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Financial Management as a System of Relations of the Enterprise for Highly Efficient Management of its Finances

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ABSTRACT

At the current stage of development of Russia's financial system, with quite high risks and interest rates, with only just gaining strength the stock market and the upcoming large-scale entering the domestic companies interest in the theory and practice of functioning of developed markets for financial instruments is obvious. Today, Finance of a business entity is an indicator of its competitiveness, indicator of its viability in a market economy. The complexity and diversity of internal and external financial relations of the enterprise determines the need for the effective management of its finances. Financial management of individual businesses was allocated in the countries with developed market economies in the early twentieth century in a special field of knowledge which is called "financial management." The effectiveness of each control system largely depends on its information systems. In conditions of transition to market economy the known formula "time-money" is supplemented with the similar formula: "The information - money." With reference to financial management it acquires a direct sense.

Keywords: Financial Management, Management System, Management Finances, Enterprise
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1. INTRODUCTION

It is generally accepted that financial management is part of general management. Management in general can be defined as a system of economic production management which includes a set of principles, methods, forms and techniques of governance. The actual management are management science and practical designs effective leadership, understood as the art of management. Both parts deal with the management of the complex and specific phenomenon.

Management is the process of developing and implementing control actions (Silnov, 2015). The control action is the impact on the control object, designed to achieve management objectives. Generation of control actions includes collection, transfer and processing of necessary information, making decisions. The implementation of control actions involves the transfer of control actions and, if necessary, convert them to a form that is directly perceived by the object management.

Management in all its decisions, is guided by economic considerations. Therefore, any management action is an action of an economic nature. The basis of management lie a targeted search, lifelong learning and organization of work for the most efficient use of all resources, including financial. Financial management is a part of General management.

2. FINANCIAL MANAGEMENT AS A SYSTEM OF PRINCIPLES AND METHODS FOR THE DEVELOPMENT AND IMPLEMENTATION OF MANAGEMENT DECISIONS

Currently, there are many definitions of essence of financial management.

Financial management is a system of principles and methods for the development and implementation of managerial decisions associated with the formation, distribution and use of financial resources to ensure the necessary size and structure of assets in accordance with the goals and objectives of the enterprise (Lisovskaya, 2006).

One of the most common interpretations of financial management is this: It is a system of relations arising in the enterprise to attract and use financial resources. Possible and its wider interpretation that extends the subject matter of this scientific and practical direction - with financial resources to all relations, resources, obligations and results of activity of the enterprise, amenable to valuation. Given that any action to implement a financial relations (in particular, in application to commercial organizations) will immediately be reflected in its property and financial situation, suggests the following obvious conclusion: Financial management can be interpreted as a system action to optimize a financial model of the firm. You can further define the definitions. Obviously, the best financial model of a company is its reporting and its essential core - the balance sheet. And therefore it is possible definition: Financial management is a system action to optimize the balance of the economic entity. This chain of logic in the definition of "financial management" conducted by Kovalev (2014).

Stop for a simple definition of financial management, the Karaseva (2015): Financial management represents the process of formation, distribution and use of financial resources of the entity. This brief definition captures the essence of such a broad notion as financial management (Goryushkina et al., 2016).

Management decisions in the financial management system is based on a number of interrelated fundamental concepts, developed in the framework of the theory of finance. Lisovskaya identifies the following basic concepts (Lisovskaya, 2006):

1. The concept of the time value of money is that the value of money over time varies with the profit margin in the financial market, which is usually the rate of interest on loans. Thus, the same amount of money in different periods of time has a different value and the value of money now is always higher than in any future period. This disparity is determined by three main factors: Inflation, risk of loss of income in case of investment and the characteristics of money, considered as one of the types of current assets.
2. The concept of considering the factor of inflation is the need of a real reflection of the value of assets and cash flows and to provide compensation for loss of incomes caused by inflationary processes, in the implementation of long-term financial transactions.
3. The concept of risk factor analysis is to assess his level to ensure the necessary level of profitability of financial and economic operations and develop measures to minimize the negative financial impact. Under the yield understand the ratio of income generated by a specific asset, a percentage of the investment in this asset.

