

# **Influence of the Crisis on the Cost Management Process in the Airline in the Conditions of Uncertainty of the Financial Result**

Yuzvovich L.I. \* Mironenko V.A. Solodyankina G.A.

*Ural State University of Economics, Yekaterinburg, Russia*

*\*Corresponding author. Email: yuzvovich@bk.ru*

## **ABSTRACT**

The relevance of the study topic is determined by the high importance of rational cost management for the successful functioning of airlines in the event of a crisis and uncertainty of financial results. Today, one of the important factors, that determine the ability of firms, their seeking to supply products to the market, and provide services, are the costs (expenses) of production and sales. In the conditions of the transition of the Russian Federation to a model of a market economy, the issue of minimizing the expenses of an enterprise is becoming more and more relevant, since, in a market economy, each enterprise tries to use its finances as efficiently as possible to make a profit. In the past few years, there has been a tendency of growth in the costs of enterprises, associated with an increase in the cost of materials, raw materials, an increase in the cost of energy sources, etc. For this reason, market relations require the improvement of the cost management complex at enterprises, taking into account their industry characteristics and existing international and Russian experience, which, in turn, will help companies to increase the efficiency of their work in a competitive environment, i.e. maximize profits and minimize costs to ensure high profitability of their business. For this, enterprises need to conduct a competent analysis of their expenses, charges, analyze various types of costs, and take measures to minimize and optimize them. The relevance of the topic lies in the fact, that in modern conditions of economic development, it is necessary to pay special attention to reducing and optimizing the costs of an enterprise. The subject of this study is the economic relations, arising in the process of cost management at "Ural Airlines" and their influence on financial results in the event of a crisis and uncertainty.

**Keywords:** *costs, net cost, breakeven point, optimization, money flows*

## **1. INTRODUCTION**

The cost of a product is determined by the cost of its production. The future income of the organization depends on costs. The higher the profit of the organization, the more funds appear, that are directed to the enlargement of the enterprise, to the introduction and development of new types of products, to the technical modernization of production [1]. Thus, one of the most important conditions for the development and expansion of an organization is competent management of production costs.

Net cost management, for any commercial organization, is the main tool, that allows to compete in the market, using all the resources (financial, labor, material, etc.) of the company. Organization costs are an important economic indicator of

the activity of enterprises, since costs are formed from problem resources.

Competent cost management entails the profit of the enterprise, in turn, profit is necessary for the existence of a

commercial organization. Maintenance and growth of profit is the main objective of companies, in which it is necessary to solve problems to optimize costs while resorting to various methods of cost management.

In developing and developed economic countries, there are problems of cost management, as there is growing competition, no matter in which industry the organization is based. A growth of profitability can be achieved by increasing the selling cost of products, but due to high competition, the cost of products is greatly reduced. With this competition, the profit of the organization is reduced by 10-15%. In this case, the company resorts to the analysis and optimization of costs to support and develop the organization.

To compete in the economic market, the most important tool is used, such as net cost management. As a result of cost management, the company reduces the cost of products, this allows the organization to strengthen its position in the market.

Cost theory was developed in the early 19th century. Today, a large number of researchers are engaged in its development. Among them are such scientists as Drury K., Vrublevsky N.D., Ivashkevich V. B., Bakaev A. C.

Problematics in cost management methodology are taken up by such researchers as Bzhassov A.A., Tarasova T. F.

The theoretical basis of the study was united by the provisions of economic and financial science in the classical and modern understanding of the practice and theory of the formation of enterprise costs. The study uses such methods as functional, comparative and systemic-structural. Methodological tools in the work are economic and mathematical, as well as graphic methods of data processing.

A huge contribution to the formation of the domestic theory of costs at an enterprise, used by the author in the scientific study of the economic essence and content of costs (charges) in the national economic system, was made by: Bocharov V.V., Veretennikova O.B., Dobroserdova I.I., Popova R.G., Samonova I.N., Sheremet A.D.

