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Application of Accounting Outsourcing on the Pridneprovskaya Railway

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Abstract

The use of outsourcing creates prerequisites for increasing the efficiency of the railway transport enterprise. This makes it possible to use the released financial, organizational and labor resources in other areas of the company's activities. The use of accounting outsourcing in the railway transport enterprise can be implemented to improve the efficiency of management accounting. The effective functioning of a railway enterprise can be hindered by financial and other corruption of the heads of structural divisions at the railway transport enterprise. This is to a certain extent due to the fact that railway transport enterprises are owned by the state.

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1. Introduction

Accounting on the Pridneprovskaya Railway has a number of specific features due to the large number of services and divisions, as well as the specifics of railway transport. The correct calculation of the cost price for the Pridneprovskaya Railway is of paramount importance, since the payment of income tax depends on it, and reducing the cost price is an important factor determining the effective development of the enterprise.

According to (Delano, 2021), determining the cost price is one of the main tasks facing accounting.

According to (Storseth, 2021), the purpose of calculating production costs is to quickly, reliably and completely determine the actual costs incurred in the production and sale of products.

The authors (Mccartney and Arnold, 2002) distinguish auxiliary and main production in railway transport. The main production includes railway transportation, and the auxiliary production includes all production facilities that provide railway transportation. These include repair services, as well as services that supply spare parts, water, electricity and other material and technical resources used in the process of railway transportation.

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According to (Federman, 2021), cost accounting based on the order-by-order method is usually used for auxiliary production. Using the order-by-order method allows you to find out the level of profitability of individual orders and compare costs for the same type of orders executed at different times.

The disadvantages of the order-by-order method are the complexity of the inventory of work-in-progress, as well as the fact that full information about the costs incurred becomes known only after the completion of the order.

According to (Golovanov and Baranov, 2021), for the accounting of transportation at railway transport enterprises, as a rule, the process method is used to account for costs. To do this, the entire technological process is divided into separate parts, and in each structural unit, records are kept for these separate parts, and the data obtained are summarized.

According to (Marsh et al., 2021), the process-based method of accounting for incurred costs is the most effective for controlling the deviation of incurred costs from the standard value.

According to (Redchenko, 2020), the process-by-process method makes it possible to more effectively control the costs incurred during the technological process, and the order-by-order method allows you to strengthen control over the execution of individual orders.

According to (Basova and Golskaja, 2020), financial planning contributes to a more efficient use of the financial resources of the enterprise.

According to (Psareva, 2020), financial planning and forecasting in a railway transport enterprise should be based on the following principles (Fig. 1):

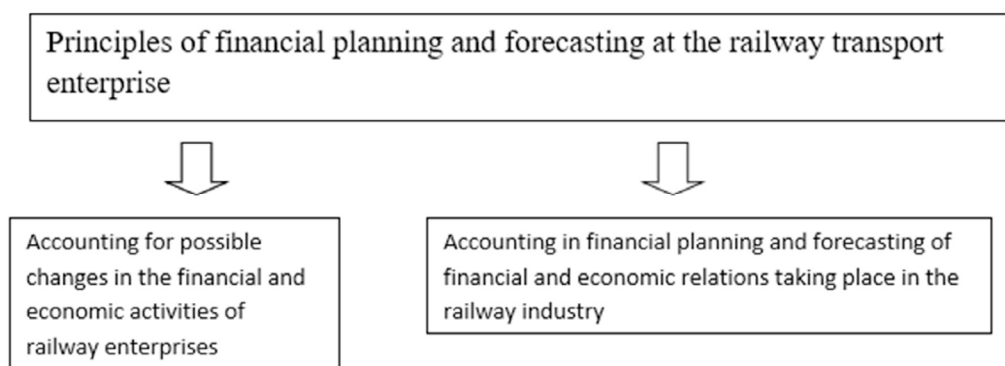


Fig. 1. Principles of financial planning and forecasting at the railway transport enterprise.

According to (Laine et al., 2021), constant changes in the external and internal environment of railway transport enterprises, along with the dynamics of their changes, put forward additional requirements for financial planning. To create the conditions required to maintain the solvency and financial stability of railway enterprises, it is necessary to take into account all forms of financial relations as fully as possible, as well as to effectively coordinate the structural divisions and services of these enterprises.

In our opinion, the organization of management accounting at this enterprise is of the greatest importance for the effective management of a railway enterprise.

According to (Thomas, 2021), management accounting at the enterprise should have the following qualitative characteristics:

- Be focused on the requests of the company's managers responsible for the production and sale of goods and services.
- Be focused on identifying deviations from the planned and normative indicators of the enterprise's activities
- Contribute to the determination of the maximum amount of costs allowed for the production of a certain type of product.
- Promptly determine not only the actual value of the indicators taken into account, but also determine their forecast values.
- Document the facts of business operations on the basis of the criteria accepted at the enterprise.
- Accounting and grouping of expenses by type of activity, responsibility centers and cost centers.

