

3.11. GENERALIZATION OF SCIENTIFIC APPROACHES TO THE DEFINITION OF THE PRINCIPLES OF MANAGERIAL ACCOUNTING

In the conditions of market economy, high uncertainty, instability of the legal framework, business entities need to constantly monitor the market, predict the development of events in a volatile environment, deeply analyze the state and activities of the enterprise and on this basis make informed decisions aimed at ensuring the efficiency of activities, increasing competitiveness in the domestic and foreign markets. In addressing these issues, a large role belongs to the managerial accounting system, the importance of which is particularly increased with the increase in the speed and volume of information flows.

Globalization of markets and capital, strengthening of competition in internal and external markets, limit nature of resources, increase the standard of living of population is pulled out by the new requirements to the management, predefined by the necessity of passing to steady development, at that adhere to the condition of the economy growing of business entities, ecological prosperity, requirement of social justice and realization of rights for citizens is provided. Therefore, attention is presently accented on creation of cost on the markets of products or services (for clients) and capital (for shareholders) markets, and also for satisfaction of necessities of other participants by the effective use of present resources and environmental preservation. It needs new approaches to the level of data ware of process of acceptance of managerial decisions on enterprises.

The General study of the Ukrainian practice shows that the management often uses methods that are based mainly on intuition, the experience of the head, the main specialists of enterprises and traditions that have developed historically. This state of affairs leads to negative consequences in the activities of the enterprise. In order to prevent unproductive costs and losses, each business entity is interested in the organization of a rational management accounting system that will allow management to make quality management decisions. An important component of managerial accounting is compliance with the principles on which its construction should be based. Developed Global principles of management accounting, which are advisory in nature, aimed at optimizing decisions and achieving strategic goals of enterprises to create and maintain value.

Theory and practice of management accounting in foreign and domestic literature devoted to scientific works: Vahrushina M.A.¹, Karpova T.P.², Druri K.³, Needles B.⁴, Golov S.F.⁵, Napadovska L.V.⁶, Butynets F.F.⁷, Lyshylenko O.V.⁸, Partyn H.O.⁹ and etc. These publications consider the essence of managerial accounting, especially its methodology and organization, the possibility of application in enterprises. However, the scientists pay little attention to managerial accounting principles, which are important components of the methodology of any kind of accounting.

A research aim is generalization of the scientific approaches to the definition of the managerial accounting, disclosure their essence and features in the conditions of the use of different registration techniques and methodologies according to national requirements.

The disclosure of theme was carried out by means of such methods of research as: analysis, synthesis and generalization.

¹ Vahrushina M.A. Managerial accounting: [Tutorial]. – M.: Omega – L, 2004. – 576 p.

² Karpova T.P. Fundamentals of managerial accounting: [Textbook]. – M.: Infra – M, 1997. – 392 p.

³ Druri K. Managerial production accounting. introductory course: [Textbook]. – M.: YUNITI – DANA, 2005. – 735 p.

⁴ Needles B. Principles of accounting/ B. Needles, H. Anderson, D. Caldwell; Translation from english. [Under the editorship of J. V. Sokolova]. – 2nd edition, stereotype. – M.: Finance and statistics, 2004. – 496 p.

⁵ Golov S.F. Managerial accounting: [Textbook]. – K.: Libra, 2003. – 704 p.

⁶ Napadovska L.V. Basic principles of managerial accounting // Actual problems of economy. - 2013. - №1. - P. 173-181.

⁷ Butynets F.F., Chyzhevska L.V., Herasymchuk N.V. Managerial accounting: [Tutorial] – Zhytomyr: GITI, 2000. – 448 p.

⁸ Lyshylenko O.V. Managerial accounting: [Tutorial] – Kyiv: publishing house "Center of educational literature", 2004. – 254 p.

⁹ Partyn H.O., Zahorodnii A.H. Managerial accounting: [Tutorial] - K.: knowledge, 2007. - 303 p.

The basis for the development of different types of accounting are the relevant elements of the accounting system, among which should be highlighted the basic principles (provisions). The system of managerial accounting must adapt to the conditions of a particular enterprise, developed on the basis of the goals and capabilities of management. Therefore, the organization of internal accounting and control should use the principles of their construction, which can be both general and specific. The principles of managerial accounting are important in the development of accounting methodology and its further improvement. It is based on the principles of the choice of models of construction of accounting systems that meet the requirements of different concepts of managerial accounting. When studying the principles of management accounting, it is necessary to take into account that the place and role of managerial accounting in the general accounting system; goals implemented by the management accounting system; the relationship between the company's goals and managerial accounting methods; the possibility of extensive use of relevant information in order to prevent negative deviations and assess the consequences of decisions.