The theoretical justification of cost structuring at an enterprise in modern conditions is presented in the works of Russian scientists: Agarkov A.P., Babaev Yu.A., Eremina N.V., Kovalev V.V.

Cost management for production and sales of products is presented in the works of leading representatives of scientific thought: Blank I.A., Volkova O.N., Drozdova T.G., Lebedev V.G., Shashurin Yu.S., Cherezov A.V.

The works of Russian and foreign authors are of particular importance for justification of the conceptual construct, categoricity of costs at an enterprise: Kreinin M.N., Ustenko O.L., Erkhadt M.S., E. Helfert, U. Sharp

The issues of financial management, cost and money flow management in the national economic system as a whole and between the subjects of economic relations are reflected in the works of the scientific elite: Blank I.A., Brigham Yu. F., S. J. Brown, J. K. Van Horn, Vakhovich D.M., L. J. Gitman and others.

The variety and significance of the theoretical and practical aspects of structuring costs at an enterprise require deepening of fundamental and applied study of the formation of the necessary financial resources, providing financing of corporate activity of the national economy in general and, in particular, of a specific business entity. This is quite relevant, since the active financial policy of the corporate sector of the economy came to the fore among most subjects of economic relations, in this regard, the topic of the final qualification work, devoted to the development of the theory, methodology and practice of financial management methods and cost structuring in the enterprise, is relevant and has a great practical importance, both for the national economy and for an individual business entity.

et al. [23] and cost grows with the model size. But compared with acquirement of optimization in Tables 1 and 2, the cost is acceptable in Table 3.

## **2. MATERIALS AND METHOD**

Cost management is the regulation and determination of high economic results, related to management activity. This management activity accumulates knowledge, independent of each other, collected from different

departments of the company, for the interrelations and influence on the final result of the enterprise, that is, profit [1].

Most managers are convinced, that the costs of production and from the business function occupy a large share in the structure of all company costs and do not pay attention to the charges, associated with marketing, sales, services, infrastructure, which in most cases require more charges. These beliefs rub salt in the wound the company's position, as attention is lost with business functions, directed only on direct costs. Also, most managers do not take into account the indirect charges (repair and adjustment of equipment) for business functions, thus there is an increase in these charges in the overall cost structure, which indicates the relevance of this problem.

There is also the problem of supply departments, due to little attention by the enterprise management apparatus, since in most cases, the costs are analyzed only with the cost of raw materials and materials, therefore, the quality of the enterprise's activity is not taken into account [2,3,6]. To reduce these costs, qualified personnel are needed to contribute to this reduction. To reduce the overall cost of an enterprise, it is not necessary to resort to charges reducing in every department of the organization.

In most cases, only one legal entity in a commercial organization needs cost management methods, since there is profit behind this management. In the economic arena, there are also holdings, where several interconnected legal entities are concentrated, they have vertically integrated production processes [5]. Thus, resorting to methods of calculating costs and adding up certain indicators of structures, it is impossible to obtain correct data on the holding. Solving this problem requires the need to develop new, more modern, and unique cost management methods for such enterprises.

Planning, accounting, control, programs of measures to reduce costs are tools, that are regularly used in modern conditions for cost management [11, 14]. To organize these measures, it is necessary to determine the center of responsibility, form a cost plan, and develop reporting on their implementation, it is also necessary to analyze the costs and take measures to motivate the unit to fulfill plans [19, 20, 21].

When managing costs, difficulties arise with a low level of transparency, accuracy, and the ability to control specific costs in general [4, 18]. Also, problems include: filing data on costs, collecting and processing data from various departments, planning, which is carried out by unqualified personnel.

Cost management requires the correct choice of cost planning method, in which case the enterprise has a problem with this choice. The first step in planning a strategy will be strategic objectives and their solution, which flow into the plan for the future period [7, 16]. This purpose is achieved through the preparation and approval of long-term programs, that are aimed at development, in which a certain period of use is specified.

