Abstract—The information systems of the enterprises and organisations are rather varied and complex due to the many entrepreneurial forms, the diverse activities and the various internal and external information needs. The responsibility of the controlling unit includes the development of the reporting system and the coordination of the preparation of the reports. The aim of the reporting system is the provision of the accurate and tailor-made information necessary for the different management levels and responsibility areas of the company in order to perform their tasks and to make their decisions. The structure of the reports should correspond to the structure of the planning. As we may only receive appropriate information by comparing the planned and the actual figures like that. The reporting system of the Asset Management Inc. has a twofold task, first of all, it provides information related to the operating costs of the holding organisation, and on the other hand the assessment of the activity of the associate companies is performed via the system.

Keywords—Asset Management, controlling, reporting system, report

I. INTRODUCTION

The primary aim of the controlling function is the accurate and reliable information provision for the management in due course with regard to the position and the continual operation of the company. A very important element of this complex information system is the controlling information system, which is primarily aimed at the satisfaction of internal needs and the support of the internal management of the enterprise or the organisation. The reporting system provides information for the different management levels, within the framework of which the information is collected and forwarded to the budget responsible in the appropriate form. The preparation of the report is the task of the accounting department in general. The controller shall provide for
1) the proper information,
2) in proper detailedness,
3) at the due time,
4) at the due place and
in the proper form to be at disposal. [1]

II. THE REPORTING SYSTEM

Hungarian accounting standard is in harmony with european legislation. ESA 2010 sets out a methodology (Annex A) on common standards, definitions, classifications and accounting rules that must be used for compiling accounts and tables in a comparable way for the purposes of the EU. It also set out a program (Annex B) with deadlines by when EU countries have to send Eurostat these accounts and tables.

The data will be used for the coordination of economic policymaking between EU countries and the coordination of fiscal policies (especially through ratios of government debt and deficit), which are part of the EU’s economic and monetary union (EMU), which in turn underpins the euro. [2]

The reasons for the accounting system include the following:
1) policymaking in the Union and monitoring of the economies of EU countries and of the economic and monetary union (EMU) require comparable, up-to-date and reliable information on the structure of the economy and the development of the economic situation of each EU country or region;
2) the Commission plays a part in monitoring the economies of EU countries and of the EMU and reports regularly to the Council on the progress made by EU countries in fulfilling their obligations relating to the EMU;
3) EU citizens need economic accounts as a basic tool for analyzing the economic situation of an EU country or region;
4) the Commission can use aggregates of national and regional accounts for EU administrative purposes and, in particular, budgetary calculations.

EU countries have to provide the Commission (Eurostat) with a report on the quality of the data to be sent. The Commission (Eurostat) will then assess the quality of the data sent. [3]

The reporting system of companies must be developed and operated in accordance with the legislation (EU, Hungarian) and the requirements of the management.

The controller should take the followings into consideration when developing the reporting system:

Concordance: The reporting system should be in close logical and content connection with the planning system. Timely synchronising shall be interpreted by that, that is, in case the plan is prepared on a monthly basis, then the report should be prepared on a monthly basis as well. On the other hand, structural synchronism, which means, that the reporting system should correspond to the
planning system in their structure, that is, ‘it is advisable to measure what the plan was’.

Opportunity for intervention: The reporting system is useful for the management in case it provides the opportunity for real intervention. A precondition for that is first of all that it should be prepared on time. Another important precondition is that it should be as overall as possible. That is, intervention should be well grounded on the basis of the assessment, and the management should not return the report for further complementation. On the basis of the two aspects, it is clear that the tasks of the controller also includes that he should find the unified concordance between thoroughness and timely availability. This is of course influenced by the periodicity of the operation of the company, that is, by time intervals when the ‘production’ processes of the company may be measured in full, and by the technical conditions of the operation of the reporting system.

