# MODERN TOOLS OF TRANSPORT ORGANIZATION MANAGEMENT

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Abstract: Financial accounting provides to management of a transport organization comprehensive information on its activities. This information is indeed relatively detailed, but not enough. Therefore, in practice, organizations have developed term managerial accounting such as term for the complex information needed for a successful managerial work. Managerial accounting belongs to the modern tools of organization management, since its content is in principle not subject to off-site control. The success of the organization is not decided only by department in which they operate, but also by used managerial tools and methods.

Keywords: financial accounting, managerial accounting, costs, financial understanding of costs, value understanding of costs, economic understanding of costs.

## 1 Introduction

Transport organization, like other organizations is legally obliged to keep accounts. Organization accounting focuses on the value side of economic activity of each organization and records its quantitative process.

For accounting purposes, the economic reality is always measured and expressed in relation to a certain organization. That is why accounting is primarily category of organization created and developed essentially as a tool for business management.

Managerial Accounting represents the part of accounting which deals with the collection of data on economic phenomena, their analysis and processing in the form of information used by management in economic management of the organization, (Tumpach, 2008, p. 5).

Managerial Accounting is designed for management and should serve primarily for the management of the organization to make good decisions about its operation and its further development. Unlike financial and tax accounting, where users require a uniform interpretation and comparability of financial information submitted, the accounting information intended to managers is characterized by the fact that is content is not subject to out-plant control. This accounting subsystem, is not only defined solidly in terms of the objective, content and structure, but even in the world is not used even uniformed term for it.

The global trend in building world-class organization is facing in terms of managerial accounting in particular, to reduce costs in the organization and finding ways and means of optimizing cost types.

## 2 Costs - basic concept of managerial accounting

Costs as a corporate value statement of production factors necessary for the implementation of corporate performance have their irreplaceable role in the system of corporate management and decision making, (Majtán, 2014, p. 243).

Costs are subject of interest to each manager because they belong to the most important characteristics of the organization and every activity, operation or process is associated with the development of costs or expenditures.

The most important area that distinguishes the management accounting from financial accounting is significantly greater need for cost information that employees at different levels in the corporate hierarchy requires both process control business, where its basic parameters have been held and, secondly, to decide on its future variants.

### 2.1 Substance of costs

Every business activity is associated with the consumption of live and materialized labor. We call such consumption costs. Costs represent an important criterion denouncing the success of any organization, not just transport organization. They are also an important tool for decision-making, as in monetary terms reflect the efforts that organization has to make to achieve its goals.

External users of accounting information, understand costs in financial accounting as any monetization of reductions in equity during the reporting period; costs are defined as the outflow of economic benefits, reflecting a decrease in assets or increase in liabilities and that in the reporting period leads to a reduction in own capital. Thus simplified the definition of costs as a sacrificed source to achieve returns of sale is characterized not only by being in the contrast with expressed baseline for profit measurements in financial accounting, but also other features as:

- considerable freedom of the relationship between reflected costs and scope of business; costs in this regard include, for example disposals of capital,
- an effort to show such decreases of own capital, which will not lead to its future valuation; such a decrease is the loss of value of certain asset component due to the effects that accompany business.

In defining costs of management accounting in relation with their management is important to specify purpose of economic source spending and adequacy of costs for this purpose. This means that costs are rationally spend. In managerial concept actual costs represent costs which performance can be assessed - comparing their actual rate with predetermined task.

Costs in managerial accounting are defined as a value expressing efficient expend of economic resources that is intentionally related to the economic activities of organization. For thus the definition of costs is essential to the expediency and purposeful character. In terms of expediency costs are just expended economic resources that is reasonable and adequate to the result of the activity. In terms of purposeful character the meaning of economic resource expending is evaluation. It occurs only in the creation of such component of assets, which will bring bigger economic benefit, as original cost brought. An important feature of such cost is considered to be a relatively close relationship with performances that form the subject of business activity.