Of all the classifications of cost planning, the authors of the scientific work distinguish only two main methods:

- planning "from achieved" is the use of the costs of past periods. This method does not involve a large amount of availability of employees of the enterprise, but it is difficult to understand, due to the uncertainty of the established indicators;
- planning "from production" is the use of production and resource need. This method involves a detailed consideration of: the volume of production, natural volumes of resources, planned measures. Thus, it is more perfect.

Without reports on the implementation of plans, which are necessary in the formation of these plans and analysis of their implementation, it is impossible to plan and control the costs on high quality level [8, 10, 17]. This is another problem of organizations in cost management, since incorrectly selected methods of reporting and planning, lead reporting to non-compliance with the requirements of planning and cost control [9].

From the above information, the authors of this work structured and distinguished the problems of cost management in organizations such as:

- formation of the wrong management structure;
- development of new methods of cost management in holding structures;
- specific types of costs are not accurate, transparent and controllable;
- collection, processing and transmission of data is carried out by unqualified personnel;
- methods of planning and cost management in the organization are chosen incorrectly.

Based on the above list of problems, it can be concluded, that cost management is the development, decision-making and monitoring of their implementation.

There are also a number of stages of cost management, such as:

- assessment of the actual state of the economic entity;
- planning and control leads to the search for ways to optimize costs;
- cost reduction through the development and adoption of solutions.

When managing enterprise costs, it is necessary to:

- understand the volume of dispensable resources, where they can appear and in what period of time;
- know the behavior of each type of cost of the organization;

- be able to use the resources of the company with maximum return;
- competently organize a production management system, which is based on cost control and their effective reduction;
- stimulating with cost management;
- receive current information on costs and analyze this information.

When forming a cost management system, most of the operating commercial organizations have problems in solving enterprise management.

A number of airlines also have cost management problems, most of these problems are typical [13, 15]. These include:

- different types of charges, that require additional knowledge in the features of the classification, with a further purpose in optimizing management accounting. Management accounting is an independent system of collecting, monitoring, planning and analyzing cost data, as well as the main cost management tool and is used by managers for decision-making, the purpose of which is based on optimizing the financial result of the enterprise;
- incorrect unit of measurement of the composition of costs, as a result of which difficulties arise in the implementation of accounting operations. Formation of an effective cost management system is impossible with this problem;
- the financial result of the organization is influenced by uncertain costs (it is not transparent in which of the reporting periods this or that cost item will affect the amount of accounting profit, that is, it will be a charge).

OJSC AL "Ural Airlines" also faces a number of cost accounting problems. These problems stem from the following [22]:

- a high degree of generalization of accounting information and the impossibility of its detailization;
- construction of an accounting system in accordance with the rules, that apply to external reporting;
- low efficiency of accounting, which does not allow to predict costs, timely to reveal negative deviations from the plan and to identify the contributors of these deviations.

Also in OJSC AL "Ural Airlines" there is a problem, with which the analysis of cost indicators is carried out, when

comparing actual data with planned indicators for all cost items and further calculation of possible deviations. Thus, the analysis of these deviations is not carried out at all or is reduced to aggregated estimations, which, in turn, do not make it possible to accurately identify the cause and place of these deviations [8, 12].

### 3. DISCUSSION

The authors of the scientific article, proceeding from the above problems, propose the following ways of solving and optimizing costs for OJSC AL "Ural Airlines":

- it is necessary to create a cost control department in the airline. The activity of this department will consist, first of all, in the operational collection and analysis of all information on costs for further control over them, as well as in the development of a new, more efficient form of information collection for quick decision-making by managers.
- the financial and economic services of the airline need to orient competently in the cost control and management. To solve this problem, financial and economic services should make strategic decisions themselves. The solution to this problem would help in: cost planning, control over the implementation of cost plans, flexible budgeting, as well as understanding the principles of net cost formation. Also, with a well-formed airline strategy, it will force the management team to look for new methods of cost management.
- it is necessary to introduce a regulatory method of cost control in the airline to solve a number of problems. It is also necessary to record deviations on a weekly basis, in which: information analytics of costs increases, there is a timely warning in case of deviations from the norms, which makes it possible to determine the causes of their occurrence and to associate with the activity of the services of OJSC AL "Ural Airlines".

