

**METHODICAL AND PRACTICAL ASPECTS OF FORMATION OF FINANCIAL RESULTS'
MANAGEMENT ACCOUNTS***Marina V. Vladyka**Belgorod State University, (Pobedy street 85, 208000 Belgorod, Russia)**Liliya A. Zimakova**Belgorod State University, (Pobedy street 85, 208000 Belgorod, Russia)**Svetlana S. Kucheryavenko**Belgorod State University, (Pobedy street 85, 208000 Belgorod, Russia)**Alexandra V. Kovalevskaja**Belgorod State University, (Pobedy street 85, 208000 Belgorod, Russia)*

Abstract. The article is developed to investigate formation of management financial reporting. In the course of the research, information needs of investors and top managers were identified. These needs assess the financial result of the company in terms of sustainable development and the possibility of achieving strategic goals. In particular, the most important criteria for investors are: stability, prospects for development, directions of use of profit; for managers the main criteria are: the implementation of plans, the results of current management, deviations. Based on this, the authors developed recommendations for the preparation of a set of management reports. The basis of their formation lies in traditional and non - traditional principles of reporting-it is the presentation of indicators in the dynamics, the disclosure of the causes of deviations, the definition of expected improvements, the analysis of cause-and-effect relationships. The developed forms of reports are focused on the formation of transparent information and the elimination of information asymmetry..

Keywords: management reporting, financial result, investors, managers.

1. Introduction

Variability of economical conditions and consequently, the business environment, make it necessary to control financial result during all phases of his formation. Book keeping, as the most important information source, can promote this process. If earlier information in managerial account was accumulated only for inside users, then today all greater dissemination finds practice of representation to external users of data of inside managerial records that corresponds the tendencies of information business transparency, therefore it is necessary to transfer accent to this reports. This trend is confirmed by materials of accountants' 19th World congress in Rome (Pyatov, 2015). Therefore the purpose of this study research is development of methodical recommendations on formation of the complex of managerial reports based on the principles of purposefulness and importance supplying information needs of investors (owners) and the managers of highest level of control.

2. Technique.

Within the issue of this survey two purpose-oriented groups were allocated, for which reports has a prime value - investors and the managers of highest levels of control. Their information needs are different substantially from the needs of other users, as they are oriented to the evaluation of the development prospects of managing subject. If creditors and accountant emphasize to necessity of objective evaluation of the incomes and charges, then managers are aimed to operating control by them what was taken into account at development of the forms of managerial records. External users, which are investors, accent attention on stability of produced profits, on the development prospects of the subject and the directions of use of the profits. Studying of literature sources allowed to define necessity of formation of managerial reporting on the basis of customary principles of constitution of the reports. As well specialised principles were also proposed - this representation of ratings in dynamics, deployment of the reasons of deviations , definition of expected improvements, analysis of cause effect relationships were offered. The survey of the owners and chiefs 50 industrial companies, located on the territory of Belgorod region gave chance to reveal the criteria of productivity of functioning of business the most important for them, characterizing stability, development prospect, efficiency of use of the profits, performance of the plans, current control, management by exception. During research practice of management of the account in industrial companies of Belgorod area was investigated the base for development of separate forms of managerial records which are presented in tables 1-8.

3. Results.

Within conducted research recommendations on formation of managerial records of financial results were developed which are presented schematically on the Fig.1.