Analysis of scientific publications shows that the views of scientists on the interpretation of the principles of managerial accounting are very different. Some accounting principles scientists identify with traditional accounting requirements and elements of accounting methods. We believe that the principles that are generally recognized for (financial) accounting in the management accounting system have their own specific features, as the information in it should be focused on the manager and his needs, and its differentiation by objects of production activities (responsibility centers) allow to the group and analyze data on the relevant features and periods in order to assess their impact on the final results of current, tactical and strategic decisions that are taken. Therefore, generally accepted accounting principles in the context of their use in managerial accounting require appropriate interpretation. Optional maintenance, variety of accounting techniques used in management accounting, do not allow the mechanical transfer of the principles of (financial) accounting in the practice of managerial accounting. However, the value of general methodological (financial) principles of record-keeping it does not follow to underestimate for organization of an administrative account. This is due to the fact that administrative decisions must be base on reliable data and self-weighted professional judgments. The initial information base for making effective decisions is, first of all, the primary documents and financial statements prepared according to the requirements established by the legislation. In addition, in managerial accounting can be widely used such elements of the financial method of accounting as: accounts and double entry, documentation, evaluation, calculation, balance sheet, etc. However, unlike financial accounting, where the procedures for the application of these methods are defined at the legislative level, in the managerial accounting system, they become a management tool provided their multivariate use. That is, both the principles and methods of accounting in management accounting acquire their own characteristics, due to the specifics of different types of accounting. Along with this, managerial accounting has a number of specific principles that are not used by the financial accounting system. The list of inherent managerial accounting principles in the scientific literature is presented in tab.1.

Table 1. List of own principles of management accounting in the scientific literature

Principles of managerial accounting	Source
Efficiency of information. Confidentiality of information provided. Usefulness of information. The flexibility of the system of management accounting. Management accounting predictability. Cost-effectiveness of the information provided. The principle of delegation of responsibility and motivation of performers. The principle of management by exception. The principle of controllability of indicators of internal reporting.	Vahrushina M.A.
The continuity of the enterprise. Relevance. Materiality. Reliability. Cost accounting. Periodicity. Responsibility of income and expenses. The unity of units in the planning and accounting of production. Sequence and multiple uses (complexity) of primary and intermediate information. The completeness and the analyticity providing exhaustive information on objects of accounting. Normative and budgetary (estimate) methods of control over the movement of production, increasing costs and results of production.	Karpova T.P.

Principles of managerial accounting	Source
The logic of the formation of internal reporting indicators that reflect the communication link between the levels and control object. Frequency reflecting the production and commercial cycles. Cost accounting for the processes of the enterprise. Cost accounting based on product movement. Line of income and expenditure on the basis of the time definiteness of factors of economic activities. Recognition of results of activity of structural divisions of the enterprise.	Ivashkevich V.B.
Focus on meeting the information needs of management, solving tasks of internal management of different levels of rights and responsibilities. Focus on the grouping of costs and results of activities by in-plant, in-house divisions of the enterprise. Monitoring of all financial and economic activities of the enterprise. Calculation of deviations from the specified parameters of use, focus on identifying factors that affect the deviation (control over deviations). The principle of methodological pluralism. Orientation of accounting to achieve strategic goals of the enterprise. The principle of effectiveness. The principle of responsibility for decision-making. The principle of complexity. The principle of "different cost for different purposes." The principle of efficiency.	Napadovska L.V.
The principle of accounting orientation on achievement of the strategic goal and current tasks of economic development of the enterprise. The principle of methodological independence. The principle of systematic comparison of costs and performance. The principle of multivariate. The principle of complexity. The principle of communication.	Partyn H.O., Zahorodnii A.H.
The continuity of the enterprise. Periodicity. Complexity. Completeness and analyticity of information. Evaluation of the results of the structural units of the enterprise. Budget method of cost management.	Lyshylenko O.V.
Evaluation of the results of the structural units of the enterprise. The principle of acceptability and reuse of information. The principle of complexity. The principle of the budget management method. The use of common planning and accounting units in the planning and accounting of production.	Butynets F.F., Chyzhevska L.V., Herasyim-chuk N.V.
The principle of methodological independence. The principle of orientation to achieve strategic goals. The principle of effectiveness. The principle of evaluating the results of the structural units of the enterprise. The principle of responsibility. The principle of multi-variant. The principle of complexity. The principle of the budget management method. The principle of dependence. The principle of causality. The principle of interconnection. The principle of "different cost for different purposes."	Farion I.D., Pysarenko T.M
Making decisions based on the income statement, balance sheet, cash flow forecast. The division of costs into direct and indirect, fixed and variable. Cost accounting methods (accounting for absorbed costs, accounting for truncated (marginal) costs, post-operative accounting), which include the determination of the cost of products, services or costs of the unit and cover the concept of control and cost reduction, as well as the model of cost behavior.	Skoun T.
Provision of personnel at various levels of information management necessary for management decision-making at the operational, tactical and strategic levels of management. Justification of expenses for each production unit in which there are relations "volume of activity-expenses-profit". Generalization of information on responsibility centers. Monitor the production, costs and profits of each of the responsibility centers by comparing actual figures with the corresponding estimates (budgets).	Radetka L.P., Ovod L.V.

