

## Management Accounting as a Tool for Improving the Competitiveness of Enterprises

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### Abstract

Current economic and political changes taking place in Russia are aimed at development of agriculture in terms of import substitution and force agricultural producers to seek for new approaches in their development. Infrastructure developments, clear and simple schemes creation for entering retail market are actual as well as moral and physical depreciation. The Government's fiscal policy requires constant monitoring and adjustment of tax and accounting. For effective and sustainable development of agricultural producers it is necessary to choose the optimal tax system, which provides a competitive advantage in the current economic realities. Selected tax system should take into account the specificity of agricultural producers in the total and especially in terms of individual subcomplexes. Tax payments problem optimization, simplification of accounting and reporting, accounting and tax errors with related penalties and fines preventing and also tax burden reducing and optimization is especially important. In modern conditions of integration and globalization, effective activity is possible only if there is a comprehensive system of management of the modern organization, one element of which is the management accounting. Subject to adapt the latter to the trade and the presence of experts, are creating a competitive advantage, since the system of management accounting and analysis of the positive effect on the competitiveness of the components: the quality of trade services, prices and cost savings consumer buyers.

**Keywords:** single agricultural tax, taxation of agricultural producers, peasant farmers, the tax burden.

### 1. Introduction

Organization management accounting system improvement is based on the need of economic development in the period of the sanctions and the increased competition on the domestic market.

The need to develop scientifically substantiated positions to adapt management accounting and analysis to the specificity of the areas of trade, due to a number of features that are of the Lich Trade Organization from the other: the high liability of employees, carrying out-of innovation within the functional structures, high-speed changes in the environment. The development of society creates new forms of commerce: Internet trade, exchange, net sales and other. Hence there is an urgent need to develop science-based techniques, acting as a link between management accounting and analysis for the types of commercial activities, which are caused by the development of scientific and technical progress, especially for network commerce.

Nowadays, organizations are forced to engage in various forms of association & there is no exception for agricultural enterprises.

Throughout the period of agricultural reform the state is trying to create an optimal system of accounting and taxation, as much as possible taking into account features of agricultural production and encourage its growth while reducing cost.

To take full advantage of all the possible benefits provided by agriculture, the most preferred is the consolidation and integration of agricultural commodity producers.

The main competitive advantages of agriculture are natural resources, the state of the technology and the quality of agricultural production, material-tions financial resources, the level of qualification of personnel, the availability of government support measures of taxation, and the preferential position.

A major limitation for the development of competitive domestic agricultural producers is that they sell their products at low prices, direct access to the market is practically closed, and most part of profit is taken by middlemen.

For all economic sectors profit is distributed on parts of the entire value chain of production, so companies tend to take place in those areas where profitability is higher. That's why, today in Russia intermediary activity is prioritized over real production.

As part of the reform of the existing AIC is a continuous adjustment of changes in legislation within the taxation,

which also complicates the stable operation of farms and did not contribute to their effectiveness. One of the problems hampering effective and sustainable development of the agricultural enterprises to ensure their competitiveness, is the choice of optimal taxation, in particular the choice of a suitable system of taxation from the list of possible (Pigoreva & Semikina, 2005).

## 2. Methods and Techniques

The methodological basis is based on works of domestic and foreign scholars in the field of management theory and financial management, controlling, management accounting, financial and economic analysis, legislative and regulatory acts of the Russian Federation on financial and economic issues and taxation of enterprises.

## 3. Main Results

Evidence-based system of taxation of agricultural producers, is a prerequisite for successful reform of agriculture in Russia, especially in the context of restrictive measures and sanctions, and increasing the competitiveness and efficiency of agricultural enterprises. However, the current tax system does not fully take into account the specificity of agricultural producers. Integrated solution of issues related to the theoretical and applied aspects of evaluation, quality assurance and improvement of information for the management of the organization, formed in management accounting and reporting and its impact on improving competitiveness.

## 4. Discussion

*Managerial Accounting as a system of internal information in the enterprise.* The overall performance of the enterprise in the market economy largely depends on the management activity, providing its real independence and competitiveness. It requires a different approach and organization of the information system. Accounting is not an end in itself, it is a means to achieve success in business, so the efficiency of its organization and methods used should be evaluated based on their impact on the success of the enterprise. Management accounting should provide information for each level of management based on the needs of users.

For each enterprise is relevant: increased profitability, increased market share, increase (or optimization) production volumes, improved product mix, the development of new products and services, improving the quality of products and services, price optimization, optimization methods of financing, improving production technology and services, lower costs per unit of output (cost), the acceleration of capital turnover, the introduction of new methods of business management. Management accounting in market conditions should act as an information management foundation.