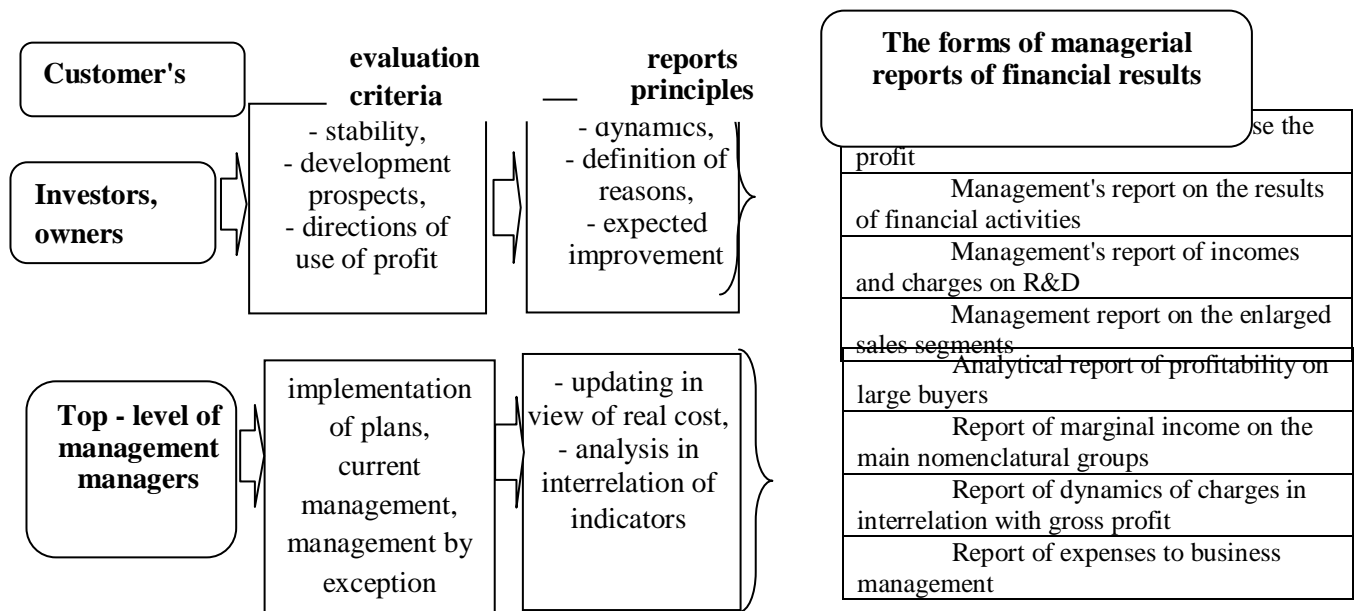


Figure 1. Recommendations on formation of managerial records of financial results.

One of the most important issues which interest investors is the direction of use of the profits, therefore the form of the appropriate managerial report is offered, she is presented in table 1.

Table 1. Report of the income and expenses of the Joint-Stock Company “Belgorod Khladocombinat” thousand of the roubles.

| Indicators | Year | | Deviation | | Reasons |
|--|---------|---------|-----------|--------|--|
| | 2016 г. | 2017 г. | (+;-) | % | |
| Profit before tax | 42684 | 29347 | -13337 | 68.75 | Decrease of volume of realisation at the expense of the reduction of market segments |
| Profit tax | 13545 | 14299 | 754 | 105.57 | |
| Net profit | 25406 | 11178 | -14228 | 44.00 | |
| Profit included to unallotted profit of current year | 23200 | 8505 | -14695 | 36.66 | It is expedient to create reserve funds |
| Creation of reserve funds | - | - | - | - | |
| Profit directed to payment of dividends | 105 | 85 | -20 | 80.95 | Decrease of net profits |
| Profit used for the needs of the entity | 811 | 206 | -605 | 25.40 | The reduction of industrial activity |
| Created additional capital (without revaluation) | 48123 | 57245 | -3597 | 94.09 | Disposal of fixed assets |
| Net assets | 623767 | 634945 | 11178 | 101.79 | Increase of current organisation assets |

Profit depends on determined activities or taking place events, and not just from particular operations. It can be registered in various processes of the organisation’s activity: plans, purchases, production, realisation, and during formation of monetary resources.

It is important to receive an operational and transparent information enabling to control sales and results that allows to make a managerial report presented in table 2.

Table 2. Managerial report of financial results on the activities of the Joint-Stock Company is “Belgorod Khladocombinat”, thousand of the roubles.

| The name of the indicator | Plan | Fact | Deviation | Reasons of deviation | The object of intangible asset |
|--|------|------|-----------|---|--------------------------------|
| Incomes from R & d | - | - | - | - | - |
| Expenditures on R & d carried out by own forces and brought result | 120 | 115 | -5 | Economy of resources at the expense of decrease | 115 |

| | | | | | |
|---|-----|-----|---|--------------------|---|
| | | | | of material inputs | |
| Expenditures on R & d produced by lateral organisations and brought result | - | - | - | - | - |
| Expenditures on R & d which didn't bring the results (expenditures of current period) | 136 | 136 | - | - | - |

In the case of occurrence of essential deviations deepened analysis with definition of factors which influenced to arisen deviation is conducted. After determining the reasons of deviations, it is necessary to develop recommendations on elimination of negative moments and to calculate the size of expected improvements. The reports made in such a manner will allow to create base for construction of graphic forms of reports characterizing dynamics and perspective of growth (decrease) of ratings connected with financial results from common activities (table 3).

