuring the improvement of natural company management level, we also need to strengthen internal control over accounts receivable, improve the company's capital flow ability, thereby improving the overall level of accounts receivable and the ability to use funds, enabling the enterprise to achieve long-term development.

### **1.2.2. Research Meaning**

As the economy continues to grow, safe and sustainable development is very important for an enterprise. At present, many companies do not take effective measures to effectively manage the accounts receivable, leading to the cash flow problems of some enterprises, and even the debt crisis. Accounts receivable management is gradually becoming one of the most important issues in the company's production and business activities. It has important research significance. First, the accounts receivable management can enhance the liquidity of the market, further improve the relevant profit indicators, it makes the enterprise accounts receivable liquidity increased significantly, also can improve the financial data related to the enterprise, the overall level of overall improvement and enterprise also can make full use of funds, speed up the capital turnover, make the enterprise management risk can decline. Second, it is helpful to strengthen and improve the credit management system in the future, improve the dynamic monitoring and management system of accounts receivable, and reduce the risk of economic crisis or bankruptcy of Visikeda natural drinking industry company. Third, imitating the advanced management research methods and experience of relevant enterprises at home and abroad, it can more favorable explore a variety of modes of accounts receivable management research for Chinese enterprises. Fourth, from the research method of accounts receivable management system, the enterprise can also find errors or other problems, in the process of accounts receivable accounting, it can gradually grasp the dynamic status of accounts receivable, timely and effectively avoid economic losses and incomplete data, such as accounts receivable contract approval process, make enterprise accounts receivable recovery time and complete, reduce the loss of assets, make its increase the economic and social benefits, ensure the long-term development of the enterprise.

## **1.3. Research Status, both at Home and Abroad**

### **1.3.1. Current Situation of Overseas Research**

Abuhommous A A, Mashoka T (2020) believes in a dynamic approach to accounts receivable: the case of Jordanian firms that the company's credit sales and credit purchase activities separate the goods transaction from the currency transaction, which can effectively reduce the transaction cost generated by the uncertainty in the process of commodity transaction [1].

Li Y Gu C (2020) Factoring policy with constant demand and limited capital indicates that the

company should set the proportional limit rate of total accounts receivable in advance to prevent excessive accounts receivable and occupy more current assets of the company, and avoid the risk of capital chain fracture [2].

Zhong Yanting (2021) In Research on Enterprise Accounts Receivable Management, credit sales are a long double-edged sword, with both benefits and risks. After all, the best way to increase the market share is to expand the scale of the enterprise and increase the sales of goods, which is the result of credit sales [3].

### 1.3.2. Status Quo of Domestic Research

In (2021), CAI Fang pointed out in the practical Research on Accounts Receivable Management that accounts receivable mainly refers to the debt generated by the credit sale of products or providing services to customers in the process of commercial activities, which is a kind of creditor's rights assets formed because the accounts have not been recovered [4].

In (2021) "Discussion on the Problems and Countermeasures of Enterprise Receivables Management", Wang Jun proposed to formulate reasonable credit management policies according to the actual use of customers and the results of market research [5].

He Min (2021) pointed out in the Importance of Enterprise Receivables Management and Its Optimization Measures under the New Situation, that the company should establish a comprehensive set of customer information and credit files for credit customers. The main purpose of this set of files is to evaluate different customers according to the credit rating of customers, collect the relevant management data of credit customers timely, and update customer data and credit files in time, so as to ensure the operability of the company's own policies and promote the sufficient capital flow [6].

Wu Shejun (2021) pointed out in the Research on Accounts receivable Management of DQ Company that enterprises should strengthen the management of accounts receivable, so as to ensure the full and timely recovery of funds, reduce and avoid credit risks, and achieve the purpose of accounts receivable management [7].

Dang Ni (2021) pointed out that accounts receivable is an important indicator of sustainable development of enterprises in the discussion on accounts receivable Management Problems and Countermeasures of Dong-E-Jiao Co., LTD. Therefore, enterprises need to pay more attention to their operational capabilities in their development process. In particular, it is necessary to strengthen the monitoring of the relevant financial indicators of accounts receivable, formulate credit management policies suitable for their development, and implement strong settlement procedures. Reduce the business operation risk [8].

