

DEVELOPMENT OF ANTI-INFLATIONARY MANAGEMENT METHODS TO OBTAIN FINANCIAL RESULTS IN AN INFLATIONARY ECONOMY

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Abstract: Inflationary economy problems have strong negative affect on the socio-economic situation of any state. Inflation problems have an extremely acute impact on the final financial results of economic entities in all sectors and especially in the agricultural sector. All this requires, undoubtedly, the immediate working out of a set of measures for the development of anti-inflationary management system by forming a relevant accounting and analytical information base. It seems that such an approach will make it possible to ensure the proper quality of the management function and to focus all the employees of business entities towards the improvement of their financial and economic situation. Experts recognize the absence of a proper accounting mechanism.

Keywords: economic crisis, economic sanctions, inflationary processes, enhancement of accounting and analytical reporting.

1 Introduction

One of the fundamental indicators of an agricultural enterprise activity in a market economy is its financial result achieved, which, in turn, reflects the quality of managing business processes in the economic entity.

Undoubtedly, an increase in profit is necessarily associated with the need to increase production efficiency and product quality, reduce product cost, increase in production, and improving the methods for utilizing labor, land, production and other resources. An analysis of the specialized literature shows that there are many different approaches to the definition of the concept "a financial result of an enterprise activity" and methods for its calculation.

So, a group of economists suggests considering an amount of profit (loss) received as the financial result. [Kovalev VV, Sokolov Ya.V. 1993]

Indeed, profit is the final financial result and, in general, it characterizes the result of the production and financial activities of an enterprise. In other words, the financial result is the basis of the economic development of an economic entity. [Financial accounting in agriculture. Ed. by Belov N.G. - 2010]

One of the most popular approaches for determining the financial result is the accounting approach for determining profit (loss) as the difference between the income and expenses of the enterprise.

So, in accordance with paragraph 2 of the Accounting Regulations PBU 9/99, the growth of economic benefits acts as the company's income as a result of the receipt of assets and extinguishment of debts and obligations, that led to the growth of capital achieved by the enterprise (with the exception of contributions from property owners). [Kimyaeva U.V. 2012]

In the current conditions, there has been some modification of the phenomenon under consideration. Now, in addition to the amount of net profit, the size of the financial result is also characterized by the amount of total income. Hence, it must be assumed that the strategic goal of the modern enterprise's focus is to obtain a financial result that can satisfy both the interests of business owners and the interests of diversified groups of stakeholders reflecting their need for sustainable social development.

For sure, the final financial result defined as total income for a certain period of time, should be one of the strategic goals of the enterprise's activity and development. It seems to us that this situation requires the prompt development of a set of effective measures to ensure a given final result.

Scientifically-based management of financial results requires analysis and involvement of many multidirectional factors. The work [Kovalev V.V. 2003] presents their combination of six groups of factors that directly affect and even form the parameters for the final financial results of the enterprise, these are economic, material, technical, social, organizational and managerial, economic and legal, as well as market factors.

Obviously, they are designed for industrial enterprises and therefore do not take into account the specific factors of economic entities in the agricultural sector.

It seems to us that this classification of factors affecting the final financial result of enterprises in relation to the agricultural sector should include another group of factors that take into account the potential of agricultural resources of agricultural enterprises (those are the use of land as the main means of production, biological assets, etc.)

The obligation to constantly take into account these agricultural factors in the development of the anti-inflation control system is due to the presence of distinctive features of agricultural production manifested in the special conditions of the production environment. It is also necessary to take into account factors of state agro-industrial policy regarding the regulation of procurement prices; state intervention policy, state support, and customs policy.

Soil fertility, climatic conditions of production, adaptive potential of biological objects, etc. can be noted among the factors involved in the use of agro-resource potential.

The possibilities of anti-inflationary management of financial results and the restrictions imposed on such management can be foreseen based on an analysis of the above factors that directly affect the amount of profit (loss). It should also be borne in mind that the impact of market environment and economic and legal conditions remain outside the field of activity of the agricultural enterprise management, because they appear as environmental impact.

2 Research Methodology

The works of foreign and Russian scientists, legislative acts, methodological provisions of modern management theory and methods for managing financial results, as well as regulatory legal acts regarding the regulation of financial accounting results and their reporting made the theoretical and methodological basis for studying the complex of problems inherent in anti-

inflationary management of the final financial results of agricultural enterprises in the conditions of an inflationary economy.

