

Completion of the Management Accounting Reporting System: A Case Study on Transporting Enterprises in Thainguyen Province, Vietnam

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ABSTRACT: Management accounting (MA) aims to provide internal information to help managers run production and business activities at enterprises. In which, MA report is a basic and important content to help managers have information to make decisions, however, compared to other countries around the world, MA in Vietnam is gradually improving and developing. In this study, the authors surveyed 159/264 transport enterprises in Thainguyen province, Vietnam and used descriptive statistical methods of the collected data to analyze the current status of the reporting system. Management team at transport enterprises in the province. The results show that the majority of enterprises use financial accounting reports, a few enterprises prepare and use management accounting reports. Based on the results of the analysis of that situation, the study proposes a number of solutions to build a useful management accounting reporting system for transport enterprises in Thainguyen province in the coming time.

KEYWORDS: Management accounting, Management accounting information system, Transport business.

I. INTRODUCTION

Management accounting (MA) is an important tool in the management of corporate executives. The management accounting reporting system is a means to provide information that MA has received, processed and systematized according to certain economic and financial criteria, in order to satisfy specific information requirements for

business administrator in the management and administration of production and business. In our country, the legal documents, circulars guiding MA in general and the reporting system in particular are still limited. Circular No. 53/2006 / TT-BTC dated 12/06/2006 of the Ministry of Finance guiding the application of MA in enterprises was born, but it was only a guide, leading to the application of the accounting reporting system. The management team at businesses, especially the transportation companies in Thainguyen province, is limited.

According to the survey results based on the data provided by Thainguyen Statistical Office, as of December 31, 2020 (Table 1), it shows number of transport enterprises has tended to decrease from 2017 onwards, revenue also decreased gradually over the years. Although transport revenue in 2019 increased by 10,11% compared to 2018, the remaining years, in table 1 in revenue as in 2018, the revenue decreased 4,28% compared to 2017, and in 2020 it decreased deeply 8,42%, compared to 2019 which makes the average revenue decrease 4,2% each year.

So what is the cause of the transportation business facing difficulties in management? The authors have conducted a direct investigation at the accounting department of 159/263 transport enterprises to analyze the current situation, then find out the limitations and propose solutions to complete the management accounting reporting system for transport companies in Thainguyen province today.

Table 1. Number and turnover of transport enterprises in Thainguyen province

	Unit	Year				Comparison (%)			Average 2017-2020
		2017	2018	2019	2020	2018/ 2017	2019/ 2018	2020 / 2019	
Number of acting enterprises	establishment	254	278	263	260	109,45	94,60	98,86	100,97

Net turnover from business of Transportation	million VND	5.301,7	5.074,8	5.588,1	4558,7	95,72	110,11	81,58	95,80
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Source: Department of Thainguyen statistics office [2]

II. THEORETICAL BASIS

The management accounting reporting system (MA) is a means to provide information that MA has received, processed and systematized according to certain economic and financial indicators, to satisfy information requirements specific to business administrators in the management and administration of production and business. In order for MA to provide useful information to help business managers make appropriate and timely management decisions, it is necessary to organize a scientific and reasonable MA reporting system to provide information of the business operation (production and business) process of the enterprise as required by each administrator at different levels in the enterprise.

All Vietnamese companies can apply the MA organizational model combined with financial accounting (FA), but the MA reporting system is not the same because it depends on the scope, scale, and type of product. service, business organization characteristics, management requirements and qualifications of each enterprise. In particular, it also depends on the specific information requirements for corporate governance in each period and time, also depends a lot on the qualifications of accountants in general, and the chief accountants in particular. Thus, in different enterprises, the number of MA reports, the content of information to be reported and the structure of the MA report form are very different, but it also changes between periods of the same enterprise because of requirement information for corporate governance is always volatile.

