



ENTERPRISE

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TRADING ENTERPRISE MANAGEMENT REPORTING SYSTEM

Conceptual frameworks of management reporting formation have been investigated from the perspective of systematic approach. The requirements to the contents and structure of management reporting of trade enterprise have been determined.

Keywords: information support of management, accounting information, management reporting, elements of management reporting, management report.

Фомина Е. Система управленческой отчетности предприятий торговли.
Исследовано концептуальные основы формирования управленческой отчетности с позиции системного подхода. Определены требования к содержанию и структуре управленческой отчетности предприятий торговли.

Ключевые слова: информационное обеспечение управления, учетная информация, управленческая отчетность, элементы управленческой отчетности, управленческий отчет.

Background. Commerce is one of the most mobile kinds of entrepreneurship, which is characterized by high level of assets flotation and liquidity, a number of contractors with different conditions of business relations, and as a result big amounts of receivables and accounts payable. Fierce competition and high risks of trading business result in more requirements to trading enterprise management reporting, which is aimed at satisfying the needs of executives in timely and objective information on the state of commercial and financial activity in order to take right management decisions.

Enterprise functioning under uncertainty and risk causes necessity to constantly improve information support of company's management as well as approaches to formation of management reporting which differs from others in users, tasks, contents, form, preparation methods. For every specific

enterprise the management reporting would have peculiar features but at the same time there should be common theoretical concepts, formation methods of accounting and analytical information of management reporting the development of which would provide the possibility of choosing the most appropriate variant from the possible options for a specific enterprise.

Analysis of recent research and publications. In accounting theory reporting as an economic category is defined in two ways. On the one hand, reporting is an element of accounting, way of summarizing and presenting information on the results of enterprise's activity; on the other hand, it is a system of generalized and interrelated economic indicators, which characterize productive, financial and business performance of an enterprise for a specific period of time [1]. Considering a growing interest of scientists and practitioners for management accounting problems, the concept "management reporting" does not have unanimous definition, and the theoretical studies that have been carried out, do not take into account dynamic character of modern enterprise management system and requirements to its information support. Until recently management reporting has mainly been mentioned in the context of management accounting or IFRS introduction [2].

Traditionally there has been an idea that "all kinds of reporting are formed on the basis of a single data bank which is created in the accounting system" [3, p. 18]. There is also another opinion: Zhdanova A. claims that "management accounting and reporting are the basis for preparation of any other type of reporting" [4, p. 10]. Resolving this debate is the framework for determining the nature and grounding of management reporting algorithm.

In general, very little attention has been paid to the enterprise management reporting formation in the scientific literature and the concept of management reporting has not been developed. Various aspects of management reporting have been studied by Ukrainian and as well as foreign scientists. Among them are Drury K. [5], Bachynskyi V. [6], Zhdanova A. [4], Karpenko O. [7], Kulyk V., Liubimov O. [2], Nahirska K., Ozeran V., Pozov A., Pushkar V., Rytchenko Y. [8], Slobodniak I. [9], Storozhuk T., Khomyn P. [10], Shalaieva L. [11], Shyhun M. [1], Yudina L. [3] and others. All scientists apply different approaches to understanding the "management reporting" category, but it is commonly agreed that it should be defined as a source of information support of business administration. A variety of opinions on the merits of the concept of "management reporting" is in particular connected with the traditional interpretation of the role of management accounting and reporting in management of a trading enterprise. The lack of theoretically grounded methodology and formation of management reporting in practice does not allow to build an effective information system to implement the functions of business management.

Considering the significant achievements of scientists in the study of management accounting techniques not much attention has been paid to the development of methods for determining information needs of mana-

gement reporting users, methods and terms of its submission. In addition, currently there is no commonly accepted approach to consistency and implementation of management reporting, particularly in trade. The above mentioned confirms the importance and relevance of the research.

The aim is development of conceptual approach to formation of trading enterprise management reporting system. The determined aim lead to necessity of solving the following task: to reveal conceptual approaches to the formation of management reporting based on studies of trade entrepreneurship peculiarities, taking into account the information needs of users in their decision-making; to identify the main stages of management reporting implementation in trade.

Results. An important function of management accounting in trading enterprise management system is timely presenting information required by managers of different levels for decision-making.

