

The use of accounting outsourcing in small agricultural enterprises

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Abstract. Accounting and management accounting at an agricultural enterprise reflects the results of economic and financial activities. The success of the company's operation largely depends on the performance of its accounting functions. The article deals with the problems of setting and maintaining management accounting at agricultural enterprises. The necessity of using accounting outsourcing in small agricultural enterprises is justified. Calculating the cost of production of an agricultural enterprise is an important problem on the way to reducing it. To effectively calculate the cost of production, an agricultural enterprise should combine the process-by-process and batch method of cost accounting. This will make it possible to increase control over production costs, but requires the use of accounting specialists with appropriate competencies and skills. As a rule, small agricultural enterprises and primarily farms use a simplified accounting and reporting system. The simplified form of accounting and reporting, on the one hand, significantly simplifies the preparation and submission of tax reports for small agricultural enterprises, but at the same time does not allow for effective control of production costs. Accounting outsourcing allows you to reduce the costs of the company for the services of accountants and at the same time increase their efficiency..

1 Introduction

Broad socio-economic transformations taking place in modern society, the development of agricultural technologies have complicated financial and economic operations, increased market competition and made a change in the dynamics of the development of agricultural enterprises.

This, in turn, requires solving practical and theoretical problems related to the methodology and organization of accounting, as well as cost control of agricultural enterprises (Figure 1).

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According to [1,2], accounting at an agricultural enterprise is designed to reflect financial and economic activities, the process of selling agricultural products, and forms an information base for enterprise management. The provision of food to the population largely depends on the performance of accounting functions.

According to [3], the entire enterprise management system, including the planning and organization of financial and economic activities, the motivation of personnel, and the control of income and expenses, depends on the information support based on accounting data.

According to [4], the shortcomings of such information support have a negative impact on the efficiency of managerial decision-making.

The authors [5] identify two reasons that distort the correctness of the operational determination of the cost of production at agricultural enterprises (Figure 2):

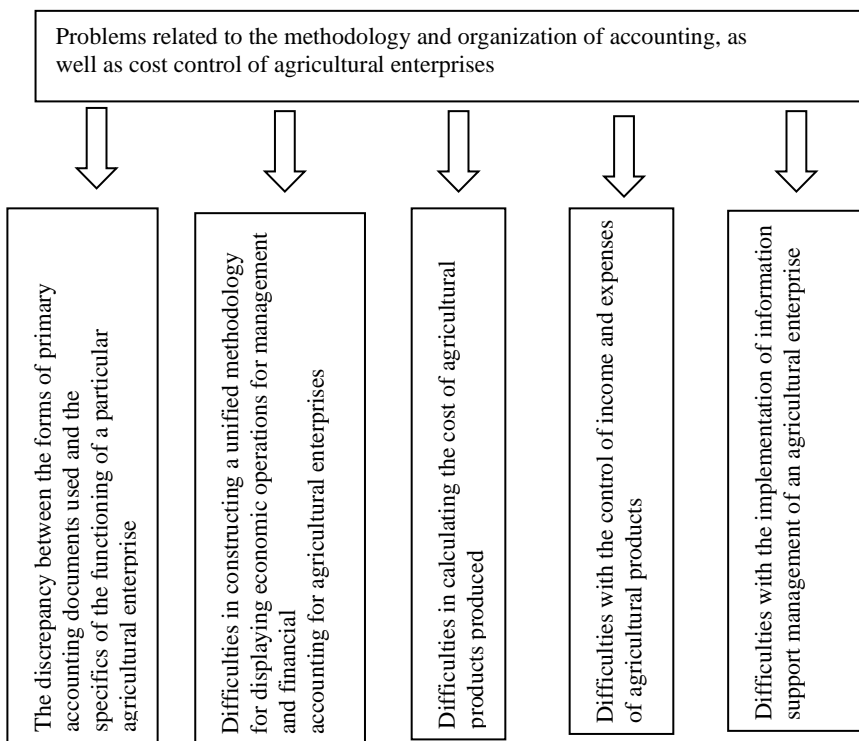


Fig. 1. Problems related to the methodology and organization of accounting, as well as cost control of agricultural enterprises

