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FORMATION OF INFORMATION FLOWS ON FINANCIAL RESULTS OF THE ACTIVITY FOR THE NEEDS OF MANAGEMENT SYSTEM

The article deals with the approaches to determine and interpret the concept "financial results." The necessity to form information environment of data was ascertained. The model of information support of management system with data on financial results with its step-by-step implementation was offered.

Key words: information, financial results, management system, financial reporting, information flows.

4 figures, 1 tables, 11 references

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В статті розглянуто підходи до визначення і трактування поняття "фінансові результати". Встановлено необхідність формування інформаційного середовища даних та запропоновано модель інформаційного забезпечення системи управління даними про фінансові результати з поетапною її реалізацією.

Ключові слова: інформація, фінансові результати, система управління, фінансова звітність, інформаційні потоки.

Леся А. Панкратова, Ольга П. Ратушная, Ольга Д. Подлубная ФОРМИРОВАНИЕ ИНФОРМАЦИОННЫХ ПОТОКОВ О ФИНАНСОВЫХ РЕЗУЛЬТАТАХ ДЕЯТЕЛЬНОСТИ ДЛЯ НУЖД СИСТЕМЫ УПРАВЛЕНИЯ

В статье рассмотрены подходы к определению и трактовки понятия "финансовые результаты". Установлена необходимость формирования информационной среды данных и предложено модель информационного обеспечения системы управления данными о финансовых результатах с поэтапной ее реализацией.

Ключевые слова: информация, финансовые результаты, система управления, финансовая отчетность, информационные потоки.

Statement of the problem. Modern tendencies of national economy development in the conditions of uncertain political situation in the country and before default state impose immediate requirement to any enterprise not only to maximize the transparency of its activity, but to maximize investors' interest. It is clear that in terms of total corruption in all sectors of the economy it determines the objective necessity of active formation and development of such information support of the user, which would provide any important data concerning the effectiveness of the

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enterprise extremely clearly, transparently and thoroughly. It is obvious that under this aspect, study of the information environment on financial results of the enterprise is exceedingly important.

Analysis of the latest researches and publications. Determination of the essence and the order of financial results formation were analyzed in the works of such researchers as I. Blank (2007), O. Voronina (2008), L. Dikan (2008), L. Esmanova (2007), S. Kucherkova (2005), N. Utkina (2007). Another researchers as V. Gavlovskiy (2003), O. Gadomskiy (2006), L. Kindratska (2011), P. Kurmaiev (2010), N. Nyzhnyk, V. Panteleiev (2008) dedicated their works to the problem of information support of analytic work at the enterprise and the organization of accounting and analytical system.

Unsolved part of the problem is incomplete support with the data on financial results of all interested groups of users at every stage of their formation in the process of the economic entity activity.

The purpose of the study is to prove the necessity to form information environment of data on financial results through the study of essence and content of such concept as "financial results" and the need for users to have information about them.

The main results of the study. Information support is based on full and complete understanding of the nature of a particular category, sense of which is used for making managerial decisions. Therefore, it is important to clarify the nature of the index origin, its essence and content.

Goal direction and the purpose to define financial results determine the existence of approaches as to definition of their essence and content.

Dikan L.V., Voronina O.O. (2008: 21) in their studies consider financial results in general economic content and interpret them as a qualitative characteristic of financial and economic activity of the enterprise, which generally represents the result of economic relations and, in particular, reflects the importance and sustainable development of the enterprise (in terms of received income), influence on its financial and economic activity of outer factors (in terms of structure and amount of expenses)

and it is summarized quantitatively as income (losses), changes of equity and its separate components.

The foregoing authors separate three approaches as to determination of the essence and content of the definition "financial result" and indicate the purpose of its determination:

- Economic approach is the representation of present profit of use of invested capital;
 - Accounting approach is ensuring of correct income taxation;
 - Managerial approach is estimation of general enterprise management efficiency
- (Dikan, Voronina, 2008: 15).

Each of these approaches reflects the order of formation and estimation of efficiency of invested capital or enterprise management. However, in our opinion, the purpose of accounting approach is not fully realized but only to calculate income before taxation. In accounting sphere, determination of the financial result provides formation of the information on results of the enterprise activity which is used by directors, managers, investors and creditors to make good decisions. Therefore, we offer to interpret accounting approach for determination of the content of financial results as actual recording and comparison of income and expenses for forming of the financial results for the reporting period. This interpretation will meet not only the principle of accrual accounting and accordance of income and expenses, but it will define financial result as the object of taxation.