When the authors consider the problems of cost management in the airline, it follows, that it is necessary to develop a program to solve them, with its annual adjustment, depending on the circumstances in the organization. The work of this program will be aimed at optimizing costs, depending on the current state of the

airline, the prospects for its development and specifics, including factors, affecting the reduction of costs in the production and sales of products and, if necessary, will involve all areas of the enterprise.

In addition to the above problems and their solutions, the authors of the scientific work also propose a number of measures, aimed at optimizing the costs of OJSC AL "Ural Airlines".

The cost of aviation fuels and lubricants has been growing from year to year, thus the growth rate in 2019 was 43%, and its specific gravity in the total structure of variable costs was at the level of 49%. So, the sum of all variable costs in 2019 increased by 34%. Since aviation fuels and lubricants are the main component of variable charges and the existence of an airline, it is proposed to optimize these costs by resorting to a tender system. Currently, OJSC AL "Ural Airlines" cooperates with suppliers of aviation fuels and lubricants, supplying fuel and lubricants for aircraft to the airline.

When "Ural Airlines" selects a tender system, suppliers will have to compete with each other because of their interest in concluding a contract for the supply of aviation fuels and lubricants with one of the best and largest airlines in the Russian Federation, thereby the cost of purchased fuel will be reduced.

When holding a tender, it is necessary to create a buying committee, the work of which will be to consider the received bids from suppliers, also in the decision on the appointment of an order executor.

It is necessary to conclude a contract under the tender system on the basis of a competition due to the fact, that the qualification of the supplier of aviation fuels and lubricants, the quality of its offered products and the time of execution are one of the important criteria in determining the order executor. When selecting a supplier only upon request for quotations, the airline will rely only on one selection criterion - the cost of aviation fuels and lubricants.

In 2019, the airline purchased fuel for aircraft from such suppliers as "Gazpromneft-Aero", "Lukoil-Aero", "AP Domodedovo", "Tatneftaviaservice", where the average cost of kerosene per ton was 46,421 rubles for the airline.

When analyzing the cost market for aviation fuels and lubricants, suppliers with a cost per ton of fuel lower, than the above suppliers have, were found. Suppliers with branches in the main air hubs of OJSC AL "Ural Airlines" (Moscow, Yekaterinburg, St. Petersburg, Nizhnevartovsk, Surgut, Chelyabinsk, Sochi, Simferopol, etc.) were also selected. These include "Aerofules", "Avianeft", "Aerolider", "RN-Aero".

Table 1 shows fuel prices for 2019, where the average cost of kerosene per 1 ton for all suppliers is calculated.

**Table 1:** Average cost of 1 ton of aviation fuel by proposed suppliers for 2019, rubles [22]

Current suppliers	Average cost of kerosene of each supplier with a refueling service, rub / t.	Possible suppliers	Average cost of kerosene of each supplier with a refueling service, rub / t.
Gazpromneft-Aero	43,551	Aerofules	40,132
Lukoil-Aero	44,083	Avianeft	41,258
AP Domodedovo	45,250	Aerolider	42,400
Tatneftviaservice	45,800	RN-Aero	41,425
The average cost of kerosene for all suppliers with a refueling service, rub/t.	44,671	The average cost of kerosene for all suppliers with a refueling service, rub/t.	41,301

**Table 2:** Passenger traffic during peak workload period [22]

Indicator	2017	2018	2019
Passenger traffic of the flight U6-59/60 Domodedovo - St. Petersburg - Domodedovo	960	1,080	1,000

Based on the data, presented in Table 1, there is a possibility of reducing the procurement cost of one ton of fuel by 3,370 rubles or 8%. Also, the tender purchasing system can be implemented, when purchasing office equipment and stationery.

