

ADVANCED FOREIGN EXPERIENCE IN MANAGEMENT ACCOUNTING

Raphael Faritovich Gubaidulin, 1st year Master's student of the Institute of Economics and Management of Agriculture, K. A. Timiryazev Moscow State Agricultural Academy, e-mail: vasya.87.pupkin@mail.ru

Anastasia Alekseevna Romanova, Assistant of the Department of Accounting, Finance and Taxation, K. A. Timiryazev Moscow State Agricultural Academy, e-mail: romanovargaymsha@mail.ru

***Abstract.** The article examines the historical course of development and modern experience of the organization of management accounting in foreign countries, and also assesses the prospects for its application by Russian management in the current economic conditions.*

***Keywords:** management accounting, management, business processes, cost calculation, standard costing, direct costing, target costing, kaizen costing, controlling.*

Management accounting as an independent science and practice is a relatively new phenomenon for Russian economy, despite the fact that its elements were used at earlier stages of its development. The management accounting system is still not widely used in the management of domestic enterprises and is behind the financial and tax accounting. And if large holdings have already realized the need for management accounting and have proper intellectual, technological and financial resources for its organization, then small and medium-sized businesses consider it as an expensive and unreasonable expenditure.

The relevance of the issue is due to its practical significance in the context of the Russian economy transformation and the increasing role of its real sector (material production). Increasing labor productivity directly depends on the introduction of new highly effective management approaches and methods at single enterprises and industries in general, including management accounting, which ensures the collection, processing, analysis and provision of reporting information to decision-makers.

The Institute of Cost and Management Accountants in London has defined Management Accounting as: “The application of professional knowledge and skill in the preparation of accounting information in such a way as to assist management in the formulation of policies and in the planning and control of the operation of the undertakings.

“Similarly, according to American Accounting Association: “It includes the methods and concepts necessary for effective planning for choosing among alternative business actions and for control through the evaluation and interpre-

tation of performances.”

In the 19th century and the first half of the 20th century, the main areas of management accounting were the determination of costs for calculating profits and financial control using budgeting and calculation. Particular attention was paid to the implementation of the control function of accounting through the use of a system for calculating standard costs and operational analysis of deviations. In 1912, George Charter Harrison introduced the concept of "standard costing" accounting, which was based on certain standards, and management decisions were based on deviations from them. In 1936, Jonathan Harris proposed the concept of "direct costing", according to which only variable (direct) costs are included in the cost of production, and fixed (indirect) costs are not taken into account. This made it possible to more reasonably make current management decisions, in particular with regard to pricing and profitability, as well as to apply the analysis of the relationship "costs - volume - profit". In the 1950s and 1960s, the field of management accounting included the provision of information for management planning and control through methods such as situational analysis and responsibility accounting.

Since the late 1960s, the Toyota Corporation has been actively implementing the concept of "lean manufacturing" developed by Taiichi Ono. Its main idea was to minimize losses and increase productivity by finding the internal reserves of the enterprise to increase the profitability and competitiveness of the business without significant capital investments. Main elements of this concept were the philosophy of "kaizen", production and supply organization system "kanban" and the principle "Just in time" (JIT). Thus, the principle of JIT is to strive to produce the required quantity of products of a certain quality by the time when it will be in maximum demand [2]. The intended result represents an absolute and, as a rule, unattainable level, but is a target and provides conditions for continuous improvement.

"Kaizen-costing" concept aims at achieving the required level of product cost by constantly improving manufacturing processes and finding ways to further reduce expenditures while maintaining high quality.

By the 1980s, the focus of management accounting shifted to reducing the wastage of resources involved in business processes based on process analysis and comprehensive cost management. Activity-Based Costing (ABC) became widespread. Its main goal is to identify operations that ensure the production of a product, determine their value and distribute them to the appropriate products.

In the 1990s, management accounting gradually focused on providing management processes with targeted results, changes and knowledge through rational resource provision, forecasting, evaluation, planning and monitoring of balanced performance indicators. A system of "target costing" was being actively introduced, its task is to reduce costs when creating new products in order to achieve the planned level of profit considering the consumer demands to the product, service life, service level and other features. In accordance with this

concept, the target cost of a product (service) is determined by subtracting the profit that the company wants to receive from the expected market price.

«The Balanced Scorecard» by Robert Kaplan and David Norton focuses on quantitative and qualitative criteria, taking into account factors not only of the internal, but of the external environment, and allows you to analyze the organization's activities in terms of the financial aspect, internal business processes, staff development and customer relationships. There is a further improvement of accounting technologies (calculation based on product movement, life cycle stages costing, etc.), on the basis of which the concept of "strategic management accounting" was established.

Thus, in the second half of the 20th century, modern concepts of management accounting arose and became widespread. Particular attention should be paid to the concept of controlling as the most advanced and comprehensive information support system for decision making. Its goal is to ensure stable and progressive strategic development through the implementation of specific tasks considering the "bottle necks".

The controlling system, in addition to the most effective methods of cost accounting and analysis also includes a wide range of marketing tools and managerial analysis techniques.

In domestic theory and practice unified approaches to understanding the essence of management accounting, its place in the organization's management system have not yet been developed. It combines a number of applied economic sciences, such as planning, organization and management of production, accounting and management analysis.

In domestic practice, management accounting is intended primarily to make prompt decisions related to the activities of the enterprise. As in the Western model, management accounting information is provided only to internal users (managers and employees of the organization), for external users (shareholders, creditors and fiscal authorities) this information can be closed. Management accounting can also operate with forecasts, electronic information that is not confirmed by primary documents and other data.

We can conclude that Russian practice is based on classical ideas that provide for ensuring the effectiveness and efficiency of an organization by managing costs, income and other indicators through the impact on both costs and income. Nowadays Russian enterprises use the concepts of management accounting (standard costing, direct costing), which appeared in developed countries in the first half of the 20th century and have now given way to more modern ideas (target costing, kaizen costing, "just in time", etc.) and integrated approaches (strategic management accounting, controlling).

In foreign practice an integrated approach to the organization of management accounting prevails. So, management accounting in Russia has significant prospects for further improvement, due, in particular, to the insufficient development of the issue of accounting and monitoring the external environment of

an economic entity by domestic authors. The main part of the research is focused on the issues of expenditures accounting and calculation of the actual cost of production, while the issues of information support are still insufficiently disclosed.

The results of the introduction of advanced achievements of managerial thought in the future will be decisive for our economy development in general and production in particular.

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