Table 3. Analytical report of profitability on large buyers of the Joint-Stock Company is "Belgorod Khladocombinat".

| The main activities | The planning figures | | | Factual evidence | | | Factors which influenced to deviation | Size of expected improvements | | |
|---|----------------------|--------|--------|------------------|--------|--------|---|-------------------------------|--------|--------|
| | Income | Cost | Profit | Income | Cost | Profit | | Income | Cost | Profit |
| Production and realisation of the ice-cream | 752649 | 695473 | 57176 | 995488 | 844491 | 150997 | Increase of volume at simultaneous increase of expenditures | 1025120 | 812360 | 212760 |
| Service delivery | 79412 | 40510 | 38902 | 103214 | 63449 | 39765 | | 115623 | 55048 | 60575 |
| Sale of other goods | 415 | 400 | 15 | 265 | 212 | 53 | Reduce of volumes at decrease of expenditures | 423 | 330 | 93 |
| Sale of milk | 100 | 75 | 25 | 85 | 63 | 22 | Reduced demand | 105 | 70 | 35 |
| Total | 832576 | 736458 | 96118 | 1099052 | 908215 | 190837 | | 1141271 | 867808 | 273463 |

For the evaluation of stability of work of industrial subject is important to define not only production volume, but also her range. Marketing division should form bids to production in sharp conformity with consumers' valid enquiries on range, amount and quality. For check for that process it is recommended to draw up report of marginal income on the main nomenclatural groups enabling to conduct analysis of the structure of sales, his form is presented in table 4.

Table 4. Report of marginal income on the main nomenclatural groups.

| The name of nomenclatural group | Proceeds from sale, rub. | Variable manufacturing cost, rub. | Profit margins, rub. | The structure of marginal income, % |
|---------------------------------|--------------------------|-----------------------------------|----------------------|-------------------------------------|
| Frost | 275710255 | 212296896 | 63413359 | 19.60 |
| Milk | 1323263 | 1018913 | 304350 | 0.09 |
| Ice-cream | 1129541619 | 869747047 | 259794572 | 80.31 |
| Total | 1406575138 | 1083062856 | 323512281 | 100.00 |

A very important supervised rate is the expenses. In the above described analytical report attention on marginal income accounting variable manufacturing cost of the production was concentrated. But on the profit from sales have enough a big influence managerial and commercial charges, they should be considered as affiliated ratings, therefore it

is recommended to draw up report of dynamics of charges in interrelation with gross profit, his form is presented in table 5.

Table 5. Report of dynamics of charges in interrelation with gross profit of the Joint-Stock Company is “Belgorod Khladocombinat”.

| Indicators | 2017 г. | 2016 г. | 2015 г. |
|--|---------|---------|---------|
| Gross profit, rub. | 190837 | 193889 | 210689 |
| Correlation of commercial charges to gross profits, % | 3.70 | 9.10 | 3.70 |
| Correlation of administrative expenditures to gross profits, % | 43.00 | 45.00 | 37.00 |

If there is external information it is expedient to make a managerial report on competitors, his form is presented in table 6.

Table 6. Analysis of profitability of competitors' sales (by the example of the Joint-Stock Company “Belgorod Khladocombinat”) on the manufacturers of the ice-cream.

| Nomenclature | Manufacturing cost, rub | Gross profit, rub | Efficiency, % | Profitability, % |
|---|-------------------------|-------------------|---------------|------------------|
| Ice - cream on Kursk KH | 649.08 | 220.66 | 34.00 | 25.37 |
| Ice-cream production of Ajs Fili | 54 021.47 | 2 727.16 | 5.05 | 4.81 |
| ice - cream production of Nestlé | 197 133.39 | 9 774.66 | 4.96 | 4.72 |
| Other manufacturers | 35 620.55 | 8 479.45 | 23.80 | 19.23 |
| Talosto | 68 789.20 | 3 432.54 | 4.99 | 4.75 |
| Chelny-holod | 270 446.23 | 10 204.52 | 3.77 | 3.64 |
| Ice - cream production of The Republic Of Belarus | 17 617 315.42 | 4 931 021.52 | 27.99 | 21.87 |
| Ice – cream production of private label | 15 990.68 | 11 661.54 | 72.93 | 42.17 |

4. Discussion.

The authors' opinions relating to the indicators of the evaluation of the companies activity productivity are shared. According to the opinion of R. Wang, C.Ó. Hogartaigh, T. Zijl (Wang, 2009), S. Basu (Basu, 1997), S. Al-Sakini, H. Al-Awawdeh (Al-Sakini, 2015) principle of conservatism which is basic in the calculation of financial statements, renders negative effect to formed financial result, but is reflected positively on realness of the evaluation in the conditions of crisis. Of course, the information disclosed in accounting, is important, but C. S. Armstrong, W. R. Guay, J. P. Weber (Armstrong, 2010) have proved that there conflicts between managers, directors and stockholders arising from problems with transparency of information in these statements.