In the course of the study, general scientific research methods were used: analysis and synthesis, deduction and induction, comparison, balancing, groupings, and generalizations.

3 Research Results

Traditionally, management is considered in the form of a certain synthesis of science and art, because the subjectivity factor quite significantly affects the logic of the development and adoption of necessary management decisions, including decisions of the financial nature. This implies a practical orientation of management and acts as a kind of bridge between theoretical calculations regarding the capital market, systems, processes and general principles of management, and their practical implementation. [Kovalev V.V. 2003., Misakov V.S., Misakov A.V., Tsurova L.A., Adzhieva A.Yu., Eskiev M.A. 2017]

This aspect of managerial activity is formed as a result of its close relationship with accounting as a provider of information resources for managers, and the simultaneous coincidence of an object of activity in these two areas, which in this case are the financial flows themselves and, on the other hand, operations with financial flows, through which the parameters of the assets and liabilities of the enterprise change. [Lukash E. 2005, Misakov V.S., Tsurova L.A., Yandarbieva L.A., Thamadokova I.Kh., Goigova M.G. 2019, Ugurchiev O.B., Dovtaev S.A.Sh., Misakov V.S., Misakov A.V., Temmoeva Z.I., Gyatov A.V. 2018]

Accounting is one of the necessary management system elements; moreover, as the business developed and became more complicated, it became obvious to everyone that without accounting, the business was not able to do anything. With the development of accounting, it gradually turned into a separate and independent general function of strategic management with certain unification. The chaotic homegrown accounting systems have turned into a rigidly structured formalized accounting system, which in practice has subsequently been supplemented by in-house unstructured operational accounting systems. [Kovalev V.V., Sokolov Ya.V. 1993]

Experts note the proximity of the financial and accounting components. And this is understandable, because most of the much-needed business solutions appear in terms of financial concepts. At the same time, accounting at enterprises is also carried out in cost estimates, and the accounting and analytical information generated in the accounting system acts as an information basis for the development and adoption of most financial decisions.

We do not believe that accounting is intended solely for making managerial decisions of an operational nature. At the same time, we are sure about its significance in solving strategic and tactical tasks. The operational aspect acts as a routine daily production, financial and marketing activity for the implementation of the specified final financial results through the effective use of the resource potential of an enterprise.

The fundamental principle of accounting is the reflection of accounting objects at acquisition prices.

This is a classic principle and it refers to the conditions of stable prices. At the same time, during periods when significant inflation occurs, it becomes inappropriate to use this principle due to a distorted idea of the financial and economic situation, and the final results of a business entity. And this is obvious, because with inflation there is a decrease in the purchasing power of money. And since in our case the money meter is the basis of accounting, then its direct consequence is the loss of comparability of accounting data for different periods. [Andrianov V.V. 2006, Rozhkova O.V. 2001, Tskhoki O.E. 2008]

In other words, inflationary processes negatively affect the relevance and reliability of the studied reporting data. There is no doubt that inflation does not affect different types of assets in the same way. In particular, if an economic entity had free (unused) funds and payables during the inflation period, then the effect of the impact on these accounting objects is directly opposite.

Here, in the first case, due to the decrease in purchasing power, the company received indirect losses, and in the second case, on the contrary, the company had indirect income, since it would be cheaper to repay existing debts, although, in general, the amount of debt remains unchanged.

A feature of most effective indicators today is that they are not able to take into account the inflationary impact. Directly in accounting itself, information on inflationary distortions in the size of assets and liabilities is not provided, i.e. profit (loss) indicators based on such accounting estimates do not allow to detect the availability of inflationary influence, as well as indicators based on market estimates. [Aaker D. 2007, Needles B. 2004, Misakov V.S., Khamzatov V.A., Temrokhova A.Kh., Misakov A.V., Dikareva I.A., 2018]

It should be noted that, in general, a group of indicators of financial results based on cash flows allows us to "catch" to a certain extent the influence of inflationary processes. But because of the complexity of their calculation and the limitations of their use in comparison with the accounting approach, it does not allow them to be used to the extent necessary for the managerial needs of the enterprise.

Agro-industrial production is characterized by a rather low marketability of production and a rather significant value of stocks (in particular, feed, seeds, exchange funds, natural output of agricultural products, etc.).