*Analytical system models of trade flows in the supply and marketing activities of agricultural enterprises.* Currently accounting and analysis system of sales is the weakest link in the system of functioning of the agricultural enterprises. Low efficiency of the distribution system in the agricultural sector entails a significant loss of agricultural production and income.

Capital investments in the sphere of realization are scanty, although international experience shows that the distribution system should evolve faster than the production of goods. Studies, experiences and challenges related to the agricultural product selling have shown that they are generated by a variety of reasons: the defective pricing, poorly developed market infrastructure, the destruction of links between producers and consumers, the lack of adequate market information, insufficient state support for domestic producers.

Making agricultural producers free entrepreneur, Government could not really create necessary infrastructure and free competition in the goods movement and essentially lost control over its members. In the context of freedom of economic and entrepreneurial, activity, complete rejection of mandatory deliveries at fixed prices rural producers were deprived of the guarantees of sale and inadequately prepared to work in the new economic conditions.

As a result, on the one hand, they choose their own consumers, expand the circle of our regular customers, use the services of a number of private intermediaries, take out their own products to other regions, that is, begin to trade in a civilized manner. On the other hand, excessive diversification of distribution channels has meant that agricultural raw materials and products do not sell in their geographic markets, rural producers are willing to sell it to any buyer, and often at very unfavorable conditions.

The system of promotion of agricultural products from producers to the final consumer may participate the following subjects of the market and its infrastructure: wholesaler, retailer, broker, commission agent, salesman, wholesale sales

agent, sales agent, consignee, a dealer, broker, commodity exchange, trading house.

Direct sales channels are typical for agricultural products marketing (sales) on the collective farm market, for civil society organizations (children's and medical institutions) within the agricultural enterprises themselves - workers and employees.

This distribution channel mainly provides selling of small batches of products (fruit, vegetables, meat, milk). In such cases the use of intermediaries expensive and impractical. Indirect distribution channels of agricultural products include a variety of intermediaries, depending on the volume of agricultural production, storage capacity, storage, transport, characteristics of agricultural products.

The most common in agribusiness marketing channel with two intermediaries: the wholesale and retail level. On the wholesale markets such intermediaries usually become: processors, wholesale purchasing base and refrigerators. Then the products through the retail network come to the end consumer. Wholesalers care about maintaining stocks of goods, they often offer services to transport it. Through the wholesale unit, which deals with retail stores, sell their products almost all processors.

We believe that the creation and development of a network of trade in the framework of the agricultural enterprises will strengthen the position of the agricultural sector of the economy, increase the efficiency of their financial and economic activity. To achieve the objectives it is necessary to develop accounting and analytical base of goods movement in agriculture.

The developed system of management analysis is an automated complex, which provides a graphical, computational and informational support multilevel analysis procedures and regulation of commodity flows. It includes: the analysis unit; Electronic databases containing statistical enterprise parameters, economic and market information; situational center for analysts and decision-makers.

The basis of the analysis unit is a model that describes the processes of production, product distribution, pricing for a group of enterprises (cluster) the network of the main types of goods, final consumption, the economy as a separate enterprise and the cluster as a whole. Electronic databases are, in fact, the source of identification of the model, the formation of the input information for the task, and the output from the calculation results.

*Controlling elements use methods in the network trade.* The purpose of using by managers resulting information may be advance foreseen or uncertain, but all the information, in advance analyzed by controller, provides a new level of processing of primary information. And, therefore, more effective management of this information by management of trade organization.

At the same time information and analytical component is one of the facets of governance in general and in particular, controlling, and consider the system in this question only at this point would be one-sided.

We believe that comprehensive methodology is required which would help modernize the organizational and information structure of trade organization so as to solve the basic problems of its development. This determines the use of controlling not in truncated form (and some of its functions, such as planning, management accounting used in trade for a long time), and as an integrated system that performs a number of functions and tasks, predetermining sustained success not only in the present but also in the future.

In addition to solving the problems of development of trade organizations, controlling is essential to ensure maximum transparency and clarity of interdependence and mutual processes trade organization.

Decisions made at every level of responsibility should be clear to all who by virtue of their duties will facilitate their implementation - it's quite an important point, as the competent execution of administrative decisions can enhance the effectiveness of the organization's activities several times.

And from the perspective of integrated control validation presuppositions, methodology and content of the planned harmonization process, results of operations, - to create guarantees for the implementation of the plan and the optimization of the management process. Measures aimed at ensuring greater transparency and openness to the market, are designed to address one of the main tasks - promote capitalization trade organization.

