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## ACCA F2

**Management Accounting (MA)**

**管理会计**

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# Review of the last lesson

1

Content 1 Format of the Examination

2

Content 2 The Structure of F2

3

Content 3 The Nature, Source & Purpose of cost & Management Accounting



# Part A The Nature, Source & Purpose of MA

## 1.4 Summary of MA & FA

	<b>Financial Accounting</b>	<b>Management Accounting</b>
Legal requirement	Yes	No
Users	External and internal	Internal
Precision	True and fair	As accurate as possible for the users needs
Rules	Generally accepted accounting principles	No rules govern them but some established techniques used
Reporting	Past data	Past and present data to make decisions about future
Scope	Whole organisation	Segments/devisions or whatever is needed by the business
Frequency	Annual	As required
Format	Governed by Companies Act	No set format



# Part A

1

Content 1 Planning, control & decision-making

2

Content 2 Exercise



# Part A Chapter 1 The Nature, Source & Purpose of Management Accounting

- 2. Managerial process of planning, control and decision-making

## 2.1 Planning

### 2.1.1 Definition:

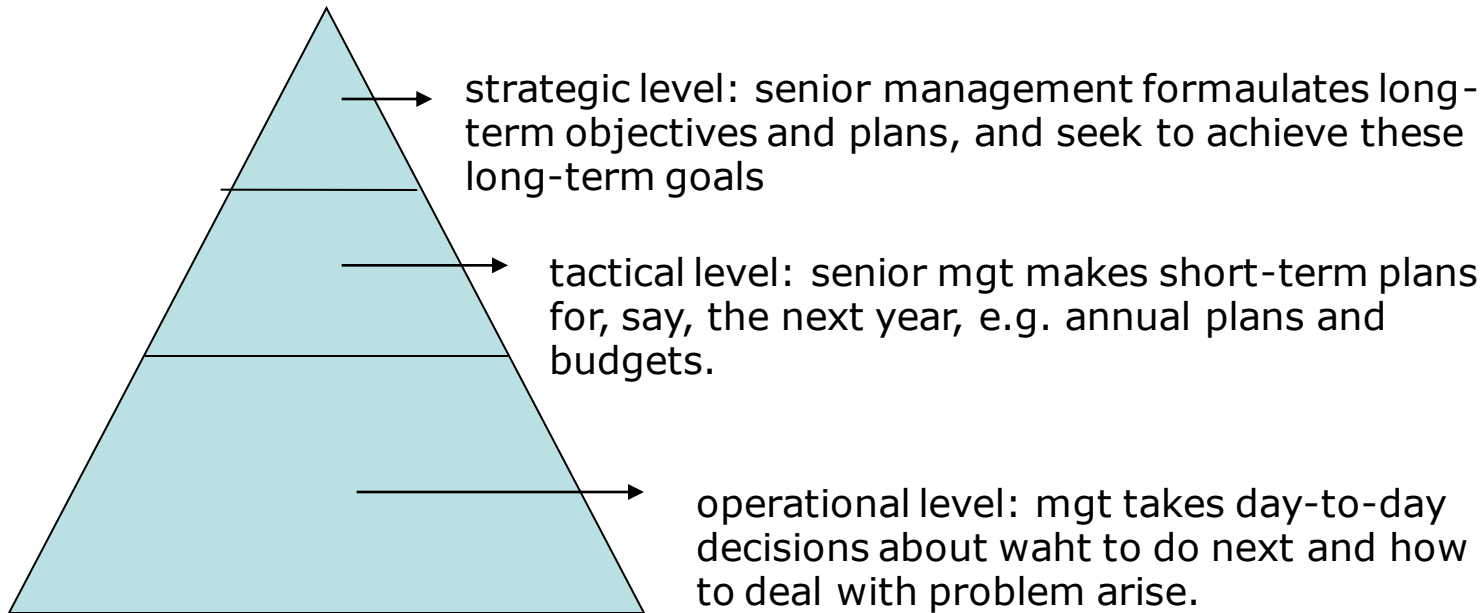
- Planning involves establishing the objectives of an organization & formulating relevant strategies that can be used to achieve those objectives.
- either short-term or long-term



# Part A Chapter 1 The Nature, Source & Purpose of Management Accounting

## 2.1 Planning

### 2.1.2 Hierarchy (time span & the seniority of the manager)





# Part A Chapter 1 The Nature, Source & Purpose of Management Accounting

- 2.1 Planning

example:

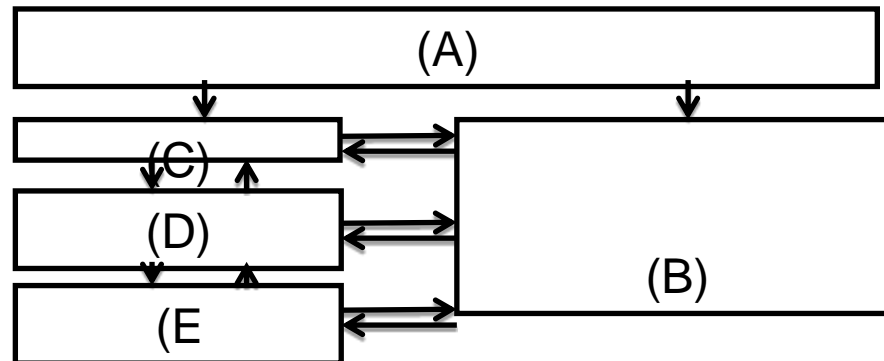
	Private school	Profit-seeking biz
objective	provide high quality of education	to achieve a 20% return on capital
strategic plan	reduce class sizes raise new funds attract high quality of teacher	cut costs by 15% in domestic market expand into market in Asia
tactical plan	set targets for this year examination	carry out a cost reduction program next year
operational plan	prepare teaching schedule for next term monitor the marks gained by students in mock examination	obtain prices from more than one suppliers offer a bulk purchase discount to major customers



# Part A Chapter 1 The Nature, Source & Purpose of Management Accounting

- 2.2 Control

Information relating to the actual results of an organization is reported to managers. Managers use the info. relating to Actual results to take control measured and to re-assess and amend their original budgets or plans.







# Part A Chapter 1 The Nature, Source & Purpose of Management Accounting

- 2.3 Decision-making

## 2.3.1 Definition

- Consider provided info. and make an informed decision
- Make a choice between two or more alternatives

## 2.3.2 Decision-making process

First part- planning

Second part-control



# Part A Chapter 1 The Nature, Source & Purpose of Management Accounting

## 2.3.2 the process of decision-making

- planning
- Step1: identify goals, objectives or problems
  - Step2: identify alternative solution/opportunities which might contribute towards achieving them
  - Step3: collect and analyse relevant data about each alternative
  - Step4: make the decision
  - Step5: implementation
- control
- Step6: obtain data about actual results
  - Step7: compare actual results with the expected outcome. Evaluate achievement.
  - Step8: revise original objectives if necessary.



## Part A Chapter 1 The Nature, Source & Purpose of Management Accounting

Which of the following would be best described as a short term tactical plan?

- A. Reviewing cost variances and investigate as appropriate
- B. Comparing actual market share to budget
- C. Lowering the selling price by 15%
- D. Monitoring actual sales to budget

**C**



## Part A Chapter 1 The Nature, Source & Purpose of Management Accounting

The following statements refer to strategic planning:

- (1) It is concerned with quantifiable and qualitative matters.
- (2) It is mainly undertaken by middle management in an organization.
- (3) It is concerned predominantly with the long term.

Which of the statements are correct?

- A. (1) and (2) only
- B. (1) and (3) only
- C. (2) and (3) only
- D. All

**B**



## Part A Chapter 1 The Nature, Source & Purpose of Management Accounting

The following assertions relate to management accounting

(1) The purpose of management accounting is to provide accounting info. To the managers of the business and other internal users.

(2) Management accounts are only concerned with the cost of goods, services and operations.

A. Both

B. (1)

C. (2)

D. Neither

**B**



## Part A Chapter 1 The Nature, Source & Purpose of Management Accounting

Which of the following steps does not form part of the planning process?

- A. Set objectives for achievement
- B. Identify ways in which objectives can be achieved
- C. Take corrective action to improve chances of achieving objectives
- D. Collect and analyse relevant data about each alternative

**C**



## Part A Chapter 1 The Nature, Source & Purpose of Management Accounting

Which of the following statements are correct?

(1) Strategic info. is mainly used by senior management in an organization.

(2) Productivity measurements are examples of tactical info.

(3) Operational info. is required frequently by its main users.

A. (1) and (2) only

B. (1) and (3) only

C. (2) and (3) only

D. All

**D**



## Part A Chapter 1 The Nature, Source & Purpose of Management Accounting

Which of the following is not correct?

- A. Cost accounting can be used for inventory valuation to meet the requirements of internal reporting only.
- B. Management accounting provides appropriate information for decision making, planning and performance evaluation.
- C. Routine information can be used for both short-term and long-term decisions.
- D. Financial accounting information can be used for internal purposes.

**A**





## Part A Chapter 1 The Nature, Source & Purpose of Management Accounting

Which of the following statements relating to management info. are true?

1. It is produced for parties external to the organization.
2. There is usually a legal requirement for the information to be produced.
3. No strict way govern the way in which the information is presented.
4. It may be presented in monetary or non-monetary terms.

- A. 1 and 2
- B. 3 and 4
- C. 1 and 3
- D. 2 and 4

**B**

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# Thank You!

