

Managerial Accounting



HOW TO CONTACT

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RULES AND REGULATIONS

- All students **MUST** attend the class more than 80% (>3 times absence without proper reason, please contact One-Stop Service to withdraw)
- All students **MUST** apply to the uniform standard rules and regulations all times when in university

MEANS OF EVALUATION

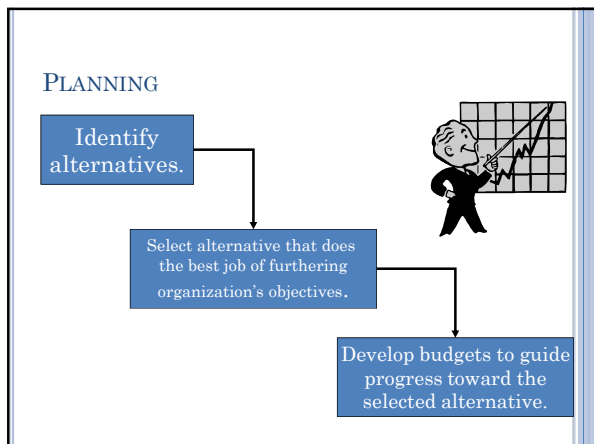
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|---|-----|
| ○ Ethics and morals(Attendance, Punctuality, Honesty, Conscience etc.) | 10% |
| ○ Midterm | 20% |
| ○ Final | 30% |
| ○ Group assignment | 30% |
| ○ Quizzes | 10% |

This lecture will cover:

- Overview of Managerial Accounting
- The different between Financial Accounting and Managerial Accounting
- The Changing Business Environment
- Competitive challenges in HRM

WORK OF MANAGEMENT





Directing and Motivating

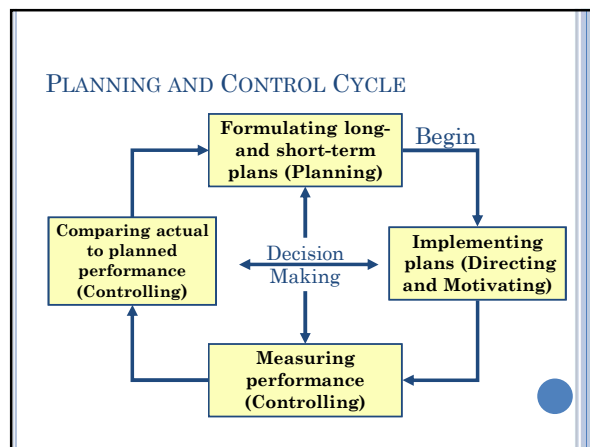
Directing and motivating involves managing day-to-day activities to keep the organization running smoothly.

- Employee work assignments.
- Routine problem solving.
- Conflict resolution.
- Effective communications.

CONTROLLING

The control function ensures that plans are being followed.

Feedback in the form of performance reports that compare actual results with the budget are an essential part of the control function.



THE NATURE OF ACCOUNTING

- Accounting is the process of identifying, recording, summarizing, and reporting economic information for decision makers
- Accountants present this information in reports called financial statements

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    graph LR
      A[Event] --> B[Accountant's Analysis and Recording]
      B --> C[Financial Statements]
      C --> D[Users]
  
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ACCOUNTING AS AN AID TO DECISION MAKING


- Accounting information is useful to anyone making decisions that have economic consequences
- These decision makers include
 - Managers
 - Owners
 - Investors
 - Politicians

FINANCIAL ACCOUNTING


- Financial accounting serves external decision makers:
 - Stockholders
 - Suppliers
 - Banks
 - Government agencies

COMPARING MANAGERIAL AND FINANCIAL ACCOUNTING

<p>Financial Accounting</p> <ul style="list-style-type: none"> ▪ Provides information to stockholders, creditors, government agencies, customers 	<p>Managerial Accounting</p> <ul style="list-style-type: none"> ▪ Provides information for managers and other internal users ▪ Aids planning and controlling operations
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External Users




Internal Users

Compared to Financial Accounting, How Does Managerial Accounting Differ?

Managerial Accounting is.....

- More flexible
- **Not GAAP** --- Doesn't have to meet requirements of SEC, GAAP, IRS
- **Forward-looking** rather than backward emphasis
- More **timely**, may sacrifice accuracy
- Emphasizes **segments and products** of an organization rather than the company as a whole
- Emphasizes **both quantitative and qualitative** considerations



COMPARISON OF FINANCIAL AND MANAGERIAL ACCOUNTING

	Financial Accounting	Managerial Accounting
1. Users	External persons who make financial decisions	Managers who plan for and control an organization
2. Time focus	Historical perspective	Future emphasis
3. Verifiability versus relevance	Emphasis on verifiability	Emphasis on relevance for planning and control
4. Precision versus timeliness	Emphasis on precision	Emphasis on timeliness
5. Subject	Primary focus is on the whole organization	Focuses on segments of an organization
6. GAAP	Must follow GAAP and prescribed formats	Need not follow GAAP or any prescribed format
7. Requirement	Mandatory for external reports	Not Mandatory

GOAL OF MANAGERIAL ACCOUNTING

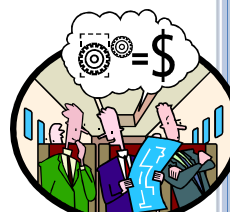
Primary goal
To provide information for internal decision making

Tools to achieve the goal




PLANNING - A MANAGERIAL ACCOUNTING TOOL

- The communication of a company's goals
- Guides decisions
- Financial plans are called 'Budgets'
- Identifies sources and uses of resources



CONTROLLING - A MANAGERIAL ACCOUNTING TOOL

- Involves
 - Measuring performance
 - Comparing performance with budgets
 - Taking action
 - What performance is measured?
 - Performance of managers
 - Performance of a segment, product, division



ORGANIZATIONAL STRUCTURE

Decentralization is the delegation of decision-making authority throughout an organization.


Corporate Organization Chart



LINE AND STAFF RELATIONSHIPS


Line positions are directly related to achievement of the basic objectives of an organization.

- Example: Production supervisors in a manufacturing plant.



Staff positions support and assist line positions.


- Example: Cost accountants in the manufacturing plant.



THE CHIEF FINANCIAL OFFICER (CFO)

A member of the top management team responsible for:

- Providing timely and relevant data to support planning and control activities.
- Preparing financial statements for external users.



THE CHANGING BUSINESS ENVIRONMENT



- Just-in-time production
- Total quality management
- Process reengineering
- Theory of constraints
- International competition
- E-commerce



Business environment changes in the past twenty years

EFFECTS OF TECHNOLOGY ON MANAGER DECISIONS

- ❖ Major impact on the value chain
 - Value chain includes all the 'value-adding' activities of a company, including
 - Acquiring materials
 - Operations/production of products or services
 - Selling and marketing
 - Delivery to customers and service/maintenance
 - Related "support activities" including: administration, human resources, R&D, etc.
- ❖ Shift from labor to machinery

Increases a company's risk



CHANGING ROLES OF MANAGEMENT ACCOUNTANTS

- Impact of technology
- Ensuring accurate financial records
- Planning, analyzing, and interpreting accounting data
- Providing decision support



REQUIRED SKILLS OF MANAGERIAL ACCOUNTANTS

- Knowledge of financial and managerial accounting
- Analytical skills (critical thinking)
- Knowledge of how a business functions
- Ability to work on a team
- Oral and written communications skills



EXERCISE 1

- 1) Explain the term of Marketing, Supply Chain Management and Human Resource Management related to Planning Controlling and Decision Management
- 2) How is Managerial Accounting important to Question 1)

