

Chapter 1

What do management accountants do in the work place?	<ul style="list-style-type: none"> • Support managers in making decisions • Identify problems and help solve them • Apply accounting concepts and techniques to real work problems • Explain accounting concepts and problems to managers who are not trained in accounting
Management accounting	The processes and techniques that focus on the effective and efficient use of organisational resources to support managers in their tasks of enhancing both customer value and shareholder value
Customer value	The value that a customer places on particular features of a product/service
Shareholder value	The value shareholders place on a business
Financial accounting	The practice of preparing and reporting accounting information for parties outside the organisation
Management accounting	Focuses on the information needs of managers inside the organisation
Difference between MA and FA	<p>Users of information – internal v external</p> <p>Sources of data – financial and non-financial from many sources v financial data from company's transaction based accounting system</p> <p>Regulation – no acc standards or rules v acc standards and corp law</p> <p>Nature of info – past, current and future orientated, subjective, relevant, timely v past, reliable, verifiable, not timely, not always relevant and highly aggregated</p>
Strategy	<p>The direction that the organisation intends to take over the long term to meets its mission and achieve its objectives</p> <p>Vision</p> <ul style="list-style-type: none"> • Desired future state or aspiration of an organisation • Used by senior managers <p>Mission statement</p> <ul style="list-style-type: none"> • The purpose and boundaries of the organisation <p>Objectives</p> <ul style="list-style-type: none"> • Aims of the organisation • Quantified • Specific period of time
Competitive advantage	<p>Advantages of one business over another that are difficult to imitate achieved by product differentiation and cost leadership</p> <p>Cost leadership</p> <ul style="list-style-type: none"> • Economies of production • Superior process technologies • Tight cost control <p>Product differentiation</p> <ul style="list-style-type: none"> • Superior quality