The main problems in preparing management reports are connected with lack of general recommendations on forming a system of reporting indicators and information base for their calculation, which makes it difficult to develop internal standards that are usually a complex of interrelated regulatory documents and as a rule include provisions for management reporting of an enterprise, instructions on formation of separate reports, confidentiality provisions.

An important step in the process of internal business report preparation is the development of its original forms. According to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" the company develops its own system and forms of internal business accounting, reporting and control of business operations with the aim of processing and further preparation of information about the company's activities for internal users [12].

Defining management reporting as a set of interrelated data and estimates, which reflect the enterprise's functioning as a business entity, grouped in the whole enterprise and in separate business units, Drury K. [5] points out the integrity of data on financial and economic activity and estimates that provides the status of the analytical report to internal reporting.

Management reporting as a system of accounting and analytical information is presented as a set of accounting estimates, formed in accordance with the internal regulations of the enterprise and information requests of users. It must comply with the following principles: a systematic approach; frequency; balance; quantitative assessment; value of money over time; diligence; control; use of professional judgment [11 p. 19–20].

Considering management reporting as a system, i.e. artificial set of elements (accounting and analytical reporting information), the function of which is to provide users with information in solving management problems, Slobodnyak I. proves that management reporting is:

- abstract system as it is generated by human thinking;
- hardly deterministic system as it has an internal structure, and interaction between different elements of the system are subject to the algorithm;

- dynamic system as the accounting and analytical information system of management reporting will be viable only in case it responds adequately to changes that occur in the external and internal environment of the enterprise [9, p. 20].

This approach to the definition of management reporting led to the need for clarification of the related concepts:

form of management reporting is a system of accounting indicators and estimates presented in the prescribed format and in accordance with the internal regulations of the company, which describes the state of the corresponding element of management reporting;

element of management reporting is a set of objects joined together according to economic contents; the information about them is reflected in management reporting;

section division of management reporting is an essential part of the management reporting form, which includes a complete set of indicators characterizing certain aspects of management reports item [9, p. 19];

article of management reporting is an element of management reporting that meets the criteria of the methods of forming accounting and analytical information chosen by the enterprise;

management reporting system of indicators is a management tool and management efficiency indicator through a set of parameters that are fixed in this system. At the same time, it is an arranged set of indicators that are interrelated between each other and provide sufficient information on the state of an object in economic activity.

The principle of *mandatory quantitative assessment* suggests that in the preparation of management reports, quantitative and qualitative, financial and non-financial indicators that reflect the goals of the company, detailing them in separate processes are used and they are employed to assess the performance of the company.

Studies have shown [8] that in order to assess the effectiveness of business processes implementation, a trading enterprise should reflect in its management reporting not only financial indicators, but also non-financial performance indicators such as customer loyalty, new forms of service, quality of products, increasing the number of customers, market share, the number of complaints and speed of service per customer. Quality indicators are also important: losses from returning goods to customers, losses from discounts to customers. It will especially strengthen preventive control over the probability of loss of economic benefits.

Thus, Khomyn P. gives the basic criteria for the formation of management reporting indicators system: adequacy, neutrality, evidence, accuracy, relevance, value, sustainability, relevance, high detail level, flexibility, completeness, conciseness, accessibility, efficiency [10].

The formation of management reporting indicators is considerably affected by the principle of temporal certainty of economic activity and the periodicity principle (accounting period).

The principle of temporal certainty of economic activity involves revenue recognition at a sufficient rate of certainty concerning increase of retained profit and expenditures – under sufficient justification opportunities to detect the accounting period during which it is necessary to recognize the corresponding revenues.

The application of this principle depends on the economic characteristics of the management reporting elements recognition (e. g., liabilities, revenues, expenses, etc.). In its turn, the economic characteristics of the basic elements of management reporting recognition is based on one of the basic concepts of financial management:

- when displaying income and expenses to level the difference between the revenue recognized in the current period (which is contractors' receivables) and the amount of expenses recognized previously;
- when displaying commitment with long grace periods to reflect the real value of accounts receivable or payable at the time of repayment.