Managerial approach is not limited by determining the effectiveness of general enterprise management. It should reflect the estimation of the activity of separate structural subdivisions at the enterprise and, in some cases, products or activity trends. Therefore, we defined managerial approach for determination of essence and content of the financial results as estimation of management effectiveness within structural subdivisions, types of products and enterprise as a whole.

These approaches as to determination of general essence of the concept "financial results" are characterized both by the order of their definition and by the source of

their origin. We summarized the definition of this category by the results of the study of the research literature (Table 1).

Table 1. Interpretation of financial results by the mentioned approaches

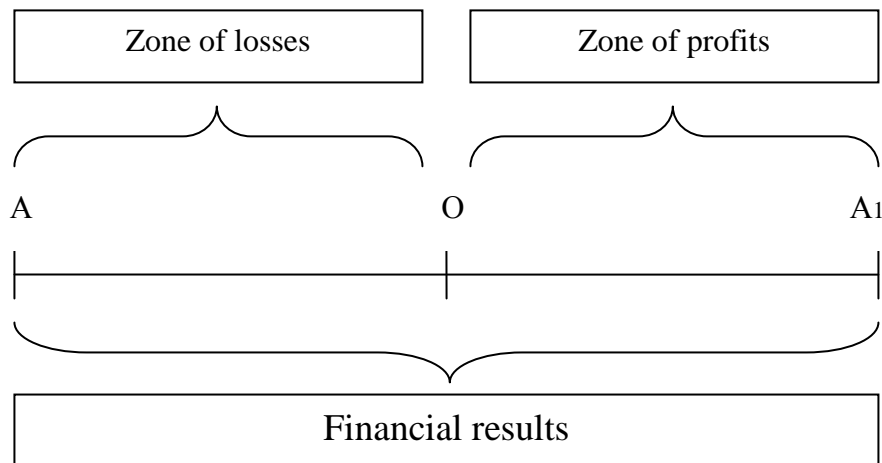
Approaches	Interpretation
Economic approach	<ul style="list-style-type: none"> - final result of the activity - main result and reason of enterprise activity - economic result - income on economic resources - increment in net assets - remuneration provided to the owners of production factors - changes in equity during the period - value added from operating activities
Managerial approach	<ul style="list-style-type: none"> - final result of economic and financial activity - difference between marginal income and fixed costs - purpose of business transactions and business activity of the enterprise
Accounting approach	<ul style="list-style-type: none"> - balance after payment made to all owners of the production factors - difference between profit received from the sale of products and opportunity costs - profit without gross input to attract resources considering their opportunity cost - income and expense comparison for reporting period (profit, loss, zero result) - calculating of taxable income

Thus, the concept "financial results" is multifaceted and understanding of its essence is formed not only by calculation of this index, but also by the content, purpose and needs which users want to get.

Our study of defining the content and essence of the concept "financial results" allows us to give the following definition: financial results is an accounting category, which is based on a comparison of income and expense for the reporting period to get the derivative values (profit, loss, zero result) which characterize the effectiveness of the enterprise activity. Offered definition reflects the content of this concept, its essence, not only the form appeared in a result of this comparison. We believe that identification of such concepts as financial results, income and loss is mistaken,

because it is just due to the formation of financial results, the following concepts - profit, loss and zero result appear by comparing the income and expenses.

Financial result is a forming index that includes both the opportunity to get profit and loss in the context of specific types of realized activity and in the sum it is a definitive final result - profit or loss. It can be displayed by a scheme in Figure 1.



