



# Risks of Foreign Economic Activities in Tourism: Consideration In Income Accounting

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## Abstract

Reducing risks associated with tourism activities is one of the key tasks for tour operators and travel agencies. The article is devoted to solving the problems of identifying risks of tourism enterprises when recognizing and accounting for revenue at each stage of the company's sales cycle. The methodology is based on the provisions of accounting and reporting standards, both national and international, as well as the specific characteristics of the travel company's economic activity. The result of using the date of completion of the tour to establish the moment of recognition of revenue from the sale of a travel product by a travel agent and the combined method of revenue recognition, based on the degree of completion of the transaction for the provision of services at the reporting date, is to ensure compliance with the principle of prudence in the accounting of travel companies, to establish the optimal ratio between the reliability of the array of information on revenue received and the degree of risk to ensure the investment attractiveness of the company.

**Keywords:** accounting, foreign economic activity, risks, tourism, revenue.

## 1. Introduction

Given the specifics of the services provided by the tourism industry, such economic activity is high-risk. The issues of tourism industry development should be studied through the prism of the functioning of its structural elements, in particular, travel agents and operators, which is especially important for generalizing their work experience, identifying the main trends in activity, and strategic priorities. Weak management of tourism industry enterprises is associated not so much with unqualified personnel as with the lack of an orderly system that would provide reliable, complete, and objective information to the management of business entities to make the most effective management decisions and avoid risks when carrying out economic activities in tourism.

Building an effective accounting system, integrating modern methods of its management, contributes to increasing the level of financial transparency, provides the possibility of effective planning, improves management processes, and generally increases the creditworthiness of tourism enterprises in the global market (Oktayani et al., 2024). Such measures are one of the areas for reducing the risks of tourism sector enterprises. At the same time, the modern concept of accounting goes beyond its traditional role as a means of registering financial transactions, transforming it into a strategic management tool (Piratih et al., 2025; Vysochan et al., 2024). Tourism firms in their activities should pay more attention to the use of management accounting information in the decision-making process (Do et al., 2020).

Avoiding risks arising in the process of tourism is the task of the management of travel agencies and tour operators. Within the framework of tourism, such organizational forms of tourism as domestic tourism and international tourism are distinguished. Considering the issue of international tourism from the point of view of the occurrence of risks, they can be classified as risks of foreign economic activity. Typically, such risks can lie in the economic, political, social, or even environmental planes, since the services provided within the framework of tourism depend on a large number of external factors that change depending on the type of trip and the destination. In particular, the Global Risk Map (Global Guardian, 2025) demonstrates security risk ratings for individual countries in 2025, taking into account several factors, which allows taking into account political, environmental, and other circumstances and assessing the risks of tourism in certain regions as of now and in a strategic perspective.

Given the recent global shocks, the vulnerability of the tourism industry has increased. The COVID-19 pandemic has had a serious impact on the tourism market of many countries and has made significant adjustments to travel (Muzindutsi et al., 2021; Kyrlov et al., 2020; Shpak et al., 2023). In line with general global trends, this has also led to a decline in the popularity of Ukraine as a tourist destination, reducing the level of tourism potential in domestic and foreign markets (Vysochan et al., 2021). In particular, risks in tourism activities during the pandemic were associated with uncertainty about the duration of containment measures and the possibility of recurrence, which makes it difficult to predict the consequences of the pandemic for the economy (Arbulú et al., 2021). The risk of tourism activities is considered as the probability (threat) of a tourism enterprise losing part of its resources, not receiving income, or incurring additional costs as a result of its activities (Fomina et al., 2018).

Global risks in the context of foreign economic activity of tourism companies should be analyzed not only as general exogenous factors, but as a set of specific threats that directly affect financial and economic processes, including mechanisms for generating revenue and

ensuring contractual obligations. Making settlements between the buyer and seller within the framework of foreign economic activity in a foreign currency, the exchange rate of which is subject to change, leads to the emergence of currency risks (Honchar, 2017). Tourism enterprises face fluctuations in exchange rates, difficulties in making international settlements, changes in the regulatory environment in destination countries, as well as geopolitical restrictions that complicate the implementation of contractual terms. The combination of these factors is decisive for assessing the financial stability of entities operating in a global environment, since they directly affect the stability and predictability of revenue flows.