Financial management aims to control the movement of financial resources and financial relations arising between entities in the process of movement of financial resources. The question of how to skillfully lead these movements and relationships, is the content of financial management. Financial management represents the process of developing the objectives of financial management and the implementation of impact on the Finance with the help of methods and levers of the financial mechanism to achieve this goal (Kolchina, 2011).

Thus, financial management involves the strategy and tactics of management. Under the strategy in this case refers to the general direction and way of using tools to achieve this goal. This method corresponds to a certain set of rules and restrictions for decision-making. Strategy allows you to focus on the solution, not contrary to the adopted strategy, rejecting all other options. After the goal the strategy as the direction and the means to achieve it ceases to exist.

Financial management as an economic management body of the entity is a part of the management staff, of the leadership of these businesses. In large enterprises into joint-stock companies in such a control apparatus can be financial directorate, headed by a finance director or chief financial manager.

3. FORMATION AND STRUCTURING OF THE SYSTEM OF FINANCIAL MANAGEMENT, BASED ON THE PRIORITY TARGETS

Formation and structuring of the system of financial management in a firm is based on the priority of targets, facing her, i.e. created the system shall, to the extent possible contribute to the achievement of certain goals both firm-wide and single-purpose character (Kovalev, 2014).

In the general case, talking about a set of economic goals, the achievement of which is a sign of the successful functioning of the system of financial management in the firm; in particular, it is to avoid bankruptcy and a major financial failures, the leadership in the fight against competitors, the growth of production and sales, maximize profits, engage in a particular niche and market share of products.

In control theory, including the theory of financial management, has long been debated the question of what kind of figure can be identified as the primary target and criteria for success of the company. In principle, depending on different circumstances can be the expediency and preference of orientation to one or another criterion, qualitative or quantitative indicator. However, it does not require special justification to the assertion that, most likely the only, in all cases suitable reference simply does not exist. Depending on the particular situation, activity, appointment of firm (or project), and many other circumstances, as the target may be a particular criterion. In the most General case we speak of two basic approaches, oriented: (1) To increase capitalization, (2) at sustainable profit generation (Kovalev, 2014; Shkurkin et al., 2015).

In accordance with the first approach, the contents and the main target the installation of the system of financial management of the company are to maximize the wealth of its owners through rational financial policy. Quantitative confirmation of adherence to the target setting is evident in the increase in the market price of the shares of the company. In other words, the main criterion is the upward trend of prices of shares of the company (or, alternatively, market cap growth).

Of course, both of the aforementioned approach is closely interrelated. However, what would be the criterion or system of criteria nor indicators were selected as target benchmarks for the activities of the firm, the profit figure must be taken into account.

Note that the priority target setting, involving the maximization of market value of the company and therefore the wealth of its owners, is much more common. He is mentioned in almost all the classic manuals on financial management.

The increase in market value of the company is achieved by:
a. Generate stable current income in an amount sufficient for the payment of dividends and reinvestment to maintain specified volumes of production or their capacity;
b. Minimize production and financial risks due to the choice of an economically justified main activities, the total diversification of activities and optimization of structure of sources of funds;
c. Attract seasoned management personnel.

Specification and detail ways to achieve the main target of the installation is carried out by constructing the tree of objectives. At the same time can stand out in the market, financial, economic, technological and social goals (Kovalev, 2014).

The first is the provision of favorable changes in key market indicators: Profit, market capitalization, income (profit) per share, return on equity, etc.; second-class niche market products, gaining a certain market share, provide a specified dark growth property potential and (or) profit, etc.; third is to ensure the profitability of individual plants and divisions.

As each management system, financial management has its own system-specific management objects: Assets and liabilities, investments, profit, credit, etc.

Given objects of management it is possible to allocate the basic directions of financial management (Karaseva, 2015):
1. Formation of financial capital structure;
2. Creation of assets;
3. Management of circulating assets;
4. Management of non-current assets;
5. Managing investments;
6. Management and formation of own financial resources;
7. Management of borrowed funds;
8. Financial risk management.