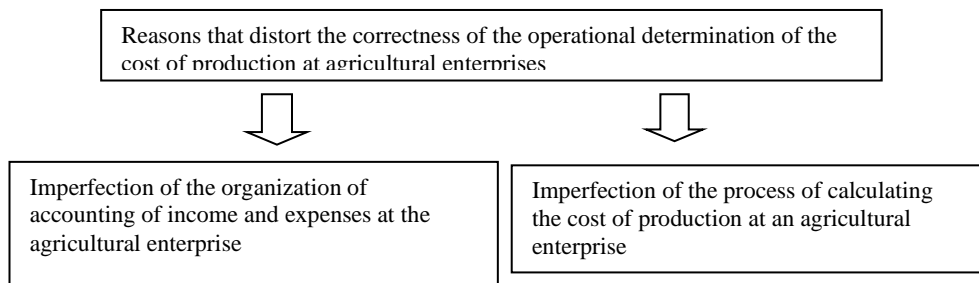


Fig. 2. Reasons that distort the correctness of the operational determination of the cost of production at agricultural enterprises

According to [6], calculating the cost of production of an agricultural enterprise is an important problem on the way to reducing it. The size of the cost of production depends on the amount of income tax, as well as the assessment of the profitability of production.

Accounting and calculation of production costs provides for a complete, timely and reliable display of the costs incurred in the production and sale of products.

According to [7, 8, 9], in an agricultural enterprise, production can be divided into main and auxiliary. The main type of production is the production of agricultural products, and the auxiliary type is all production that serves the main production: repair of machinery and equipment, as well as storage, transportation and sale of finished products.

According to [10,11], it is advisable to use the batch (order-by-order) method of accounting for incurred costs for auxiliary production. The analysis of the costs corresponding to each completed order makes it possible to analyze and compare the profitability of different orders. In addition, the order-based method allows you to compare the costs of the same type of product incurred at different times.

According to [12], the batch (order-by-order) accounting method has a number of disadvantages:

1) Complexity of work-in-progress inventory;

2) Full information about the costs incurred is available only at the end of the order execution, so it makes it difficult to take effective operational measures to manage the order execution.

According to [13], for the main production of an agricultural enterprise, it is advisable to use a process-by-process method of accounting for the costs incurred. The technological process of agricultural production is divided into separate technological processes, as a result of the interaction of these processes, agricultural products are created. In the process-based accounting method, costs are not compiled by order, but by individual technological processes. Thus, in the process-based accounting method, as a rule, separate structural divisions of an agricultural enterprise act as the object of calculation.

According to the opinion, the process-based method of cost accounting is less labor-intensive and more transparent in comparison with the order-based method.

According to [14], the process-based method of cost accounting allows you to control the deviation of the amount of costs incurred in relation to the standard indicators.

According to [15], the disadvantages of the process-based cost accounting method include the complexity of estimating work in progress.

Thus, based on the analysis, we came to the conclusion that for an effective calculation of the cost of production, an agricultural enterprise should combine the process-by-process and batch method of cost accounting. This will strengthen the control of production costs, but requires the use of specialists in the field of accounting with the appropriate competencies and skills. As a rule, small agricultural enterprises and primarily farms use a simplified accounting and reporting system.

On the one hand, the simplified form of accounting and reporting makes it easier for agricultural enterprises to prepare and submit tax reports, and on the other hand, it does not make it possible to effectively control production costs.

Authors [16] there are three types of accounting outsourcing: accounting consulting, partial outsourcing, and full outsourcing. In accounting consulting, outsourcing is usually limited to consulting in order to monitor the current activities of the accounting department, as well as to promptly inform about the latest changes in tax legislation related to the activities of the enterprise. In selective outsourcing, a third-party accounting or audit firm performs only part of the accounting functions, usually related to the performance of routine operations. This allows you to reduce the staff of the accounting department without reducing the efficiency of its work. Full outsourcing means delegating all accounting functions to a third-party enterprise.

2 Methods

During the implementation of this study, we applied an analytical method by which the problems under study were considered in their development and unity.

Taking into account the goals and objectives of this research work, a structural and functional method of carrying out scientific research was used.

This allowed the authors to consider a number of problems related to the use of accounting outsourcing in small agricultural enterprises.

3 Results

The prerequisite for writing this research paper was an appeal to us by the head of the small agricultural enterprise "Kolos". He was interested in what hidden reserves the company has for its hasty development. At the beginning of the study, we found out that the company processes 96 hectares of land. Part of the land is owned by the company, and the other is leased from local residents. The company uses a simplified accounting and reporting system, which allows you to have one accountant in the staff, who also performs the duties of the head of the personnel department. When making management decisions, the head of the agricultural enterprise relied on accounting data and on his personal experience of managerial activities. However, the data used for the management of the enterprise was taken, as a rule, from quarterly accounting statements. While prices for agricultural products were highly variable, data from quarterly accounting reports did not allow for optimal management decisions.