On the most common perspective, businesses often makes MA reports to reflect the existing numbers and the fluctuations of each type of materials, assets, specific capital sources to help business managers to grasp and manage closely assets, monitor the efficient use of business capital. MA reports to reflect revenues, costs and results of each department and the entire enterprise,...

Reporting system MA reporting system is only used internally by enterprises, so it needs to be built in accordance with the requirements of providing information for internal management of each enterprise and for each specific management level. The content of the MA reporting system should ensure sufficient provision and comparability of information to serve the requirements of management, administration and

economic decision-making of enterprise administrators. MA's reporting indicators need to be designed in accordance with the planned targets, estimates and financial statements, but may change according to management requirements of all levels.

Hence, the MA reporting system in enterprises must be built in accordance with users, usage requirements in each enterprise and information may change according to administrative requirements at all levels. Therefore, the requirement for establishing information on MA reports is to provide appropriate information in terms of target audience, time of use, appropriate cost.

To prepare MA reports, it is necessary to organize the appropriate information collection and processing, that is to organize the system of vouchers, accounts and accounting books to serve the purpose of receiving, processing and providing information. Corresponding information should be reflected in MA reports. In order to provide necessary information for administrators, MA reporting systems need to design including the following basic types[1]

- The system of business oriented reporting to provide orientation information, estimate criteria to help businesses prepare conditions to ensure, organize and deploy activities. This is also the basis for evaluating the performance.
- The system of reporting business results to provide implementation information in all areas of the enterprise, is the basis for controlling and orienting the future operation plan of the enterprise.
- The system reports the results fluctuation and the cause of the business operation, provides information about the difference between the performance compared to the estimate or target and the reasons affecting this activity to help the administrator to check control, assess the situation, determine the cause of the change.
- The reporting system proves that the management decision provides information to explain the management decision is reasonable, appropriate, ensures the goals of production and business activities of the department and the entire enterprise.

III. RESEARCH METHOD

3.1. Methods of collecting information

Secondary data are data directly or indirectly related to the process of researching the topic, officially published at all levels, sectors: Relevant legal documents, circulars, decisions, published scientific documents and related issues stemming from the general situation of the country, textbooks and specialized books.

Data on the situation of Thainguyen transport enterprises through quarterly reports or the Statistical Yearbook at the General Statistics Office in 2017, 2018, 2019 and 2020.

Actual observed data by the author using the sampling survey formula according to Yamane (1967):

$$n = \frac{N}{1 + Ne^2}$$

In which n is the number of enterprises to be investigated.

N is the total number of enterprises (let's study N is the average number of enterprises over the years (2017-2020) = 264 enterprises).

e: tolerance (error is usually 5%).

According to the above formula, the minimum number of enterprises to be surveyed is $n \approx 159$.

3.2. Information synthesis method

After collecting information, the author classifies and statistics information according to the order of priority on the importance of information. The collected information sources will be aggregated on the excel sheet and synthesized, analyzed and evaluated through the method tables using statistics tables and drawings to synthesize information.

3.3. Information analysis method

From the collected information, the author evaluated and made conclusions.

IV. RESEARCH RESULTS AND DISCUSSION

4.1. Research results

According to the preliminary investigation results, the MA reporting system in the transport enterprises in Thainguyen province mainly focused on reports provided by the FA, and limited estimation and control reports, in detail (Figure 2).