The aim of the controlling, contrary to the traditional reports, is that it provides all levels of the management of the company with easily-to-reach, standardised and unified information necessary with regard to decision making. The decision oriented system of the reports provides information for the decision makers necessary with respect to the management of the company. The information is appropriate with respect to the management of the company in case they support planning and control sufficiently. One of the major objectives of planning is the improvement of company management. The targeted values are always determined for each responsibility areas in the form of target figures during planning. The aim of the controlling reporting system is to compare the predetermined values, the planned or targeted data with the relevant or actual data in a well regulated, up-to-date and transparent form. The analysis of the deviations may provide an answer for their reasons and also guidance related to the introduction of the targeted correction measures. The reports should include how much the certain company units and areas managed to achieve the targeted objectives and where is a need for taking supplementary measures. The reports may not be autotelic, they must result in reaction and arrangements. The analysis of the results is performed jointly by the controlling and the professional unit concerned so that the acceptance of the results of the analysis and the execution of the measures is ensured.

User friendly attitude is of great importance in case of the acceptance and the success of the reports. This primarily means that the information must be filtered and packed in accordance with the needs of the users. By applying information packs there are reporting hierarchies, which consider the prevailing tasks. The following table includes the contents of the different hierarchical steps. [4]

<table>
<thead>
<tr>
<th>Management level</th>
<th>The characteristics of the information included within the controller report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management, Board of Directors</td>
<td>Brief, summarised report, monthly, quarterly year, mid year, financial and cost reports, and reports on the results of the company. The management likewise needs balance sheet data, liquidity ratios, the data related to total sales revenues, and expenditures, and to the development of the costs as well as the strategic ratios.</td>
</tr>
<tr>
<td>Area manager</td>
<td>The results of the unit Monthly cost and productivity information are necessary for the continual control mechanisms to achieve the objectives. e.g. Turnover, contribution margins, etc.</td>
</tr>
<tr>
<td>Executive of the cost centre</td>
<td>Primarily data directly related to the competence of the executive of the cost centre, such as e.g. deviations from the planned figures, portfolio data, working hours, etc.</td>
</tr>
</tbody>
</table>

Requirements of the reporting system at the Debrecen Asset Management Inc.

International and domestic examples likewise prove that the local governments are not able to properly manage and control their economic organisations within the traditional framework due to their several other base tasks. It is a trend in Hungary in the 21st century that the local government owned business organisations are uniformly managed. The successful implementation of the uniform management system provides the city and its citizens with great economic advantage. Different alternatives may be found within the domestic practices of the uniform corporate management; however, the experience so far imply that management within the framework of a holding system enables the most efficient operation of the assets of the local governments. [6] Several advantages of the uniform management of the local government owned companies are known. The interest enforceability of the owner increases, asset management becomes more effective, savings are realised through synergies, and the level of the services is improved. While the employees of the organisation performing the uniform management perform expert management, the expectations towards the economic organisations are differentiated; and so they may be incited for the efficient operation, and for the higher level satisfaction of the consumer needs. The alternatives of the uniform management:

There are different alternatives to the uniform management, which are all successful within the international and Hungarian practices. The alternatives to the uniform management are as follows:
1) Uniform company: The different business activity areas (the present companies) are unified into one business organisation, that is, their previous legal independence extinguish. A uniform company may be established if the local government has 100% ownership in all of the companies to be involved in the merger.

2) Company group: concern type management: the managing company has double function: first of all, they perform the basic activity within the framework of the company, and they likewise perform the management of legally independent companies.

3) Company group: holding type management. [6]

In the literature the concept of a concern is defined clearly, whereas no standardised interpretation has been established regarding the concept of the holding either in theoretical or in practical spheres. The Holding means such a company group, where the centre basically financially manages (as an owner, ~ as an asset manager) the otherwise separate economic organisations with legal entity, holding a portfolio attitude, without performing any basic activity. A holding is the managing company of a concern, and likewise the entire company group is provided the same name. When examining the original meaning of the holding, we may encounter a concept definition, according to which the holding is such a managing company, which manages the member companies only with the tools of asset management on the basis of its share within the member companies.