We offered the head of the agricultural enterprise "Kolos" to implement the establishment and maintenance of specialized management accounting at his enterprise. To ensure this process, it was proposed to conclude a contract for services from an audit firm with experience in working with agricultural enterprises.

Disadvantages associated with the lack of effective management accounting in the agricultural enterprise makes it, as a rule, less competitive in the agricultural market. In these conditions, the largest multinational enterprises with a higher level of accounting automation have advantages over domestic agricultural enterprises. Effective implementation of management accounting allows for the collection of information by operational and strategic management of the enterprise. Management accounting allows you to optimally allocate the resources that the enterprise has and thereby increase the efficiency of its functioning. In addition management accounting allows you to:

- 1) Ensure operational cost control.
- 2) Plan the activities of the enterprise through budgeting.
- 3) On the basis of its data to analyze the activities of the enterprise, and on the basis of this analysis to make informed decisions.
- 4) Allows you to link the level of costs with the quality and quantity of products.

The level of economic efficiency of agricultural production depends not only on the ratio of revenue received and costs incurred, but also on the quality of management of production processes occurring at the enterprise.

Management accounting allows you to build a cost management system at an agricultural enterprise and, on the basis of this, be able to identify low-profitable and high-profitable areas of activity of an agricultural enterprise.

To improve the efficiency of management accounting in an agricultural enterprise, in our opinion, it is necessary:

1. Consider the main directions, as well as the problems of the impact of the organizational and economic structure of the enterprise on the formation of accounting information flows.

2. Determine the main directions of management accounting, as well as ways to obtain the necessary data for its functioning on the financial and economic operations of the enterprise.

3. Consider the grouping of operating costs of individual structural divisions of the enterprise.

It is not always possible for a small agricultural enterprise to solve such problems independently. Therefore, to improve the management efficiency of small agricultural enterprises, we suggest using accounting outsourcing. It allows you to increase the efficiency of the functioning of the agricultural enterprise and save labor and financial resources. The transfer of management and financial accounting by outsourcing to an accounting or audit firm allows an agricultural enterprise to:

1. Solve the problem of finding a qualified specialist in the field of accounting.

2. Reduced payments on the salary of labor, as well as related taxes.

3. As a rule, a small company has one accountant on its staff. The audit company has a staff of accountants and, if necessary, can change the accountant who will serve this agricultural enterprise.

4. The most important thing is the competence of the audit firm's employees, including in complex and non-standard problems. This will allow you to organize the management accounting at the agricultural enterprise properly.

As a result of the introduction of management accounting at the small agricultural enterprise "Kolos", production costs at the enterprise were reduced by 6%. This was achieved by more effective control over the activities of the company's structural divisions. Based on the analysis of management accounting data, the company was able to obtain a loan for the purchase of new agricultural machinery from a commercial bank. For the credit department of the bank, the management accounting data served as an additional source of information about the production and economic activities of the small agricultural enterprise "Kolos".

Despite the additional costs associated with setting up and maintaining management records, the small agricultural enterprise "Kolos" received additional benefits that recouped these costs.

4 Discussion

Improving the quality and efficiency of the information provided by accounting to the management of the enterprise will increase the efficiency of the functioning of the agricultural enterprise. In addition, primary accounting documents are the evidence base for defending their point of view before various regulatory authorities. The proper execution of business transactions contributes to the effective preservation and use of the property owned by the owners of the enterprise.

The presence of management accounting allows you to have the most complete information picture about the conditions of economic activity of an agricultural enterprise, and this will assist in quickly responding to changes in the external and internal environment.

Management accounting makes it possible to form an optimal strategy for the development of the enterprise. At the same time, information about the assets of the enterprise in the management accounting is reflected not only in the qualitative but also in the quantitative dimension, this contributes to a better perception of the state of affairs at the enterprise.

The main difference between accounting and management accounting is the users of the information for which they are intended, and therefore. These differences are reflected in the methods and tasks of management and accounting.