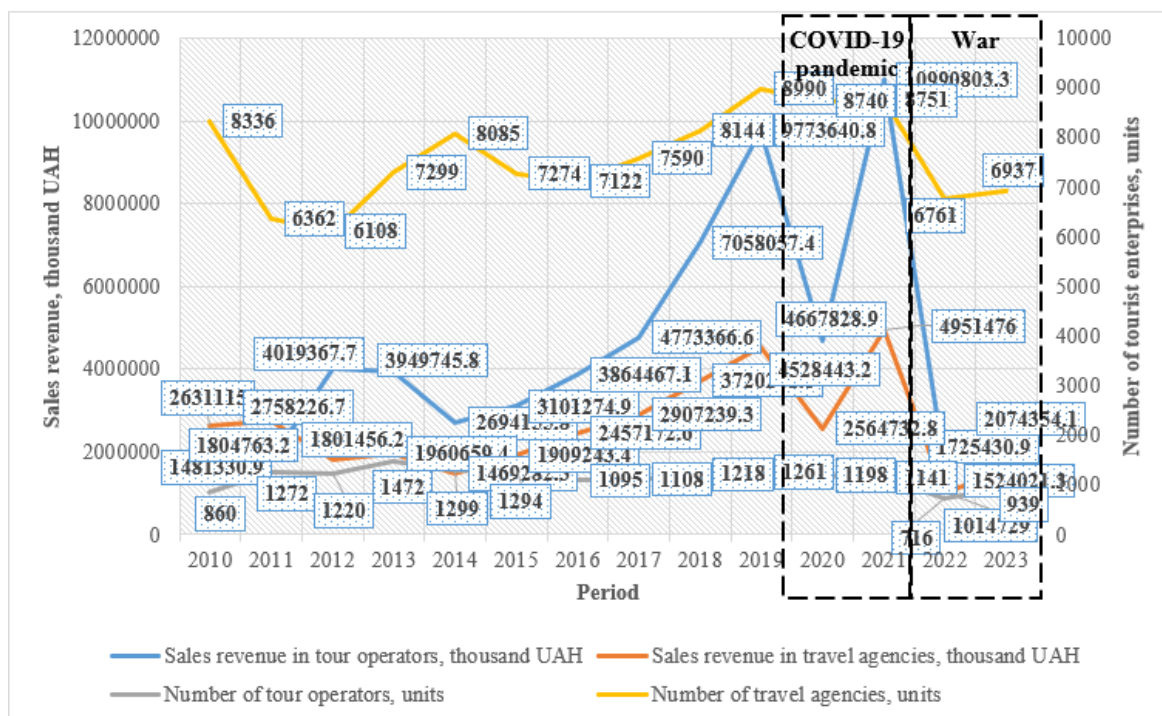
Given this, when studying the risks of foreign economic activity of tourism enterprises, it is worth focusing on the indicators of the revenue of business entities, which are key indicators of the effectiveness of functioning. A tourist service involves the emergence of risks for the service provider precisely in the context of the difference in the time of receipt of the service by the tourist, since the tourist trip itself is an ongoing service, and the recognition of revenue from the provision of such services can be recognized even before its completion. The main source for determining the revenue of tourism enterprises is accounting data. Since the revenue of the enterprise is influenced not only by economic factors but also by social and political ones, it is necessary to determine the risks, taking into account all these factors. Statistical data provide an opportunity to analyze the change in both the number of business entities in the tourism industry of Ukraine and the amount of revenue from such activities.

**Table 1:** Number of tourism entities in Ukraine and revenue from their sales of tourism products in 2010-2023

Years	Number of operating business entities, units		Total, units	Revenues received from sales, thousand UAH		Total, thousand UAH
	tour operators	travel agencies		tour operators	travel agencies	
2010	860	8336	9196	1481330,9	2631115,0	4112445,9
2011	1272	6362	7634	1804763,2	2758226,7	4562989,9
2012	1220	6108	7328	4019367,7	1801456,2	5820823,9
2013	1472	7299	8771	3949745,8	1960659,4	5910405,2
2014	1299	8085	9384	2694155,8	1469282,3	4163438,1
2015	1294	7274	8568	3101274,9	1909243,4	5010518,3
2016	1095	7122	8217	3864467,1	2457172,6	6321639,7
2017	1108	7590	8698	4773366,6	2907239,3	7680605,9
2018	1218	8144	9362	7058057,4	3720241,8	10778299,2
2019	1261	8990	10251	9773640,8	4528443,2	14302084,0
2020	1198	8740	9938	4667828,9	2564732,8	7232561,7
2021	1141	8751	9892	10990803,3	4951476,0	15942279,3
2022	716	6761	7477	1725430,9	1014729,0	2740159,9
2023	939	6937	7876	2074354,1	1524021,3	3598375,4

(Source: summarized by the authors based on data from the State Statistics Service of Ukraine, 2023)

In terms of sales revenue, the Ukrainian tourism market in the 2010s grew by 20-40% annually (except for 2014, which was associated with the beginning of the military conflict in eastern Ukraine and the annexation of Crimea) and reached its peak in 2019 (Figure 1).



**Fig.1:** Dynamics of the number and revenue of tourism enterprises in Ukraine in 2010-2023

(Source: constructed by the authors based on data from Table 1)

Analyzing statistical indicators, we can single out two recent crises (the COVID-19 pandemic and the war) that had an impact on the development of tourism in Ukraine:

1) the COVID-19 pandemic led to a sharp decrease in the revenue of tourism companies (by 49.43% in 2020 compared to 2019), at the same time, hopes for a quick end to the epidemic and the opening of borders ensured stability in the number of tourism entities (only 3.05% of the total number of tourism companies announced the cessation of their activities over the same period);

2) The start of full-scale hostilities in 2022 led to catastrophic consequences for the tourism market of Ukraine: along with a decrease in revenues by 82.81% compared to 2022 compared to 2021, the number of active players in the market decreased by 24.41% over the same period, i.e., the fourth tourism company in Ukraine reduced its activities in the war. This is especially true for companies located in occupied territories or combat zones.