Source: Made by the author

Figure 1. **Structure of financial results of the enterprise activity**

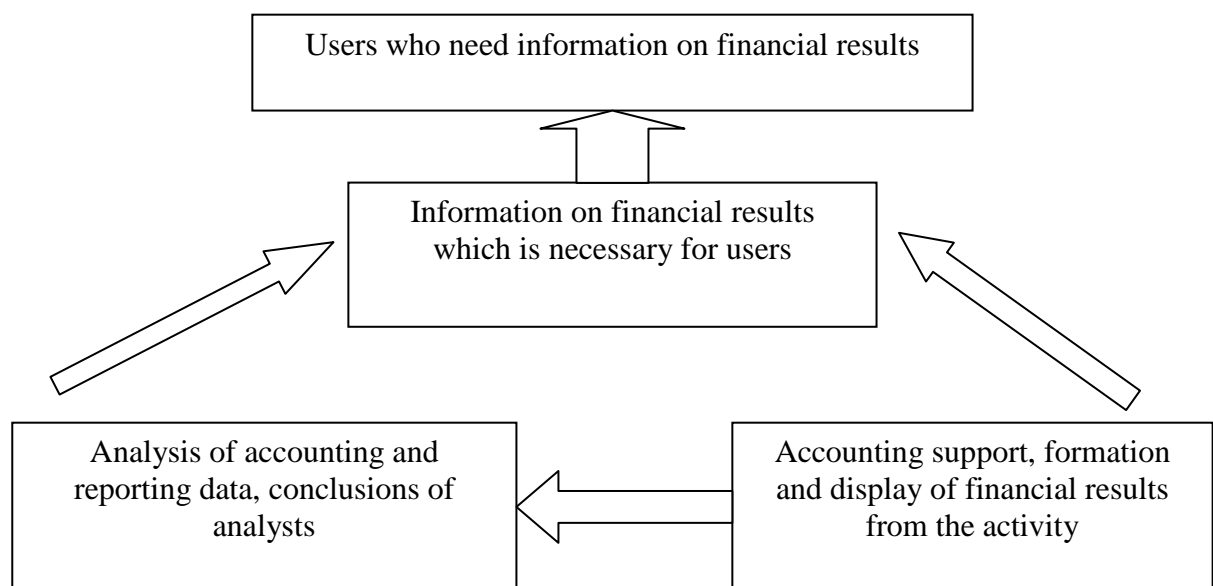
Segment AA1 is a set of results from realized kinds of financial and economic activity of the enterprise that may get into the zone of profits (positive result of the segment OA1), into the zone of losses (negative result of the segment AO) and reach the equilibrium position at point O as a zero result from realized activity. In general, the sum of obtained results will be the financial result from the ordinary activity before taxation (profit/loss).

It is necessary to note that the category of financial results itself is not the index of effectiveness, it serves as a generalizing category. Indexes of effectiveness are calculated by the result of category formation.

To our mind economic approach describes the concept of financial results from the standpoint of economic category which explains the nature of the origin and the direction of use. Accounting approach explains the order of actual calculation and display. The implementation of economic and accounting approaches is based on effective management decisions, the estimation of which from the position of the

obtained results is determined by the managerial approach. So, essentially financial result appears through economic activity of the enterprise, is measured and defined in the accounting and estimated from the standpoint of efficiency of management decision-making. Combination of these approaches provides the formation of a single information environment of data on financial results.

It is necessary to provide managers with information that will have an impact on making decision for the operation of the management system of the enterprise. Therefore, it is important to create and ground such information environment that would combine all the components: a theoretical ground, accounting support and analysis. Each component complements one another and their relationship allows generating the amount of information which will give complete characteristic of the enterprise results. Information environment on financial results can be displayed by a scheme in Figure 2.



Source: Made by the author

Figure 2. **Information environment of data on financial results**

Information environment is formed by three main components: information on financial results which is needed for users, calculation of financial results and analysis which provides realizing of the main purpose that is to meet information needs for taking reasonable economic decisions.

Coordinated cooperation of all components will make information environment of data on financial results of the enterprise activity. That is why our research is directed to study accounting display of financial results and opportunity of using these data within analytical researches to meet information needs of management system.

Management system of the enterprise primarily takes into account accounting data on the status of assets, capital, liabilities and results of the enterprise activity while making economic decisions.

