TOPIC: FINANCIAL VS MANAGERIAL ACCOUNTING

Financial vs. Managerial Accounting

- Managerial Accounting focuses on how financial information can be used to make a company more efficient.
  - The data and analysis are tailored to _______________ specific needs.

	Financial Accounting	Managerial Accounting
Who?	External stakeholders e.g.(creditors & shareholders)	Internal stakeholders e.g. (managers & employees)
How?	Follows GAAP/IFRS	No specific ______
When?	Historical transactions	Future planning
Focus?	Companywide reporting	___________ reporting
How Often?	Set schedule	As often as useful

EXAMPLE

Bryan Clothing has several accounting activities they will perform in the next year. For each of the following activities, determine whether the decision would rely on managerial or financial accounting information by writing M or F next to each statement.

_____ Evaluate the performance of a specific department.

_____ Report financial performance to shareholders.

_____ Plan the budget for the next quarter.

_____ Prepare financial reports according to GAAP.

_____ Estimate the cost of producing a new product.

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PRACTICE

The focus of managerial accounting is:

a) Preparing accurate tax returns.
b) Providing data for external auditing.
c) Preparing accurate external reports.
d) Preparing useful internal reports.

PRACTICE

Which of the following is a common characteristic of information used in Financial Accounting?

a) Not required by any regulatory body.
b) Intended to be used by shareholders and creditors.
c) Data is useful for future planning.
d) Focused on specific departments.