In terms of time, the costs of managerial accounting is already visible at the moment of economic resources expending. This, however, usually does not lead to an overall decrease of assets, but only to change in its structure (purchase of goods, materials, machinery). In the terms of financial accounting costs become costs only at the moment when this source “drawn down” its usefulness (e.g. It will become a part of the product that was sold to the customer), "(Kráľ, 2012, p. 49).

From the relationship between the spent costs and gained economic benefits will be derived following criteria for the rational course of carrying out specific operations which are subjects to the reflection in managerial accounting: economy, economic efficiency, economic effectiveness, costs and expenses - income and revenue, cash flow, solvency, liquidity, structure of equity and borrowed capital.

Rationality of economic resources spending has its basis in the economy, because it expresses the changes in costs by which establishments are achieving the desired outcomes with the least resources spending of economic growth. It promotes efficiency in the form of (a real reduction in the absolute amount of the costs for a given performances volume) and not in the form of yield (management is focused on maximizing volume of performances carried out at constant spending of economic resources).

Another criterion is the economic effectiveness of expended costs. Its elemental form is a comparison of the expended costs in relation to the sold performances with the sale return of these performances. Thus, economic efficiency can be relatively clearly quantified by profit.

The third criterion is economic efficiency, as the top criterion of expended costs rationality. Its level is based on the profit quantification of the reporting period and the goal of managerial accounting is not only to measure overall economic efficiency but examine the partial factors of its increasing. These are useful because of their responsibility for action divided into those associated with the course of the main getting activities of organization that belong under the responsibility of corporate management and those that are the result of effective hedging during the financial and investment transactions, which are the responsibility of the owners.

As between the two concepts of costs and revenues there is a time difference, also between the costs creation and payment of liabilities that caused the creation of costs or between the creation of return and payment of receivables which results from that return creation. This criterion indicating the time separation of costs and returns from cash flows that are part of them, makes it necessary not only to effectively manage costs and returns, but also the cash flows associated with them.

Other criterion - cash flow provide information on the creation and release of financial resources in the organization. Based on the revenue and expenditure of the organization, the revenue represents the increase in financial resources in the organization and the expenditures represent a decrease of financial resources.

For compiling the cash flow is used direct and indirect method. In both methods reporting cash flow is quantified as operating (economy) activities, investing activities and financial activities.

Solvency criterion represents a stable, long-term ability of the organization to cover all its liabilities when due. Instant or so short-term solvency, thus liquidity is in contrast defined as the organization's ability to cover its immediate liabilities.

The structure of equity and borrowed capital is a fundamental long-term criterion for the financial stability and a measure of financial risk, which should be considered in relation to return on invested capital.

The use of foreign sources whose yield is higher than the interest paid for them, increases the profitability of its own resources, but also raises the risk of a fall in the profitability of the organization if it will not be able to repay the foreign sources on time.

Mutually contradictory movement of the two criteria requires solving problems concerning the optimal relationship between them.

**2.2 The concept of costs displayed in accounting**

Differences in concept of costs in financial and managerial accounting are affected by the way of expressing a measurement of the costs. In this context, the general starting point for understanding the costs threefold is displayed in accounting: financial, value and economic.

In financial accounting is most often applied financial understanding of the costs, which is based on the application of money form and of means circulation.

The costs in this case represent money invested in performances that provide compensation money in the original amount. This concept is the basis of maintaining financial capital in its initial nominal amount.

Financial understanding shows some of the following characteristics, which in its exclusive use in managerial accounting considerably narrowed the object of its interest. This means that as the economic resources consumed may be subjected to display only those costs that are based on real spend of money. And after that, a typical feature of this understanding is the valuation of such consumption or use of economic resources (costs are valued at actual prices).

Value understanding of the costs is associated with the development of costs accounting, whose purpose is to provide information for the current management as well as control over the real course right through realized processes. This understanding is based on relationships, which express consumption or the use of economic resources under conditions, which exist at the time of implementation of the involved processes. The sense of this understanding of costs is based on the information display of economic resources cycle, under the conditions currently in force. So the value understanding is based on the valuation of economic resources by reproduction prices and then the profit is measured on the principle of maintaining the so-called businesslike capital.