Thus, controlling how the system will help, firstly, to optimize the information management support through its information-analytical component; Second, improve the management of the trade organization, since, in addition, information and analytical functions are performed by a number of others (accounting, planning, monitoring, etc.) and thirdly, ensuring transparency of interdependent processes in the organization. Therefore, it becomes apparent urgency of controlling the implementation of the current system and there is a need to adapt it to the merchants.

There are some trends and patterns of trade organizations in Russia, caused by market reforms and significantly impacting on the state of the consumer market in Russia.

One of the advantages of a large network is that it gets from suppliers more substantial discounts which with it's turnover and comparable retail prices brings more profit to be invested in business expansion.

However, with all of this, small retailers have the chance to be among the leaders. In countries with developed market economies it is traditionally considered that the network starts from 100 stores, so now all participants of the capital's retailers are at the initial stage of its development. With stable investment and technology literacy business forward can escape any of those operators who do not particularly noticeable in the market. It will depend on their dynamic capabilities who of them in three years will be the leader and who is an outsider.

The trade organization managers must now pay more attention to the development of innovative capacity, because the inability to adapt quickly to market changes and manage knowledge, is one of the most significant causes of the weak competitive position of Russian companies, as compared to the foreign ones.

Trading firms aimed to leadership, will have to provide a high innovation potential in everything: marketing, supplier relationship management, logistics, personnel management, quality of service and so on. Therefore, the introduction of such innovations as the controlling, demand, primarily in the retailers who want to stay on the market and take its significant share. The largest market participants operating in various segments, apply more effort to capture and strengthen the regional market.

These features and trends dictate the need for the development and application of modern forms of management, one of which is controlling. Merchants have economic characteristics significantly distinguish them from manufacturing companies.

*Taxation of agricultural enterprises.* The procedure for the payment of taxes depends on the form of management. Civil Code provides for the possibility of registration of agricultural producers as the legal entities or there is an option to conclude the agreement on the creation of a peasant (farmer's) economy (Farm).

For agricultural producers, registered as a legal entity, it is possible to select the tax system:

When general system of taxation (GTS) used agricultural enterprise should pay value-added tax, property tax, land tax, motor vehicle tax, the tax on personal income (PIT) to the wages of employees. Under certain conditions the income tax is not paid by agricultural enterprises. In particular, agricultural enterprises which are not switched to the UAT, reduced rate is set - 0%. This rate is applied to activities related to the selling (processing) of agricultural produce.

However, there are a number of problems. Income taken into account when determining the status of farmers and taxable income at the rate of 0 percent, may not coincide. Agricultural producers have the right to apply a zero rate to the non-operating income is directly related to the main activity. This is stated in letters to the Russian Finance Ministry on June 8, 2012 № 03-03-06 / 1/296, on February 21, 2011 № 03-03-06 / 1/108.

At the same time, if the proceeds are irrelevant to agricultural production, they should be taxed at the rate of 20 percent (the letter the Russian Finance Ministry on November 23, 2012 № 03-03-06 / 1/612, dated April 4, 2011 № 03-03-06 / 1/210). Should be noted that this view is supported and judges (Resolution FAS West Siberian District from April 13, 2012 № A27-9933 / 2011).

Subsidies received by the company if they are not connected with the activity of agricultural producers are not subject of tax relief.

The funds for the reimbursement of expenses associated with the construction of roads and the pipeline must be considered during tax base determination, to which 20 per cent income tax rate is used (a letter from the Russian Ministry of Finance November 23, 2012 № 03-03-06 / 1 / 611).

Income from placing funds on deposit in the form of interest received by agricultural producers do not fall under the exemption These revenues are not related with selling of agricultural products produced by producers (letter of the Ministry of Finance of Russia from April 4, 2011 № 03-03-06 / 1/210).

5 years for personal income tax relief is applied for a newly created agricultural enterprises. With the proceeds from the production (processing) of agricultural products personal income tax is not paid. After five years of personal income tax paid by the general procedure.

According to articles 387 and 388 of the Tax Code, other taxes (VAT, property tax, land and transport taxes) agricultural enterprise pays according to the general procedure.

For agricultural producers applying the simplified tax system (STS) there are no features of taxation. 6 % tax rate is used when incomes are taxable, a tax rate of 15%, when the object of taxation are revenues minus expenses. In the republic of Mari El preferential tax rates for agricultural enterprises is 10%.

