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Title of Dissertation

Analysis of financial and management accounting information systems, its use as a management tool to enhance decision-making.

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Abstract

A business environment, shareholders, government and tax authorities require managers to make countless quick, quality daily decisions. One of the instruments that help managers in making decisions is the accounting information system (AIS). Accordingly, the accounting information system market has encountered a considerable boom in today's complex society, permit managers to choose the right AIS to meet legal requirements and the ever-growing needs of managers and shareholders. These studies are aimed at confirming that modern managers have altered their mind, considering the accounting information system as simply a legal requirement of correspondence with tax rules as a source of essential information necessary for making reliable business decisions.

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1. Introduction

1.1 Background

Nowadays, competitive business environment induces quickly escalating commercial businesses to continually overview their strategies and make adaptation their business associated with the globalized market conditions and for the sake of to adapt to the ever-growing frequent changes. As it is known, decision making is the primary function of every organization and it is the take an extraordinary part in our day to day life, so without it the enterprise's unable implement there are daily tasks. Decision making includes to itself the election of consistent output and input to achieve effectiveness and efficiency in business.

Accounting information system (AIS) as a part of organization’s information systems are implied as a decision-making tool in the companies.

Consequently, to reach organization goal and decide the best option, the management should take into account numerous guidance which is in most cases provided as economic and financial data assemble by financial and management accounting information systems.

As mentioned above these accounting information systems are the essential elements of the small and big companies that assist in making the decision and carrying out false one may influence the negatively the processes of enterprises and occasionally can captivate insolvency. This paper will cover the data about circumstances of managers adjust their decisions and opinions regarded to the accounting information system and management accounting system.

1.2 Problem discussion

To avoid financial disasters through improper and inefficient solutions, there is now an extensive set of financial instruments that enable users to support the decision-making process. However, the accounting instruments used vary from one business to another. Some implements that evidence to be sufficient in one organization may suffer a setback in another. For the sake of different purposes, various information is required, so organizations need to focus on multiple accounting tools to support the process of decision making.

1.3 Research question

What accounting tools and management tools are used by enterprises?

What is accounting and management information?

How the companies use the accounting and management information systems?

How do organizations use this information to implement the decision-making process?

1.4 Purpose

The aim of the thesis is to find out what accounting and management tools are used at enterprises, and also to inform the readers about how this affects the decisions made by the company. To contribute to the achievement of the goal, the document will adhere to the following structure. Initially, the methodology will provide the reader with an idea of the process of conducting the research. Then, selected theories are introduced, which involve the concepts of various accounting instruments, as well as decision-making. The fieldwork collected during the research will eventually be presented, and then compared with the theories used. This allows you to draw conclusions that will be shown in the final section.

1.5 Limitations of the Study

I. Limited time. It was difficult to broaden the scope of the research to captivate many questions about the role of financial reporting in the decision-making process due to the lack of time for the studies.

II. Financial constraint. I had to minimize costs, using little time on the ground, being very specific, so that the research was conducted within the limits of limited financial resources.

III. Scope. Also, the scope of this study is aimed at examining the role of financial reporting in making business decisions. The researcher depended on the results obtained from the respondents in the selected samples. This is a limited generalization of the consequences.

iv. Literary sources. There are limited literary sources explaining that everything is significant about the role of financial reporting in making decisions in the context of business.

v. Volume. Since there are a huge number of accounting tools, only some of them will be investigated. There are some tools that allow examining the relationship between accounting information and decision-making, which will become apparent later.

VI. I must also emphasize that I have no experience in conducting such a study. It was difficult for me to hold this bachelor's degree, especially the analysis was very difficult. Fortunately, I received some help and support.

2. Analysis

2.1 Nature, scope, and purpose of accounting.

Accounting incorporates a system of collecting, measuring, registering, processing, and directing the necessary information to decide an appropriate management decision or enterprise strategy. Significant changes have taken place in accounting for developed countries in the early 1990's in the market economy. First and foremost this is connected due to an increment in business operations, an increase in their operations, and, in the end, a difficult management process. During this period, the accounting did not meet the requirements of the management structure. There are new requirements for accounting for efficient management of the enterprise, control over economic operations, plan the enterprise, forecast, conduct economic analysis and make reasonable decisions. At the same time, concentration of capital in the world countries, internal and external competition, inflation, production costs, the creation of transnational companies have become necessary to update the accounting system by these factors. The Accounting System was allocated for Financial and Management Accounting to meet these requirements. Thus adjusting the accounting system to international standards necessitates its allocation to Financial and Management Accounting. It is important to know the essence of these two types of records to determine the different and similar features.

Financial accounting and reporting systems are organized by international standards. Financial accounting records the entity's financial and economic performance and financial position. In a market economy, the main objective of a financial statement is to provide information to external users that reflects the entity's financial performance, financial position, and financial position. The reliable information presented here helps users make the economic decision-making process, improve the business environment, improve the financial situation of the owners, increase the number of inputs and contribute to other substantial development.

Management accounting is to collect all accounting information within the entity, to summarize them, and to transmit it to reasonably motivated managerial decision makers. Management and planning of enterprises in the market economy determine the activity of the enterprise and its development. To achieve all this, it depends directly on the level of organization and management of accounting records, one of the main functions of management in the entity.

Management accounting covers all types of accounting information collected, measurable, processed and forwarded for internal use of the manager and the ability to prepare and accept a reasonable management decision. Management records either internal or production accounting. The high level of management accounting allows the organization to effectively utilize its financial, material resources, and manage its labour resources. The enterprise chooses whether to manage a management account. Management accounting in medium and large companies is considered to be effective and economically feasible. The costs associated with obtaining management accounting information in small businesses are greater than its cost of management. Therefore, the use of operational accounting in the management of small enterprises and the use of these accounting information are economically more efficient. There are the following definitions for management accounting:

• Management accounting is a subsystem of accounting, providing its management apparatus with the information it needs to manage, plan and monitor its operations. Production accounting, which acts as an integral part of the overall accounting of a business, is usually understood to mean the cost of production and the cost of production, usually based on previous years, forecasts, standards, and cost estimates. Management accounting covers all accounting information that is essential for managing the entity.

• Management accounting is the identification, measurement, assembly, systematization, analysis, interpretation and transmission of information essential to the management of any facility. The main purpose of production accounting is to calculate product cost. Production accounting consists of a set of accounting records and financial records

• As it is known from management records, managers are provided with the information they need to manage their business daily.

• Management accounting is understood as a process of identifying, measuring, assembling, analyzing, preparing, commenting and submitting financial information to the entity's management unit to plan, evaluate, and monitor economic activity.

• Management accounting is an internal operational management system. Management accounting covers issues relating to management of the entity's financial and operating activities at the earliest possible expense of the highest level of management in all entity structure.

• Management accounting is the presentation of information that provides justification for the decisions made to increase the effectiveness and efficiency of current transactions to the entity's members.

Officially, the management accounting concept has not been established in legislation that regulates the regulatory system of accounting in Azerbaijan. This is because the management accounting is an internal matter of the entity and does not force the government to hold management accounting and, therefore, does not define single rules for management accounting. Western countries do not interfere in the conduct of state management accounting and organization.