Within this kind of understanding of the costs they are not acting only as monetarily ensured economic resources but also those factors which not necessarily mean spend of money, but they effect the economic rationality of the activity by their consequences. In conclusion, the value of understanding the costs can be stated as the financial value and understanding the costs are two basic approaches to the general interpretation of the costs, which are an expression of the dual understanding of financial and managerial accounting. Equivalence in the meaning that the costs exist only if they are costs of business management decision-making tasks based on the current expressed costs and the actual spend money that is the expenditure. The differences between both understandings of costs can be divided into two groups of costs.

The first group of costs are costs which don't necessarily have a reference in financial accounting, but the decision-making tasks that addresses the management requires to be expressed at a different valuation level. Such costs are in terms of financial accounting expression referred to as neutral and in terms of expressing them as management accounting they are referred to as calculation costs. The second group includes the costs for which in the financial accounting do not exist expression, because they are based on the expenditure of money. Such costs shall be in management accounting referred to as supplementary.

Economic understanding of costs is based on the requirement to provide the necessary information not only to the management of real ongoing processes, but also the needs of decision-making with the aim of option selection of optimal future alternatives. These conditions are fulfilled in so-called category opportunity costs, which are defined as the maximum loss of effect that has been sacrificed due to the use of economic resources in the chosen alternative. These costs then represent additionally inserted measure of chosen alternative effectiveness. Main characteristics threefold understanding of costs displayed in accounting are summarized in table 1.

**3 Managerial accounting - the tool of transport organization management**

Management tools consists of obtaining information and data which are important for qualified decision making, planning, organizing, leading and controlling, i.e. management. In principle, management tools form the layer data collection and processing. The utilization rate of each layer of the data processing thus management tools means the need to use them for a specific level of management.

Table 1. Basic characteristics of financial, value and economic understanding of costs (Source: Kráľ, 2012, p. 65)

| Costs understanding | Financial | Value | Economic |
|---|---|---|---|
| Relationship with the accounting subsystem | Financial accounting | Costs accounting | Decision-making accounting |
| Relationship with displayed reality | Transaction represented in parameters which existed when the transaction was made | Transaction represented in parameters which should have been valid in the presence | Transaction represented in the form of comparison with another suitable alternative |
| Relationship with expressing of the profit | Profit is measured on the principle of so-called nominal maintaining of capital. According to this understanding organization makes a profit when its own financially expressed capital at the end of the period is higher than capital at the beginning of the period. | Profit is measured on the principle of so-called businesslike maintaining of capital. According to this understanding organization makes a profit just after the successful reproduction of the own capital which is measured (and valued) by capacity of production or capacity of business activity. | Profit is measured on the principle of so-called businesslike maintaining of capital while its level is further reduced by opportunity costs and increases of possible opportunity returns. |

Basic tools are standardized management information systems. Such is the accounting. Data collection in the accounting is formalized in particular pursuant to the Accounting Act, as well as other directives that affect it, sometimes even internal rules of the organization. Accounting is used to manage the transport undertaking, but for larger organizations with a structured portfolio and complex process map provides transparent information for top management decision making. The organizations classified as medium and large enterprises, the accounting for the management is used within operational management. Also from this point of view it is more a specific type of management, such as operational financial management.

Accounting tools are an extension of managerial accounting. They give management an overview of the aggregate variables, the important ratio indicators of financial analysis, even in specific types of calculations managers have available information from accounting, but assigned to individual products or customers. Management accounting is an important tool for tactical decision-making and monitoring of sustainable development plan leading to the fulfillment of strategic objectives.