The next measure, proposed by the authors of the scientific work, is to replace an aircraft from a larger capacity to a smaller one and vice versa. This measure will be aimed at optimizing and reducing charges for the following variable cost items:

- aviation fuels and lubricants, in 2019 the growth rate was 143%;
- airport services, in 2019 the growth rate was 127%;
- air navigation, in 2019 the growth rate was 121%.

The choice of aircraft directly affects fuel consumption, the cost of airport services, and the cost of air navigation of the aircraft.

Take flight U6-59/60 Domodedovo - St. Petersburg - Domodedovo as an example. Consider the passenger traffic in September with the frequency of flights 7 times a week for the period from 2017 to 2019 (Table 2).

This route was chosen based on its insufficient workload, even during the peak period of transportation, and the short distance between cities, where the direct competitor is the high-speed electric train "Sapsan", owned by OJSC "Russian Railways".

This flight was operated on an Airbus A320 aircraft with a capacity of 162 seats. Suppose, that in September 2020, based on the analysis of previous years, the passenger traffic will be 1,013 people or 78%, therefore, there will be 126 people on each flight, or 78% of load, when flying on an Airbus A320 aircraft.

Since the above variable costs are influenced by the type of aircraft, the author considers, that it is more appropriate to choose a smaller type of aircraft, since the amount of variable costs will decrease. An Airbus A319 aircraft with a capacity of 140 seats will be selected for this route. So, 1,013 people will make up 90% of the occupancy for the entire considered period and 126 people on each flight will make up 90% of the aircraft's capacity.

Consider the calculation of the cost of flight U6-59/60 Domodedovo - St. Petersburg - Domodedovo, taken as an example before the implementation of the proposed measures (Table 3).

**Table 3:** Calculation of the net cost of the flight U6-59/60 Domodedovo - St. Petersburg - Domodedovo before the implementation of the proposed measures [22]

Total distance = 1,734		Total flight time = 2.50			Commercial workload = 14.5 tons		
Passengers on the flight		126					
Charge items	Domodedovo			St. Petersburg			Total:
	Qty	Cost	Sum	Qty	Cost	Sum	
1. Cost of fuels and lubricants	3.9	46,000	179,400	3.3	49,875	164,587	
2. Provision for fuels and lubricants	3.9	1,535	5,986	3.3	1,025	3,382	
3. Aircraft provision	77	619	47,686	77	802	61,776	
4. Maintenance	77	150	11,592	77	56	4,364	
5. Air navigation	867	6	5,704	867	6	5,704	
6. Meteorological supply	77	27	2,088	77	29	2,260	
7. Other charges	77	480	36,995	77	540	41,589	
8. Commission charges	126	16	2,028	126	19	2,513	
9. Catering for the crew	14	750	10,500				
10. Daily allowances for the crew	7	1,500	10,500				
Total in rubles:			312,482			286,178	598,661
11. Team, serving the departure	126	230	28,980	126	292	36,829	
12. Departure airport terminal	126	87	10,962	126	95	12,001	
13. Arrival airport terminal	126	87	10,962	126	95	12,001	
14. Booking system fee	126	185	23,310	126	185	23,310	
Total in rubles:			74,214			84,142	158,356
Total in rubles:			386,696			370,321	757,018

Table 3 shows the charge items for the U6-59/60 flight Domodedovo - St. Petersburg - Domodedovo, before the above measures are applied.

The calculations, made by the author, include items of variable charges, where the largest part is the cost of fuel and lubricants 46,000 and 49,875 per ton.

Such items as aircraft provision (takeoff and landing, aviation security, air navigation in the airport area, etc.), maintenance (anti-icing fluid, operational maintenance,

ground power unit, etc.), meteorological supply, and other charges (bus, ladder, watering and draining, cleaning, towing and towing crew) directly depend on the takeoff and landing weight of the aircraft.

Consider the calculation of the cost of flight U6-59/60 Domodedovo - St. Petersburg - Domodedovo, taken as an example after the implementation of the proposed measures (Table 4).