2.2 Differences between managerial accounting and financial accounting

Although financial and management accounting is an essential part of accounting, there are distinctions among the following characters.

<u>Purpose of the accounting.</u>

The purpose of *financial accounting* is to compose financial statements and another document that inflects the financial position of an entity.

The purpose of *management accounting* is to collect, process and transmit the information needed to managers to make a more compliant decision-making decision.

<u>Duties of the account.</u>

The principal objective of *financial accounting* is characterized by

- An entity recognizes an asset, i.e. fixed assets, commodity-value, cash, receivables, land, plant and equipment, intangible assets, and so on.

- Accounting of enterprise's property source, i.e. accounting of the charter capital of the enterprise, undistributed profits, capital reserves, bank loans, debt.
- Calculation of budget accounts. - Preparing the balance sheet of a company, profit and loss statement, cash flow statement, statement of changes in equity and other financial statements.
- Analysis of the latest financial results of the entity's economic activity, its financial settlement, solvency, and liquidity.
- Providing information to persons included in long-term financing, creditors, related parties, etc. Lastly, it is accomplished that the main objective of financial accounting is to provide the financial reporting and the requirement for informal stakeholders.

Management accounting tasks include:

- Accounting for all production costs and product types.
- Records of production resources and commodity-material values.
- Determination of Actual Expenses for their deductions from standard norms.
- Estimation of inventories and finished product.
- Determination of the cost of each product.
- Determining the results of the sale of the product.

Users of information.

Financial accounting information and reporting are planned to meet the requirements of external stakeholders, such as stakeholders outside the entity. These external users include shareholders, investors, lenders, vendors and buying companies, tax authorities, company employees, financial analysts, lawyers, relevant authorities, and others includes.

Management accounting information is utilized to control the entity within the entity because it meets the requirements of internal users, management, managers.

<u>Forms of the accounting system.</u>

For financial creditors, the entity uses financial statement and financial position to estimate its value in its statement of the financial situation. *Financial accounting* is fulfilled by dual accounting method.

It is not obligatory to use duplicate records in *management accounting*. In management accounting, information is also exposed regarding value, concerning natural and labour.

<u>Responsibility for proper accounting records.</u>

The party holding the *financial accounting* is responsible for the statutory liability for breach of its methodology. The entity has the right to file a claim to the court that the facts in the financial statements are not correct or distorted. This may result in economic sanctions imposed on the entity.

Management accounting is not regulated by the law, and there is no legal liability for it. The reason for involvement is not management accounting information, but management decisions themselves.

<u>Necessity and reconciliation of accounting records.</u>

Financial accounting is governed by the "Accounting Law" and other statutory acts confirmed by the relevant executive authority in this area. Financial accounting is mandatory, and its regulation is regulated.

Management accounting is not regulated by any normative acts, and the entity is free to determine whether it is fulfilled. Nonetheless, an enterprise unobstructed determines the organization of management accounting, technology, and other related issues.

<u>Sources of information.</u>

Financial accounting is entirely composed of processing and summing information presented in the original documents. That is, financial accounting is based on the information conveyed in the original documents.

Management accounting, accompanying with the information contained in the original documents, also utilizes a large number of other internal and external sources of information.

Principles of accounting.

Financial accounting is an integration of double writing, computation method, business continuity, the division of property, purpose, neutrality, comprehension, the essence of essence, importance, etc. based on some principles.

Management accounting is based on the principles of the target, data comparison, and efficiency of presentation of information.

Time and sequence of information submission.

Financial accounting reports are presented at the end of the month, quarter, and year. The time of their compliance is specified in the legislation.

While for *management accounting* purposes, the records do not have a significant time- frame for the transmission of information. Information can be provided at any time needed. The entity's management body determines their submission periods.

The accuracy of information.

The maximum reflectance for the information reflected in the financial records is determined. An approximate estimate may be made in management accounting to provide more information.

Due to time.

All information reflected in the financial statements is based on the facts (retrospective) that have already occurred and does not include any forecast items.

The degree of confidentiality of information.

Financial reporting information is available to all external users. Financial statements might be published in mass media upon the policy of the entity and regulations.

Management accounting information is not intended to disperse; they constitute a commercial secret of the entity. Information disclosure applies not only to foreigners but also to its employees who are not directly involved in the solution of the problem.

The scale of information.

Financial accounting is carried out by considering the entity as a single entity. Activity costs, results, settlements, reserves, targeted access, and so on. The type of activity, the structural divisions and so on. Not exposed to any division.

Management accounting reflects the performance indicators in addition to providing information to market sectors, cost centres, liability centres, causes, criminals, customers and so on. As well as grouped.

Requirements for the account.

The basic requirements for *financial accounting* are integrity, prudence, over-dominance, continuity, rationality, and timeliness. Requirements for *management accounting* are as follows:

- Do not aim to achieve the goals set by the entrepreneur
- Providing alternative options for resolving issues
- Participation in the selection of optimal variants and calculation of normative parameters of its implementation
- Orientation to defining distortions from the parameters assigned - Interpretation and analysis of identified displacements.

Methods utilized in accounting:

Financial accounting: documentation, inventory, pricing, calculations, accounts and dual writing, balance and reporting methods are used. *Management accounting*: planning, normalization, budgeting, disassembly analysis, the system of control accounts. In addition to all these differences, there are similarities between financial and management accounting.

Thus, most of the financial records are reflected in management accounting. The principle that financial records cannot be obtained from unchecked information is also governed by management accounting. The rules for the compilation of operational information in the management accounting are the same as for the collection of the first financial information. Financial information is utilized in business management, as management accounting information, in defining its market strategy.

2.3 Scope of the decision-making process.

The decision-making theory is a field of research involving the concepts and methods of mathematics, statistics, economics, management and psychology with the purpose of studying the patterns of people choice of ways of solving problems and assignments, and ways to achieve the desired result.

The decision-making process commences with the phase of determining the need for decision-making. In several occasions, it may be cognitive to delay or obviate a decision to a peculiar scale of management.

The second step determines the problem and analyzes the problem situation. The problem is a complex management task, for the resolution of which there are no significant resources or developed algorithms. The problem situation is a set of issues that are interrelated with the problem under consideration. Thus, the problem that needs to be solved is considered in the complex. At the stage of formulation of restrictions, both internal (resource) restrictions and external ones connected with the state of the external environment can be identified. The combination of constraints depends objectively on the current situation, and subjectively - on the competence of the manager, who defines and formulates the restrictions.

The development and study of additional alternatives (variants of actions) involve obtaining a set of alternatives using separate or group methods for generating them. The number of options is limited (but not less than two), and in many situations in this set, there may not be options for an optimal solution to the problem. This is due to lack of time, information or managerial competencies. Hence, as a solution, a merely acceptable solution of the solution can be chosen.

The evaluation of alternatives is carried out by predicting future changes after making decisions. Each alternative is evaluated regarding the degree to which the goal is achieved.