As accounting enters the managerial accounting, which supplement and clarify the needs of decision-making so managerial accounting enters into the other management tools and add to the managerial accounting add other information from non-financial aspects of organization operations. An example of such a tool is the Balanced Scorecard, which adds to managerial accounting dimension of relations with clients and employees. Balanced Scorecard is a tool tactical decision-making, but also monitors fulfillment of the plan, either tactical or strategic. It is based on the notion that corporate strategy should be set out by the terms that are comprehensible and which can help you navigate. It is used to more clearly define the strategic vision as growth, customer satisfaction and quality. The Balanced Scorecard is considered to be the engine of the organization performance with a precise description of the corporate strategy. It also serves as an organizational framework for management decisions. Its basic idea is to focus attention on a metric, which is important from a strategic point of view and to avoid concentration on short-term indicators, in addition to using the Balanced Scorecard metrics and financial metrics in areas such as customer, internal processes and growth prospects and learning.

As they say, that most good ideas, has a simple basis, the Balanced Scorecard concept is very simple too. It can be defined as a management system or managerial methodology that facilitates organization to define their vision and strategy and those subsequently put into practice. Correct grasping of the Balanced Scorecard can make a real nerve center of the organization. The basis of this method is the vision and strategy of the organization. It is based on the assumption that the success of the organization's financial results only by measuring them is now no longer enough. This leads to underinvestment in physical sectors such as innovation, customer satisfaction, employee skills, and so on. Already the first users have found that the correct selection of targets and indicators illustrate the Balanced Scorecard strategic direction of the organization and at the same time allowing its measurement. The second feature of the Balanced Scorecard has proven that on the correct objectives can be directed through the Balanced Scorecard behavior in accordance with the strategy.

Balanced Scorecard as a new method of management, maintains financial indicators, but adds the new driving forces indicators of future performance. Objectives and indicators of the Balanced Scorecard are based on the vision and strategy, monitor the performance of the areas of different perspectives - financial perspective, the customer perspective, from the perspective of internal business processes and perspective of learning and growth. Balanced Scorecard perspectives are assigned targets and indicators that are the result of designed vision and strategy to grasp the plans. Said means with which one can meet, cannot express the complexity of the Balanced Scorecard concept and capture all the areas of the company who are affected.

For the strategic management of the organization, it is therefore necessary to enrich analysis dimension of internal environment from managerial accounting for the analysis dimension of the external environment affecting the functioning of everyone, not just a transport undertaking.

## 4 Conclusion

Transport organizations, are organizations providing various forms of transport. The use of modern managerial tools is currently necessary for them. Managerial accounting is an important tool for tactical decision-making and monitoring of sustainable development plan leading to the fulfillment of strategic objectives. Such as financial accounting enters into management accounting, which supplement and clarify the needs of decision-making also managerial accounting enters into other management tools to the management accounts add other information from non-financial aspects of organization operations.

Central concepts of managerial accounting are the costs. They represent an important economic category, which significantly affects the functioning of the transport undertaking and it is still necessary to analyze, evaluate and optimize that category.

Cost optimization is an activity that ensures optimal costs. In this process, it is necessary to accept the influence of various factors on the level of costs so the negative effects should be eliminated. Process optimization is recording so-called complementary effects (positive linkage of effects) and so-called compensation effects (sum of adverse positive and negative impacts of the degressivity and progression and costs).

Optimal costs represent the most generous, the most favorable and the lowest organization costs of acceptance of the relevant conditions, such as the level of production capacity utilization, applied work organization, technical equipment of the organization, and possibility of production factors and so on.

Achieving optimal level of costs is a difficult process and managers are often faced with the question of how to optimize the cost level of the organization. The growing trend in costs is forcing all organizations, not just transport, pay more attention to this issue and therefore managers are looking for different methods and tools to reduce the cost of organization, thus ensuring the competitiveness of the company. Managerial accounting area gives managers space for the application of various modern methods, since this form of accounting is not limited by legislation. The main drawback, however, is the issue of applicability of modern approaches and methods since their introduction in business requires first of substantial financial resources, changing the philosophy of the organization, a change of attitude and motivation of staff in terms of continuous improvement. But backlog in certain organizations does not create space for the implementation of these methods.

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