3) both crises, however, affected the profitability of various players in the tourism market: the COVID-19 pandemic reduced the volume of business revenue of one business entity in 2020 compared to 2019 by 49.73% (for tour operators) and 41.74% (for travel agencies); the similar indicator during the war in 2022 compared to 2021 decreased by 74.98% (for tour operators) and 73.47% (for travel agencies);

4) statistics show that after the crisis associated with the COVID-19 pandemic, tour operators resumed their activities faster than travel agencies (147.22% revenue growth in 2021 compared to 2020 for tour operators; 92.82% revenue growth over the same period for travel agencies); at the same time, in the second year of a full-scale war, travel agencies are recovering more actively (46.38% revenue growth in 2023 compared to 2022 for travel agencies; 8.33% revenue decline over the same period for tour operators). At the same time, this situation is associated not only with the consequences of economic crises, but also with the redistribution in the structure of tourism market entities, in particular, with an increase in the share of tour operators.

5) economic crises associated with the COVID-19 pandemic and the full-scale Russian invasion of Ukraine are one of the reasons for the decrease in the share of tour operators in the total number of tourism entities: during the crises (2020-2023), their share fluctuated within 10-12%, while in the pre-crisis period (2011-2019) it was 13-17%. One of the reasons is the reluctance of travel companies to take on organizational and financial responsibility, as well as the associated risks, for the formation and promotion of their tourism product on the market, instead working within the more comfortable framework of travel brokerage.

Avoiding the risks of activities when carrying them out in the tourism industry is impossible, which is due to the significant number of factors affecting such activities and the complexity of controlling them. One of the ways to reduce risks when conducting business activities is to correctly assess revenue and use effective methods of recognizing and evaluating it in accounting.

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## 2. Literature Review

In the process of identifying the risks of tourism activities, a number of external factors can be cited that determine them, namely: globalization, climate change, the world economic crisis, and increased political instability (Franzoni and Pelizzari, 2016). However, at each stage of development, the tourism industry faces problems not only of a global nature but also of a local nature, in particular, with pricing difficulties, instability of buyers' revenues, insurance limits, capacity limitations, etc. (Ural, 2015). In general, changes in modern economic systems, of which the tourism industry is a part, occur under the influence of the geopolitical situation in the world, several external and internal factors, and, considering the situation in Ukraine, under the influence of active military operations on its territory (Calinescu et al., 2023). The perception of tourism risk has a direct impact on intentions to purchase tourism services and is a quantitative assessment of tourism security (Cui et al., 2016). The inevitability of risks in the tourism industry affects the economic activities of enterprises and organizations in the industry.

Even though risks are central to all forms of tourism activities, approaches to risks in tourism position them only as a set of negative outcomes that should be avoided. This is what determines the need to study different concepts of tourism risks and tourism uncertainty at different scales (Williams and Baláz, 2014). In the process of risk research, the following main topics can be distinguished: the concept of risk, safety, and protection; the trend of risk research in tourism; the definition and prerequisites of the expected risk and risk as a positive element (Yang and Nair, 2014). Studying the risks of tourism enterprises in a broad context, they focus on the impact of geopolitical risk on the demand for export of tourism services and state that this impact is predominantly negative (Hailemariam and Ivanovski, 2021). Analysis of survey data from respondents across countries shows that global economic geopolitical risks are perceived as more likely and have a greater impact compared to global environmental and technological risks (Asgary and Ozdemir, 2020). Geopolitical risk negatively affects tourism demand, and the COVID-19 pandemic outbreaks have exacerbated the negative impact of geopolitical risks on tourism demand. The dynamic characteristics of both the local and international political environments significantly affect tourists' consumption decisions and the economic performance of tourism destinations (Lee et al., 2021; Akadiri et al., 2020). The economic activity of tourism enterprises involves the emergence of economic risk, which is an integral part of their functioning (Bober and Bodył, 2016). The approach to risk management of foreign economic activity of tourism enterprises assumes that one of the first stages is the selection of risks for the purpose of further assessment and analysis. Risk management involves the implementation of the following stages: risk identification, analysis, assessment or ranking, risk response planning, monitoring, and review of risks (Sofiichuk, 2018). The risks of travel agencies can be divided into organizational, environmental, competitive, economic, political, infrastructural, and specific (local) risks (Oroian and Gheres, 2012). Tourism also reacts negatively to the emergence of economic, financial, and political risks, since these risks inhibit the influx of tourists to countries; however, it is worth noting that tourism revenues react differently to changes in these factors (Muzindutsi et al., 2021). The wide range of risks to which the tourism industry is exposed, from exchange rate fluctuations to pandemics, significantly affects business operations, which is why a properly constructed accounting system is important in identifying, assessing, and managing risks (Costețchi-Jușca and Cojocaru, 2023).