Zhang qi (2021) in the fortis information company accounts receivable risk management pointed out in the optimization of enterprises in the daily management of accounts receivable, and continuous dynamic supervision of accounts receivable changes in the overall situation, should not only pay attention to the changes in the number of accounts receivable, shall organize each department staff with reference to the current industry average, comprehensive analysis of accounts receivable quality [9].

Chen Xiaoyan (2021) pointed out that capital is related to the lifeblood of enterprises in how to strengthen the receivables management of construction enterprises. With the national macroeconomic policy regulation and the economic situation, the "two gold" pressure continues to increase. Strengthening the management of accounts receivable is very important for enterprises to ease the capital pressure and improve the quality of asset operation [10].

Wang Xinbei (2021) in the enterprise customer credit and accounts receivable management pointed out that in the market economy, enterprises use credit sales for enterprise increase sales, in order to expand the business scale, but in our country, for the customer credit policy is not perfect,

many enterprises will appear the risk of payment not back [11].

Wu Tao (2021) pointed out that the control of accounts receivable should be strengthened in the problems and Countermeasures of accounts receivable management in State-owned Enterprises. Only in this way can the current situation of accounts receivable management be effectively improved, so as to help enterprises to enter the track of healthy development, achieve more long-term economic benefits, and realize the value of state-owned assets [12].

## **1.4. Study Content and Methods**

### **1.4.1. Research Contents**

This paper first through the only think to natural drinking company accounts receivable management problem analysis, found the problems existing in the accounts receivable, and put forward some reasonable Suggestions, the full text is divided into four parts: the first part of the introduction: introduces the research significance and purpose of this article, briefly discusses the research situation at home and abroad, and finally introduces the research content and method of this paper. The second part introduces the related theory of accounts receivable management. The third part: first, give a brief description of the overview of natural drinking company, and state the current situation of receivables of natural drinking company, and then analyze the problems of receivables in the company. The fourth part: solve the problems found in the accounts receivable management of Vistec Natural Drinking Company, and make some corresponding suggestions for the main problems.

### **1.4.2. Research Method**

(1) Literature query method, specifically is with the aid of query and read a lot of literature and related books, combined with the literature and their own analysis and summary, the historical law and the basic direction, fine research, through the induction and extract in the daily news problems in this paper analyzes the various problems and solutions.

(2) Case analysis method, this paper takes the natural drinking company as a case, combines the theory of the company's accounts receivable management and the actual situation of the case company, let them act with each other, so as to deepen the cognition.

(3) In the field research method, through the field investigation of the natural drinking company, and the company directors learned the problems in the accounts receivable management mode of the company and the causes of the problems.

## **1.5. The Problem Proposed to Be Solved in this Paper**

Through the study of Viskeda natural drinking company, this paper puts forward the overall existence of accounts receivable quality, accounts receivable management in the responsibility division, the lack of customer credit audit in the sales process, the lack of strength in the recovery of receivables policy implementation. Through the research, it can be seen that there are many difficulties in the management of accounts receivable of The Natural Drinking Company. In order to solve these problems, this paper makes targeted solutions to these problems, so as to make the enterprise develop better and faster.

## **2. Relevant Concept Definition and Research Basis**

### **2.1. The Concept of Accounts Receivable**

Accounts receivable refers to the amount collected by the enterprise in the normal business process due to the sale of commodities, products, providing labor services and other business, including the taxes that should be borne by the purchasing unit or the labor service unit, and all kinds of transportation and miscellaneous expenses paid on behalf of the buyer [13].

### **2.2. The Cause of Accounts Receivable Formation**

#### **2.2.1. Time Lag between Sales and Receipts**

In our real life, generally only some retailers in buying and selling transactions with cash, generally most manufacturing enterprises and wholesale enterprises due to the settlement of payment need some time, goods deal and the payment time, their length is not consistent, also indirectly led to the formation of accounts receivable [14].

#### **2.2.2. Commercial Competition**

In the modern market economy conditions, in addition to the quality of products, price and advertising publicity, taking the means of credit sales to expand the scale of sales and operation is also one of the main means for enterprises to achieve the means of competition and occupy the market [15]. Therefore, the commercial competition leads to the emergence of credit sales, and the direct result of credit sales is the emergence of accounts receivable [16].

#### **2.2.3. Internal Management of Accounts Receivable is Weak**

On the one hand, the leaders of the enterprise only focus on sales, but ignore the management of accounts receivable, and the risk awareness of supervisors is relatively low. Some companies hastily sign credit sales contracts with the other companies, without reviewing the credit of the enterprise between sales and finance departments related to accounts receivable, sales and accounting are different, and the risk of accounts receivable occurs [17].