Comparison of alternatives is correlated with the development of a standard, a method of evaluation and comparison oppositely called a criterion, and the implementation of the decision involves the adoption of decisions received in the process of collecting information. From the competence of the performers, the degree of resistance to the change in the decision made, the effectiveness of managerial decisions depends on a measure.

The formula for the solution is

$EF = K + C,$

where K is the quality of the solutions;

- C - the consent of the performers to perform it.

The decision-making environment strongly influences the results of decisions, as managers make decisions based on various volumes of information and with different degrees of likelihood of a positive or negative result. There is reliable and complete information necessary for the manager to make decisions. The manager is confident in the success of the solution. In this case, the decision is made in circumstances of certainty and minimum risk.

2.4 The role of financial accounting in decision-making.

The goal of the invention and operation of any firm is to ensure stable financial stability in its work and profit. To achieve this goal, the first task of business supervisors is to develop the proper tactics and management strategy, which should be based on a competent analysis of the financial condition of the firm. Consequently, at present, concerning the current market economy, meanwhile firms are forced to adapt to a rapidly changing competitive environment, consumer preferences, industrial policy of the country, timely receipt and analysis of information and the adaptation of operational and strategic management decisions based on it is the most significant competitive advantage. The role of effective management of an entity based on the analysis of complete and reliable information is repeatedly increased. Every manager is interested in ways to increase the profitableness of the entity, reduce costs, increase the productiveness of staff, optimize the structure of the organization regarding improving management efficiency, optimization of production chains, etc.

Financial analysis based on accounting and reporting data is one of the vital components in determining which tactical programs are most apparent to be effective regarding reach the firm strategic objectives. In the process of executing the strategy, the results and effects are monitored and analyzed, and, if certain, the aims, plans, and organizational support are adjusted. At this step, monitoring of the performance of the organization or its units is based on accounting and reporting data. Thus, the directors of the company in modernized conditions should make the accounting system a tool of strategic management, able of conducting organizations the maximum benefit and ensure success in competition in a crisis.

There is a sufficiently large number of different methods that allow for the analysis of the financial statements of the company, and most of the methods suggested by native scientists are based on statistical methods of data processing. This is a vertical and horizontal analysis, structural, coefficient analysis, graphical method. At the same time, considering various methods of analyzing the financial state, each of the authors acquaints several additional elements of analysis that permit analysis in one or another direction, depending on the purposes of the analysis being carried. Consider the prevalent methods for analyzing the financial situation of the firm, which is advanced by such native scientists as Savitskaya G.V, Sheremet A.D, Negashev E.V, Kovalev V.V and etc.

According to the methodology of analysis of the financial condition of the company, introduced by G.V. Savitskaya, the financial condition of the firm is an economic category inflecting the state of capital in the process of circulation and the capacity of the business firm to self-development at a fixed point in time, the mentioned a characteristic of its financial competitiveness (i.e. solvency, creditworthiness), use of financial resources and capital, before the state and other commercial entities.

The financial condition of an commercial entity includes analysis of profitability and profitability; financial sustainability; creditworthiness; utilize of capital; currency self-sufficiency. In the process of supplying, production, marketing, and financial activities, there is capital circulating continuous process. The structure of the means and sources of their formation, the availability and need for financial resources and, as an outcome, the financial state of the company, whose external indication is solvency, change.

The financial condition can be stable, unstable (pre-crisis) and crisis. The aptitude of the company to make payments on time, to finance its activities on an extended basis, to bear with unexpected catastrophes and to save its solvency under unfavorable conditions testifies to its stable financial situation. To assure financial stability, an entity should have a flexible capital structure, be enable organize its movement in such a way as to provide a constant surplus of revenues over expenses to maintain solvency and build conditions for self-reproduction. The financial condition of the firm, its stability and its dependence on the outcomes of its production, commercial and financial activities.

Analysis of the financial condition of the firm, by the method of A.D. Sheremet represented in the ratio of the structures of its assets and liabilities, means of the firm and their sources. The principal objects of the analysis of the financial state - the determination of the quality of the financial condition, the investigation of the reasons for its improvement or decline over the period, the preparation of recommendations for improving the financial stability and solvency of the enterprise.

These tasks are solved by studying the dynamics of absolute and relative financial indicators and broken down into the following analytical blocks: structural analysis of assets and liabilities; analysis of financial sustainability; analysis of liquidity and solvency; analysis of the necessary increase in equity.

Considering the method of analyzing the financial state of A.D Sheremet, it should be noted that the purpose of the structural analysis is to study the structure and dynamics of enterprise funds and sources from the formation to get acquainted with the overall picture of the financial condition. The source of information is also the company's accounting statements.

According to the balance sheet data, the movement of fixed assets, working capital, and other assets for the analyzed period is compared, as well as the movement of sources of funds shown in the balance sheet. Sources of financial resources are divided into own and borrowed. The growth of the share of own funds positively characterizes the work of the business entity. Their share in the total amount of sources, equal to 60% or more, attests to the financial independence of the subject.

Analysis of the availability and structure of current assets is made by comparing the value of these funds at the beginning and end of the analyzed period. Circulating assets for which the regulatory entity establishes standards are compared with these standards, and a conclusion is drawn about the shortage or surplus of the standardized funds.

Particular attention is paid to the state of accounts payable and accounts receivable. These debts can be reasonable and unjustified. To unjustified accounts payable is the debt to suppliers for unpaid in time settlement documents. Unjustified receivables cover indebtedness for claims, compensation for material damage (shortage, theft, damage to valuables), etc. Unjustified debts are a form of illegal diversion of working capital and violation of financial discipline. It is essential to establish the timing of the emergence of debt to monitor their liquidation on time.

In the opinion of V.V. Kovalev, at present, the analysis of the financial condition of the enterprise is unified and is conducted, in fact, by a uniform methodology in almost all countries of the world. The general idea of this unified approach to analysis is that the ability to work with accounting statements implies, at least, knowledge and understanding of the following: the place occupied by accounting reporting in the information management system of enterprise activity management; regulatory documents governing its preparation and presentation; composition and content of reporting; methods of its reading and analysis.

Carrying out of the analysis of a financial condition assumes calculation of system of analytical factors, allowing to receive representation about the following parties of activity of the enterprise: a property position; liquidity and solvency; financial stability; business activity; profit and profitability; market activity. Also, the horizontal and vertical analysis is expected.

In general, considering various methods, it can be noted that the characteristics of the financial condition of the enterprise include the analysis of the following elements:

• the composition and location of the assets of the business entity;
• dynamics and structure of sources of financial resources;
• availability of own working capital;
• accounts payable;
• availability and structure of working capital;
• accounts receivable;
• solvency.

The solvency of a firm is the capability to opportune and completely reimburse its financial obligations.

Liquidity is the ability of certain types of property values to apply to a commercial form without loss of its book value.

The concepts of solvency and liquidity are close in content, but not identical. With a sufficiently high level of solvency of the enterprise, its financial position is characterized as stable. At the same time, a high level of solvency does not always confirm the profitability of investments in current assets, in particular, an excessive stock of inventory, overstocking with finished goods, the presence of bad debts, reduce the level of liquidity of current assets.