Focusing on the part of the risks that arise when recognizing revenue, we will determine that the revenue of tourism enterprises has specific recognition and assessment in accounting, depending on the chosen approach. That is why the emphasis is shifted to a rationally organized accounting and financial management system that provides the possibility of objective analysis of profitability, correct recognition of revenue received and expenses incurred, increasing the efficiency of operational management, as well as the formation of reliable financial reporting (Sintavee et al., 2024; Vysochan et al., 2022). The volume of financial accounting information provided is an important element that affects the management accounting of revenue, expenses, and business results of enterprises (Dau et al., 2024). The issues of recognition and accounting methods for revenue from the sale of services by tourism enterprises are crucial for the proper organization of accounting, with subsequent use in assessing the risks of foreign economic activity.

## 3. Materials and Methods

Revenue recognition in Ukraine is carried out according to the same principles as those provided for by international accounting and financial reporting standards. However, the assessment of revenue in tourism activities has its characteristics, not only taking into account the industry, but also depending on whether the business entity is a tour operator or a travel agent. The research methodology involves the

use of accounting and reporting approaches according to the National Accounting Regulations (Standards) of Ukraine, developed by international accounting standards, and a critical assessment of the practice of accounting for revenue of tourism enterprises depending on the moment of their recognition at different stages of the sales cycle.

The following main provisions of the construction of the accounting and financial mechanism of the activities of enterprises in the tourism industry can be distinguished (Calinescu et al., 2023):

- Prepayment for a tourist service does not increase the revenue of travel agents and tour operators.
- Revenue in accounting can be recognized either upon the fact of providing a service or upon each concluded sales contract. That is, the enterprise must recognize revenue upon completion of the provision of a service to the tourist. Due to the occurrence of gaps in time between the conclusion of a contract with a tourist and the receipt of the actual tourist service, there are different approaches to recognizing revenue.

When identifying the risks of foreign economic activity in the tourism sector, it is important to compare the stages of recognizing revenue at different times with determining the degree of risk at each of the moments of recognizing revenue by the enterprise.

In general, in accounting theory, the revenue recognition methodology involves two approaches:

Approach 1. Revenue can be recognized in the period in which the main economic activities have been completed and their results can be reliably determined.

Approach 2. Revenue can be recognized at a specific point in the chain of events, which is called a critical event. Such an event can be, for example, the completion of the production process, the shipment of finished products, or the receipt of cash.

Roshko N.B. believes that revenue in tourism activities can be recognized on the date of receipt of funds or the date of completion of the tour (Roshko, 2012). However, this statement contradicts the National Regulation (Standard) of Accounting 15 "Revenue" (Ministry of Finance of Ukraine, 2015) and International Financial Reporting Standard 15 "Revenue from Contracts with Customers" (International Accounting Standards Board [IASB], 2014), according to which neither the amounts of revenue under a commission agreement, an agency agreement in favor of the principal, the principal (for a travel agent), nor the amount of advance payment for services (for a tour operator) can be recognized as revenue. Revenue must be earned; that is, for its recognition, it is necessary to fulfill contractual obligations to deliver products and provide services to the buyer (Kaminska, 2010). The subject of such an agreement is a tour formed by a tour operator or a complex of tourist services. The term of the agreement is usually limited to the date of completion of the tour. Thus, by recognizing revenue from sales at the time of transfer of documentation (tickets, insurance policy, information sheet, etc.), which occurs after signing the contract with the tourist, but before the start of the tour, the travel agent violates the provisions of the National Regulation (Standard) of Accounting 15 "Revenue" (Ministry of Finance of Ukraine, 2015), paragraph 10 of which provides that revenue associated with the provision of services is recognized based on the degree of completion of the transaction for the provision of services at the balance sheet date, if the result of this transaction can be reliably estimated. In this case, the degree of completion of operations is equal to zero, which excludes the possibility of recognizing revenue before the start of the provision of the service, which is a tour. This approach is confirmed by the norms of paragraph 31 of IFRS 15 "Revenue from Contracts with Customers" (IASB, 2014). Taking into account the peculiarities of Ukrainian legislation, such approaches are also confirmed by the provisions of the Tax Code of Ukraine No. 2755-VI (Verkhovna Rada of Ukraine, 2010) establishes the legal framework for taxation in Ukraine, according to which it is stipulated that revenue from the provision of services and the performance of works is recognized on the date of drawing up an act or other document, drawn up by the requirements of current legislation, confirming the performance of works or the provision of services.

From the point of view of financial accounting, determining the moment of recognition of revenue from the provision of tourist services is regulated by law, and the procedure for such recognition is provided for in national or international standards, depending on how the company's accounting is regulated. In management accounting, there is a possibility of a more flexible approach to revenue recognition in order to assess the investment attractiveness of a business entity and assess the risks of economic activity at each stage of the tourism services sales cycle.