**Table 4:** Calculation of the cost of the flight U6-59/60 Domodedovo - St. Petersburg - Domodedovo after the implementation of the proposed measures [22]

<b>Total distance = 1,734</b>		<b>Total flight time = 2.50</b>			<b>Commercial workload = 14.5 tons</b>		
<b>Passengers on the flight 126</b>							
<b>Charge items</b>	<b>Domodedovo</b>			<b>St. Petersburg</b>			<b>Total:</b>
	<b>Qty</b>	<b>Cost</b>	<b>Sum</b>	<b>Qty</b>	<b>Cost</b>	<b>Sum</b>	
1. Cost of fuels and lubricants	3.6	42,320	152,352	3	45,885	137,655	
2. Provision for fuels and lubricants	3.6	1,488	5,356	3	993	2,980	
3. Aircraft provision	75	619	46,447	75	802	60,171	
4. Maintenance	75	154	11,553	75	58	4,364	
5. Air navigation	867	6	5 704	867	6	5,704	
6. Meteorological supply	75	27	2,088	75	30	2,260	
7. Other charges	75	468	35,125	75	554	41,589	
8. Commission charges	126	16	2,028	126	19	2,513	
9. Catering for the crew	14	750	10,500				
10. Daily allowances for the crew	7	1,500	10,500				
Total in rubles:			281,656			257,240	538,896
<b>Charge items</b>	<b>Domodedovo</b>			<b>St. Petersburg</b>			<b>Total:</b>
	<b>Qty</b>	<b>Cost</b>		<b>Qty</b>	<b>Cost</b>		
11. Team, serving the departure	126	230	28,980	126	292	36,829	
12. Departure airport terminal	126	87	10,962	126	95	12,001	
13. Arrival airport terminal	126	87	10,962	126	95	12,001	
14. Booking system fee	126	185	23,310	126	185	23,310	
Total in rubles:			74,214			84,142	158,356
Total in rubles:			355,870			341,382	697,253

Based on the data in Table 4, there is a decrease in the cost of the flight due to the measures, proposed by the author, on such items as:

- the cost of fuels and lubricants decreased by about 19%, when using the tender system, as well as replacing an aircraft with a larger capacity for a smaller one, as a result of which, the difference in the total amount for fuels and lubricants amounted to 53,980 rubles;
- the cost of providing for fuel and lubricants also decreased due to the lower fuel consumption of the Airbus A319 aircraft by 12%, since it depends on the volume of the fueled liquid, thereby reducing the total sum of this item of variable charges;
- charge items, such as aircraft provision and other charges decreased by 3% and 2%, respectively.

The calculation revealed, that with the proposed measures, on the example of flight U6-59/60 Domodedovo - St. Petersburg - Domodedovo of "Ural Airlines" can reduce its costs for this flight in the amount of 59,765 rubles or 8.6%.

Therefore, it can be concluded, that with the tender system of the procurement of aviation fuels and lubricants and with the analysis and planning of routes, the above measures, proposed by the author, will affect the net cost of flights, operated by OJSC AL "Ural Airlines", thereby reducing and optimizing its costs.

The third proposed measure is the introduction of for downtime the airline's employees during a period of the unfavorable epidemiological situation in the country and in particular in the Sverdlovsk region, without resorting to reducing the company's staff. In this case, pay in the amount of 2/3 of the salary. If the size of the employee's official salary is below the minimum basic wage, the calculation must be made on the basis of 2/3 of the specified minimum basic wage, in proportion to the time worked, downtime.

This measure will be aimed at reducing the charges of the future period under the cost item "training of personnel", which in 2019 increased by 54% to 122 million rubles. In the overall structure of costs, this indicator has a small specific gravity, only 0.4%.

When training personnel for all divisions of OJSC AL "Ural Airlines", the airline spends a large amount of money; in 2019, the growth in fixed costs item "training of personnel" was 154%. This growth is due to the training and advanced training of flight personnel, in connection with the purchase of new Airbus A320 NEO and A321 NEO aircrafts, as well as production personnel, working in foreign-made software, such as Amadeus, Eddy, AirRM, Meridian, the training of which requires foreign business trips for a long time.