## **3. Analysis of the Current Situation of Accounts Receivable Management of Visikeda Natural Drinking Industry Company**

### **3.1. Brief Introduction of Vistec Natural Drinking Company**

Shanxi Viskeda Natural Drinking Industry Co., Ltd. was established on February 10, 2002, registered at No.413, Qinzhou South Road, Qin County, Changzhi City, Shanxi Province. Its legal representative is Wang Xufang. The business scope includes fruit juice beverage, natural spring water, pure water manufacturing, wholesale and retail (laws and administrative regulations require the approval of relevant departments). Shanxi Weexkeda Natural Drinking Industry Co., Ltd. has invested in 5 companies and 1 branch.

### **3.2. Current Situation of Accounts Receivable of Visexida Natural Drinking Company**

#### **3.2.1. Ratio of Accounts Receivable Balance to Total Assets**

The relevant data of accounts receivable and total assets of Visketec Natural Drinking Company

in 2020-2022 are shown in Table 1:

Table 1: Inc2020-2022Annual accounts receivable and total assets related data Unit: ten thousand yuan

	2020	2021	2022
End-of-term total assets	7685	8421	9254
End of the term accounts receivable balance	2383	3560	4485
Ratio of accounts receivable to total assets (%)	31	42.28	48.47

As can be seen from Table 1, at the end of 2020, the total assets of Visikedada Natural Drinking Company were 76.85 million yuan, and the balance of receivables was 2383, accounting for 31% of the total assets; in 2021, the total assets of Visikedada Natural Drinking Company were 84.21 million yuan, the balance of receivables was 3560 and 42.28% of the total assets; in 2022, the total assets were 92.54 million yuan, and the balance of receivables was 44.85 million yuan, accounting for 48.47% of the total assets. Therefore, we can conclude that the balance of accounts receivable of the company is increasing every year, and the proportion of the total assets is also increasing year by year. The proportion of accounts receivable in the total assets is also relatively large, which will bring certain risks to the operation of the enterprise.

### 3.2.2. Ratio of Accounts Receivable to Current Assets

To evaluate the quality of an enterprise's accounts receivable, we usually look at the ratio of the balance of accounts receivable and current assets, and determine the specific situation of the capital occupied of the enterprise by the ratio. If the higher the ratio, the slower the turnover of current assets, the worse the quality of accounts receivable will be. At the same time, and because the accounts receivable in the current assets liquidity is weak, so we should put the balance of accounts receivable to the ratio of current assets control within the controllable range, generally we should control the range below 30%, if once beyond the controllable range, is likely to appear capital run difficult situation, to the enterprise management risk, but also not conducive to the long-term development of the enterprise. The relevant data on accounts receivable and current assets for 2020-2022 are shown in Table 2.

Table 2: Data related to accounts receivable and current assets from 2020-2022 Unit: ten thousand yuan

	2020	2021	2022
End-of-term current assets	5986	6753	7576
End of the term accounts receivable balance	2383	3560	4485
Ratio of accounts receivable to current assets (%)	39.81	52.27	59.20

As can be seen from Table 2, The ratio of accounts receivable balance to current assets was 39.81% in 2020, 52.27% in 2021, 59.20% in 2022, The ratio of accounts receivable to current assets in recent years has exceeded manageable, The enterprise has the relatively large risks; As can be seen in the table, During these three years, The ratio of accounts receivable to current assets has always been relatively large, Even at the end of 2022, with a total share of 59.2%, Large amounts of overdue cash can have an impact on the company's liquidity position, Leading to a cash shortage, Affect the normal production and operation activities of the company.

### 3.2.3. Average Accounts Receivable Turnover Ratio

The ratio of an enterprise's net income from credit sales to the average balance of accounts

receivable over a certain period of time is called the turnover rate of accounts receivable. In an enterprise, accounts receivable serves as an important cash asset in the enterprise. Accounts receivable turnover reflects the rate at which a company recovers its money. The lower the turnover rate of accounts receivable, the slower the turnover rate of the enterprise. Conversely, the faster that happens. The calculation formula of accounts receivable turnover rate is:

Accounts receivable turnover rate = current period sales net income / [(initial receivables balance + ending receivables balance) / 2]

The turnover days of accounts receivable represents the recovery cycle of enterprise accounts receivable, which is used to represent the time from the occurrence of debt to the recovery. The calculation formula is as follows:

Receivable turnover days = 365 days / receivables turnover

The relevant financial data of receivables turnover from 2020 to 2022 are shown in Table 3.