The stable financial position of the enterprise is the most critical factor of its insuring against possible bankruptcy. To analyze the stability of the financial position of an enterprise, it is advisable to calculate the indicators of solvency and liquidity. Coefficients of solvency and liquidity reflect the ability of an enterprise to repay its short-term obligations with easy-to-implement means. The high value of these coefficients indicates a stable financial position of the enterprise, their low value - about possible problems with cash flow and difficulties in further operating activities. At the same time, substantial value of the coefficients indicates an unprofitable investment of funds in current assets.

In the process of strategic planning, accounting information is the basis for financial analysis, which, on the one hand, provides data on the financial component of the strategic potential, and on the other - allows you to evaluate strategic alternatives based on the resulting financial coefficients. As a rule, the direct use of forms of accounting (financial) reporting is carried out at this stage. (Management strategies). The financial analysis. At the stage of strategic organization, there is a transition from strategic planning to tactical and operational, when the selected strategies are detailed to business plans and budgets.

Analysis and assessment of financial performance by accounting (financial) statements are important, but no less significant forecasting and planning of future profits. The information obtained as a result of the analysis, and the conclusions based on it, are taken with the forecast of profits to the extent that any evaluation should be based on the experience of the present and the past.

Thus, the data of the current accounting (financial) statements allow you to see trends, identify "narrow" places, identify the appropriate reserves and resources that can be used in the future to optimize the profit of the enterprise.

Financial planning is based on understanding and forecasting the financial future of the enterprise, understanding the goal for the current and long-term perspective. The management of the enterprise should represent, by what financial operations and as a result of what activity these purposes will be reached. As a rule, such an assessment of the future activity of the enterprise is expressed in the business plan, of which the cash flow forecast, the forecast profit and loss statement and the forecast balance are an integral part. They present management plans and financial condition of the enterprise in digital terms.

Forecasting profits are built taking into account the existing financial conditions of the enterprise and its financial condition. Any details are important: whether the company uses its assets effectively and completely, what is the share and price of borrowed funds in financing the enterprise, from what sources is it supposed to finance activities in the forthcoming period, is it necessary for the enterprise to increase its assets, what is the dynamics of its net working capital, and others. Management should assess whether the risk structure of capital is not too risky, whether it limits the freedom of action from the position of encumbrance with excessive interest, whether it does not influence the independent active leadership position, whether the expected capital structure or the amount of investment to insufficient solvency in the forecasted or near to it period, will this be a deterrent to carrying out an active activity. External conditions that could affect the financial result of the enterprise's activities should also be analyzed and taken into account: whether the product market remains, whether there are positive trends in its development; Is there some competitors that can reduce the influence of the company on the market or significantly affect pricing? Whether changes in the tax legislation, etc. are expected.

The financial information is connected with the analysis of bidirectional communication: on the one hand, the analysis receives data from the economic information of the enterprise, which is the starting point of the analysis, and on the other hand, which in my opinion is more important, as a result of the analysis there is information of new quality used by management or the owners of the enterprise when making managerial decisions and planning the further activities of the economic entity. Analysis of financial statements is a procedure of evaluating the past and actual financial position and performance of the enterprise. At the same time, the main purpose of the analysis of financial statements is to forecast the future state of the enterprise by trends identified as a result of the analysis of the past and current conditions.

Depending on the objective, the analysis of financial statements can be conducted to identify problems of managing financial and economic activities, serve to assess the performance of the management apparatus, be used to justify investing in a particular enterprise, act as a tool for forecasting both individual financial indicators, and financially economic activity of the enterprise as a whole.

Accounting reporting increasingly turns from a means of accounting and control to a means of justifying decisions, and on the timeliness, quality and reliability of this information depend critically on the effectiveness of the organization.

Thus, in the system of economic information, accounting reporting is one of the most important management tools containing synthesized and generalized information, as well as the basis for an objective assessment of the economic activity of the enterprise, the basis for current and long-term planning, and an effective tool for making managerial decisions.

2.5 The role of management accounting in decision-making.

Management Accounting is an orderly system for identifying, measuring, collecting, recording, interpreting, summarizing, preparing and providing important information and indicators for the management of the company (internal users - managers), important for making decisions on the firm's activities. This is a process within the organization that provides the organization's management apparatus with information used for planning, proper management and control over the activities of the organization.

Management accounting is primarily created to promptly make decisions related to the activities of the firm. Management accounting information is collected and used (depending on needs and permissions) by the marketing department, the quality department, the production department, the finance department, etc. (if any) and of course accounting. Managerial accounting can also operate with forecasts, electronic information not confirmed by primary documents and other data.

This accounting has emerged as a separate discipline, because operational information is required for making managerial decisions, which is why ordinary accounting can not, because of its periodicity, operate with already performed operations and legislative regulation (performs tax accounting functions in the Russian Federation), can suffer from this competitiveness of the company in the market.

Management accounting is a system for collecting and grouping financial and non-financial information, by which managers make decisions to achieve the organization's goals. The data of management accounting are used, as a rule, within the firm and do not go beyond it. Decision making at the enterprise is always a choice between the options for actions with different outcome forecasts. Current management decisions are rarely so global that valuable information for them can be obtained from the final figures of financial statements reflecting the state of the company as a whole. As a rule, figures are important, which show certain aspects of the enterprise's activity.

Based on the data of management accounting, decisions should be made on pricing, changing the range, and scheduling employees.

Management accounting includes three main functions - preparing information for making problem decisions, keeping accounts, and orienting managers to deviations.

Preparation of information for adoption of problematic solutions - comparative analysis of possible solutions, analysis of alternative options and determination of the best of them.

Account management - data collection and reporting for all levels of management by period and bringing this information to all levels of management.

The orientation of managers to deviations - information support for managers in the management of deviations. This function is connected with the emphasis of managers on the opportunities and problems that arise in the course of implementation. Accountants performing this function should draw managers' attention to the problems associated with deviations, to further adjusting and improving the situation.

Accountants perform these functions at all stages of making managerial decisions. At the planning stage, the most important is the first function - preparing information for making problem decisions. At the control stage, two other functions - account management, as well as managers' orientation to deviations - are more important. At this stage, the information flows back to the manager via the feedback channels. An example of the function of keeping accounts can serve as an accounting system, in which the data on income from advertising is recorded and recorded.

Managers are constantly in the process of making decisions. Information collected at the monitoring stage is used in planning. Since planning and control are among themselves in constant interaction, management accounting specialists can perform all three main functions in interrelation.

