


Chapter 1 Introduction to Management Accounting



1. Definition of Management Accounting
2. Types of Accounting Information
3. Differences between financial accounting and management accounting
4. Duties of Executives and the Necessity of Management Accounting Information
5. Features of Management Accounting Information
6. Role of Executive Accountant
7. Executive Accountant and Role in the Organization
8. Precautions for using administrative account information for decision-making purposes
9. Contemporary Management Concepts
10. Ethics of Management Accountants



Definition of Management Accounting

- ▶ Management accounting is the process of preparing information that has already occurred and is expected to occur. Whether it is qualitative or quantitative data of various departments both inside and outside the organization. To present to the management for planning. Command Control and decision-making in order to achieve objectives and bring maximum benefits to the business.
- 

Accounting Data Users

▶ 1. Internal Users



▶ 2. External



Duties of Executives and the Necessity of Management

Accounting Information

- ▶ 1. Planning is the setting of goals or directions that an organization has.
 - ▶ Want to get there.
- ▶ 2. Directing and Motivating involves coordination.
 - ▶ Operations in various activities of the organization and human resources
 - ▶ In order to ensure quality and smooth operations.
- ▶ 3. Controlling is a process of monitoring and evaluation.
 - ▶ Operation to ensure that the operation is in accordance with the prescribed guidelines.


Objectives

- ▶ 4. Decision making is a decision making.


Features of administrative accounting information

- ▶ 1. Relevance
 - ▶ 2. Timeliness
 - ▶ 3. Understandability
 - ▶ 4. Cost effectiveness
 - ▶ 5. Accuracy
- 

Executive accountants and their roles in the organization

- ▶ 1. Management Accounting and Authority in the Organization
 - ▶ 1.1 Line authority
 - ▶ 1.2 Staff authority
 - ▶ 2. Duties of the Director of Accounting
 - ▶ 3. Organizational Structure
- 


Precautions for using administrative account information for decision-making purposes

- ▶ 1. Data uncertainty
 - ▶ 2. Adoption of modern technology
 - ▶ 3. Qualitative data reliability
- 


The impact is that the management account information is **inaccurate and incomplete.**

- ▶ 1. Changing of Production Technology
- ▶ 2. Changes in the structure of the business (Changing of Organization Chart)
- ▶ 3. Changes in the need for information for decision-making (Information Need for Decision Making)
- ▶ 4. Changing of Human Behavior (Behavior)
- ▶ 5. Changes in economic conditions
- ▶ 6. Changing of Nature of Education
- ▶ 7. Expansion of Type of Business
- ▶ 8. Advances in Information Technology


Ethics of Management Accountants

- ▶ 1. Knowledge and Abilities with the duty to:
 - ▶ 1.1 Maintain a high level of professional knowledge and competence by continuously improving knowledge and competence.
 - ▶ 1.2 Performing legal professional duties. Regulations and Technical Standards
 - ▶ 1.3 Provide a system of decision support and advice on the right words. Easy to understand. Concise and timely
 - ▶ 1.4 Be aware of and communicate any professional limitations or other conditions that may hinder decision-making in the performance of duties and the success of performance in various activities.
- 


Ethics of Management Accountants (continued)

- ▶ 2. Confidentiality with the duty to:
 - ▶ 2.1 Sensitive information is retained unless such disclosure is approved or required by law.
 - ▶ 2.2 Inform all relevant parties to be aware of the appropriateness of the use of sensitive information.
 - ▶ 2.3 Monitor various sub-operations to ensure compliance.
 - ▶ 2.4 Refrain from using sensitive information in illegal and ethical ways.
- 

Ethics of Management Accountants (continued)

- ▶ Integrity with the duty to:
 - ▶ 3.1 Reduce conflicts of interest, communicate with those who have a relationship with the business to avoid conflicts of interest, and consult all parties involved on potential conflicts.
 - ▶ 3.2 Refrain from any practices that cause bias in the ethical performance of their duties.
 - ▶ 3.3 Refrain from practicing or supporting activities that may cause damage to the profession.
- 

Ethics of Management Accountants (continued)

- ▶ 4. Trust with the duty to:
 - ▶ 4.1 Communicate information fairly and without bias.
 - ▶ 4.2 Disclose all relevant information that may influence the user's understanding of the report. Analysis and Recommendations
 - ▶ 4.3 Reveal Delays and shortcomings in the form of news, timeliness, This is in accordance with the Company's policies and relevant laws.
- 



THE END