According to the opinion of H. Zbyněk (Zbyněk, 2012, Mora, J. A. M. 2016) managerial account was successfully adapted to modern information needs, not figures are simply established in him , and data for the evaluation of the potential of future success and growth of the company are contained, therefore exactly managerial reports are the most useful.

C.M. DePree and C.T. Grant (DePree,1999) as a result of theme research of questions controls of profit in view of interests of the chiefs, stockholders, other interested persons and GAAP came in the conclusion that it is difficult to reconcile interests of various groups of users, and specific attention should be turned to etiquette of persons forming reporting ratings. As investigation, according to the opinion of D.Stepanov (Stepanov, 2005), H. B. Kuznecov (Kuznecov, 2011; Villegas, Francisco Javier Villegas, and Claudia Valderrama Hidalgo. 2018) and other is arises necessity of use of the complex of versatile ratings characterising result.

P.W. Roberts и G.R. Dowling (Roberts,2002), conducting research of interrelation of financial result and company reputations, showed that the firm's financial reputation straight depends on stability of produced profits, but in some cases companies managers try to influence directly a business reputation, so that, as investigation , to increase earned profit. Such approach could lead to result in success only in short-term period. Therefore it is necessary to form a transparent information in a breakdown activity. Taking into account that the companies use various approaches for

development of business (connected and untied diversification), it is expedient to show interrelations between activities. Exactly this fact will allow to evaluate objectively opportunity of receipt of a synergetic effect. L.A. Zimakova (Zimakova,2013), building on this topic, developed a mathematical toolkit enabling to state prognosis estimation of financial result in view of possible receipt of синергетического effect from integration of various activities.

Many authors pay attention to the problems of the evaluation of productivity caused of manipulation with accounting data. Researches H. Stolowy (Stolowy, 2000) showed that in many countries (Canada, USA) enough large companies of various domains of business are implement such manipulations. P.E. Dascher, R.E. Malcolm (Dascher,1970) puts the greater emphasis on use of “real” or “artificial smoothing” of data is accented at preparation of financial reports. In one case profit diminishing, in other profit increasing, this was done up to the moment of placement of shares. It had influence to stockholders' positive decision regarding acquisition of shares. One of the opportunities of execution of manipulations is liberal views of accounting policy with regard to recognition of the incomes and charges. A.V. Kovalevskaya (Kovalevskaya,2017) within the held research of Russian companies, defined that depending on size of subjects, volumes of their activity, the system of taxation of states of dependence of accounting policy determining approaches to definition of financial result, and, as investigation, emerges opportunity of manipulations with the indicators of productivity. Therefore important component of disclosed records is reflection of the information about changes in main provisions of accounting policy which could affect “artificially” change of financial result.

The value of the profits can be the act by the base for the evaluation of efficiency of the Company activity. The data of the profits of the accounted period can be correlated with the ratings of previous periods, it is possible to analyse dynamics of the profits and her conformity to the plan. However if capital invested by the Company changes in time, then analysis of the profits should be executed together with analysis of invested capital and incomes.

Researchers conducted by H. Mattis, J. P. Ponsar (Mattis,2002), on the basis of the companies of Germany and France, showed that expediently not simply to compare received result, but also to define size of expected improvements which should be enough well justified. T.D. Fry, K.D. Fiedler (Fry,2014) necessity of use of scenario approach based on use of standard manufacturing cost designed in the subsystem of managerial account is noted, and formation of prognosis reports of financial results made on the rules of financial account, to reveal possible deviations and to calculate expected improvements.

J. Surroca, J.A. Tribo, S. Waddock (Surroca,2010)the influence of non-material assets, reputations, scientific activity to the indicators of results of the company was justified. Therefore, in our opinion, in the reporting information about realised company to research and research and development work should be disclose that allows to see the development prospects of the subject.

5. Conclusion.

Thus survey conducted showed importance and significance of granting clear information of results for external users and highest level of control what formed basis of development of managerial reports methodical recommendations on formation of the complex of financial results for given groups of the users taking into account purposes including additional criteria, specific features and the forms of reports revealing the main aspects of activity, factors which influenced results and perspectives of growth of managing subjects. The performance disclosed in recommended managerial reports, are oriented towards evaluation of stability of the company and its ability to reach strategic purposes.

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