Management accounting plays a really indispensable part of decision-making. In the procedure of fulfilling their functions, managers are constantly confronted with the problem of choosing the best option for action. This raises typical questions: what to produce, how to produce, where to sell the product, what price to set, etc. Examples of typical situations for management accounting that require management decisions are:

- planning of the production program and selection of product range (works, services);
- pricing;
- choice of the organization of the supply process, which includes consideration of both financial and non-financial factors;
- an estimation of the expediency of acceptance of the additional order under the price below usual or market;
- definition of the "contribution" of individual departments of the enterprise in the overall results of operations;
- evaluation of the feasibility of liquidation of a non-profitable segment of activity (division, product, service);
- a choice of a variant of capital investments, the analysis of the efficiency of actions for equipment modernization;
- maintaining the achieved level of profit- when developing management decisions based on management accounting information, it is necessary to remember that each decision-making situation is characterized by a certain set of requisites:
- the field of alternatives (a set of solutions that can be adopted in this situation);
- parameters of decisions (external and internal conditions that must be taken into account when making decisions and which "narrow" the field of alternatives);

- objectives (goals or groups of objectives for which the decision should be directed);
- factors of the goal (factors contributing to the achievement of goals).

Consequently, management accounting plays an important role in making managerial decisions.

Thus, the information received in the management accounting system is used to make management decisions, both long-term and short-term, in a wide variety of situations.

In the framework of management accounting, the development of regulations for the actions of all services should be implemented and enshrined in relevant corporate standards - internal regulatory documents governing the use of management accounting at the enterprise.

The whole set of these documents can be divided into two groups:

- standardizing objects of management within the limits of the administrative account;
- standardizing ways of realization to the selected objects of various management functions.

The first group of documents includes classifiers and directories that define the classification criteria used to identify and group management objects.

The totality of documents of the second group can be conditionally divided into the following blocks:

- documents regulating the recording of costs;
- documents regulating the planning procedure;
- documents regulating the calculation of cost;
- documents regulating the procedure for the implementation of the control function;
- documents regulating decision-making;

- organizational documents regulating the activities of enterprise services within the management accounting system;

Thus, the solution of the problems considered in the formulation of management accounting will allow making the most effective managerial decisions in the process of financial and economic activities of enterprises.

2.6 Management Information System.

In expressions of trade decision-making, an information system is a gathering of information, computing contraptions and management methodologies that endorse company procedures. MIS is an unconventional subset of IS. The fundamental reason for an MIS framework is to support administration and loan help it in making taught and fundamental choices. For case, MIS might offer assistance a business execute a contemporary social media technique. Management information systems as an academic discipline learn individuals, innovation, organizations, and the connections among them. This definition relates to "MIS" as a course of considering in business schools. Numerous business schools (or colleges of trade organization inside colleges) have an MIS department, nearby divisions of accounting, finance, management, marketing, and numerous grant degrees (at bachelor, master, and doctoral degree) in Management Data Systems.

MIS experts offer assistance organizations to maximize workforce from ventures in personnel, equipment, and trade process. An investigation of MIS information could uncover how to way better utilized inside and outside data. It might instep highlight that a companies utilize of IT is obsolete or ineffectively connected. Much like an IT professional, MIS masters tend to spend a part of time investigating, altering software or supporting less innovatively smart associates. The primary reason for a management information system is to make managers' decision-making more proficient and profitable. By pooling data from an extent of sources into a single database and displaying the data in a consistent organize, an MIS can give directors with everything they require to make profoundly educated choices and perform an in-depth examination of operational issues.

2.6.1 Management accounting tools.

A ratio is an item which is estimated regarding other ratio estimation is a single vehicle to make the strategical decision. The managerial accountant utilizes ratios conjunction with another inside company data as well as openly accessible data to evaluate viewpoints of a company's fulfilment. The foremost ratios utilized in the managerial account are ratios:

- Efficiency, comprising liquidity - these describe a business ability to reimburse its bills or not. They remark whether assets of the organization (building, lands or hardware) could reimburse any borrowings.
- Gearing - outlines in the long span financial situation of the organization. Previously considered able to represent the balance of funding in a business, i.e., the amount of cash is generated from borrowings (which it ought to reimburse interest), and the amount of cash is from stockholders funds (which it ought to reimburse a dividend to owners). Expanded cash from credits guides additional costs and subsequently the additional risk.
- Profitability ratios - outline how well is going the company's operation and how well is it doing. These relate to the business objectives, which might be to make a profit or procure a return on a venture or controls its obligations instantly. It is basic that management accountants take into consideration all the related ratios when making a choice. Management accountants must enable to design exact examination, precise foresight and an unattached and professional picture of an organization's execution. These displays to the future success of commerce.

Other tools accessible to a management accountant involved:

- Cash flows forecast that considers probable future flows of consumptions and earnings. The commerce utilizes these to plan expenses and to get it where it might require borrowing.
- Budgets that are financial plans for the future. They help the commerce to take note where it will cause costs and where earnings will come from. They are particularly significant in making a difference to harmonize the various parts or exercises of commerce.
- Variances which determine the difference between what was expected to happen (on a budget) and what presently happened. The reasons for these contrasts can at that point be analyzed to demonstrate why the variety happened. Management accountants able afterward see how the trade can construct on positive changes or maintain a strategic distance from the negative ones in future.
- Investment evaluation makes a difference to choose whether a specific venture is advantageous or not. It looks at the costs of investing, for illustration, in a modern plant or forms, and at the likely money related returns.

2.6.2 Management Accounting Information System is supporting decision-making.

Management accounting information systems (MIS) succinctly defined as, “MIS are a set of people, conveniences, financial and non-financial data that work in collaboration to assemble, process and present data to the management." Management Accounting Information System and Financial Accounting Information System are two modules of the Accounting Information System. The management accounting information system involves the usual subsystems such as cost accounting and product costing; sales accounting and business results; examine the relationship among cost, the volume also profit; elect the relevant data for decision-making, product budget estimating for the company. The management accounting information system is assembled and processed to have the undeniable and useful accounting information provided to the administrator. The result of the application of this accounting records is that new accounting decisions and actions are taken. The management accounting information system is liable for implementing data for sake of the planning and budgeting process; in the realization process; in the process of audit, evaluating and basically,, for the decision-making process. Decision-making is not a separate role, however a combination of all three functions: planning, organizing implementation and evaluating. All of them require a decision. Most management accounting information serves the decision-making function. Management accounting not only helps managers in decision-making by providing the right information but additionally by applying analytical techniques to various conditions, from which executives choose and makes the most appropriate decision.

2.6.3 The case of Management Accounting Information System support decision-making.

In Vietnam, management accounting has further appeared, advanced in a conjunction with the accounting policies and regimes applied in companies, however, it was only systematically bargained with in the early 1990s also became a terminable requirement in the advancement of AIS in the early 2000s when companies required refining the quality of management to extend competitiveness in the competitive environment, not merely in the Vietnamese market, however, also in the regional and world market. Whereas examining the Vietnamese Accounting Law it was founded that these are only guidelines for Vietnamese companies when applying the management accounting information system, but there is no general legal regulation in the form and content reports. Therefore, enterprises obligation set up a specific system of management accounting indicators by management goals. Recognizing the significance of management accounting information systems in providing useful data to help managers make appropriate decisiveness, especially long-term investment ones, nowadays, in Vietnam, there are some studies on management accounting information systems toward long-term investment decisions; many businesses need put the operation of the management accounting information system into order. This has provided useful information for administrators, especially in three stages:

(1) The process of collecting management accounting information: Most companies have advanced an info channel model amongst departments to assemble info accordance with the certain function of particular area, the data assembled from inward sources.

