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THE INFLUENCE OF A PROFESSIONAL ACCOUNTANT'S JUDGMENT ON THE FINANCIAL PERFORMANCE OF ORGANIZATION

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ABSTRACT

Formation and development of market relations have expanded a circle of users of the accounting information, making thus reasonable demands to its quality. In these conditions, the special urgency is acquired by orientation of professional accounting judgment to a choice of the optimal methods of accounting and reflection in the statements of the information with a view of satisfaction of interests of a wide range of users. On the basis of financial statements of various companies in the article the analysis of indicators of the financial statements prior to the formation of estimated liabilities and after the first - on the basis of the judgment of the accountant, the second - on the basis of the judgment of the auditors. The goal of the work - to consider the basic approaches to determination of financial indicators, to reveal interrelation between professional accounting judgment concerning objects of accounting and the indicators characterizing a financial condition of the enterprise.

INTRODUCTION

KEY WORDS
professional judgment,
financial indicators,
quality of financial
statements, accounting
policy, accounting
methods, asset valuation

The financial statements of enterprise in its modern representation are the basic source for carrying out of complex financial analysis of the organization. On its basis, it is possible to estimate property and financial potential of the enterprise, its aggregate capital, to predict probability of bankruptcy, to reveal reserves of increase of profitability of activity, to develop the most effective strategy of development.

As professor Kulikova L.I. remarks, the financial condition of the organization is the major characteristic of provision of financial independence of the organization in its current, investment and financial activity during a researched time horizon and in the long-term [1]. Financial analysis consists in reception of an objective estimation of results of financial and economic activity of enterprise with reference to information requirements of users with a view of its further improvement and stabilization on the basis of a technique of forecasting of the basic tendencies of the future development.

However frequently users of the information have inconsistent requirements to the reporting in view of distinction of preferences. Thus, with a view of forming of accounting policy and a technique of disclosing of the information in the financial statements, allocation of priority groups of users of the accounting information which satisfaction of interests will provide indirectly and satisfaction of interests of other categories of users concerns to jurisdiction of professional judgement of the accountant.

MATERIALS AND METHODS

The theoretical basis of research is based on fundamental accounting concepts, hypotheses and the approaches presented in the classical and modern scientific economic literature. A methodological basis of work is the system approach to researched processes and the phenomena, acceptances of dialectic and formal logic. The comparative analysis, synthesis, ordering and generalization of theoretical materials, a report and grouping, analytical procedures and other methods were used in the research.

RESULTS AND DISCUSSION

In modern conditions, construction of complex accounting-analytical system allows to perform full-scale efficient control of the enterprise, creating the uniform information platform supporting process of accepting of rational economic decisions. In this connection, reasonable in the research of interrelation of substantive provisions of accounting policy and the subsequent studying of its influence on base indicators of a financial condition of the enterprise is represented [2]. The concept of a financial condition assumes the characteristic of potential of development of the company.

The analysis of interrelation of accounting policy carried out by us and indicators of a financial condition of the largest Russian companies (PJSC "Gazprom", PJSC "Rosneft", PJSC "Lukoil", PJSC "HK" Transneft", PJSC "Rostelecom", PJSC "Tatneft", PJSC "Kazanorgsyntez", PJSC «Kazancentrstroj» has allowed to specify tendencies of change of the indicators characterising a financial position of the organization depending on the chosen variant of accounting policy. So, one of tools of influence on financial reporting indicators is the chosen method of depreciation of non-current assets. At a choice of a method of depreciation on fixed assets, it is necessary to consider that methods of a reduced remainder and cost

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depletion on the sum of numbers of years of term of useful use are accelerated depreciation methods on fixed assets. Their use will lead to that residual cost of fixed assets sharply decreases already in the first years that leads to increase of coefficient of depreciation of fixed assets and change of an indicator of return on assets, reduction of size of non-current assets in the balance sheet. Application of accelerated depreciation of fixed assets increases a production cost price in the first years of use of objects of fixed assets and reduces size of the given indicator last years that influences indicators have arrived also profitability.

However, in turn, these methods allow to accumulate faster means of a depreciation fund and to direct them on acquisition of more modern equipment [3]. It is necessary to notice also that the size charged in a current depreciation period in the presence of remainders of a work in progress and not sold finished goods on the end of accounting period can influence their estimation. In addition, hence, growth of depreciation charges will lead to growth of an estimation of stocks that will make better a picture of ability to meet payments of the organization shown in the reporting [4]. At reduction of depreciation charges in such situation value of coefficient of general ability to meet payments will decrease.