Formation of financial capital structure is aimed at determining the overall capital requirements (initially the authorized capital) for financing generated by assets of the company, the study and analysis of alternative sources of funding.

Formation of the assets associated with the identification of real needs in certain types of assets and defining their sum as a whole on the basis of the envisaged volume of activity of the enterprise.

Management of circulating assets is the most important activities of the financial staff of the firm. It is primarily the analysis of duration of individual cycles of the turnover of working capital: Ensuring the acceleration of the asset turnover, reducing accounts receivable, improving the efficiency of comprehensive utilization of current assets (Lobova and Bogoviz, 2015).

Management of non-current assets (fixed assets) achieves goals while ensuring effective use of fixed assets, identifies the need to increase fixed assets and upgrading; the introduction of measures that increase the return on assets non-current assets (Silnov and Tarakanov, 2015).

Investment management - The main objective of the investment policy of the company; evaluation of investment attractiveness of real projects and the selection of the most effective. Special attention in the investment management process must be given to the choice of forms and sources of their financing, optimization of structure of sources of investment resources.

Management of formation of own financial resources - definition of needs in their own financial resources for implementation of the economic strategy of the enterprise and achievement of target financial structure of the capital. The focus in this activity should be given to increased profits, Fund depreciation, non-operating income.

Objects of management of borrowed funds serve as the definition of total demand for borrowed funds, to optimize the ratio of short-term and long-term debt, optimization of forms and sources of raising borrowed funds; drafting of private loan agreements (Beloglazova, 2010).

Financial risks management the main attention is directed to the identification of the composition of the likely financial risks inherent in the operational, economic and investment activity of the enterprise. Assessment of the level of these risks and their consequences is reduced to the formation of a system of interventions for the prevention and minimization of separate financial risks, and their internal and external insurance.

Finance - an integral part of monetary relations, so their role and value depend on what place in the money relations in economic activity. The system of the financial relations managing subject can be summarized as follows (Polyak, 2014).

Financial relationships with suppliers and customers is the foundation of entrepreneurship. These relationships are built on a contractual basis and require fulfillment of all contract terms, especially on monetary payments (Podyablonskaya, 2011; Borisova et al., 2014).

Financial relations with financial-credit system are diverse and also require fulfilling its obligations to the budget, banks, insurance companies, stock market. Since companies have full financial and economic independence, they bear full responsibility for the results of their activities (Myagkova, 2011).

Financial relations arise between the credit system for bank loans and their repayment in a certain period with the payment of interest for use; with insurance companies regarding insurance of property and payment of insurance premiums upon receipt of the insurance indemnity. Financial relations can also be traced between enterprises and the state financial authorities in paying their taxes and levies to the budget system for financing public expenditure.

Financial relations within the enterprise include the interrelationship of all the structural units and staff. These relationships include distribution of profits, depreciation Fund, investment funds. Relations with workers and employees - is the formation and payment of wages, bonuses, financial aid, withholding and payment of taxes from incomes of physical persons (Belozerov and Gorbushin, 2010).

There are also financial relations with the founders and shareholders involved in the financial relations concerning the distribution of profits, dividends, increase share capital, equity contributions.

There are financial relations with staff regarding the formation of the wage Fund, promoting growth of labor productivity at the expense of the accumulation fund.

Other financial relationship with the trade union organizations, public organizations of culture, red cross society, society for the protection of children, etc.

The complexity and diversity of internal and external financial relations of the enterprise determines the need for the effective management of its finances.

Is the financial management of individual businesses was allocated in the countries with developed market economies in the beginning of XX century in a special field of knowledge which is called "Financial management." It financial management answers the questions: How much need cash where to find and how to manage rationally with high return.

4. THE CONTENT OF THE FUNCTIONS OF A SPECIALIST IN FINANCIAL MANAGEMENT

Up to the present time has not developed a unified understanding of the substantive content of the functions of a specialist in financial management. However, it is possible to formulate two main approaches.

The first approach represents the financial Manager as a specialist in communication of large companies with capital markets. The logic of the approach is as follows. The main source of funding of the company is the capital market. The company's entry into this market means the issuance of its securities and their placement on the market. Financial manager in a sense just specialized on a similar business. Together with a financial Advisor it determines the feasibility of emission securities, their type, value, accommodation.