(2) Data processing: Companies have developed some reports.

(3) Providing information process: a management accounting information system for decision-making of companies developed specialized reports, consolidated tables, analysis indicators, selection options; meet the requirements of the administrator in decision-making.

2.7 Accounting Information System

An accountant is the specialist of accounting which is the prepare of distinguishing proof, estimation, and communication of financial data relating to the commerce of a firm to permit the clients of data to make educated choices. Accounting has different branches such as management accounting, financial accounting, cost accounting and so on. For all these regions of bookkeeping, bookkeeper performs different parts and capacities, but the prime part of bookkeepers is to gather, prepare and give vital money related data to the planning clients of his administrations so that redress data is communicated at the redress time to the rectify places approximately the entity’s commerce and its related ranges.

In arrange to manage the quickly changing trade environment, commerce supervisors require an adequate source of data that enable support their standard choice making. Accounting information system is of those instruments that able to serve their data needs. It is a system beneath which entity’s bookkeeping data is distinguished, measured and recorded to be communicated in the frame of different reports to the clients. AIS gives such accounting data that helps supervisors at every stage in the business to oversee their operations and capacities in understanding with the in general budgetary objectives and targets of the substance (Salehi, Rostami & Mogadam, 2010).

AIS aims to provide all necessary information to the management, which will help them to discharge their duties in a useful and productive way in the areas of planning, resource control, performance evaluation and decision-making. The use of AIS in organizations is not only aimed at accounting, but also at improving management control. First, the model of an AIS integrates both financial and management accounting and secondly links management accounting to management control since management accounting information is used for management control purposes, The AIS intended to collaboration all accounting functions and activities for instance auditing, financial accounting, managerial accounting as well as tax. Consequently. AIS is a combined structure that use physical resources and components to transform economic data into accounting information for exterior and interior customers.

Benefits of data innovation to AIS:

- Security: The data innovation is utilized to defend the accounting data systems of the organization as such information system contains important and significant accounting and financial data relating to the commerce of client substance. Information advancement gives different devices and strategies for data security such as biometric gadgets, password systems.

- Internet: The information technology has presented the concept of the web that makes the accounting data system imaginative as it gets less demanding to gather and share the valuable data inside and exterior the user company.
- Cloud computing: Information technology empowers the utilize of AIS without contributing tremendous cost in securing accounting computer program. They can rather be gotten to from the cloud (online platform).

There are six elements of accounting information system:

- People: Those who work this kind accounting computer program systems in their enterprise.
- Procedures: It incorporates both manual and computerized methods of collection, preparing and capacity of information relating to organization's financial and other activities.
- Data: Around enterprise and its commerce activities.
- Software: It is utilized to prepare the information for a client organization.
- Information technology infrastructure: It incorporates a computer and it fringe gadgets as well as organize communication devices.
- Internal controls and the security measures: To protect information in AIS.

The inside controls of an AIS are the security measures it contains to secure delicate information. These can be as straightforward as passwords or as complex as biometric recognizable proof. The AIS is required to have inside controls to secure in contrast to unauthorized computer get to and to restrain get to authorized clients which incorporates a few clients interior the company. It must too anticipate unauthorized record access by people who are permitted to get to as it were select parts of the framework. The AIS contains private data having a place not fair to the company, but too to its representatives and clients. This information may incorporate Social Security numbers, compensation data, credit card numbers, and so on. All of the information in the AIS ought to be scrambled, and get to the framework ought to be logged and surveilled. System action ought to be traceable as well. The AIS moreover needs inside controls that ensure it from computer infections, programmers and other inner and outside dangers to arrange security.

AIS can include esteem to any commerce organization by moving forward its choice making prepare through the arrangement of essential data on the right time to the right people (Roska & Bubic, n.d.). It can move forward the exactness of financial results of the business as people are inclined to mistakes which utilize of machines can avoid. Advance, it permits the clients to take advantage of manufactured insights and utilize the information of specialists in performing their capacities. Utilize of AIS too advances speedier handling of accounting data in genuine time. AIS can upgrade the effectiveness and adequacy of value-chain of the company by giving the valuable data to progress the quality of items and administrations at the lower costs (Lobby, 2012). It can be planned to empower the clients to straightforwardly get to the stock system as well as the system of deals arrange section so that they can embrace more of the work that is customarily done by offering & promoting and organization division. It allows quick orders are placing and labor cost-cutting and creating more values for the customers to satisfy them by fulfilling their requirements on the quick basis (Sajady, Dastgir & Nejad, 2008).

It permits speedy orders putting and work taken a toll cutting and making more values to the clients to fulfill them by their prerequisites on speedy premise (Sajady, Dastgir & Nejad, 2008). Accounting data system is the framework created with the utilize of data innovation that helps the directors in making different sound financial choices for their commerce by giving them important and fundamental data Accounting. It essentially performs the assignment of recognizable proof, estimation, and recording of the accounting data that can be spread to the clients in the shapes of different accounting and financial reports. It forms critical accounting transactions attempted by commerce organization such as deals, buys and stock administration, etc. For instance: it records all the information relating to the deals made amid a specific year such as sum collected, sum due, the title of clients, etc. To get data from the utilize of accounting data program includes taken a toll of getting as well as keeping up such AIS and data given by it. These costs include ventures in user's repairing and obtaining of different equipment and program on a standard premise. Subsequently, the cost of such data is quantifiable to a degree. Be that as it may, a few benefits of utilizing such AIS include utilizing of different estimates and presumptions. Thus the evaluation and estimation of such data depend upon the precision and unwavering quality of such suspicions. The value, i.e., the significance of data in the choice making will decide its esteem.

2.7.1 Case how AIS work in real life.

We've seen how a well-designed AIS permits commerce to run easily on a day-to-day premise or ruins its operation if the framework is ineffectively planned. A third utilize for an AIS is that when a trade is an inconvenience, the information in its AIS can be utilized to reveal the story of what went wrong.

The case of Lehman Brothers gives an example.

When exploring the causes of Lehman's collapse, a survey of its AIS and other information frameworks was a key component, along with record collection and audit, furthermore witness interviews. The look for the causes of the company's disappointment "required a broad examination and survey of Lehman's working, exchanging, valuation, monetary, bookkeeping and other information frameworks," concurring to the 2,200-page, nine-volume examiner's report.

Lehman's frameworks give a case of how an AIS ought to not be organized. Inspector Anton R. Valukas's report states, "At the time of its insolvency recording, Lehman kept up an interwoven of over 2,600 computer program frameworks and applications. Numerous Lehman's frameworks were arcane, obsolete or non-standard."

The inspector chose a center his endeavors on the 96 frameworks that showed up most significant. This examination required preparing, ponder and trial and mistake fair to memorize how to utilize the systems. Valukas's report too famous, "Lehman's frameworks were exceedingly forbidden, but their connections were troublesome to translate and not well recorded. It took uncommon exertion to unwind these frameworks to get the essential information."