The authors (Rothacher, 2021) identify a number of reasons that determine the feasibility of implementing management accounting at a railway enterprise (Fig. 2):

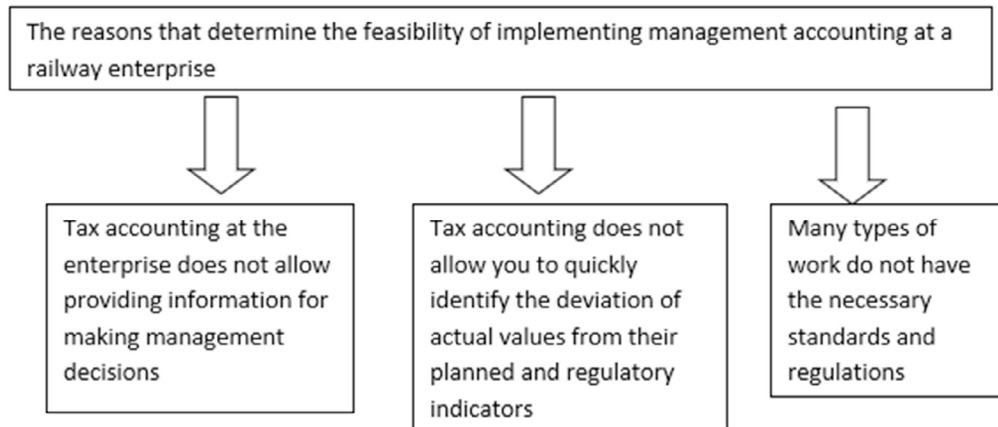


Fig. 2. The reasons that determine the feasibility of implementing management accounting at a railway enterprise.

2. Methods

In the process of implementing this scientific research, the authors used an analytical method, which made it possible to consider the problems studied in the article in their unity and development.

Taking into account the objectives and goals of the study, the authors used the functional-structural method of scientific cognition.

As a result, the authors studied a number of problems related to the use of accounting outsourcing for management accounting on the Pridneprovskaya Railway.

3. Results

In order to optimize the financial and economic activities of the Pridneprovskaya Railway, internal outsourcing in the field of tax and management accounting was carried out. For this purpose, a specialized structural unit was created to process the facts of the economic life of the enterprise. This accounting division combines the accounting functions that were previously performed by the accountants of individual structural divisions.

To a certain extent, this allowed the structural divisions to be relieved of non-core duties.

As a result of the changes, management and tax accounting was completely transferred to a specialized division of the Pridneprovskaya Railway, and the centralization of accounting allowed reducing the time required for preparing reports.

Due to the fact that the registration of accounting documents was no longer assigned to the accountants of structural divisions, but to other employees of these structural divisions, certain problems began to arise with the correctness of this work. But these problems were gradually solved.

However, the transition to internal outsourcing did not allow to solve an important problem related to the purchase of goods and services for the divisions of the Pridneprovskaya Railway. Purchases of goods and services were carried out on the basis of tenders, according to which the winner received the opportunity to conclude a contract with the Pridneprovskaya Railway for the supply of certain goods and services. Nevertheless, the winners of the tenders were not always the companies that could offer the most optimal conditions for the Pridneprovskaya Railway. The reason was corruption. The free participation in tenders of the Pridneprovskaya Railway was often hindered by illegal actions of state officials, as well as some managers of locomotive depots.

Enterprises that do not have corrupt ties often did not even try to participate in tenders, because they were not sure of a fair competition.

The management of the Pridneprovskaya Railway understood this problem, but it was not possible to solve it. Therefore, it asked us to offer methods of combating corruption on the Pridneprovskaya Railway during tenders.

To solve the problem, we suggested:

- Replace internal outsourcing of accounting services with external outsourcing.
- This should, in our opinion, involve outsourcing accounting services to independent audit firms.

- Each locomotive depot must be assigned a representative of these audit firms. This, in our opinion, should increase the objectivity of management accounting, since the representative of the audit firm will not be directly subordinate to the head of the locomotive depot.
- In order to participate in the tender for the supply of goods and services to the Pridneprovskaya Railway, require the bidders, if they win, to agree to conduct, at the end of the year, an audit by an independent audit company that provides accounting services to the Pridneprovskaya Railway.

The subject of this check should be a comparison of prices for goods and services that were delivered to the Pridneprovskaya Railway and prices for similar goods and services that, at the same time, were delivered by the winner of the tender to other buyers.

The implementation of these measures, in our opinion, will improve the efficiency of management accounting at the Pridneprovskaya Railway, as well as reduce the corruption costs of the enterprise.

4. Discussion

The use of outsourcing creates conditions for improving the efficiency of the railway transport enterprise. This allows you to free up financial, organizational and human resources and direct them to other areas of activity.

The use of outsourcing in the railway transport enterprise can be used for the implementation of management accounting.

Effective management accounting at a railway enterprise can be hindered by corruption and financial abuses of the heads of structural divisions at a railway transport enterprise, this is partly due to the fact that railway transport enterprises are owned by the state.

In our opinion, it is more appropriate to involve independent audit firms for outsourcing in order to implement management accounting at a railway enterprise.

It is independent audit firms that can provide more objective information for the management of a railway enterprise.

5. Conclusions

Centralization of accounting increases the reliability and transparency of accounting information. Highly qualified personnel at the centralization of accounting reduce the cost of tax and management accounting.

The centralization of accounting requires the adaptation of the accounting control system and personnel policy.

The peculiarity of management accounting at a railway enterprise has a number of features related to the specifics of the industry:

- Railway transportation does not have a real form.
- The processes of delivery of the transportation service and its receipt by the consumer coincide in time.
- It is not possible to create stocks of transport services
- The transport service is measured by the number of passengers transported and the weight of the goods transported.

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