

EKONOMICKÉ VĚDY

Serhii Harkusha

Sumy National Agrarian University, Ukraine

Olena Dovzhyk

Sumy National Agrarian University, Ukraine

SOME ASPECTS OF FORMATION OF THE MANAGEMENT ACCOUNTING IN SMALL BUSINESS

Abstract: The article is devoted to the study of the experience of organizing management accounting in small companies. To date, significant changes in economic conditions occurring in the country's economy require improving the quality of information used for management decisions. The main advantages and disadvantages of the main management accounting systems are analyzed and the most typical problem that arise in modern conditions in the introduction of management accounting in small enterprises of Ukraine are shown. We have considered what programs for the management accounting exist, how management accounting automation systems are implemented, and what advantages a business acquires through the use of the applications.

Key words: management accounting, small business, automated form of accounting

Introduction. The function of management accounting is performed by the memory of the owner, entries in the notebook, notes in the diary. But with the growth of business, the number of business transactions is growing exponentially, and it is unrealistic to remember everything. It is important not to miss the moment when it is necessary to change the attitude to the control over the processes in the enterprise. Otherwise, the efficiency of work will begin to decline sharply: the owner is confident that he has complete information about his business, but in reality things are completely different.

Another side is running accounting. From this position, all companies are equal. It is unified and does not take into account the specifics of the business. Of course, the manager receives useful information from the financial statements, such as the movement of money or the proximity of bankruptcy. Accounting states the financial facts: so much invested, so much received. But this information is incomplete, it does not allow to assess the prospects of the business, to set the right goals, to justify the profitability of investments in the enterprise.

Literature review. The problems of the theory and methodology of management accounting are given sufficient attention in the works of foreign and Ukrainian scientists. However, in practice, most of the domestic developments to improve the system of management accounting in Ukraine are poorly implemented, due to the lack of economic culture and qualifications of owners of enterprises, management and accounting staff. Despite the objective need, management accounting has not yet been properly applied in small enterprises of Ukraine. This is obviously due to the divergence of views of our country on the understanding of the meaning of this issue.

Agreeing with the thesis that due to the fact that small companies do not carry out a large number of business transactions and keep simplified records, to make a large number of budgets for them is impractical and inefficient (Kucher S.V., Kovalchuk N.O., (2017)), we present the main arguments that confirm this, namely:

- the main objects of management accounting are income and expenses that are associated with the movement of material resources and cash of small enterprises;

- most small companies are characterized by the "without structure" form of the management, so it is advisable to consider small businesses as a center of profit, the management of which can control income and expenses;

- too cumbersome system of budgets requires significant time to develop them, which negatively affects the decision of the management of a small business to use it;

- constant changes in prices of materials, energy, the minimum salary encourage small business managers to forecast revenues and expenditures in the short term (quarter, maximum year), so the periodic preparation of a large number of budgets is unjustified;

- the situation of small companies is characterized by being at a short distance from the sources of procurement of material resources and markets for finished

products, so the time of receipt of materials or shipment of products mostly coincides with the time spent or received money. The high level of payment discipline of small businesses allows you to plan the need for cash.

Management accounting of small enterprises is characterized by the lack of external financing, development strategy, implementation of management accounting in the activities of enterprises (Kuzyk V.I. (2018)). The main persons responsible for maintaining management records are the head of the enterprise or the chief accountant. There is no innovation and information component of management accounting. Activity planning is carried out on the basis of historical data by setting targets for sales, production, costs and production costs.

Managers of Ukrainian companies are usually familiar with the general theoretical foundations of management accounting but have no idea how to apply them in practice. The role of management accounting in ensuring the proper use of enterprise resources and determining the scope of responsibility of each manager is clearly understood. But determining the expected income from a particular economic event, forecasting the profitability of new products, forecasting the financial position of the firm in the future and financial evaluation of enterprise development options, as the main tasks of management accounting are not widely used. Therefore, there can be no general algorithm for implementing management accounting in the practice of enterprises. This is evidenced by the theory - various authors include different elements in the tasks of the management accounting (Chumachenko N.H. (1998)).