## 4. Results and Discussion

The general principles of revenue recognition according to IFRS 15 are used for all business entities regardless of the industry, and provide for the assessment of revenue at the time of its actual occurrence - the sale of goods or the provision of services. This is confirmed by a number of studies analyzing the application of international accounting and reporting standards in revenue recognition (Mohd Fauzi et al., 2024; Napier and Stadler, 2020; Lee and Choi, 2024; Kabir and Su, 2024).

At the same time, each of the tourism entities has several differences in the application of the revenue and expense recognition mechanism due to the specifics of the intermediary activities they carry out, and taking into account the fact that the period during which they receive revenue and incur expenses is extended in time (Figure 2). It is believed that in the case of the latest recognition of revenue, the risk of unreliable assessment is reduced, and accordingly, the risk of the foreign economic activity of the business entity is reduced. Given the specifics of the activities of travel agents and tour operators, the recognition of revenue affects the risks of the business activities of these entities in different ways.

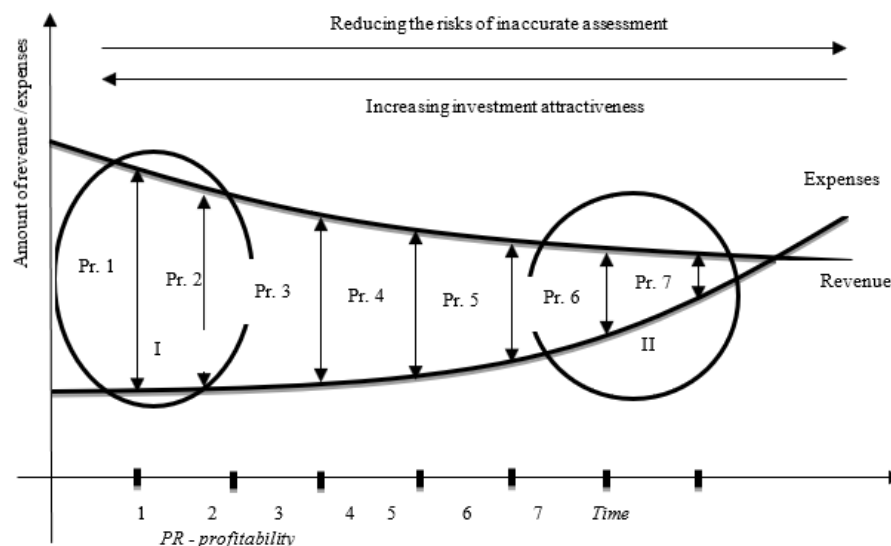


Fig. 2: Critical events in the recognition of revenue and expenses of travel agents (Source: developed by authors)

For travel agents, the process of providing services can be conditionally divided into 7 stages, during which critical events occur for the recognition of revenue and related expenses, and the degree of risk of foreign economic activity:

Stage 1. Critical event "Recognition of revenue and expenses at the time of forming an application for booking a tour". In this case, the travel agent recognizes revenue on the basis that all tours according to the applications will be implemented, and this, in turn, can be ensured only by final confirmation from the tour operator of the possibility of carrying out the tour and the client's consent to its purchase. At this stage, the highest risks of not receiving such revenue are observed, because, due to the intermediary nature of the travel agent's activities, the latter cannot be completely sure of the availability of free hotel rooms or seats on the plane. It is also impossible to guarantee the immutability of the client's travel plans and his loyalty to a particular agent. However, using this mechanism for recognizing revenue and expenses, it is possible to demonstrate maximum reported profit, which will be a good signal for potential investors and counterparties.

Stage 2. Critical event "Moment of confirmation of the application". In this case, the travel agent reduces the risks associated with the refusal of the tour operator (non-confirmation of the application), but all the risks related to the client remain, and they are still significant. Such recognition (purely technical) causes a significant amount of profit, which allows you to create a positive image in front of investors. Therefore, when recognizing revenue and expenses in Stage 1 or Stage 2, there are significant risks of activity, expressed in an unjustified overstatement of profit, which, on the one hand, demonstrates to users of the reporting the efficiency of the functioning of the business entity, and on the other hand, there remains a fairly high probability of not receiving these revenues at all, for various reasons that do not directly depend on the travel agent (sector I in Figure 2).

Stage 3. Critical event: "The moment of signing the contract with the client". At this stage, the risks of the client's refusal to travel are reduced due to the fact that the contract for tourist services usually stipulates significant penalties for refusing the trip. At the same time, the risks that the trip will not take place remain, and the cancellation of the tour may occur if a number of circumstances arise, including force majeure.

Stage 4. Critical event: "The moment of payment for the tour by the client". This stage, in many cases, coincides with the previous stage of signing the agreement with the client. Payment, in turn, provides the travel agent with a certain financial guarantee in relation to the client, which means the implementation of the contract in full under appropriate stable circumstances. With such recognition of revenue and expenses, the risk will be low, since most of the subsequent risks are transferred to the tour operator.