At a choice of a method of charge of depreciation of non-current assets it is important to accountant to consider that application of the accelerated methods of depreciation will increase current liquidity coefficient, security coefficient own circulating assets and capital productivity, and will reduce, in turn, such indicators, as profitability of sales, return on assets.

So, in a case when objects of fixed assets, especially production appointment, act more intensively, have higher productive capabilities and bring in the big incomes in the first years of operation, for them use of a method of a reduced remainder or a cost depletion method on the sum number of years of term of useful use is reasonable. In a situation when the organization in development of production of the new goods, new productions, sectors of the market has no big incomes, charge of depreciation charges is necessary for producing from the small sums, and then to compensate them in process of increase of volumes of output and sales of items and the services which were recognized in the market. In this case, use of a method of cost depletion to proportionally volume of goods (services) is reasonable.

In view of designated above influence of methods of accounting, fixed in accounting policy, on indicators of a financial condition, for a rational choice of concrete methods of accounting it is reasonable to conduct predesign of economic and financial consequences of application of various variants.

Change of structure of the financial ratios used at the analysis of the accounting financial statements at different stages of development of the enterprise is presented in [Table 1].

Table 1: Financial ratios at different stages of development of the company

Stage of development of the company	Process, the occurring in the company	The approach to the analysis of the reporting and the most significant coefficient
The young company (The beginning of developments)	Forming development strategy by the founder (group founders)	Liquidity indicators. The indicators reflecting efficiency use of working capital. Management analysis of the internal information on management of the turnaround capital. The analysis of the indicators reflecting efficiency of systems of the financial stimulations
Average Business	Centralization of management. Allocation of the responsibility centres. Development of budgets	Indicators of profitability Efficiency of use resources, productivity of investments. Indicators of business activity. The internal analysis of execution of budgets
Exit on The international The markets The capital	Attraction investments, Capital value optimization Active gain of the market	Indicators of credit status, estimation of efficiency of cost and structure of capital, conformity of the actual rates of increase the steady The careful comparative analysis of various schemes of financing
The subsequent Stages Developments	Development of the regular functions. The strategic planning. Development regulations of behavior managers on different levels	The flexible and system approach to an estimation of financial condition. Development of specific systems of coefficients and balanced scorecard indicators

1. In the companies concerning average business, in the financial analysis it is necessary to do accent on indicators of profitability and efficiency of use of resources, marginal productivity of investments into different kinds of resources [9]. If the company is at an exit stage on the international capital markets most in details study indicators of an estimation of efficiency of a

capital structure and its cost, an estimation of conformity of actual and steady rates of increase.

As it has been noted above, the estimation of probability of repayment of the obligation and a settlement estimation of expectation financial consequences at acknowledgement of the estimate obligation are produced proceeding from judgement of administration taking into account practice of similar operations. So, an estimation of size of the estimate liability on debugging of the cloudy server given to clients of PJSC Long-distance and international electric communication "Rostelecom", generated on the basis of professional accounting judgement and the similar sum of a reserve specified from judgement of the auditor confirm influence on change of indicators of a financial condition.

PJSC "Rostelecom" offers services «Virtual COD» on a computing and network virtual infrastructure of a cloudy platform, with a guarantee of debugging of work of the server within the first year. Experts of the company have estimated the possible sum of costs for debugging and have come to a following conclusion:

- If on all cloudy servers there will be insignificant problems in work, costs for debugging next year will constitute 1 million rubles.; if they will be problems in work, costs for debugging next year will constitute 5 million rubles.

Forecasts of specialists of the enterprise on the basis of their experience in the company for last 3 years say that forthcoming year of 80 % connected to the cloudy server «Virtual COD» will not cause complaints from clients, 10 % - will have small problems and 10 % will have considerable problems in server work.

For reception of the best estimation of a reserve on debugging of the cloudy server in the described situation of PJSC "Rostelecom" has calculated the weighted average determined on the basis of products of each value on its probability of origin:

$$80 \% \times 0 \text{ rubles} + 10 \% \times 1 \text{ million rubles} + 10 \% \times 5 \text{ million rubles} = 600 \text{ thousand rubles.}$$

So, the calculated sum of a reserve will reduce financial result of the organization by debugging of the cloudy server for the current period and will be reflected as a part of short-term liabilities.