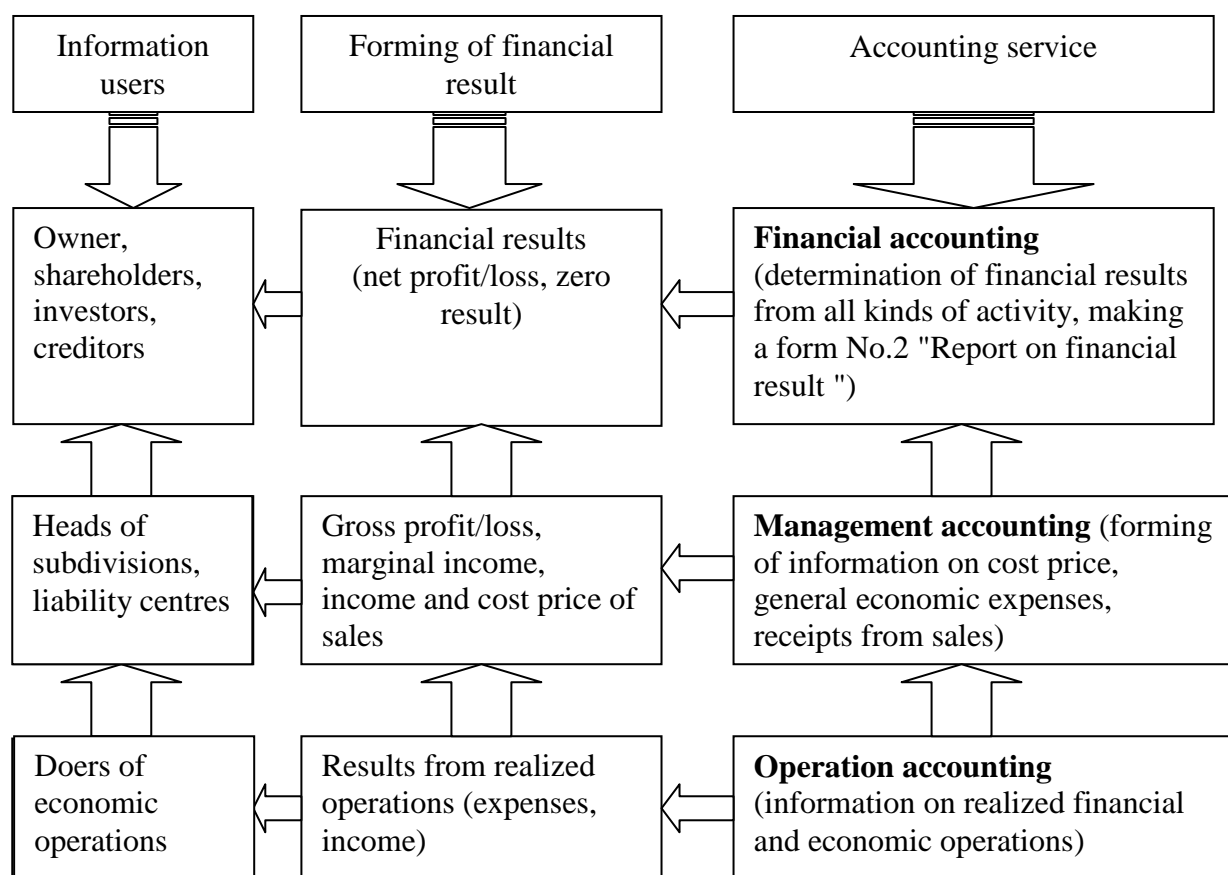
Management decisions concerning the enterprise activity are taken at two levels: macroeconomic and microeconomic. Users of macroeconomic level are investors who decide to invest resources; creditors as for loans and financing of the enterprise activity; state that forms indexes of macroeconomic efficiency, statistic data and directions of sectors management; fiscal authorities. Microeconomic level is managerial stuff of the enterprise and owners who determine the strategy of the enterprise. Each of the levels has its own characteristics which are expressed by purpose users, accessibility of information resources, interest and levels of regulation.

In both cases, the main source of information is accounting data and financial reporting. In this regard Kindratska L.M. (2011: 176) notes, "... it is important to emphasize the existence of a large number of users with different interests. This allows us to consider reporting information as a kind of accounting and economic goods that is produced to provide demand for information".

Importance of accounting and reporting is significantly increased because of raised requirements to reporting information that is primarily caused by change of information targeting and growth of users' amount that make investment and management decisions.

Effectiveness of the economic activity, as financial results is one of the directions of estimation of the enterprise activity at both macroeconomic and microeconomic levels. External users can judge about formation and obtained financial result by the reporting form No.2 "Report on aggregate income (Report on financial results)". Internal users, in addition to the mentioned form, can use current accounting information that appears on the results of performed economic operations.

Accounting support of information display about financial results is provided by information flows that occur at all stages of formation of financial results. Scheme of information flows which determine the amount of financial results (net profit/loss, zero result) of the enterprise is shown at Figure 3.