An analysis of the scenario of an unfavorable epidemiological situation is carried out, in which the employer resorts to the reduction of employees and the subsequent recruitment of personnel to resume the regular work process.

Training of personnel - 74,000,000 rubles.

The number of employees - 3,366 people.

Training of one employee - 21,985 rubles.

The estimated number of the reduced staff - 505 people.

The charges for training the new staff - 11,100,000 rubles.

Average salary - 113,000 rubles.

The charges for the reduction of 15% of employees - 114,107,400 rubles.

Total: 125 207 400 rubles.

The above analysis indicates, that the reduction in the number of employees leads not only to charges for training new staff in the amount of 11.1 million rubles, but also to the need for the airline to pay employees an average salary of 114.1 million rubles within two months, which in total is 125.2 million rubles.

After the carried out analysis, it can be said, that the proposed measure to introduce the downtime for employees is not only relevant, but will also lead "Ural Airlines" to reduction of future costs in the amount of 125.2 million rubles.

The authors also propose to reduce the working time of administrative personnel from a 40-hour work week to a 25-hour work week, while reducing salary by 18%. This proposal will reduce the payroll cost item for the airline's administrative personnel from 133 million rubles up to 108 million rubles.

#### **4. CONCLUSION**

Therefore, it can be concluded, that the proposed measures are economically attractive and profitable. In order to show the efficiency of these measures, it is necessary to calculate the financial indicators and the breakeven point of the commercial organization of OJSC AL "Ural Airlines" with a prediction for 2020.

Table 5 analyzes the breakeven point when applying the above measures, thus, it was possible to reduce variable charges by 4.4%, which led to an increase in marginal income in physical and coefficient terms by 6.3%, a decrease in the breakeven point by 5.9% and an increase in the financial strength from -97,698 thousand rubles, up to 4,711,890 thousand rubles.

Also, in order to assess the economic effect of the measures, proposed by the authors, it is necessary to analyze, how the estimated profitability indicators changed in comparison with the actual data of 2019 (Table 6).

Based on the data in Table 6, it can be seen, that thanks to the set of carried out measures, it was also possible to increase all the considered profitability indicators.

Thus, summarizing all the carried out analysis, it can be concluded about the long-term efficiency of the measures, proposed to them, to optimize costs within OJSC L "Ural Airlines".

Thanks to this, the airline will be able to increase the efficiency of its work, as well as improve its financial condition, which will be expressed in an increase in profit, financial strength and, as a result, indicators of the enterprise's profitability.



**Table 5** Calculation of the breakeven point of OJSC AL "Ural Airlines", taking into account the predicted data for 2020

Indicator	2019	2020 (prediction)	Growth (drawdown) rate, %
Proceeds, thousand rubles	81,294,558	81,294,558	100
Variable costs, thousand rubles	47,803,217	45,699,875	95.6
Fixed costs, thousand rubles	33,531,590	33,531,590	100
Passenger turnover, thousand pkm (passenger-kilometers)	21,697,971	21,697,971	100
Cost per unit of goods, thousand rubles	1.54	1.64	106.3
Marginal income, thousand rubles	33,491,341	35,594,683	106.3
Marginal income coefficient	0.41	0.44	106.3
Break-even point (value terms), thousand rubles	81,392,256	76,582,668	94.1
Breakeven point (natural terms), thousand pkm.	21,724,047	20,440,341	94.1
Financial strength, thousand rubles	-97,698	4,711,890	4,922.9

**Table 6:** Dynamics of profitability indicators of OJSC AL "Ural Airlines", taking into account the predicted data, %

Name of the indicator	2019	2020 prediction	Change of indicator
Return on sales	-0.05	0.44	0.49
Net profit (losses) margin	0.00	0.03	0.03

The financial results of the company's activity depend on the correct approach to cost management, which, in turn, affects the level of its competitiveness and place in the market, as well as determines its further development prospects. Currently, it is required to manage an organization on a mobile basis, taking into account all trends and make management decisions on cost implementation and optimization.

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