Stage 5. Critical event "The moment of the start of the tour". At this stage, all risks, mainly, lie not with the travel agent but with the tour operator. However, there is still a certain probability that the client, for certain reasons, will not go on the planned tour. At the same time, according to the Law of Ukraine "On Protection of Consumer Rights", he has the right to refuse the tour before it begins. Therefore, recognizing profit at this stage does not yet protect the travel agent from a certain overestimation of it, while the profits shown in the reporting will be quite low.

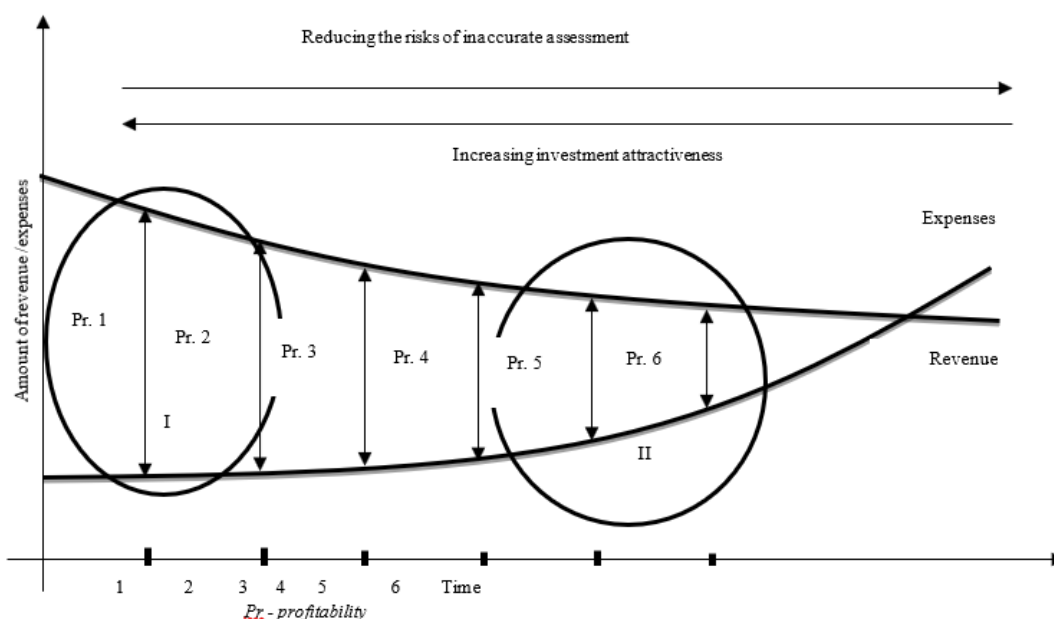
Stage 6. Critical event: "The moment of completion of the tour". Despite the seemingly absolute confidence in the reliability of the recognition of revenue and expenses during this period of time, the travel agency still cannot guarantee the absence of claims from the client who was dissatisfied with the trip and filed a claim for compensation for losses. Some of them may be within the scope of the agent's responsibility, especially those claims related to the latter's failure to provide the client with proper and reliable information. In this case, although the risk of an unreliable assessment is minimized, it remains.

Stage 7. Critical event "End of the claim period". The risks of recognizing revenue and expenses at this stage are minimal. The travel agent has absolute confidence in the absence of the need to adjust previously recognized revenue. At the same time, this creates a not very attractive picture for investors and potential buyers, because the company's profitability will be insignificant in comparison with the previous links in the chain of economic events.

Thus, at the last two stages of revenue and expense recognition, the value of the travel agent's profitability is offset by the low risks of unreliable recognition of revenue from foreign economic activities (sector II in Figure 2).

Despite the similarity of the construction of the accounting system for travel agents and tour operators, the process of recognizing revenue and expenses and assessing risks at each of the stages in Figure 3 will differ.

Stage 1. Critical event "Receive an application from a travel agent". At this stage, unconfirmed revenue is recognized, since there is no final information about places in a hotel, on an airplane, or on a tourist bus. Therefore, with such recognition, the company's profit may be significantly overstated. And the risk associated with submitting inaccurate information in the reporting is significant.



**Fig. 3:** Critical events in the recognition of revenue and expenses of tour operators (Source: developed by authors)

Stage 2. Critical event “Completion of tour formation”. This stage is associated with the confirmation of the application sent by the travel agent. At the same time, all responsibility for the quality of financial and settlement operations lies with the travel agent, because he, as an intermediary, is responsible for working with the client. As for revenue, the probability of their overestimation remains significant due to the lack of absolute certainty about the payment for the tour by the client or errors in the work of the travel agent. Thus, the risks of unreliable assessment at this stage are quite large, although if the main goal of the user is to obtain the most relevant information, then the recognition of revenue and expenses at this point is a priority.

