Information is very important for a business. This is because it is used in the decision-making process and to help the company manage resources effectively. It is very important that this information is up to date, relevant, accurate and up to date

Management involves the following

Planning this is setting goals and objective for the company and how to achieve them

Organising This is putting these plans into actions using different departments and activities

Controlling This is keeping track of the goals that were set for the company, that target are being meet and fixing and problems that are occurring

Decision making this is making decisions that best suit the company form different options

**MANAGEMENT ACCOUNTING**

Managerial accounting is the process of identification, measurement, analysis, and interpretation

of accounting information that helps business leaders make sound financial decisions and

efficiently manage their daily operations

**ROLE OF THE MANAGEMENT ACCOUNTANT**

The management accountant is a key member of an organisation’s management team who makes a vital contribution to the managerial functions of planning, controlling and decision making.

The management accountant is responsible for:

1. Preparing data/gathering information required for formulating plans.

2. Recording costs and providing details of the cost of products and departments.

3. Participation in the creation and executing of budgets.

4. Assisting in the control of operations by comparing actual costs with budgeted costs.

5. Providing data for decisions that require managers to select between alternative courses of action.

**USES OF MANAGEMENT ACCOUNTING**

1. It helps management compare actual and budget costs and to control spending
2. The actual cost per unit can be used to find the selling price
3. Budgeting is an essential tool in planning, co-ordinating and controlling activities in a business.
4. Variance analysis is used to show the difference between actual cost and budget costs. This can be used for corrective action.
5. This aids capital investments and ensure that the company will make good use of the funds

**THE RELATIONSHIP BETWEEN MANAGEMENT AND FINANCILA ACCOUNTING**

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| --- | --- | --- |
| **Criteria** | **Management Accounting** | **Financial Accounting** |
| **Time** | Is concerned with planning for the future and provides information for planning and budgeting Is concerned with recording past events. | Information is provided in the form of a profit and loss account, balance sheet and cash flow statement |
| **Users** | Has an internal focus and furnishes information to aid planning and decision making | Has both internal and external focus and furnishes information to stakeholders such as managers, shareholders and creditors |
| **Regulation** | Is not governed or restricted by legislation or legal requirements | Is governed and regulated by both legislation and accounting standards such as FRS’s. |
| **Frequency of reports** | Reports are prepared as often as the managers require them | Reports are prepared usually once a year |
| **Information** | Reports are prepared for cost-centres/ departments | Reports are prepared about the whole business |