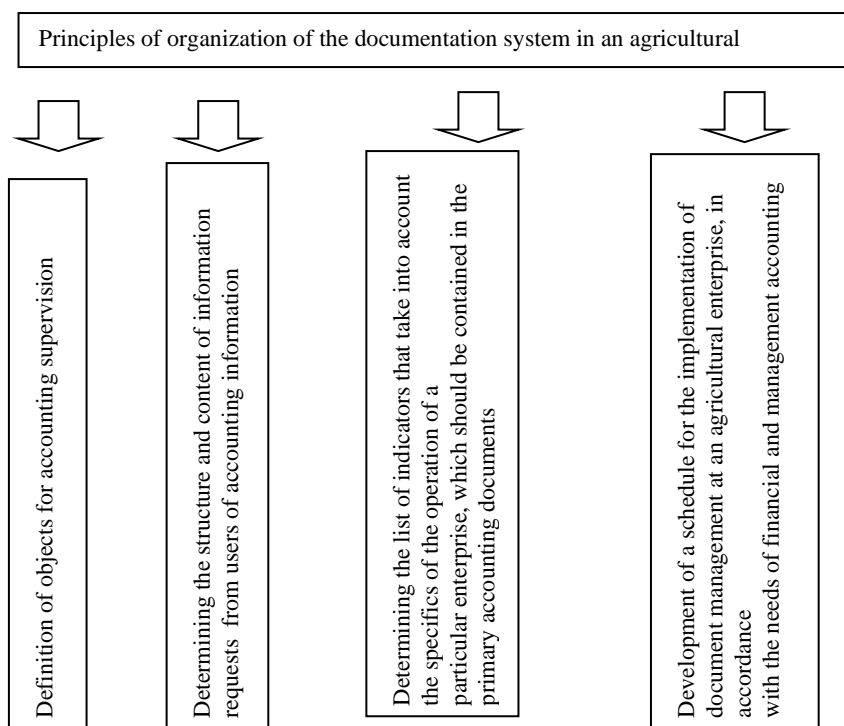


Fig. 3. Principles of organization of the documentation system in an agricultural enterprise

At the same time, improper registration of primary accounting documents can be the cause of various troubles when checking by tax authorities.

In our opinion, the organization of the documentation system in an agricultural enterprise should include the following principles (Figure 3)

In our opinion, in the process of designing a system of registers for accounting in an agricultural enterprise, we should strive to ensure that they most fully reflect the content of financial and economic operations.

Mandatory management accounting is not regulated by law, but it is necessary for the management of the enterprise for the effective analysis of production activities, control and management of the enterprise. Financial accounting, being an integral part of management accounting, is regulated by state regulatory documents. It is understandable for an accountant and an auditor, but contains insufficient information necessary for the successful management of the enterprise. Unlike financial accounting, management accounting allows you to predict the production performance of an enterprise.

In modern economic conditions, it is of paramount importance to provide the management of an agricultural enterprise with operational information about its current economic activities. This requires the use of strengthening the control, predictive and information functions of accounting, in accordance with the need to make economically sound management decisions.

Management accounting helps to optimize the management of production costs and the result of financial and economic activities of an agricultural enterprise.

Management accounting allows you to:

- 1) Predict the consequences of management decisions
- 2) Monitor the activities of the structural divisions of the agricultural enterprise

3) To form and process an array of information reflecting the financial and economic activities of the enterprise as a whole and its structural divisions

Management accounting requires specialists with experience in this field. Management accounting develops planned tasks and analyzes the actual performance indicators of the entire enterprise and its structural divisions, prepares management decisions, including alternative ones. As a rule, there are no specialists required for this activity in small agricultural enterprises, so it makes sense, in our opinion, to attract specialists from specialized audit or accounting firms for outsourcing.

At the same time, the organization of management accounting at the enterprise and its further maintenance requires additional material costs, so it is very important that these additional costs are minimal.

5 Conclusions

In our opinion, the use of various forms of outsourcing in agricultural enterprises makes it possible to increase the efficiency of its functioning. Outsourcing allows agricultural enterprises to gain access to the resources and technologies that outsourcers possess. We believe that accounting outsourcing services will be very effective for agricultural enterprises.

At the same time, it is very important that outsourcers understand the specifics of the functioning of an agricultural enterprise, and its employees have the necessary competencies to be able to provide such services.

Management accounting at an agricultural enterprise, in our opinion, should have the following qualitative characteristics:

1. It is maximally focused on the requests of internal and external users.
2. It should contribute to the identification, systematization and analysis of deviations from the normative economic indicators.
3. Mandatory documentary substantiation of the facts of financial and economic operations.
4. Focus on solving specific management problems.
5. Maximum efficiency not only in determining not only actual but planned and calculated indicators.

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