Thus, the treatment of financial management is a field of activity in the capital market aimed at large-scale investment and (or) the borrowing of funds; specialist, to professionally organize such activities and demonstrates a financial Manager. In this case, the financial Manager is a person external to the firm, hired to perform specific operations on the capital market.

In the second approach a financial Manager is a specialist responsible for important decisions in the field of investment and financing. Since the concept of investment and financing are not confined only to the operations of the stock markets (for example, the choice of the structure of current assets, the rationale of the system of credit customers, assessment of the appropriateness of a particular source of financing of current activity), the scope of activities of the financial manager in this sense is much broader. It needs to have an idea not only about the features of the functioning of financial markets, but also the financial flows within the company and methods of their optimization.

5. THE REQUIREMENTS OF THE FINANCIAL MANAGEMENT SYSTEM

The information included in the financial management system at the enterprise, should meet the following basic requirements:

The importance which defines how much involved information influences results of accepted financial decisions, first and foremost, in the process of formation of financial strategy of enterprise, the development of a purposeful policy on separate aspects of financing activities, preparation of current and operative financial plans.

Completeness, which characterizes the completeness of the circle of informative indicators necessary for the analysis, planning and acceptance of operative administrative decisions on all aspects of financial operations.

Reliability which defines how much formed information adequately reflects a real condition and the results of financing activities, truthfully characterizes the external financial environment, is neutral with respect to all categories of potential users and check.

The timeliness that characterizes the compliance of the generated information needs in the period of its use. Certain types of informative indicators used in financial management, "live" in its information system in quantitative terms unchanged for one day (for example, foreign exchange rate individual Fund and monetary instruments on the financial market), others - a month, quarter, etc.

Clarity, which is determined by the simplicity of its construction, meet the specific standards of submission and availability of understanding (the adequacy of its interpretation) those categories of users for whom it is intended.

The relevance (or selectivity), which determines a relatively high degree of use of the information generated in the process of financial management of the enterprise. The overflow of information system of financial management complicates the selection process needed informative data for the preparation of specific management decisions, leads to the formation of alternative unimportant projects of these decisions, increases the cost of the process information support financial management of the enterprise (Barmuta et al., 2015).

Comparability, which determines the possibility of a comparative estimation of cost of separate assets and results of financial activity of the enterprise in time, possibility of conducting comparative financial analysis of the enterprise with similar managing subjects, etc.

Efficiency which with reference to formation of information system of financial management means, that expenses on attraction of certain informative indicators should not exceed the effect received as a result of their use in the preparation and implementation of appropriate management decisions.

6. THE SYSTEM OF INDICATORS OF INFORMATION SUPPORT OF FINANCIAL MANAGEMENT, FORMED OF EXTERNAL SOURCES

The system of indicators of information support of financial management, formed of external sources is divided into four main groups. The indicators characterizing economic development of the country. The system of informative indicators of this group serves as a basis for the analysis and forecasting of conditions of the external financial environment of functioning of the enterprise at acceptance of strategic decisions in the field of financing activities (strategy of development of its assets and capital, investment activity, formation of system of perspective target indicators of financial management). Formation of system of indicators of this group is based on published government statistics.

The indicators characterizing the financial market conditions - The system of informative indicators of this group serves for acceptance of administrative decisions in the field of formation of a portfolio of long-term financial investments, realization of short-term financial investments, attraction of credits, foreign exchange transactions, and other aspects of financial management. Formation of system of indicators of this group is based on publications of periodic commercial editions, share and currency exchanges, and also on corresponding electronic sources of information.

The indicators characterizing the activities of contractors and competitors - The system of informative indicators of this group is mainly used for acceptance of operative administrative decisions on separate aspects of formation and use of financial resources. These indicators are formed usually in a cut of following blocks: "Banks;" "Leasing companies;" "Insurance company;" "Investment companies and funds;" "Suppliers" "Customers" "Competitors." The source of formation of indicators of this group are the publications of accounting materials in a press (on separate kinds of managing subjects such publications are obligatory).