Purpose and research method. The aim of the article is to study the theoretical foundations of the management accounting system in small enterprises in Ukraine.

In the process of conducting research, the methodological basis have become the conceptual foundations and standards of accounting and reporting, the dialectical method of cognition. To study the state and problem of implementation of the management accounting in the practice of enterprises, monographic, analytical, comparative research methods, as well as abstract-logical approaches to finding and justifying ways to overcome the outlined problems have been used.

Results and discussion. The introduction of the management accounting in the enterprise is one of the most effective solutions, which eliminates many problems. Therefore, it has long been successfully used by the EU countries, and is now actively used in Ukraine.

It is also advisable for small businesses to introduce the management accounting as:

1. Small business is greatly affected by external changes. The speed of decision-making directly affects the amount of money that comes to the company. The later the reaction, the greater the loss. Therefore, the efficiency provided by the management accounting is an important factor of the success.

2. The management accounting needs to be adjusted so that it is as clear as possible. A manager does not always have adequate knowledge ofn accounting, tax and financial reporting, but the indicators of management reports and their impact on business will be clear to him or her.

3. With the well-established accounting it is possible to analyze consequences of decisions. An example of this is a new marketing project, which at first glance looks profitable, but only a management report will show how much money is invested in which category and what return it has. After analyzing the information, you can understand whether it makes sense to invest in this activity in the future.

4. Accounting helps to manage cash flow. You need to plan your budget carefully, control the order of payments and make a cash plan.

5. Accounting gives you an idea of when you can withdraw money from your business. You need to forecast cash flows and account balances to avoid an unexpected drop in profits.

To identify the main trends in small business development in Ukraine, it is advisable to analyze their number for the period 2010-2018 on the basis of the data from the State Statistics Service of Ukraine (The State Statistics Service of Ukraine). As a base year we choose 2010, the results are given in the Table no. 1.

Table no. 1. Indicators of structural statistics on small companies and individual entrepreneurs in Ukraine for 2010-2018

Indicator	Number of entities						
	2010	2013	2014	2015	2016	2017	2018
Small entrepreneurship entities, units	216199	1702201	1915046	1958385	1850034	1789406	1822671
<u>small enterprise</u>							
total, units	357241	373809	324598	327814	291154	322920	339374
in % to the total	16,5	22,0	16,9	16,7	15,7	18,0	18,6
per 10 thousands of persons, units	78	82	76	77	68	76	80
<u>physical people-entrepreneurs</u>							
total, units	1804758	1328392	1590448	1630571	1558880	1466486	1483297
in % to the total	83,5	78,0	83,1	83,3	84,3	82,0	81,4
per 10 thousands of persons, units	394	292	370	381	365	345	351

According to the Commercial Code of Ukraine as amended on March 22, 2012, the subjects of the small business are:

- physical people registered in the manner prescribed by law as physical people - entrepreneurs, whose average number of employees for the reporting period (calendar year) does not exceed 50 people and annual income from any activity does not exceed the amount equivalent to 10 million euros, determined by the average annual exchange rate of the National Bank of Ukraine;

- legal entities - business entities of any organizational and legal form and form of ownership, in which the average number of employees for the reporting period (calendar year) does not exceed 50 people and the annual income from any activity does not exceed the amount equivalent to 10 million euros, determined at the average annual rate of the National Bank of Ukraine.

Today on the market there are many various programs that are designed to solve the problem of automation of the management accounting in enterprises from micro to macro sizes.

Ultimately, any program will have both positive and negative components, as developers will never be able to take into account all the variety of factors and the rate of change of market conditions in the today's world. In order to choose the most suitable product for a small business, it is necessary to consider the proposed solutions in the context of the built-in capabilities and needs of the management accounting. Only if this condition is met there is a high probability of choosing the optimal software solution and getting the most out of its use.