Table 3: Financial data of the company's accounts receivable turnover from 2020 to 2022 Unit: ten thousand yuan

	2020	2021	2022
sales income	4621	3911	4703
Opening balance of accounts receivable	1885	2982	3967
Closing balance of accounts receivable	2383	3560	4485
average accounts receivable turnover ratio	2.17	1.19	1.11
Days of receivables turnover	168.2	306.7	328.82

From Table 3 data only think to natural drinking company accounts receivable turnover for 2.17 times in 2020, 1.19 times in 2021, 1.11 times in 2022, the overall at a low level, and the accounts receivable turnover of accounts receivable in decreasing year by year, thus shows that the debtor default accounts payment time is too long, but also shows that the company payment is not enough, assets formed a bad even may eventually form bad debts, liquid assets liquidity, not conducive to the production and operation of the enterprise. And in the accounts receivable turnover days from 2020 to 2022 showed the trend of the increase, accounts receivable payback period becomes more and more big, by 2022 accounts receivable turnover days even has reached 328 days, signs are that only think to natural drink industry company average collection period is long, accounts receivable turnover slowly will increase the company's financial risk. Therefore, in order to improve the quality of accounts receivable management, it is very necessary to accelerate the turnover of accounts receivable.

### 3.3. The Problems of Accounts Receivable Management of Vistec Natural Drinking Company

#### 3.3.1. Accounts Receivable have Quality Problems

Through only think to natural drinking industry company nearly 3 years of relevant financial data as the foundation, through the selection of scale, growth and risk accounts receivable evaluation index, such as accounts receivable accounts receivable, accounts receivable accounts for the proportion of total assets of current assets, can be seen from the above analysis only think to natural drinking industry company accounts receivable growth too fast, lead to total continuous accumulation, at the end of each year, accounts receivable recovery pressure is big, will bring certain potential risks to enterprise sustainable development, affect the normal production and operation of the enterprise. Many of the company's officials focus too much on the pace of sales and profits, but ignore whether all the debt can be recovered. So, the sales staff only pay attention to the company sales, and do not consider the recovery of accounts receivable. In the face of fierce market competition, in order to expand the market sales, it has cleared out of a lot of inventory by means of

credit sales. They only value the economic interests of credit sales, but ignore the major financial risks related to credit sales, and do not effectively prevent them. Blindly accept credit sales, without thoroughly investigating all aspects of the customer's credit status. As a result, a large number of accounts receivable failed to be recovered in the first time, or even cannot be recovered. As a result, it is short of working capital of the natural drinking industry company, which brings great economic losses to the company.

During the three years, the turnover of the receivables increased from 2.17 in 2020 to 1.11 in 2022, to a low level, which affects the recovery of the receivables. In short, the quality of receivables is poor, and some measures need to be taken to strengthen the quality of receivables.

### **3.3.2. Accounts Receivable Management Responsibility Division is Unclear**

There are so many problems in the accounts receivable management of the company, such as the large proportion of accounts receivable and the poor overall quality, which is to a large extent due to the potential problems in the company's accounts receivable management policy, that is, the responsibility is not clearly defined. So far, Visicosta Natural Drinking Company mainly has the sales department and the finance department to manage the company's accounts receivable respectively, but the two departments cannot be clearly divided in the division of responsibilities. At the same time, due to the lack of cooperation between the two departments, the timely feedback of customer arrears information and sales collection indicators cannot be effectively allocated to specific departments. In peacetime, the work of accounts receivable management is not in place, and the enterprise itself has not set up financial personnel to manage accounts receivable, and does not timely analyze the aging of credit sales of goods, leading to more and more accounts receivable balance. So that when the company recovers the accounts of the problems, cannot find the responsible person management.