Applying a single agricultural tax (UAT) organization exempt from value added tax (except for VAT on imports of goods and operations under joint operating agreements, fiduciary management of assets or concession agreements); income tax (except for the income tax payable on income from dividends and interest on state (municipal) securities to which income tax withheld (paid) at 0, 9 or 15%); property tax.

All other taxes, fees and charges are paid on a general basis

In accordance with Chapter 25, 26.1 and 26.2 of the Tax Code of the Russian Federation agricultural producers

without registering organization may also be taxed: General system of taxation, STS, UAT.

Head of Farm is registered as an individual entrepreneur. Taxation for the Farmers as an individual entrepreneur of General system of taxation, STS, UAT is taken a similar manner as in the formation of a legal entity.

Development of agriculture is a priority for the Mari El Republic. As the results of the agro-industrial complex during 9 month of 2014 we can note below positive trends:

the growth of agricultural production for the first 9 months of 2014 compared to the same period in last year by 15%

increasing the production of meat and poultry in agricultural organizations in January-September 2014 by 36% to 147 thousand. tons, including poultry - 1.6 times more, to 103 thousand. tons

as the results of the agricultural year an increase in the gross harvest of grain and leguminous crops - 42% increase in grain yield to 17.8 c / ha (in 2013 - 11 tons / ha).

And as it was noted strong growth of investment in fixed assets of agriculture (41.5 billion. Rubles total investment in the sector in 2006-2013 and 8 months in 2014) and, consequently, the growth of labor productivity and wages of workers in agricultural enterprises. According to the 2014 average level of productivity in the agricultural enterprises of the republic reached to 1603 thousand Rubles per employee per year, the average monthly wage will be up to 17.5 thousand Rubles.

All this is become possible in the Republic of Mari El through improving state support of agribusiness and the introduction of new lines of financing in the State program (Potehkina E. N. 2014).

In general, it should be noted that the tax burden for agricultural producers is significantly reduced compared with other economic entities. But still there is risk factors that exist in the management of agriculture, as well as the existing price difference between the products of agriculture and industry.

The maximum amount of the tax burden for agricultural producers depends on the total income, and therefore on the effectiveness of production and financial condition of the company, so you need to take into account all the specifics of their activities.

Also, taking into account specificity of interaction between agricultural producers and the processing industry to retailers is necessary to correct inconsistencies in the framework of taxation for VAT. For small agricultural producers mandatory electronic document and submission of declarations in electronic form is very burdensome. One of the taxation problems can be existing write-off system of the allocated costs according to the standards. Especially for fuel.

In the period of instability in the economic situation in the country, it is important not to raise taxes, and invest more in agriculture to enhance its competitiveness and to make the sector attractive for work in rural areas and for investments.

It is necessary to maintain a zero rate of income tax that will help to attract additional investment in agriculture, which is necessary for technical modernization. Also, the revision of the existing rates may lead to a revision of existing credit agreements, and as a result, an increase in interest rates both on loans already granted, and on newly attracted. As a result, it will affect the growth of production costs, decrease the solvency and competitiveness of agricultural producers and all of this could lead to higher prices for consumers.

According to the "State program of agricultural development and regulation of agricultural products, raw materials and food for 2008-2012", one of the main objectives is to increase the competitiveness of Russian agricultural products on the basis of financial sustainability and the modernization of agriculture, as well as on the basis of an accelerated development of priority sub-sectors agriculture.

## 5. Conclusions

For Russia, the increase of competitiveness of agricultural products is essential, since today the main task is to provide the country with quality food of our own production and substitution of imported goods due to the production of competitive, best-selling products in the domestic market.

Among the important characteristics of the competitiveness of agricultural products, raw materials and food, you can highlight the presence of the optimal ratio of quality and cost indicators, achieving better results than competitors, and correlation with effective demand.

The product is competitive on the market if it has a set of attractive consumer, quality and value of properties, which in the conditions of a broad proposal provides customer satisfaction and commercial success to producers.

There is a direct dependence of production efficiency from the level of product competitiveness, as competitive products is more fully meet the needs and always finds its market, guarantee the financial stability of the company, as well as getting the profit (Kazmin, Orobinskaya, 2013).

For improvement of the competitiveness of agriculture in Russia will be contributed: Improvement of the secondary

market of agricultural machinery; the use of resource-saving and environmentally friendly technologies; innovation in the sector; regulating the volume of exports of mineral and organic fertilizers; wage increases; the reform of credit policy (Potehkina, 2014).

Formation of a balanced system of management accounting will promote a competitive advantage to agricultural producers as part of their marketing activities through trading networks.

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