The first two stages combine high (although in many cases only apparent) investment attractiveness due to overestimation of profits, but the risk of not receiving these profits, in turn, will also be significant (sector I in Figure 3).

Stage 3. Critical event: “The moment of receiving payment from the agent (client)”. At this stage, a significant part of the responsibility for the quality of service provision passes to the operator, while the recognition of revenue is accompanied by less risk compared to the previous stage, because, at least from the client and agent's side, in the absence of extraordinary events, the contract will be fulfilled.

Stage 4. Critical event: “The moment of the start of the tour”. At this stage, force majeure factors may interfere with the amount of profit, which will not allow the client to make the planned trip. In this case, the calculated profit will be smaller than in the previous stages, but the risks are significantly reduced. Quite often, to further reduce them, operators use the services of insurance companies, offering tours with an additional insurance policy that covers the risks associated with the client's failure to go on the tour.

Stage 5. Critical event: “The moment of completion of the tour”. In this case, a decrease in profit is possible if the client is dissatisfied with the quality of the services provided to him, which directly depends on the tour operator as the generator of the tour. Then, the client has three days to submit a written application with documentary confirmation of the shortcomings of the services received and demand compensation, or subsequently apply to the courts.

Stage 6. Critical event “Completion of the complaint period”. This is the final stage, at which the recognition of revenue and expenses is the most reliable. The risks here, accordingly, are practically absent, but the profitability is also at a minimum level, which reduces the investment attractiveness of the tour operator. Of course, with a general statute of limitations, for example, in Ukraine, this period is 3 years, the low value of the information received by the user, caused by the loss of its relevance, actually makes the use of this moment in the recognition of revenue and expenses impractical.

Thus, at the two final stages (sector II in Figure 3), the presented level of profitability of the company will be quite low and unattractive from the point of view of the investor or consumer. At the same time, with such recognition of revenue and expenses, the risk of the formation of unreliable reporting data, in particular, and the company's activities in general, is reduced. It is the date of completion of the tour, in our opinion, that can be considered the most objective for establishing the moment of recognition of revenue from the sale of a tourist product by a travel agent. Accordingly, the funds received from the tourist in payment for the cost of the product are advances received by the travel agency. The same funds transferred to the operator should be recognized as advances provided, which should be properly reflected in accounting. This combined method allows you to establish the optimal ratio between the degree of risk and the moment of revenue recognition to ensure the investment attractiveness of the company.

An example of using the combined method of revenue recognition, based on the degree of completion of the service provision transaction at the reporting date: a tourist orders a new bus tour along the route “Departure Point – Point 1 – Point 2 – Point 3 – Point 4 – Point 5 – Point 6 – Return Point” lasting 11 days. Possible departures offered by the tour operator for this trip are 25.12 (arrival at the Return Point – 04.01) and 28.12 (arrival at the Return Point – 07.01). The cost of sales is 6435 USD. The agent's fee is 10% (643.5 USD). According to clause 12 of NP(S)BU 15 “Revenue”, if the services consist of performing an indefinite number of actions (operations) over a certain period, then the revenue is recognized by evenly accruing it over this period. A similar norm is contained in Appendix B.18 of IFRS 15 “Revenue from contracts with customers”. The revenue from sales and the number of deductions from revenue as of the balance sheet date are determined by formulas (1)-(2), and as of the date of completion of the trip, (3)-(4):

$$S_{b.d.} = \frac{K_b}{K_n} \times S_r \quad (1)$$

where  $S_{b.d.}$  – share of sales revenue recognized at the balance sheet date;

$K_b$  – number of days from the start of the tour to the balance date;

$K_n$  – tour duration.

$S_r$  – revenue from the sale of tourist services (reliably estimated).

$$S_{p.d.} = \frac{K_b}{K_n} \times S_r \times (100\% - B_a) / 100\% \quad (2)$$

where  $S_{p.d.}$  – proportion of deductions from revenue recognized at the balance sheet date;  
 $B_a$  – agency fee, %

$$S_{c.d.} = S_r - S_{b.d.} \quad (3)$$

where  $S_{c.d.}$  – share of sales revenue recognized at the date of completion of the tour.

$$S_{t.d.} = S_r \times (100\% - B_a) - S_{c.d.} \quad (4)$$

where  $S_{t.d.}$  – share of deductions from sales revenue recognized at the date of completion of the tour.

In the proposed example, the travel agency recognizes revenue from sales on the balance sheet date in the amount of: in the first case,  $7/11 \times 6435 = 4095$  USD; in the second,  $4/11 \times 6435 = 2340$  USD.

The remaining amounts are recognized as revenue on the date of completion of the tour: 2340 USD on 04.01 or 4095 USD on 07.01.

As for deductions from revenue, according to formulas (2) and (4), they will be:

$7/11 \times 6435 \times (100 - 10) / 100 = 3685.5$  USD – in the first case;

$4/11 \times 6435 \times (100 - 10) / 100 = 2106$  USD – in the second.