### **3.3.3. Lack of Review of Customer Credit**

Credit management is one of the important means to effectively improve the level of enterprise receivables management. The credit management of Visikeda Natural Drinking Industry Company only extends to the monitoring during and after the incident, but there is no effective credit management and monitoring measures before the incident. The natural drinking industry company does not have a scientific and reasonable credit system, and the credit policy is not perfect enough. The company when choosing a target customer, too much focus on sales goods can create profits, and ignore the accounts receivable can timely collection, accounts receivable seems to help the company to improve their profits, but if not back in the due date, is likely to lead to accounts receivable proportion is too large, not timely recovery, affect the enterprise capital turnover, will eventually bring certain management risk to the enterprise. And enterprise will be to these target customers, before signing the contract failed to the target customer qualification and credit investigation, without understanding the capital, credit, financial status, operating ability, industry reputation, brand reputation and before with the company's business history, these are the company to target customer comprehensive credit evaluation must evaluate the important factors. These cannot be obtained from the business license or tax registration certificate alone. If the enterprise cannot conduct a detailed investigation and analysis of the credit status of the target customer, and blindly sells the goods to the other party, which may lead to the difficulty of recovering the accounts receivable, and it is likely to become bad debts. Therefore, it is a technical work to analyze the credit status of customers, and the enterprise needs to have the ability of this aspect to control the credit status of customers. This can reduce the difficulty of accounts receivable in the recovery.



### 3.3.4. The Implementation of the Accounts Receivable Collection Policy Lacks the Strength

Credit sales is a double-edged sword, through which accounts receivable will be generated, receivables will have a term, the longer the credit sales period, the less the possibility of recovery, the risk of bad debts will be greater. The analysis of overdue receivables of Viskeda Natural Drinking Company is summarized in Table 4.

Table 4: Overdue situation of the company's accounts receivable in two years Unit: ten thousand yuan

time quantum	At the end of 2021	Proportion (%)	At the end of 2022	Proportion (%)
Account period	1922.4	54	2264.9	51.5
1-30 days expired	516.2	14.5	618.9	13.8
31-60 days after it has expired	391.6	11	542.7	12.1
61-90 days expired	302.4	9	439.5	9.8
91-180 days to have expired	231.4	6.5	322.9	7.2
More than 181 days overdue	196	5	296.1	5.6
summation	3560	100	4485	100

From the above Table 4 analysis, the proportion of accounts receivable recovered in the account period in the past two years has decreased, and the proportion beyond the account period in these two years has increased accordingly, reaching nearly 50%. This indicates that the possibility of accounts receivable recovery is greatly reduced, which correspondingly increases the risk of bad debts, and also reflects the management defects in payment collection resulting in a large increase in overdue arrears.

This is because in the collection of accounts receivable, the collection of accounts receivable, did not set up special personnel and special management department, so it can be concluded that the enterprise has not formed a set of perfect credit collection system, thus improving the possibility of bad debts.

## 4. Improve the Solution to the Accounts Receivable Management of Natural Drinking Company

### 4.1. Strengthen the Awareness of Accounts Receivable Management

The company should preset the proportional limit rate of the total amount of accounts receivable in advance to prevent excessive accounts receivable and occupy more current assets of the company, and avoid the risk of capital chain fracture. Secondly, the decision-makers of the natural drinking industry company should strengthen the encouragement of the accounts receivable policy and reduce the credit receivable funds. Encourage early repayment and formulate preferential pre-repayment policies, which can shorten the total turnover days of accounts receivable and reduce the risk factors of bad debts. Establish an independent customer credit management department, cultivate high-quality customers, improve the accuracy of accounts receivable management, and disperse the work pressure of company managers. Finally, Viskeda Natural Drinking Company will apply for a third party enterprise with credit management experience to update customer credit management knowledge regularly.

## 4.2. Clarify the Responsibilities of Each Department

The management of accounts receivable is not the responsibility of a single department, which requires the cooperation of multiple departments to make the management of enterprise accounts receivable play the biggest role [18]. The various departments of Visicosta Natural Drinking Company need to cooperate to maximize the overall benefits and to clarify their respective responsibilities.

In fact, the company's sales representatives have direct contact with customers and have a first-hand understanding of the actual situation of customers. They have the best and most intuitive understanding of the differences of their clients. Sales related personnel to communicate their own information about customers to other relevant departments, which can help enterprises to investigate the credit status of customers.

For the finance department, their main responsibility is to calculate the day-to-day operations of the enterprise. In the daily work, such as accounting accounts receivable, provision of bad debts and analysis of the age of accounts receivable, at the same time, the company's financial personnel should manage and supervise the sales. Review and inspect contracts with suppliers and keep applicable records in the files. These records should be kept forever. The data within the contract should be complete, as well as the time of sale and payment, the customer name and location. Customer accounts should even be tracked daily and irregularly to fund the company's customer accounts.