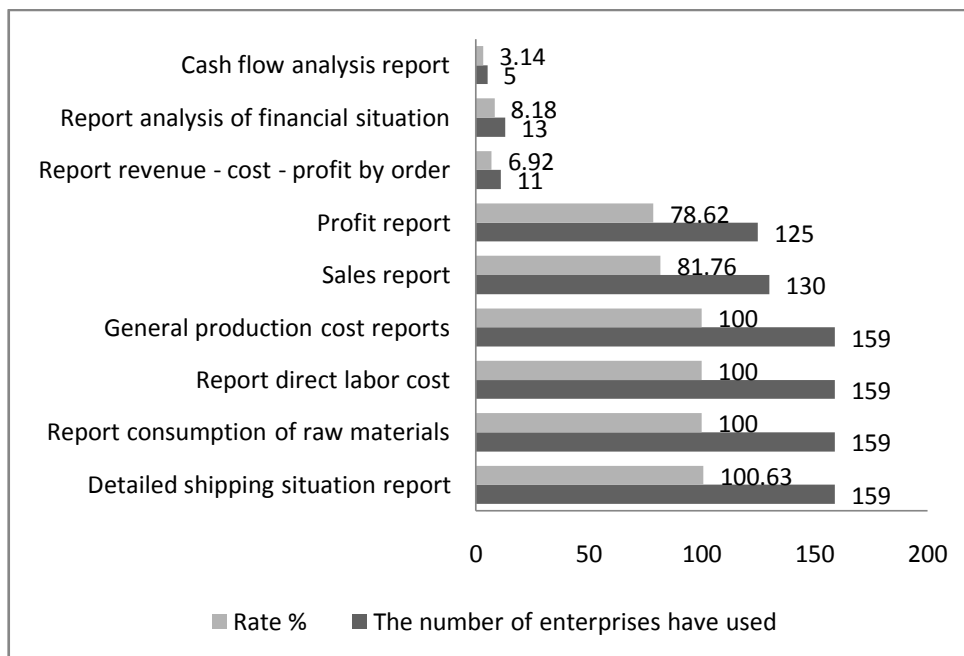


Figure 2. Summary of reporting system commonly used by trucking businesses

Source: Authors synthesized and calculated based on survey results

- Estimation reporting system: According to the survey results, the estimated reporting system at transport enterprises is very small. Some of the estimates made in the transport companies

are estimates from the application of support programs from the State for the purpose of buying machinery, renting land,... The estimation system has internal contents similarity between enterprises.

For example, the estimation of investments in machinery and equipment includes: investment estimate of project items, estimation of wage and labor structure, stable cost estimate a fiscal year.

- Implementation Reporting System: According to the current survey results, the implementation reporting system of transport companies is mainly built by the accounting department and mainly reports are made from FA data sources. Enterprises such as Thainguyen Transport Joint Stock Company, Khanh Thinh Tourism Trading Joint Stock Company, Netherlands Trade and Tourism Joint Stock Company,... are considered to have a long tradition, large-scale transport in Thainguyen province. For those companies, the performance reporting system is more fully established than private enterprises. Hence, in general, the reporting system of enterprises is only taken mainly from FA sources, synthesized from the types of detailed accounting books, enterprises have not built a reporting system in accordance with the characteristics own business. Some reports such as accounts receivable and payable only track the amount of money equivalent to the accounts receivable and payable of each related unit or individual but cannot show the time of debt, period debt maturity, etc for enterprises to evaluate and analyze the ability to pay due debts as well as to control the level of risk of critical debts. In addition, the cost and revenue reporting system only shows the implementation of costs and revenue of the whole enterprise, most businesses do not have a separate reporting system for expenses and revenue for each parts, or orders,...

- Control reporting system: According to the survey results, most of the transport companies do not have their own control reporting system, the reporting system is mainly taken from the reports in the FA (Import-Export-Inventory Report, revenue, expense reports,...). In some enterprises that have prepared control reports, the report preparation is not prepared beforehand, only when the administrator wants to come, the accountant is going to design and prepare the report.

- Reporting system for decision making: According to actual investigation in transport enterprises, major decisions in enterprises have not been based on the basis of MA reports, when there are management decisions, information that the administrator wants to provide is usually not information that has been analyzed and selected to give appropriate information for each option, but the information is mainly on the FA books and reports.