However, we shall note with regard to this definition, that the managing company does not only apply asset management in many cases related to the companies managed, but they enforce other aspect as well during their management. According to the most commonly accepted definition of the holding, it is the legally separated managing company of the concern, which manages the whole concern organisation with strategic and/or financial-asset management tools. In case of a holding, the managing company only performs the management of the member companies and it does not perform any basic activity. [7]

In Hungary it was Debrecen, who first committed themselves to introduce the new company management attitude back in 2000. The management and the asset management of the 100% local government owned shareholding companies and limited liability companies are performed by a separate private limited company (shareholding company established with closed foundation) founded for this reason. The reason thereof is that the Debrecen Asset Management Plc. (Debreceni Vagyonkezelő Rt.) holds an outstanding role among the solutions provided for the asset management of the shareholding of the local government companies considering the size, the significance and the realised results.

The requirements related to the tools of holding controlling were also defined along with the general requirements related to the controlling system. The reporting system shall comply with the following requirements:

1) It shall provide unified and proper information regarding the associate companies of the holding.

2) It shall be in concordance with the planning system.

3) It shall not only present the possible deviations, but it shall likewise support them with the analytics, and shall provide reasons for the deviations and give opportunity for the determination of the recommendations regarding the measures to be taken.

4) It shall focus on the changes and the extraordinary events within the activity and the indices of the company.

5) It shall provide different aggregated information regarding the different management levels.

6) It shall present the development of the financial and pecuniary position of the associate companies.

7) It shall provide such information, which is suitable to assess the activity of the associate companies compared to the benchmarks of their industrial sector.

8) There shall be standardised and ad hoc reports as well. [5]

Regular reports may be standardised, whereas ad hoc reports depend on the specific case. Regular reports take the information needs of the responsibility areas into consideration. They result in action and make actions, that is, management necessary. However, ad hoc reports are compiled on the basis of extraordinary events and situations. [1]

The main characteristics of the reporting system:

1) Clear, unified language.

2) The structure of the planning and the reporting system is correspondent with respect to content and detailedness.

3) The reporting system provides the different management levels and responsible persons with data and reports relevant to their decision making adhering to their information needs.

4) The reports are short and consistent.

5) The reports present the plan-actual data deviations and due to the explanations thereof they are suitable for taking measures and making decisions. The reports indicate which deviations need immediate intervention.

6) The reports provide for the filtering of the distortion of the information deriving from the fluctuation of the data of the given period and the future orientation by determining the expected value.

7) A most important feature of the reports is that they are up-to-date as no measures may be taken on the basis of delayed information.

8) Beside the regular reports the extraordinary (ad hoc) reports are of high priority, which call attention to the deviations exceeding the tolerance limits and to the extraordinary events, trying to find a reason for them.

9) Indices have great importance within the reporting system as basic information may be packed by their support and complex facts and correlations may be expressed by one piece or line of data.

10) Apart from the financial indices, other index numbers are of great importance, such as quality,
companies must compile the following Report Books:

1) The reporting system provides for the possibility of obtaining cross-level information beyond the reports complying with the structural hierarchy.
2) A part of the data of the management information system derives from the controlling system (plan and actual data, deviations, expected value), whereas the rest of the information comprises of technical and other internal and external information satisfying the specific management needs. [3]

III. THE REPORTING PROCESS

A two-level reporting system was established at the company group similarly to the controlling system. The lower level comprises of the reports of the associate companies. The reports of the associate companies have a structure correspondent to the plans, although they have a broader content and they are aimed at the introduction of the activity of the associate companies. Although the reports primarily include financial data, other indices may be found therein as well. The users of the reports of the associate companies are the directors of the holding, who are capable of taking effective measures fostering the activity of the associate companies on the basis of the data of these reports.

The other level of the reports comprises of the reports of the company group. The reports of the company group are used by the directors, the Board of Directors and the Supervisory Board of the holding for assessing the performance of the whole company group. These reports include consolidated statements and financial indices beyond all the reports of the associate companies.

Reporting is a continual activity performed throughout the entire year. The basis thereof is the monthly, quarter year and annual reports, which are complemented by the so called flash reports. The latter is compiled on a monthly basis; however, flash reports may be requested at any time.