The internal audit functional departments of enterprises should also play the role of reviewing contract agreements to avoid major mistakes, and all relevant problems should be dealt with in accordance with the company's laws and regulations. The performance of each department must also be controlled and monitored, such as whether there is a use of power for personal gain, or unclear funding with customers. Assess the business performance of each department and the employee performance evaluation. Verify whether the customer's credit rating is reasonably assessed and whether the credit rating system is defective. The audit department shall act as the independent auditor and supervisor of the accounts receivable management.

These departments seem to have different responsibilities, but there is some connection between them. Mutual cooperation between enterprises can improve the management system of accounts receivable and effectively reduce the risk brought by accounts receivable.

## 4.3. Establish a Special Credit Management Department

Although China's credit market is relatively chaotic at present, the society pays more and more attention to credit, and "people do not stand without credit", especially in commercial transactions. Visi Keeda Natural Drinking Company must adhere to the basic principles of business, not only to be honest and trustworthy, but also to have the vision to correctly assess the credibility of its business partners. The company shall establish a credit management department, whose main task is to investigate all the customers of the company. It is necessary to comprehensively analyze the credit information of customers, establish a sound customer credit evaluation system, and conduct statistics and analysis of customer information, so as to ensure the safety of the company's assets and timely recovery. The establishment of the credit department will change the enterprise, so that it can formulate the credit policy applicable to the current situation of the enterprise according to the form of the economic system, the events and changes within the enterprise and the situation of the enterprise itself.

The credit control department needs to conduct a comprehensive and in-depth research and analysis of the customer's credit degree. This gives the company a detailed and comprehensive understanding of its potential clients' asset values, financial and operating conditions, past

performance, and reputation. Enterprises can also use the relevant information investigation, to the field investigation and other ways to obtain these data. On these basis, we can also carry out in-depth analysis and sorting, to obtain the real operating status, solvency and profitability of customers. Focus on the major issues that may affect the future transactions and cooperation between the two sides, such as whether the enterprise has a history of malicious payment arrears, and whether it has committed violations of laws and disciplines.

The establishment of a perfect new credit evaluation system is conducive to enterprises to formulate appropriate credit-related policies, improve the internal business operation and customer deterrence. The customer shall, in accordance with the relevant provisions of the credit policy, and the customers who default on the payment of the company and fail to return the payment due shall be settled in strict accordance with the relevant provisions of the policy. The establishment of credit policy is an important part of daily accounts receivable management, to ensure the balance between enterprise sales and assets. Credit policies vary from company to company, and credit policies are different in different periods due to the situation of the company. If you want the company to have more room to grow, then you have to have plenty of money. At this point, the conditions of the loan can appropriately stipulate the compensation schedule and early compensation discount, which can further motivate the customer to pay quickly.

For the whole credit sales process of credit sales, The Natural Drinking Company should follow the following basic process in Figure 1:

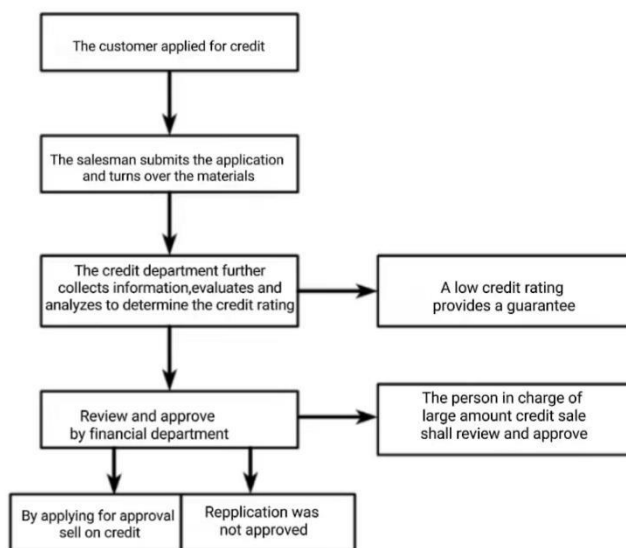


Figure 1: Credit sales process

#### 4.4. Flexible Choice of Accounts Receivable Collection Method

There are many ways of collection, only the natural drinking industry company should not only consider their own actual situation, but also consider the scale and nature of customer arrears to consider the length of customer arrears and other factors, carefully choose.