4.2. Discussion

Stemming from the current situation, the work of making accounting management reporting systems in Thainguyen province still has many limitations. The MA reporting system in the current transport enterprises is not synchronous, incomplete and does not meet the requirements of corporate governance. In order to provide information for administrators performing the functions of management, control and operation of business and production activities in enterprises, it is necessary to design and draft the MA reporting system in a scientific and reasonable way. The completion of the MA reporting system also ensures to provide information for management departments and employees in enterprises to participate in the management and inspection of production and business activities, promoting collective intelligence in raising high productivity, quality and efficiency of production and business, anti-wastefulness, ensuring benefits for employees.

MA reports are made on the basis of aggregate data in MA books opened according to business administration requirements in enterprises (combined with other sources of information from statistical accounting, professional accounting, business analysis,...) to explain the cause.

Currently, the class of transport companies often only care about cost management, cost, revenue and results, even only interested in revenue and results, so there are still many limitations in management and operation, production and business, have not achieved the desired results. In order to achieve the maximum profit target (and other specific goals) of the enterprise, it is clear that managers cannot only care about costs, costs, revenue, and results, but also need to capture both information on the situation of ensuring, managing and using employees, assets, capital sources as this is the root of production and business, and the effective management and use of these resources will ensure implement the economic - financial targets of the business and vice versa. Hence, it is necessary for enterprises to complete the organization of the MA reporting system, create a synchronous, complete, detailed MA reporting system that meets all requirements of administrators in management, control and operating production and business in a timely manner, improving production and business efficiency.

Completing the MA reporting system in enterprises must ensure the following basic principles:

- Must come from the information needs of the enterprise administrator: What information

does the administrator need? To what extent and to be specific? Then design a suitable MA reporting system to provide relevant and meaningful information to users[3].

- The system of indicators on the MA report must be consistent with planned economic indicators (cost estimates) and must be arranged scientifically in a reasonable order, suitable to characteristics and management qualifications of the enterprise. The data on the MA reports must be consistent with, and consistent with, the important aggregate indicators on the financial statements to help the enterprise administrator to have a consistent view of the implementation of those economic - financial indicators. This means that detailed information must be captured and processed with the same input as the aggregated information, not another data source or unfounded estimate. However, it is possible that the total number of details will not be equal to the aggregate number because the administrator may not need the complete detailed data, so MA does not collect all of them. But if the enterprise is equipped with computers and uses application accounting software, it is possible to track the whole details for easy checking and comparison.

- Information presented on MA reports must be easy to understand and compare. The indicators reflected on the MA report must be easy to understand, consistent with users' perceptions of the direct information provided by the MA report (for each specific level). Senior administrators need aggregate information, while lower level administrators need detailed information corresponding to their functions. That way, the administrator can focus attention and understand the actual situation in a specific way, not being dominated or distracted by unnecessary information. MA reports must fully reflect both the performance and cost estimates of each type of economic and financial operation so that they can quickly detect differences or abnormal fluctuations, the norm escape of each targets to be able to offer timely response solutions when needed.

- MA report must ensure timeliness, fully and in detail about each type of economic and financial operation; timeliness is more important than accuracy when managers need to be provided with quick information (extremely fast) to make early decisions to solve problems, catch up with the right opportunities, to ensure victory in the competition. For example, the cost period of a business is monthly, on the 25th of a certain month, there is a large purchase contract offering a separate price. The manager needs to know information about production costs in the month to

make the right decision. It is now possible to provide information on the cost of the 25 days of the month plus the estimated 5 days remaining under the rated cost to report to the administrator the estimated monthly cost with a relatively accurate estimate to the home. The administrator makes a decision whether to receive or reject an order (however, to make a decision to receive or reject an order, it is still necessary to use some other relevant information). How detailed and completed information is depending on corporate governance requirements in each period as the MA information does not need to be the same everytime. However, when designing the MA report form template, it is also necessary to pay attention to the change and flexibility of the MA information that needs to be provided to design the MA report template that can be used in the long term.

For example, this moment needs detailed information by territory, other times need detailed information according to the specifications of the product design,... so it is necessary to pay attention to the information that can be tracked in detail when design the report form template accordingly.

