

Managerial Accounting: An Overview

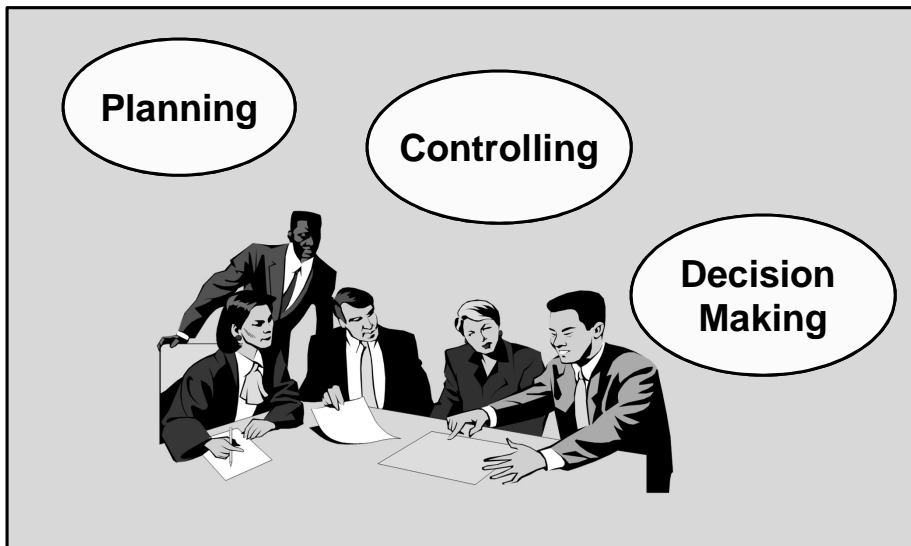
Chapter 1

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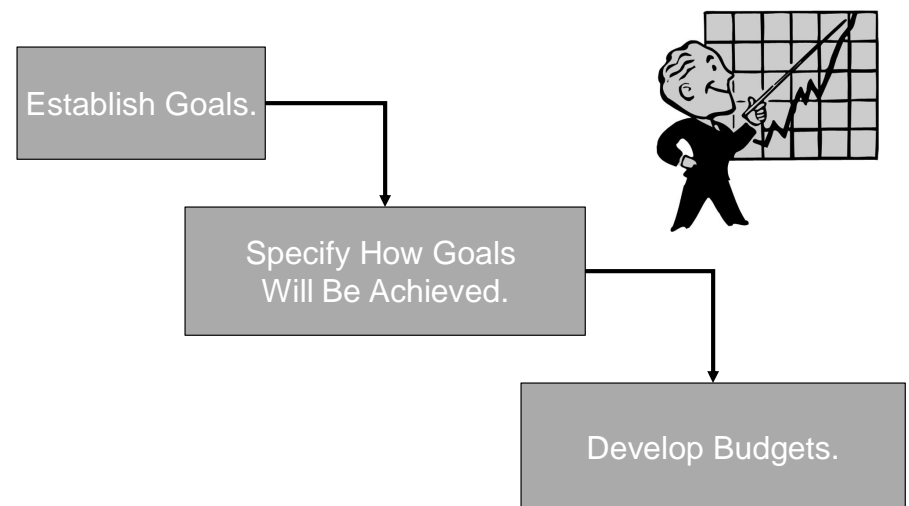
Financial and Managerial Accounting: Seven Key Differences

	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 objectivity and verifiability	Emphasis on relevance
4. Precision versus timeliness	Emphasis on precision	Emphasis on timeliness
5. Subject	Primary focus is on companywide reports	Focus on segment reports
6. Rules	Must follow GAAP / IFRS and prescribed formats	Not bound by GAAP / IFRS or any prescribed format
7. Requirement	Mandatory for external reports	Not Mandatory

Work of Management



Planning



Controlling

The control function gathers feedback to ensure 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.



Decision Making

Decision making involves making a selection among competing alternatives.



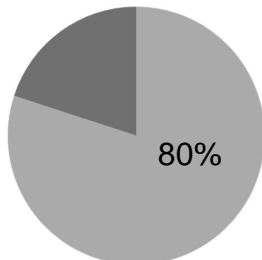
What should we be selling?

Who should we be serving?

How should we execute?

Accounting Majors

Many accounting graduates begin working for public accounting firms. However, most leave at some point to work in other organizations.



The IMA estimates that 80% of professional accountants in the U.S. work in non-public accounting environments.

Certified Management Accountant

A management accountant who has the necessary qualifications and who passes a rigorous professional exam earns the right to be known as a Certified Management Accountant (CMA).



CMA Exam

Part 1 Financial Planning, Performance and Control

Planning, budgeting, and forecasting
Performance management
Cost management
Internal controls
Professional ethics

Part 2 Financial Decision Making

Financial statement analysis
Corporate finance
Decision analysis and risk management
Investment decisions
Professional ethics

Information about becoming a CMA and the CMA program can be accessed on the IMA's website at www.imanet.org or by calling 1-800-638-4427.