Source: Made by the author

Figure 3. **Directions of information appearance about forming of financial results of the enterprise**

Formation of financial results begins with realization of economic transactions of the enterprise (data of operation recording), results formation of the main enterprise activity (data of management recording) and determination of net profit/loss, zero result and making of form No. 2 "Record on aggregate income (Report on financial results)" (data of financial recording). Each level of information flow is characterized by relevant indexes of effectiveness and users who need them.

At the level of operational recording, expenses arise as a result of made operations (production, sales and management) and income accrued from the sale of products

(goods, work and services). At the level of management recording, the formation of production cost price and general economic costs are taken place. Determination of gross profit, sales income and the results of individual business subdivisions' activity become possible. Showing of income and losses at the accounts and registers of financial recording by the data of which the profit/loss or zero result is determined and the form No.2 "Report on aggregate income (Report on financial results)" is filled.

Formation of information flow about financial results is provided by understanding the essence of this concept, reflection in the recording and implementation of appropriate analytical processing. Combination and coordination of the purpose and objectives of all three approaches provides the users with information about financial results which will be aimed at making substantiated management decisions.

In this context, the researcher Panteleiev V.P. (2008: 158) indicates that information support is a purposeful work on information collection, its registration, transfer, processing, compilation, storage and search by the control subjects with the aim of its using for management.

In terms of economy virtualization and rapid development of computer technology, the traditional approaches to information support of management activity are not sufficiently effective.

Information support about the effectiveness of financial and economic activity does not comply with the present demands which are manifested in closed information on the enterprise, efficiency of its provision, meeting information needs of the users, which causes difficulty in attracting of financial resources, investments, etc.

The current model of information support should include not only the implementation of separate operations in data collection and accounting, but above all, the transformation of information into intellectual products.

We offered the model of providing the management activity with the data on financial results in order to improve the effectiveness of implementation of

accounting and analytical procedures during the process of analysing the financial results.

Purpose of the model of information support is based on providing the users with the data on financial results which ensure preparation and making substantiated and effective management decisions.

We propose to define the model of support of management activity with data on financial results as a set of tools and techniques inherent to individual elements of its logical structure, which ensure the process of collecting, recording and processing of information on the accounting stage, examination during internal control, as well as analysis, planning, and forecasting at the stage of analytical work in order to provide users with accurate and unbiased information about the results of activities.

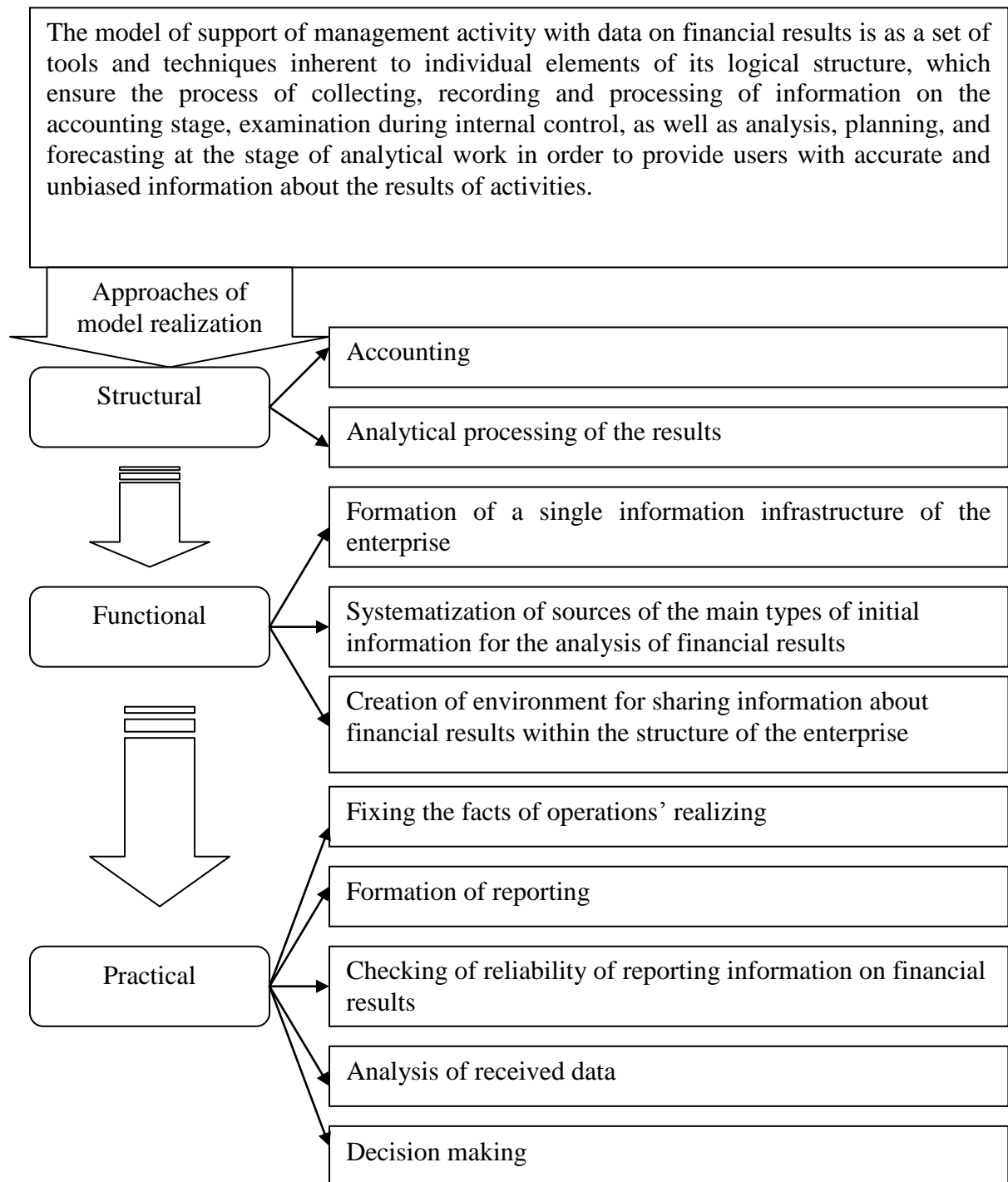
The model of information support should take into account the heterogeneity of the process of managerial decision making and the specificity of work of officials of all categories (Nyzhnyk, Lelikov: 5-8) to perform these basic functions. For this it has to provide:

- collecting, processing, structurization, storing and accumulation of data on financial results;
- comprehensive analysis using mathematical methods and modern information technologies, receiving of aggregated current and expected estimation of indexes dynamics that characterize financial results.

Using of scientific approach (Kurmaiev, 2010: 58) allows viewing the model of information support in the context of the following options: structure, functional purpose and practical application. This, in turn, involves the use of three interrelated approaches: structural, functional and practical. This model is presented by a scheme at Figure 4.

Application of the structural approach allows defining the basic elements of the model of information support of management activity:

- accounting;
- analytical processing of the results.



Source: Made by the author

Figure 4. Model of support of management activity with data on financial results

Accounting component should provide formation and registration of data and be organized in a way that is able to get necessary information about financial result at any stage of its formation. Analytical component provides a toolkit which confirms

and characterizes it, which will allow the management personnel to respond to negative changes of performed activity in time.

Functional approach to the construction of the model of information support allows highlighting the following main features that characterize its nature and specific focus:

1. Formation of a single information infrastructure of the enterprise.
2. Systematization of sources of the main types of initial information for the analysis of financial results.
3. Creation of a single telecommunication environment for sharing information about financial results within the system connecting with global network of information transmission (Gadomskyi, 2006: 264)

Organization of functioning of the information and analytical systems involves specifying a particular sequence of actions of its subject. In practical terms the following sequence can be specified (Gavlovskyi, 2003: 99):

- formalization of a model;
- development of a model of automated (computer) information system;
- designing of a single system based on the use of computers.

Practical approach provides implementation of five consecutive stages, which information on results of the activity is gone through: fixing the facts of operations' realizing, formation of reporting, checking of reliability of reporting information on financial results, analysis of received data and decision making.

We included to this structure a checking stage at the level of internal control where accounting information, given to analytical department and the director of the enterprise about activity results will be verified. The necessity for inclusion of internal control stage while forming the information on financial results is caused by the need to provide qualitative information with such main dimensions as relevance, reliability and validity.

Analysis of financial results of the activity is performed at the end of the reporting period according to the data of financial reporting, which, in turn, is made by accounting service on the basis of accounting data.

Conclusions. Done research of information support of users with data on financial results let make a conclusion that the current system does not fully satisfy their needs. The implementation of the offered model of information support of management activity as to financial results will allow managerial staff to receive data on activity results at all stages of their forming.

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