The auditors, performing check of the financial statements of the organization, with a view of an estimation of reserves on debugging of work of the server can use the statistical information by all kind of economic activities in which works as PJSC "Rostelecom" in this connection their forecast will be less optimistically:

On the basis of the data given by auditors, we will specify expectation size of costs for debugging of work of the server next year:

$$60 \% \times 0 \text{ rubles} + 20 \% \times 1 \text{ million rubles} + 20 \% \times 5 \text{ million rubles} = 1200 \text{ thousand rubles.}$$

Table 2: Indicators of incomes and PJSC "Rostelecom" expenses for 2018 at calculation of the estimate liability

Indicator		Value of an indicator 2018 prior to creation of the estimate obligation, thousand rbl.	Value of an indicator after creation of the estimate liability on the accounting period end, thousand rbl.	
The name	Designation		Variant №1	Variant №2
Revenue	N	283 952 041	283 952 041	283 952 041
The cost value of sales	C	237 601 090	237 601 090	237 601 090
Sales profit	Ps	46 350 951	46 350 951	46 350 951
Other costs	Pop	20 420 790	21 020 790	21 620 790
Profit (loss) to the taxation	P	45 317 454	44 717 454	44 117 454

Thus, using two various judgements, it is possible to receive various value of size of the created reserve that essential impact on indicators of a financial condition of PJSC "Rostelecom" can make. On the basis of given tables 2-3 the indicators characterizing a financial position of PJSC "Rostelecom", presented in table 4 have been calculated.

Table 3: Indicators of assets and liabilities PJSC "Rostelecom" at calculation of the estimate liability

##	Indicators		Value of an indicator, Variant №1, thousand rbl.		Value of an indicator, Variant №2, thousand rbl.	
	The name	Designation	On 12/31/2015	On 12/31/2015	On 12/31/2015	на 31.12.2016
The assets						
1	Non-current assets	F	496 998 524	422 821 615	496 998 524	422 821 615
2	Current assets	Q	66 212 551	112 128 568	66 212 551	112 128 568
		Ba	563 211 075	534 950 183	563 211 075	534 950 183
Equity and Liabilities						
3	Equity	lc	294 206 654	237 375 440	294 206 654	236 175 440
3.1	Share capital	lsc	7 965	7 280	7 965	7 280
3.2	Retained earnings (uncovered loss)	lre	106 211 637	133 621 996	106 211 637	132 421 996
4	Long-term liabilities	K	162 752 287	213 925 964	162 752 287	213 925 964
5	Short-term liabilities	Rp	106 252 134	83 648 779	106 252 134	84 848 779
5.1	Estimate liabilities	Rres	8 284 529	9 420 267	8 284 529	10 620 267
5.2	Accounts payable	Rtp	51 311 616	49 512 160	51 311 616	49 512 160
Total		Bp	563 211 075	534 950 183	563 211 075	534 950 183

Table 4: Indicators of an estimation of a financial condition of Open Society "Rostelecom" on 12/31/2018

Indicator	Value of an indicator		Change, %
	Variant №1	Variant №2	
Economic profitability	8,14%	8,03%	-1,34
Autonomy coefficient	0,4437	0,4415	-0,51
Financing coefficient	0,7977	0,7905	-0,91

Because the estimation of estimate liabilities on debugging with use of professional judgement of auditors above the similar estimation produced on the basis of judgement of accounting service, is observed influence of size of the created estimate obligation on indicators of financial results of organization activity [10]. So, at use of size of the estimate liability calculated by auditors, the profit squeeze to the taxation, secondly, indicators of profitability of activity of the enterprise is marked, first. So, according to table 4 it is visible that value of economic profitability at use of the first variant on 1,34 percentage points more than a similar indicator of the second variant of calculations. The similar

situation is observed and with financial soundness indicators. The coefficient of the autonomy illustrating absence of dependence of the enterprise from involved sources of financing at the first variant of calculation of the estimate obligation on 0,51 points more of the given coefficient, calculated according to the financial reporting prepared following the results of an estimation of a reserve by the second variant. The financing coefficient also on 0,91 points is more that is connected with structural change of sources of financing of property of the enterprise - decrease in size of own and long-term borrowed funds and increase in short-term liabilities.

Summing up, it is necessary to notice, that in modern conditions construction of complex accounting-analytical system allows to perform full-scale efficient control the enterprise, creating the uniform information platform supporting process of accepting of rational economic decisions [11]. In this connection, reasonable research of interrelation of substantive provisions of accounting policy and the subsequent studying of its influence on base indicators of a financial condition of the enterprise is represented.

CONCLUSIONS

The article makes a significant contribution to the development of the theory and practice of accounting and reporting, in particular, by deepening ideas about the possibilities of implementing full-scale effective management of an enterprise by creating a single information platform to support the process of making rational economic decisions.

CONFLICT OF INTEREST

There is no conflict of interest.

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FINANCIAL DISCLOSURE

None.

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