Recognition of income and expenses at the time of funds receipt from the sale of goods, not at the time of shipment may contribute to management differences when comparing the performance of the trading enterprise in managerial and financial accounting. Justification for such deviations will ensure compliance with the *principle of permanent equilibrium*, which is closely connected with the principle of prudence and professional judgment.

The *principle of caution* suggests that the management reports should focus managers' attention on problem areas of the company. In particular, for trade enterprise it is important to have information not only on the volume of goods shipped and sales returns, but also on the state and changes in the structure of receivables.

On the one hand, management reporting is an informational support of controlling, on the other hand, it is subject to internal inspection in terms of reliability, compliance with the methods chosen and others.

Using *professional judgment principle* implies the existence of alternative approaches to management reporting indicators structure, its organizing, performance evaluation, which determines the uniqueness of internal reporting at each individual enterprise.

To streamline the process of preparing management reports, it is necessary to define clearly the data source for the formation of each reporting indicator with detail of accounts that reflect the vital accounting data. Thus, the request for the accounting information needed by the management is determined, which may include information on assets, liabilities and business processes, and then the level of detail is set.

Studying the problems of developing of management reporting system methodological base Karpenko O. and Lyubimov M. grouped the methods of preparation of management reports according to the degree of information generalization into those used to obtain information from various sources, and grouping it in some way for future use [7].

Thus, the researchers identified three groups of methods:

- Information storage methods are used for primary storage of information when justifying administrative decisions taken by management. This group includes the following methods: classification of expenses and revenues, planning and normalizing of expenses and revenues, methods of self-cost calculation, planning of management accounting accounts.
- Processing (preparation) data methods, which provide for the determination of decision-making criteria. The methods of data preparation include: function of expense methods, CVP-analysis, budgeting, methods of data preparation for making decisions about pricing, investments, stocks, range of products, special orders etc.
- Methods of preparation and submission of management reports include ways to identify information needs, form, frequency and method of presenting management reports to users.

One has to agree with the opinion of scientists that the problem of determining the content and form of reports should be approached comprehensively. Firstly, it is important to consider professional opinion of the report user. For that purpose questionnaires, interviews and other methods can be used. Secondly, the department that is responsible for preparation of management report and presenting it, has more information and better understanding of specific problems, so it has to offer report variant based on information requests and responsibilities.

Management reporting structure includes reports according to the following classification:

1. Comprehensive reports (submitted monthly), they may show the following indicators: profitability, the structure of expenses and revenues, receivables, stock value and cash flow.
2. Key indicators reports (presented on a specific date at any given time), namely the number of received orders and shortfalls in deliveries; the volume of goods sold and purchased; percentage of faulty goods; planned business results and resource efficiency.
3. Analytical reports are prepared at the request of management and reflect some aspects of, for example, reasons for inventory level increase, depreciation and losses; change of trading enterprise share in the relevant market segment. They also reflect interaction of external and internal factors of the enterprise growth, identify risks and company's potential for development.

Rytchenko Y. [8] classifies management reporting into three blocks:

- 1) management reports on the financial position, performance and changes in financial position of the company (budget of revenues and expenses, cost estimates of departments, budget of goods sales, cash flow budget, payment calendar, investment plan);
- 2) management reporting on key performance indicators;
- 3) management reporting on budget execution of the company (cash statement, profit and loss account, capital investment statement).

In the economic activity of trading enterprise it is especially important to check the compliance with agreements for the supply of goods by certain suppliers and the percentage of their execution from total number, range and quality of goods, terms, conditions of transportation. Delays in delivery of goods affect the budget implementation and the dynamics of trade turnover and the enterprise activity as a whole. At the same time determining the optimal size of goods supply ensures the preservation of their quality and normalizes stock of goods.

To optimize the supply efficiency control it would be appropriate to prepare internal reporting with regard to business peculiarities: types of suppliers, regions and conditions of goods delivery, range of products and product groups, etc.).

There can be no standard set of management reporting with common forms and information structure that is why it is possible to determine classification features that characterize the general approaches to the formation of management reports:

- according to the form of representation (tabular, graphical, text and combined reports);
- according to the activity (reports on goods purchase, reports on the sale of goods);
- according to the level of representation (reports for senior managers, reports for managers of structural units, reports for first-line managers);
- according to the volume of information (summaries, operation reports, final reports);
- according to the frequency of presenting (current, consolidated and integrated reports);
- according to the content (reports on key items and analytical reports);
- according to the social value (reports on social development of team, reports on implementation of measures to preserve the environment);
- according to the type of administrative decisions (reports for justifying the operational, tactical and strategic management decisions) [6, p. 27].