The remaining deductions at the end of the tour:

$6435 \times 0.9 - 3685.5 = 2106$  USD – in the first case;

$6435 \times 0.9 - 2106 = 3685.5$  USD – in the second.

However, quite often during the trip, tourists have the opportunity to receive additional (voluntary, optional) services, the cost of which is paid separately (Table 2), and the travel agent also receives a fee for ordering them.

**Table 2:** Additional services ordered by a tourist when purchasing a tour from a conventional travel company

Service name	Cost, USD	Date of service provision for outbound tour:	
		25.12	28.12
Excursion Point 1	440	27.12	30.12
Excursion Point 2	330	28.12	–
Excursion Point 3	605	29.12	–
Excursion Point 4	220	30.12	02.01
New Year's Eve dinner	1100	31.12-01.01	31.12-01.01
Excursion Point 5	440	–	03.01
Excursion Point 6	330	02.01	04.01
Total cost of additional programs, including:	3465	3025	2530
provided before the balance sheet date	–	21451	9901
provided after the balance sheet date	–	880	1540

(Source: compiled by the authors)

The provision of such services may be unevenly distributed in time and requires additional calculations for correct attribution to the revenue of a specific reporting period.

Modifying the data of the example, we will obtain additional revenue from the sale of tourist services in the amount of 3025 USD in a tour with departure on 25.12 and 2530 USD in a tour with departure on 28.12. The indicated amounts should be distributed based on the date of actual provision of services. In particular, in a tour with 25.12, revenue for 2145 USD (agent fee – 214.5 USD) will be attributed to December, and revenue of 880 USD (88 USD) to January. In a tour 28.12 on December, services were sold in the amount of 990 USD (99 USD of agent fee), and in January, 1540 USD (154 USD). Based on the results of the calculations, it can be concluded that it is inappropriate to use the uniform method of accruing revenue from the sale of additional services during the tour. In this case, it is necessary to carefully monitor the moment of provision of such services and recognize revenue in accounting at the moment of their actual provision. When recognizing revenue in accounting at the balance sheet date, it is advisable to use a combined method – revenue from the sale of the main service should be distributed evenly over a certain period of time, and additional services, at the moment of their actual provision.

Using the tour completion date to determine the moment of recognition of revenue from the sale of a travel product by a travel agent, as well as the proposed combined method of revenue recognition, based on the degree of completion of the service provision transaction at the reporting date, will ensure compliance with the principle of prudence in the accounting of travel companies.

## 5. Conclusion

Carrying out tourism activities is associated with the presence of risks that a business entity often cannot influence. An effective accounting system allows you to receive timely information about the transactions carried out and make appropriate management decisions based on accounting data, which, in turn, allows you to reduce the level of riskiness of such transactions. Since one of the important stages in assessing the effectiveness of activities is the level of their profitability, this, in turn, leads us to the issue of recognizing revenue from tourism activities. The choice of the moment of revenue recognition is always a compromise between a significant risk of unreliable assessment and the desire to increase the investment attractiveness of the tourism entity. The limiting factor in this case is the legislative one. The accounting model for the sale of a product by a tourism enterprise is based on the correlation of accounting records with the stages of the sales cycle and allows you to ensure the reliability of the array of information about the revenue received by the enterprise.

Based on the conducted research, it was determined that the lowest risk for both the tour operator and the travel agent will be the recognition of recognized revenue from the sold product, only at the stage of the sales cycle, “Completion of the advertising period”. However, profit-

<sup>1</sup> Income from the provision of the “New Year’s Eve Dinner” service is evenly distributed between the dates 31.12 and 01.01.



ability is also at a minimum level; the information received by the user loses its relevance and makes the use of this moment when recognizing revenue inappropriate. Recognition of revenue from the sale of a tourist product on the date of completion of the tour (full fulfillment of obligations under the contract) balances both the risks of foreign economic activity and the profitability indicators of the company. Since a tourist service is often complex and consists of a set of services, including and additionally, it is necessary to determine the moment of recognition of revenue for each of them. When recognizing revenue in accounting at the balance sheet date, based on the degree of completion of operations for the provision of services, it is advisable to use a combined method, in which revenue from the sale of the main service is evenly distributed over an extended period, and additional services are recognized at the time of their actual provision. This will allow establishing optimal indicators between the reliability of information on revenue received and the degree of risk to ensure the investment attractiveness of the company while simultaneously taking into account legislative restrictions on accounting for revenue of tourism companies. The proposed combined method of revenue recognition is relevant not only in conditions of geopolitical instability, but also in stable economic environments, where risks have a different nature, in particular, seasonality, changes in consumer preferences, or fluctuations in demand. Its flexibility allows you to adapt accounting approaches to different types of tourism products, ensuring the optimal balance between the reliability of financial information and the investment attractiveness of the enterprise. In addition, the method takes into account external risks, such as currency fluctuations, changes in international regulation, or unforeseen events in destination countries by adjusting the moment of revenue recognition in accordance with the actual fulfillment of obligations.

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