Many professionals use or have used the Excel in their daily work. At first glance, it seems that Excel is an ideal system. Although the Excel is not a database, it is a very powerful platform that, with the right approach, can handle large amounts of data without fail.

Therefore, a large number of small businesses in Ukraine use the Excel as a means of automation of the management accounting. But the Excel is not designed for many users and there are many problems when trying to use it as the automated management accounting system. If an error has crept into the data, you have to double check and correct the huge number of tables manually. When one user edits his/her file in other files, links or data can corrupt. When users enter different data into their files, then they have to reconcile them manually. Particularly, checking the correctness of the data introduced into tables and bringing them into a "decent" view is time-consuming. No less difficult is working with data that are collected from multiple files. Such the data cannot always be verified for the correctness of calculations and their reliability.

The described difficulties that arise when using the Excel, force users to engage in monotonous and tedious work, most of the time associated with time-consuming manual procedures. In essence, the management accounting system on the Excel platform is a set of unrelated files, between which data is transferred almost manually by copying and pasting.

Given all the complexities of using the Excel in the management accounting, companies with similar technology should use software products to automate the management accounting. Switching to these systems will free users from the time-consuming work of maintaining tables and files manually, reduce the processing time of input information and obtain reporting forms of the management accounting. This acceleration is due to the fact that in the software products listed in the Table 3 through

the use of database management system, in which control processes, moving information within the database and other functions are automated and many errors inherent in the Excel simply do not occur.

The automatic system has several important advantages:

quick detection of any problems and inconsistencies;

quick search for the necessary information;

increase of the data reliability;

simplification of information preparation and reporting.

Automation is a long process that can take about a year. After that, it will take several years to refine the system. At the initial stage, the burden on responsible employees increases.

A very responsible step is the choice of software in which the management accounting will be conducted. Of course, the capabilities of all companies are different, but in our opinion - it requires only one program in which it will be possible to carry out operational activities and in parallel automatically form the management accounting. It will result in greater savings than the purchase of individual modules, programs in which the primary information will be processed, and the management accounting analytics will be made.

Changes of the software can also be associated with straightening of business processes, detection and destruction of duplicated processes, double information entry.

Conclusions . When organizing the management accounting system in small companies, the following mistakes often occur:

managers of small companies want to automate all processes. As a result, they spend huge sums of money on this process. But for small companies, the automation process will not bring much benefit, but it will only create additional difficulties;

insufficient funding. When implementing the management accounting system, you can save on project development and training people. But the costs will soon pay off and will bring great benefits for the company;

lack of clear tasks. In order for the management accounting systems to bring big profits, it is necessary to precisely formulate the goals of the enterprise, determine the deadlines for their achievement and develop the project in accordance with them;

data falsification. When using inaccurate information it is impossible to make the right decision, so when the data falsification takes place, the company cannot function properly.

References:

1. Chumachenko N.H., (1998), *Razvytye upravlencheskoho ucheta v Ukraıne* [Development of management accounting in Ukraine], *Svit bukhhalterskoho obliku* [The world of accounting], no. 10, pp. 2-9.

2. Kucher S.V., Kovalchuk N.O., (2017), *Protses biudzhetuвання na malykh pidpryemstvakh Ukrainy yak element efektyvnoho upravlinnia* [Process of budgeting in a small business of Ukraine as an element of effective management], *Hlobalni ta natsionalni problemy ekonomiky* [Global and national economic problems], 20, pp. 993–996, available online at <http://global-national.in.ua/archive/20-2017/202.pdf>

3. Kuzyk V.I., (2018), *Osoblyvosti upravlinskoho obliku na pidpryemstvakh pyvovarnoi promyslovosti* [Features of management accounts in the enterprises of the brewing industry], *Naukovo-vyrobnychiy zhurnal «Biznes-navihator»* [Research and production magazine "Business Navigator"], 5 (48), pp. 154-159, available online at http://business-navigator.ks.ua/journals/2018/48_2018/35.pdf