- Designing an economic economic report system must ensure the principles of saving and efficiency: MA needs to pay attention to compare the benefits obtained when using information with the costs to collect that information. Do not design the form too cumbersome, too detailed to be unnecessary, causing waste of time, the cost of collecting and processing information, which can make the numbers no longer enough to attract attention. of the administrator when it is too small,...

- The design of the MA report must ensure feasibility, that is, the information reflected on the report can be collected in the specific conditions of the company (and taking into account the near future). The design of the management accounting report must be synchronized with the detailed documents, accounts and the international accounting book, at the same time it must be consistent with the qualifications of the accountant. Hence, the flexible MA report cannot be uniformly specified in the FA report. The number and form of MA reporting is not only different between enterprises but may also vary between periods (times) of a particular enterprise. Because the MA report depends on the management requirements of each enterprise in each period of time, while the FA report has been specified in a unified form according to accounting regimes and standards.

V. CONCLUSION

The MA reporting system has a strategic determinant in all corporate policies. Thainguyen transportation companies need to see the important role of MA reporting system, need timely solutions to build and complete the MA reporting system.

- Reporting system provides estimate information:

Because the characteristics of the transport enterprises in the province are all small and medium-sized enterprises, the management apparatus is relatively compact with few departments, so most of the budgeting activities are mainly done in accounting department. Therefore, in order to make the best estimate, the accounting department needs to combine with other relevant departments such as the transport department, the business department to make cost estimate reports.

Some types of cost estimate reports that should be considered by the transport company include direct raw material cost estimates, direct labor cost estimates, general production cost projection, and revenue estimates, report profit estimates.

To build production cost estimate reports, the international economy needs to base on the production characteristics of the transport enterprise that mainly produces according to orders and the number of kilometers transported. Hence, businesses need to make cost estimates for each type of service provided: passenger transportation, freight transportation.

For revenue estimates, transport companies need to base themselves on sales methods of businesses to build estimates. The two main selling methods of transportation companies are the order-based method and the mode of transport km. Therefore, businesses need to build consumption revenue estimates according to the two above methods.

- Reporting system provides implementation information:

The implementation report in the enterprise is the basis for judgment, control and evaluation of the implementation situation. Hence, the implementation report should be built according to the cost estimation reports as a basis for evaluating and controlling all activities in the enterprise. Types of reports made in addition to the reports in the FA that businesses usually make, businesses need to make the following types of reports:

Report the implementation of transportation, report direct raw material costs, direct labor and general production, report revenue, report profit [6].

In addition, to monitor and supervise all activities in the enterprise, the transport company

also needs to prepare: Report on production and business activities according to the responsibility center showing costs, revenue, profit and the criteria of cost ratio. on selling price, ratio of profit to selling price, rate of return on capital, capital divided by each level of management, other information such as cost of end-of-term cooperation, outstanding debts, costs of work in progress at the end of the period, end-of-period prepaid expenses, end-of-period outstanding prepaid expenses, loss costs in the period by each cost center, revenue center, profit center and investment center.

- The reporting system provides control information:

In order to facilitate the monitoring of fluctuations in the production and business situation in enterprises, the control reporting system of transport enterprises should be built based on the cost estimates and performance reports that the enterprises have made.

- Report system serving decision making:

Transportation companies often encounter decisions on pricing strategies, and on investment options. To get the above decisions, transport companies need to build a reporting system according to information processing methods for the above decision-making.

Report based on C-V-P relationship analysis method. This report is based on identifying costs in terms of cost behavior such as variable fees, pricing and basic concepts in C-V-P relationship analysis, including: Business plan standard analysis report; price analysis report,...[5].

In addition to efforts from enterprises, there should be efforts from the state, the Ministry of Finance needs to issue more specific guidance circulars to help businesses prepare their financial statements, the preparation of financial statements should be guided. details according to the specific activities of the businesses.

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