##### (1) Telephone collection

Due to the advantages of convenient and low cost, the natural drinking company should give priority to calling customers to urge payment. For companies with smaller debt, funds can be collected by phone and mail. This can also improve communication for clients with large amounts of outstanding debt.

##### (2) Letter collection

Mail can be divided into electronic and paper mail. Email is convenient and quick, and is often used for informal reminders. The letter should be concise and complete, stating the amount owed, repayment date and basic information. Other complex and necessary instructions may be attached as attachments to the body of the message. The letter is more formal and may be retained as proper proof of receipt. In some cases, it is often used along with other collection methods. Vistec Natural Drinking Company can also be humanized on the cover, format and layout of written letters to maintain a good customer relationship.

(3) Visit to collect

Direct, face-to-face communication is very effective, but it takes a lot of time and manpower. Such face-to-face surveys are often used in cases where telephone calls and letters are unsuccessful. Before in-to-face meetings, look at the client and the case. In order to face-to-face meeting, if the customer proposes a clear repayment method, our cashier should prepare an official document containing "repayment date" and "repayment amount", and ask the representative of the other party to sign for confirmation. This document is available as an original certificate for subsequent use. Usually, in order to carry out follow-up cooperation in the future, enterprises will give some preferential conditions accordingly in the interview, and the natural drinking industry company will give the corresponding preferential conditions according to the situation.

(4) Third person collection

Through the above three methods, when there is no substantial progress, the customer arrears the payment for a long time, the company thinks it is not necessary to adopt the form of legal action, in this case, the company will ask some special institutions to assist in order to recover the accounts as soon as possible. Of the three, this may be the simplest and most effective and, unlike the legal process, third-party recycling will not have a serious negative impact on the connection between the customer and the merchant and may repair the partnership. However, this approach will have additional costs and expenses. The Natural Drink will have to weigh the cost of recovery against the effect of recovery in its own case, and decide whether to transfer the collection task to a third party.

(5) Action at law

When the debt dispute occurs with the customer, the agreement cannot be reached through negotiation and mediation, and the customer refuses to pay unreasonably, at this time, the natural drinking industry company should decisively resort to law. There is no doubt that legal recourse to receivables is extremely complex, the most time consuming and the least efficient than other methods. However, the biggest advantage of litigation recovery is that the limitation of the law can help the enterprises to recover the sales money and expose the customers who violate the industry ethics to due sanctions.

Combined with the characteristics of the above five methods, combined with the specific amount of arrears and the time of arrears, the following Table 5 is formulated, which can provide the Natural Drinking Company to flexibly choose the collection method.

Table 5: Visikeda Natural drinking industry Company accounts receivable collection method selection table

project	The amount receivable is small	The amount receivable is large
Short default time	Telephone reminder	Visit to collect
Long default time	Telephone, fax, letter confirmation	Third party collection, legal proceedings

**5. Conclusions**

This article tries to think only can reach natural drinking industry company accounts receivable

management problems for a comprehensive analysis, this can give the peer company, especially in a similar situation of small and medium-sized enterprise management ideas, in order to reduce its financial cost and improve its overall competitiveness, also can provide ideas and research materials. This is of great significance to the receivables management of similar enterprises in China.

Through a simple description and discussion of the current situation of accounts receivable and accounts receivable management of Visxieda Natural Drinking Company, it is found that the accounts receivable management of Visexieda Natural Drinking Company does have problems.

There are quality problems in accounts receivable, the unclear division of accounts receivable management responsibilities, the lack of audit of customer credit, and the lack of strength of accounts receivable collection policy.

After finding out the weaknesses of the company's accounts receivable management and analyzing the reasons, this paper proposes some targeted methods to improve the accounts receivable management of Vistec Natural Drinking Company. The plan also aims to address system deficiencies, further improve and implement existing policies and systems, and gradually improve the entire receivables management process from receivables creation to the collection of overdue receivables. It puts forward effective measures for the management of the company's accounts receivable.

Finally, in the process of writing this article, despite my efforts, there are still some shortcomings, including the limited basic theoretical ability, the lack of practical experience, and the specific verification of some views seems to be not mature. On the other hand, given the diversity of actual conditions, the complexity of data collection, and the immediate lack of more comprehensive credit management and the latest corporate data, the research is inevitably flawed. In the future, I will pay attention to the accumulation of practical experience, conduct more in-depth analysis and judgment, and provide more sufficient theoretical and practical support for the conclusion of this paper.

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