2.8 Costs accounting systems

2.8.1 Significant signs of classification of costs accounting system

The cost accounting system is classified according to the following characteristics:

1. The full cost of value;

- A complete cost value accounting system, which is included in the cost of its products regardless of whether all production costs are subdivided into permanent and variable costs;
- The essence of the "direct-costing" system is that the cost value is only accounted for and recorded in the variable expense category. The remainder of the expense (expense) is not included in the cost of the asset, but is periodically deleted from the financial performance of the entity.

2. The efficiency of accounting costs:

- A system of accounting for actual costs (past), calculated in the calculation of the actual costs of the reporting period by way of measuring the actual amount of resources actually consumed;
- A standard-cost system designed to regulate production costs by recording actual costs by drawing up a standardized calculation and separation from the standard before production begins.

Under complex market conditions, there is a need for different information to direct the enterprise. Therefore, the coordination of the different accounting systems in the management accounting plays an important role. For example, coordination of "standard-cost" and "direct-costing" system is widely used. It creates standards for independent and non-changeable, variable, and constant costs, the cost value of products is calculated, accounting for standard costs and removals from them.

2.8.2 The inventory of the full cost value

If the cost accounting for production costs is considered from the point of view of the inclusion of the cost of goods (works, services), it is necessary to distinguish between the full cost of the goods cost and the cost-per-capita expenditure system.

All costs incurred in connection with the production and sale of goods during the measurement of the full cost of the asset are included in the full cost of the asset, irrespective of whether they are independent or non-current, permanent and expense.

Expenses not directly attributable to the product are first distributed to the center of responsibility, and then transferred to the cost of the product in proportion to the selected distribution base.

Indirect costs can be immediately credited to appropriate accounting records. These costs include:

1. Independent material costs;
2. Independent salary costs;

The material costs, the main materials used in the production are included in the actual cost of the product.

When calculating the full cost of the product, it includes non-deductible expenses - general and industrial expenditures. During the reporting period such costs are collected in separate accounts and at the end of the reporting period are

included in the cost of particular products in proportion to the identified distribution base. The distribution base may include the following: the basic wage of the production workers, the amount of the expense (without the cost of the seeds, oath) and so on.
On the basis of full cost value, the guidance products are profitable and harmful, in the future, for their expediency.

2.8.3 "Direct-costing" system of management accounting

The full cost of the cost of products (works, services) does not necessarily provide the full range of information needed for cost-effective management. In this regard, the practice of restricted cost of the "direct-costing" system is often applied in international practice.
One of the alternative ways to make the calculation is to consider the direct-costing system. Restricted inventory cost on this system is planned and recorded on cost items. The essence of such an approach is that the cost of the asset is only projected and accounted for in the variable expense category, that is, the expense for the cost items only applies to variable costs. The remainder of the expense (fixed expense) is not included in the calculation, but is periodically deleted from the financial statement for the reporting period. Also, variable costs, stockpiles, and finished product are estimated.
In the first phase of the practical application of such an approach, only the cost of an independent appraisal is included in the cost of the asset, and all remaining non-deductible expenses are deducted directly from the financial result. That's why a system called the "direct-costing" (independent cost accounting system). Later, direct-costing changes to such a recording system, meaning that the cost value is calculated not only in the one-off costs, but also on the non-volatile costs of the variable. This means that the name of the system is set to a certain degree.

Regular costs in the calculation of reduced cost value are not included in general and agricultural expenditure. Such costs are included in the cost of goods sold in aggregate, and are deducted from reductions in sales directly from the sale at the end of the reporting period.

In the Direct-Cost System, the revenue statement contains financial indicators: Marginal income (operating cost) and operating profit.

Marginal gain is the difference between the cost of a non-derivative lease expense on the income from the sale of the product. The marginal income includes the entity's fixed costs and profits.

Profitability indicators are formed after the deductible from the marginal income.

In the "direct-costing" system, not all costs of the enterprise are distributed among the products, but only part of the variable costs that are proportional to the change in production volumes.

It should be noted that the direct-costing system that complies with international accounting standards is not used to compile a foreign report and calculate the tax. However, the practical significance of this system is as follows:

1. The use of it allows for prompt learning of the relationship between the volume of production and the costs and the revenues, so that it may be possible to predict the movement of the cost or the different types of expense in case of changing the business activity of the entity.
2. In the context of market relations, the management should know how with proceed to the production of separate types of goods irrespective of the number of constant costs. Therefore, the "direct-costing" system implements one of the managerial records: the most accurate calculation - not including the cost of the enterprise after a large number of hard-working calculations, but directly involving the costs of providing products (performance, rendering services) .
3. Determining the low cost of products (up to the variable costs level).

4. The adjustment, planning, the number of drastically reduced costs and the recording are substantially simplified. As a result, the cost of the raw material is more and more investigable, and the separate items are more controlled.

5. Items that require much effort on the distribution of non-budget expenditure are deducted. The financial result for all businesses and separate types of products does not depend on the choice of the constant cost allocation method.

6. It is possible to determine the sustainability of the enterprise resources and the point of loss.

7. Regular costs are controlled.

In addition to the advantages of the "direct-costing" system, there are also flaws that limit its application to agricultural enterprises:

1. Agricultural enterprises have considerably high inventories, as well as the cost of finished goods and finished products for domestic circulation.

2. It is not possible to calculate the full cost of the products required under current tax legislation.

3. There are difficulties in splitting costs into variable costs and constant costs.

However, the main advantage of the direct-costing system is that it allows the solution of critical management tasks with costs.

2.8.4 Accounting system of actual cost

The cost accounting of costs accounting can be divided into actual cost-benefit accounting systems and the standard-cost system.

The actual cost value of the accounting system is widespread in enterprises. The actual cost of production costs is based on the following principles:

- Full costs reflecting the production costs in the accounting system;
- Accounting records of the cost of production costs;
- The type of production, the nature of expenses, the location of expenses, the costs of accounting facilities;
- Referring actual costs to their accounting facilities and calculations.

- Comparison of actual indicators with plan indicators.

The actual cost of the reporting period is determined by the actual cost of the actual used resources. Finally, the actual cost value is determined.

It is clear that the good feature of actual cost accounting is that simple calculations are made.

At the same time, there are some deficiencies in this system:

1. Calculation of the full cost value is of no consequence as a means to eliminate the loss.

2. The Management Board can not be timely provided with accounting information, as information on the cost of the product is given after the product is generated after the end of the reporting period. It is impossible to prevent the loss of productive labor material in emergency measures.

3. There are no norms for controlling the amount of resources used and their cost, so there is no possibility to analyze the cause of displacement.

4. This system does not provide a basis for proper detection of production.

5. The calculation of the actual cost value requires a large number of intraindications requiring much effort on the registration of economic transactions.

6. It is unclear to inform the administration on timely labor and material misstatement. If the time delay is reported to the administration, the administration will take the necessary precautions to eliminate the problem.

Thus, the actual cost accounting is not available for operational control over the use of resources, the detection and elimination of defects in production, excessive costs of technological processes, and the search for internal resources. These deficiencies limit the use of actual cost accounting for management decisions.