IV. THE ELEMENTS OF REPORTING SYSTEM

The reporting system comprises of four different types of reports (Flash report, Monthly report, Quarter year report, Annual controlling report), the structure of which are similar in many respect.

All the four different types of reports are compiled in a separate Report Book. Accordingly, the associate companies must compile the following Report Books:
1) Report Book including the Flash Reports,
2) monthly Report Book,
3) quarter year Report Book,
4) annual Report Book.

The reports of the different areas are included in the Report Book. The general structure of the Report Book of an associate company is as follows:
1) The summary of the most important events of the reporting period in maximum one page.
2) The report sheets of the different economic areas and the special indices on a separate page each.
   a) Charts and tables
   b) Graphs including the preferential data.
   c) Written complementation.
   d) Status description (a few sentences, highlighting the reasons from the deviations).
   e) Suggestions for the measures to be taken (action, responsible person, deadline, resource).

There are also four different types of the consolidated Report Books introducing the activity of the company group, which are basically built upon the reports of the associate companies; however, they are complemented by the report sheets enabling the comparative analysis of the associate companies.

The general structure of the consolidated Report Book of is as follows:
1) The summary of the most important events of the reporting period on company group level in maximum one page.
2) The report sheets of the different economic areas and the special indices on a separate page each.
   a) Charts and tables
   b) Graphs including the preferential data.
   c) Written complementation.
   d) Status description (a few sentences, highlighting the reasons from the deviations).
   e) Suggestions for the measures to be taken (action, responsible person, deadline, resource).
3) The report sheets enabling the comparative analysis of the associate companies (in one page as per economic areas, on the basis of the actual data)
   a) Charts and tables
   b) Graphs including the preferential data.
   c) Written complementation.
   d) Status description (a few sentences, highlighting the reasons fro the deviations).
   e) Suggestions for the measures to be taken (action, responsible person, deadline, resource).

Therefore, as we can see from the above general structure, the length of an associate company Report Book is approximately 4-10 pages (introduction + one report sheet as per each area). The consolidated Report Book is similarly short; however, it is complemented by the data enabling the comparison of the associate companies.

The compilation of the reports in practice is performed (apart from the Flash Reports) so that the persons preparing the reports fill detailed ‘background tables’, the structure of which is correspondent to the structure of the plan, and most of the data included therein are automatically included in the tables included in the report sheets (apart form a few indices). However, these
background tables are not presented in the Report Books, they are only forwarded to the holding in electronic form.

V. THE DESCRIPTION OF THE DIFFERENT REPORT TYPES

Flash Report

The Flash Report should be compiled on a monthly basis until the 5th banking day of each month following the base month. The aim of the Flash Report is to most rapidly indicate the possible non-wanted changes to the executives of the company so that they should have sufficient amount of time to take the necessary measures.

Therefore, the Flash Report focuses on the essentials, it only includes the most important data, which are at disposal with proper accuracy, and which may indicate the possible troubles.

The task of the Flash Report is to provide the managers with information with regard to the fact in case certain indices are not corresponding to the expectations, or reach a certain critical value. The executives of the associate companies and the holding jointly determine the critical values as per each index number included in the reports at the beginning of each reporting period, in case these values are reached (or not reached) the system visually warns about the deviations. The determination of the critical values is performed at the planning period; however, these values are revised at the beginning of the reporting period.

The non-wished deviations from the planned figures are indicated by the colouring of the cell of the actual data: it becomes yellow in case the value is between the critical and the planned value, red in case it reaches or exceeds the critical value in the non-wished direction.

The Flash Report is different from the other reports apart from its being simple as the tables included in the report sheets do not need to be filled with the actual data, and there is no need to fill the detailed ‘background tables’.

Monthly Report

The Monthly Report should be compiled on a monthly basis until the 25th day of each month following the base month. The aim of the Monthly Report is to provide brief but accurate information regarding the most important economic events of the past month.

The task of the Monthly Report is to present the deviations from the planned data and to create the opportunity for analysis.