To their own principles of managerial accounting scientists include the principles of financial accounting (business continuity, compliance of income and expenses, frequency, etc.), and accounting requirements (reliability, efficiency, etc.), and those principles that other scientists include in the general managerial accounting system (completeness and analyticity of information), as well as elements of the accounting method. By the way, the choice of methods in the managerial accounting system is determined by the tasks facing managers.

In general, there are many modern methods and tools of managerial accounting, which are widely used especially in foreign enterprises. These are, for example, process budgeting, cost

calculation, value chain analysis, enterprise risk management, etc. None of them is mandatory, since enterprises must choose and regularly analyze the approaches that best meet their needs.

Some other principles of managerial accounting have the right to exist and develop.

Summarizing the above, we can distinguish in the scientific literature such approaches to the definition of the principles of managerial accounting:

–principles of managerial accounting are generally recognized principles of accounting (financial) and specific principles of managerial accounting;

–principles of managerial accounting include the principles of accounting (financial), General and specific principles of managerial accounting;

–managerial accounting is based only on general (or own) principles.

These approaches are united by the understanding that management accounting as a subsystem of accounting has its own principles. Taking into account their diversity, it can be argued that their list requires universalization in order to improve the efficiency of the management accounting system. Global principles of managerial accounting have been developed to optimize management decisions and achieve tactical and strategic goals of the enterprise.

The document "Global Principles of Managerial Accounting" provides the following definition of management accounting: managerial accounting is the process of obtaining, analyzing, communicating and using financial and non-financial information relevant to decision-making to generate and maintain value for the organization¹. It follows from the definition that the main task of managerial accounting is to improve the decision-making process. In addition, managerial accounting allows you to select and analyze the most relevant information to create and maintain value. And another important aspect – all decisions must coincide with the development strategy of the enterprise. According to the document, the global principles of managerial accounting are the fundamental values, qualities, norms and characteristics that represent the managerial accounting².

Identified four global management accounting principles: communication provides insight that is influential, information is relevant, impact on value is analyzed, stewardship builds trust.

Today, the Global principles of management accounting are advisory in nature; however, there are plans to make them mandatory for those companies that are aimed at stable development³.

The construction of the managerial accounting system depends on many factors, in particular, it is determined by national traditions, the size of the enterprise, the characteristics of the production process and products, management goals; each entity will form its own principles of managerial accounting. The most effective for enterprises will be the implementation of universal global principles of managerial accounting, which are the property of the world community.

The principles of managerial accounting, as well as financial accounting, are not constant. They will be constantly improved with the development of theory, science and practice of accounting.

General methodological principles of financial accounting play an important role in the rational organization of the managerial accounting system in enterprises. At the same time, managerial accounting due to its specific features and objectives should be based on universal and specific principles, taking into account the needs of each enterprise in the necessary information. Universal are the Global principles of managerial accounting, which have incorporated the best practices of foreign countries and allow you to build a managerial accounting system that will meet the requirements of national standards for effective decision-making.

The list of principles of managerial accounting in the scientific literature is inconsistent and controversial. The approaches to the definition of the principles of managerial accounting are

¹ Global principles of management accounting. Effective managerial accounting: optimizing solutions and creating successful organizations // <http://journals.uran.ua/index.php/wissn021/article/view/129168>. P. 8.

² Global principles of management accounting. Effective managerial accounting: optimizing solutions and creating successful organizations // <http://journals.uran.ua/index.php/wissn021/article/view/129168>. P. 49.

³ Global principles of management accounting. Effective managerial accounting: optimizing solutions and creating successful organizations // <http://journals.uran.ua/index.php/wissn021/article/view/129168>.

generalized, it provides the need for systematization and universalization of its own principles of managerial accounting.

Further research will be aimed at developing the author's own principles of managerial accounting, determining the degree of interdependence of the principles of financial accounting and managerial accounting in decision - making.

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