For this reason, the standard-costing system is considered more favorable in terms of market relations.

2.8.5 "Standard-cost" system of management accounting

Until the start of the production, the standard accounting is defined in the management accounting system that is designed to compile the standard costing and adjust the cost of production independent of the actual costs, which is called the "standard costume".

"Standard" means the amount of material and labor costs for the product unit required for production or the calculation of the material and costs of the production, work, service unit production in advance; "Kost" is the expression of the production costs of this unit.

The standard-cost system is based on the development of standards for basic expenditure types (salary, materials, plus costs, etc.) based on progressive norms, taking into account recent achievements in technology and technology. In accordance with these standards, accounting for costs and the cost value of goods are calculated by separating the standard separately.

In the future, standards are increased whenever there is an opportunity for asset management and lower costs for the production process.

The main objective of the standard-cost system is to register the company's profits and losses.

The characteristic features of the standard-cost system are as follows:

1. The basis for finding outbalances in the process of deducting funds is their accounting, rather than their documenting. The main task of the administrator is not to document the displacement, but rather to prevent the displacement.
2. The disclosed displacement does not include all entities in the accounting class, and entities using the current standards reflect the write-off of the accounting records.
3. A special synthetic account is allocated to reflect the departure from the standard.

The "standard-cost" system indicates that there is a cost-management resource.

The standard-cost system is close to the country-wide regulatory regime. The difference is that normative costs are based on past experience standards - costs are based on the future forecast. The use of the standard-cost system, such as the usual accounting system for actual costs, ensures complete cost accounting and full cost estimation.

The advantages of the standard-cost system include:

1. It is possible to detect the eliminated loss, reducing the profit of the enterprise.
2. It will be possible to predict future expenditures.
3. Minimizing Calculation.
4. Based on the accurate information provided to the manager on the cost of production, the sales office can plan the sales volume and determine the optimal price.

3.1 Research Tools

The research tools comprised a literature review, interviews, and surveys which enable appropriated to the taking the subsequent two classes.

The pragmatic importance of the study dwells in the nomination of a plenty of suggestion furthermore references for advancing the methodology of the financial condition of production organizations, which can contribute to improving the effectiveness of information support to managers of the organization and improving the quality of strategic planning and management.

The theoretical significance of the dissertation research is the development of theoretical and methodical aspects of improving the methodology of financial and management account information that help the managers to make the right decision making and analytical procedures, which will help increase competitiveness and improve the position of the economic entity in the market. In arrange to increment the understanding of the investigate theme I looked into different works of literature such as books and articles.

3.2 Methodology and methods of research.

The scientific and practical significance of the conclusions, proposals, and recommendations formulated in the thesis is substantiated by the dialectical provisions of the theory of knowledge that determine the study of economic phenomena and processes in interrelation and continuous development. Such empirical research methods as observation, description, comparison, as well as general methods and methods, in particular, scientific abstraction, analysis, and synthesis, analogy, typology, induction and deduction, generalization, modeling, formalization, system and integral approaches, methods of continuous, selective, combined inspections. In the course of the study, laws, and regulations of the Republic of Azerbaijan, international accounting standards, financial statements, documents in the field of financial and management analysis, accounting were studied, the special literature on accounting and auditing was used.

3.3 Suggestions

Accounting units ought to utilize the extreme advantage of related information based on computer systems so that important financial reports to the enlightening needs of each authorized areas would be clear to reasonable and solid in the excellent conceivable way with the brief life of span.

Management ought to pay most extreme consideration to the part of financial and management accounting information system in a superior understanding of money related measurements of improvement as one of the vital devices of decision making and planning.

Management ought to progress its information around accounting and management data systems and financial investigation.

Management ought to assess accounting policies which are utilized in the firm in the set timetable and it ought to be changed concurring to the central and standard for giving more valuable accounting data systems if it is necessary.

4. Conclusion

This consider has displayed an experimental examination to assess the accounting information system (AIS) and management accounting system in administration choice making regarding different viewpoints: superior financial decision-making by supervisors, effective precision, reasonable speed, tall legitimacy and on time concepts of administration decision-making exchange forms. The discoveries of the investigations have shown that use of financial and management accounting information systems could lead to way better decision-making by directors as the entirety, more successful inside control frameworks, improvement of the quality of financial reports and encouraging financial transactions forms of companies. Organizations are energized to grasp the successful utilization of bookkeeping data framework in arrange to improve and to progress their competitive advantage in this turbulent 21st century.

Nowadays, the decision support system has gotten to be prevalent with not merely, as it were organizations and entities in the world, but moreover in a border of entirety nation. The application of these systems has affirmed the practical impact as well as brings long-term benefits for organizations, undertakings in common and supervisors in specific. Managers too require improving their considering and working strategies, learning modern information, which can be connected to their choice making, to move forward the execution of their organizations.

Since in this rule of industrialization, expanding request for AIS, as a successful apparatus in overseeing organizations, has won. This investigation could give a steady prove for the execution of AIS. Roads for future inquire about could be 1. Investigation of the viability of AIS with an enterprise of AIS creator companies,

2. Investigation of the adequacy of AIS as a portion of MIS,

3. Consider the degree to which variables such as inflation, accounting of human resource would be taken into account when planning an AIS, and

4. The impacts of user on the design of AIS.

On the other hand, the preparation for making managerial decisions is an uncommon kind of action requiring high capability, experiences, created instinct, regularly associated with craftsmanship.

Numerous resolutions are special, and strict rules, concrete steps, and a clear grouping cannot decided the process of their advancement . In the examination of the handle of making managerial choices, it is conceivable to single out the most common certain stages. At the to begin with, organize continuing from a standing issue the bookkeeper ought to characterize all conceivable headings of activities which will offer assistance an administration to fathom this issue. Distinctive sorts of arrangements are required for each sort of arrangement.

When all data is collected and displayed correspondingly, management can select the finest course of activities. After the execution of the chosen resolution, the accountant must analyze the current circumstance and display administration with an investigation of the execution comes about. If there is no requirement for the assisted activity requirement administration handle is completed, something else the whole cycle is resumed.

As it can be clearly seen, at all steps of the handle of making managerial choices, the accountant provides the management with the vital data. For these purposes, certain accounting methods and a system of uncommon announcing ought to be utilized. Since management anticipates that data will be exact, convenient, completely grasping the issue and displayed in a great reasonable frame, the bookkeeper ought to pay consideration, not as it were to the collection and preparing of the vital data, but moreover to the organize the reports submitted.

For this reason, on the premise of the work done, the taking after assignments was illuminated: the substance of management accounting and management decisions were uncovered, sorts of administrative choices were uncovered, strategies resolving administrative choices and assignments appear, CVP investigation is displayed as a premise for decision-making, and recommendations for change administrative accounting.

Along with this, the objective of this coursework was satisfied. Inquired about, considered and reflected the highlights of making managerial decisions based on the information of operational accounting and announcing both hypothetically and concerning a specific investigate object.

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