Detailed ‘background tables’ are prepared when compiling the Monthly Reports, and the model automatically forwards these data from the tables to the tables included in the report sheets.

The tables included in the Monthly Reports cover more economic areas and include more data lines than the tables of the Flash Report.

### TABLE II

**The Process of the Compilation of the Flash Report [5]**

<table>
<thead>
<tr>
<th>Task</th>
<th>Deadline</th>
<th>Person responsible</th>
<th>Approved by</th>
</tr>
</thead>
<tbody>
<tr>
<td>The compilation of the Flash Report of the associate company</td>
<td>The 5th banking day of the next month</td>
<td>Executives of the professional area of the associate company</td>
<td>Executive of the associate company</td>
</tr>
<tr>
<td>The preparation of the recommendations of the action plan in case of significant deviations from the planned figures</td>
<td>The 5th banking day of the next month</td>
<td>Executives of the professional area of the associate company</td>
<td>Executive of the associate company</td>
</tr>
<tr>
<td>Delivering the Flash Report and the recommendations for the action plan and approving thereof</td>
<td>The 5th banking day of the next month</td>
<td>The controlling director of the associate companies</td>
<td>The chief executive officer of the holding</td>
</tr>
<tr>
<td>Providing opinion regarding the recommendations for the action plan and approving thereof</td>
<td>10th day of the next month</td>
<td>The area directors of the holding</td>
<td>The chief executive officer of the holding</td>
</tr>
</tbody>
</table>

Quarter year report

The Quarter Year Report should be compiled every quarter year until the 30th day of each month following the period under review. The aim of the Quarter year report is to provide an overview of a larger period of the year and to try to forecast the expected development of the actual values. This must be performed primarily within the narrative introductory part of the report as the Quarter year report basically corresponds to the amount of the 3 Monthly Reports of the given period with respect to the quantitative data. The Quarter Year Report differs form the Monthly Report in case of two significant points. The reporting tables prepared on the basis of the Investment and the Educational Plans are included only within the Quarter Year (and the Annual) Reports, and the Quarter Year Report must be complemented by the calculations related to the expected values.
The annual controlling report

The Annual controlling report must be compiled on an annual basis until 28 February of the year following the base year. The aim of the Annual controlling report is to provide an overall picture of the activity of the past economic year, and the activity of the associate companies and the entire company group, as well as to enable the comparison of the data with the past periods. Its structure corresponds to the structure of the Quarter Year Report; there are differences only within the report table columns.

There are examples for relations of opposite directions between the controlling and the accounting reporting systems. Filtering the internal accumulations at the time of the preparation of the consolidated accounting report is performed on the basis of the Controlling Report.

VI. CONCLUSION

The reporting system was developed in order to fulfil the objectives as it provides accurate and tailor-made information necessary for the different management levels and responsibility areas of the company in order to perform their tasks and to make their decisions.

The reporting system, in accordance with the planning system, ensures the accountability of the plans in line with the will of the owners, and likewise it increases the results of the company group by tightening the economic discipline.

The controlling reporting system is inseparably connected to the accounting system; it obtains its basic data from the accounting data bases. Accordingly, the two systems were developed along one another to avoid parallelisms.

REFERENCES


### TABLE III

<table>
<thead>
<tr>
<th>Task</th>
<th>Deadline</th>
<th>Person responsible</th>
<th>Approved by</th>
</tr>
</thead>
<tbody>
<tr>
<td>The compilation of the Annual controlling reports of the associate companies</td>
<td>28 February of the year following the base year</td>
<td>Executives of the professional area of the associate company</td>
<td>Executive of the associate company</td>
</tr>
<tr>
<td>Forwarding the annual controlling reports of the associate companies to the holding</td>
<td>28 February of the year following the base year</td>
<td>The controlling director of the associate companies</td>
<td>The chief executive officer of the holding</td>
</tr>
<tr>
<td>The compilation of the Annual controlling reports on company group level</td>
<td>28 February of the year following the base year</td>
<td>The controlling director of the holding</td>
<td>The chief executive officer of the holding</td>
</tr>
</tbody>
</table>