Regulatory indicators - The system of these indicators is taken into account in the preparation of the financial decisions connected with features of state regulation of financial activity of enterprises. These indicators are formed usually in the context of two blocks: "Regulatory indicators via different aspects of the financial activities of the enterprise" and "Regulatory performance indicators on the functioning of individual segments of the financial market." The source of formation of indicators of this group are legal acts adopted by different bodies of public administration (Kochergin, 2011).

7. THE SYSTEM OF INDICATORS OF INFORMATION SUPPORT OF FINANCIAL MANAGEMENT, FORMED OF INTERNAL SOURCES

The system of indicators of information support of financial management, formed of internal sources is divided into three groups. The financial statements of the company. The system of informative indicators of this group is widely used both external and internal users. It is used in the process of financial analysis, planning, development of financial strategy and policy on the main aspects of financing activities, gives the most aggregated submission about results of financing activities of the enterprise.

The advantage of this group of indicators is their commonality; a clear regularity of formation (in the established standard terms); high degree of reliability.

At the same time, information base, formed on the basis of financial accounting has certain disadvantages, the main of which are: Indicators only for the enterprise as a whole; low frequency of development (usually once a quarter, and some form of reporting only once a year); the use of only value indicators.

The indicators included in this group are divided into three main sections.

Indicators of management accounting of the enterprise. System this group of indicators used for current and operational management of virtually all aspects of financial operations, to the greatest extent in the process of the financial providing of operating its activities.

In comparison with financial managerial accounting has the following main advantages: It reflects not only cost, but also natural values (and, therefore, trends in prices of raw materials, finished products, etc.); periodicity of submission of results of managerial accounting fully complies with the requirements of the information for acceptance of operative administrative decisions (if necessary the information can be represented even daily); this account can be structured in any cut - on the responsibility centers, types of financial activities, etc. (while the aggregation of indicators for the enterprise in General); it may reflect individual assets taking into account inflation, cost of money in time, etc. the

Results of this accounting are the company's commercial secret and should not be provided to external users.

Groups of indicators are formed in the process of management accounting is usually in the following blocks:

a. According to the spheres of financial activity of the enterprise;
b. According to the regions (if the enterprise characteristic of the regional diversification of financial activities);
c. For responsibility centers (created by the company cost centers, revenue, profit and investment).

Management accounting is built individually for each company and must be primarily subject to the informative task of ensuring the operational financial management.

Regulatory and planning indicators related to financial development. These indicators are used in current and operational control over the implementation of financial activities. They are formed directly at the enterprise in the following two units:

a. A system of internal regulations on the financial development of the company. The system included standards for certain types of assets, ratios of ratios of certain types of assets and capital structure, the norms of specific consumption of financial resources and costs, etc.;
b. The system of planned indicators of financial development of the company. Part of the indicators of this unit includes the entire set of indicators of current financial and operational plans of all types.

8. RESULTS AND PERSPECTIVES OF RESEARCH

It is easy to see that the organization financial services provides for monitoring within the designated areas. Each enterprise regularly prepared financial plan and the annual report; the asset side of the balance to justify the decisions of an investment nature; the liabilities side of the balance assesses the state of the sources of funding; statement of profit and loss, reporting in dynamics, allows to judge about the profitability of enterprises, on the average; the cash budget, records and accounts and the report on movement of funds allow analytical evaluation and to monitor the status of payment and payment discipline (Neshitov, 2012).

Information system of financial management is a functional system that provides the continuous and deliberate process of selection of relevant indicators needed for the analysis, planning and preparation of effective operational management decisions on all aspects of financial operations.

Information system of financial management is designed to provide the necessary information not only the managerial staff and owners of the enterprise, but also to satisfy the interests of a wide range of external users.

External users use only that part of information which characterizes results of financing activities of the company and its financial condition. The vast majority of this information is contained in official financial statements submitted by the enterprise.

Internal users along with above, use a significant amount of information on the financial activities of the enterprise, representing a commercial secret. In addition, internal users use a significant range of financial indicators generated from external sources, which are also included in the information system of financial management.

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