Due to this situation, profit from sales in agricultural enterprises allows us to speak in fact not about the effectiveness of all production, but only about that part of it that has received value expression.

As can be seen from the above, when we assess the final financial result of agricultural production, it is impossible to us to proceed from only one balance sheet value of profit received, because this leads to an underestimation of the effect achieved by the enterprise.

All this once again emphasizes the importance of understanding the essence of the final financial result, knowing the goals and objectives of anti-inflationary management, and the skillful use of multidirectional factors in an inflationary economy. [Abel E., Bernanke B. 2010, Tarkhanov O. 2004]

We consider inflation as a complex multifactorial process of raising the general price level in the economy, which is accompanied by a reduction in the purchasing power of monetary assets. It is the result of a crisis situation in the economy when the course of the socio-economic life of the state, and the law of money circulation are violated...

Of course, not every price increase means inflation. So, the price increase in connection with the improvement of the quality of the products is not inflationary in nature, because it is caused by a focus to improving the quality of life.

In our study, we also omit the issues of agrarian agflation, because we are not talking about the imbalance of the food problem.

However, it seems important for us to understand the mechanism of inflationary effects to consider the approaches of various economic schools to this problem.

The Russian School of Economics in its studies focuses on supply inflation. [Abel E., Bernanke B. 2010]

The American Economic School pays more attention to the problems when the actual level of inflation depends on its expected level and the costs involved.

To analyze the impact of inflationary processes, there is a set of effective methods and factor models of DuPont firm, CVP-model (cost-volume-profit), etc.

A feature of inflationary processes in agricultural production is their disproportionate development of agricultural sectors. As a rule, this effect on the reproduction process is observed as an increase in the costs of its implementation.

In such cases, an increase in the cost of production and a decrease in the production of food products occur against the background of the following circumstances: shortage of goods, lack of competition, imperfection of the mechanism of state's and consumers' influence on production costs.

The ongoing gap between industry and agriculture destroys economic ties and, ultimately, leads to an overflow of monetary resources from the manufacturing sector to the sphere of circulation.

The various impacts of inflationary processes on anti-inflationary management methods discussed above uniquely complicate the activities of the enterprise's managerial staff. This concerns planning issues, searching for additional sources of financing, interest rates on new loans and borrowings, the need to diversify own investment portfolio, etc. [Tarkhanov O. 2004, Tskhoki O.E. 2008]

In these conditions, it is advisable to invest free money in cheaper real estate, increase the size of the obligations of the enterprise, etc., which will slightly reduce the inflationary impact on the financial results of a business entity.

In our opinion, it is also advisable to show the impact of inflationary processes directly in the Capital Flow Report in management reporting, because one of the most significant components of the total capital of an economic entity is profit changes precisely under the influence of this process. At the same time, the accounting record for account 85 "Profit (loss) caused by inflation" in financial accounting should be carried out unilaterally, i.e. book this information off the balance.

4 Conclusions And Proposals

- Inflation, in addition to its negative impact on the reproduction process in the national economy, also acts as a destabilizing factor in the development of production and the stability of the financial and economic situation of enterprises through distortion of financial results.
- We consider the anti-inflationary management of the final financial results in the form of a multi-stage process, at each stage of which the development and adoption of sound management decisions on all components (planning, formation, distribution and use of profit or covering the loss of an enterprise) is carried out.
- It has been established that due to the lack of an accounting mechanism for reflecting inflationary impact, the resulting consequences are distorted, which, in turn, leads to the impossibility of organizing not only expanded, but even simple reproduction, which usually ends in bankruptcy of the enterprise.
- It is substantiated that the accounting record for account 85 "Profit (loss) caused by inflation: in financial accounting is expedient to carry out unilaterally, that is, to book this information off the balance sheet. This approach will increase the reliability of the reporting information, which is the basis for the development and adoption of sound management decisions taking into account the interests of all participants.
- It is proposed to use an integrated system consisting of private and general indicators to analyze the multidirectional groups of inflation factors.
- Opposition to inflationary impact on the final financial results at the level of an economic entity belongs to the field of microeconomics and allows you to counteract not inflation as a whole (as an economic phenomenon), but to reduce its negative impact on a specific enterprise. We are aware that at this level it is impossible to completely neutralize the undesirable effects of inflation processes on a particular enterprise (as can be done at the state level), but only to some extent mitigate the negative effects.

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