Implementation of management reporting in trade can be carried out in the following stages:

1. Formation of the working group on the development and implementation of management reporting at the enterprise.
2. Development and approval of corporate management reporting standards. This stage implies the target structuring of trading enterprise for purposes of management accounting, development of regulations on the organization and methods of management reporting formation and diagnostics.
3. Development of certain forms of management reporting in wholesale trade. At this stage reporting forms are set in accordance with the tasks and information needs of management. The analysis of information relevant to the preparation of management reporting is conducted, the sources and methods of obtaining this information are defined.

Conclusion. In the process of study, it has been found out that management reporting system is formed as a set of indicators presented in certain forms, that together form a system of accounting and analytical information, which has an internal structure. This means that it includes a set of report forms, each of which gives information on management reporting elements and their relationship with other elements through the system of indicators. Whereas indicators are grouped into sections describing certain aspects of management reporting element.

The study suggests that there is a certain methodology of management reporting data formation, i.e. the study that requires improvement and development of many of its aspects. In particular, research on developing techniques of comparison of management reporting indicators with other types of reporting in order to obtain a coherent picture of the trading enterprise performance and its financial situation is seen promising in this area.

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Фоміна О. Система управлінської звітності підприємств торгівлі.

Постановка проблеми. Функціонування підприємства в умовах невизначеності та ризику потребує постійного вдосконалення інформаційного забезпечення менеджменту підприємства, а відповідно і підходів до формування системи управлінської звітності, яка відрізняється від інших видів звітності користувачами, завданнями, змістом, формою, методикою складання. Для кожного окремого підприємства управлінська звітність матиме риси індивідуальності, але при цьому необхідні загальні теоретичні положення, методологія процесу формування обліково-аналітичної інформації управлінської звітності, розробка яких забезпечить можливість вибору з наявних альтернатив найбільш обґрунтованого варіанта для конкретного підприємства.

Аналіз останніх досліджень і публікацій показав, що попри наявність окремих наукових доробок, невирішеною залишається важлива науково-практична проблема щодо формування системи управлінської звітності на підприємствах торгівлі.

Метою дослідження є розвиток концептуальних підходів до формування системи управлінської звітності підприємств торгівлі.

Матеріали та методи. Використано системний підхід, методи теоретичного узагальнення, індукції, систематизації, аналізу та синтезу.

Результати дослідження. Розглянуто управлінську звітність як систему обліково-аналітичної інформації, представленої у вигляді сукупності облікових і розрахункових показників. Виявлено, що система управлінської звітності, сформована відповідно до внутрішньої регламентації підприємства та інформаційних запитів користувачів, повинна відповідати принципам системного підходу, періодичності, рівноваги, кількісної оцінки, вартості грошей у часі, обачності, контролю, використання професійного судження.

Визначено основні етапи впровадження управлінської звітності на підприємстві торгівлі.

Висновки. В ході дослідження встановлено, що управлінська звітність формується як система показників, представлених у визначених формах, що в сукупності є системою обліково-аналітичної інформації, яка має внутрішню структуру. Тобто включає сукупність звітних форм, кожна з яких розкриває інформацію про елементи управлінської звітності та їх взаємозв'язок з іншими елементами через систему показників. Показники, в свою чергу, згруповані у розділи, що характеризують певні аспекти елемента управлінської звітності.

Проведене дослідження дозволяє стверджувати про наявність методології формування інформації управлінської звітності, тобто вчення, яке потребує удосконалення та розробок щодо багатьох його аспектів. Зокрема, перспективним у цьому напрямку дослідження вбачається розроблення методики зіставності показників управлінської звітності з іншими видами звітності з метою одержання цілісної картини про результати діяльності підприємства торгівлі та його майнового стану.

Ключові слова: інформаційне забезпечення управління, облікова інформація, управлінська звітність, елементи управлінської звітності, управлінський звіт.