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STUDENT 1913405
GROUP 2 TERM 1
NAME ANAMARIA LUPU

LECTURER
REXON NTING

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Introduction

This essay will focus on differences between Revenue and Capital Expenditure and will clarify the nature, purpose, specific characteristics, differences between Cost and Management Accounting and how these concepts and practices are used to develop strategies in an organization.

Next, it closely examines the specific responsibilities of the Management Accountants in business activities and developing the management and cost processes of Cost Centre and Product Centre.

Finally, I discussed in detail the differences between Management and Financial Accounting.

Company expenditures are classified into revenue costs or capital costs. Revenue expenditures are documented on the income report as expenses, as capital expenditures are listed on the annual report as assets so their values can be either devaluated or amortized depending on the nature of the asset. Capital costs are capitalized, meaning they're listed on the balance sheet as an asset, because their occurrences create profit for the organization at various times (Li, 2017).

Revenue expenditures symbolize the gross influx of economic profit like cash, receivables, assets, come from the day by day operating actions of the organization, like sales of goods, sales of services, interest, royalties, and dividends.

Capital expenditures symbolize the major investments of capital that a company makes to maintain or, more often, to develop its organization and create net income. Capital expenses are for the acquisitions of long-term assets, such as facilities or manufacturing equipment. Defined by delivery cost, legal charges, replacement cost, installation cost.

The distinctions between capital and revenue expenditures exist in the acquisitions that will be used over the long-term or short-term. Revenue expenditures are usually referred to as ongoing operating costs, short-term costs used in the current period, usually within one year. Capital expenditures are usually one-time large acquisitions of fixed assets that will be used for income manufacturing after a time (Maverick, 2019).

American Accounting Association defines accounting as “the process of identifying, measuring, and communicating economic information to permit informed judgments and decisions by users of the information”.

In the same way, provides a financial and non-financial report that support managers making quality decisions (Drury, 2012).

Management accounting is focused on the future. It accumulates and investigates information to organize the future. The primary action of management is to decide about the future course of action and support of distinct approach formats the future course of action. The bookkeeping attempts to study the cause-and-effect relationship by interpreting the distinctive variables affecting the incomes and profitability of the organization.

The main purpose of the bookkeeping is to assist the management in performing its operations effectively. The purpose of the management is planning, organizing, directing, and controlling. Management Accounting includes accounting of production cost in his branches, as a discipline, but is wider in scope.

Bookkeeping is the method of development of financial reports of an entity. Cost, on the other hand, is the resources consumed by activity or product.

Accounting of production cost analyze the cost structure of an organization. By accumulate data about the costs incurred by business activity, select costs to products, and services and other cost objects, and calculate the effectiveness of cost usage.

Accounting of production cost is the classification, reporting, and appropriate allocation of expenditure for the determination of the costs of products, or services, and for the presentation of suitably arranged information for purposes of control and guidance of management. It contain the ascertainment of cost of every order, job, contract, process, service or unit as may be appropriate. It manages with the cost of production, selling, and distribution.

Accounting of production cost is, therefore, the provision of such evaluation and classification of expenditure as will enable the total cost of any specific unit of production or service to be ascertained with a reasonable degree of accuracy and the same time to disclose exactly how much total cost is constituted so as to control and reduce cost. It is the application of costing, and accounting of production cost standards, methods and approaches to the science, art and undertake of cost control and the ascertainment of profitability. It includes the performance of data derived therefrom for objective of managerial arrangement making.

Accounting of production cost classification on:

- Type- material costs, labour cost, other expenses;
- Function- production, non-production costs;
- Direct and indirect cost;

Management accountants play a key role in implementing a successful strategy of business by playing a vital part in the design and development of useful management accounting tools. Management accountants have different formal tasks and goals and therefore, use varying toolsets, ranging from traditional cost accounting to general management instruments like portfolio analysis.

Management accountants provide data for decision making, assist and directing and controlling activities, motivates managers and employees towards their organization's objectives, and advise them on how to align management actions to the company's strategic goals, assess the company's competitive position, etc.

Accounting of production cost is a source of data for the financial statements especially regarding the valuation of inventory. However, it is not directly involved in the generation of economic statements. By examining costs incurred in relation to activities conducted, to see if the company is using its resources effectively, analyzing costs that will change as the result of an organization decision. Presentation of information for managers data derived therefrom for purposes of managerial decision making (Hadi, 2012).

Management accounting and cost accounting involves the presentation of accounting report in a manner that supports prudent planning, correct decision-making and effective controlling of day-to-day operations. On the one hand, Management Accounting uses both quantitative and qualitative data, on the other hand only the quantitative aspect is recorded in Accounting of production cost.

When it comes to developing the short and long-term decision in the organization, Management Accounting is to serve the purpose of decision making for a future course of action. Accounting of production cost report is concerned with the current year ignoring future years while management accounting is mainly future-oriented.

Specific duties of the Management Accounts:

- Management accountants work for public organizations, private businesses, and government agencies.
- Their responsibilities include recording and crunching numbers, assist to choose and manage organization investments, risk management, budgeting, planning, strategizing, and decision making.
- Management accountants need inclinations for and interest in numbers, math, company and production processes, along with accounting ability, knowledge in GAAP, and leadership skills.

An organization fundamental accounting duty, such as registration of profit and expenses, tracking tax liabilities also using these data to prepare income statements, cash flow statements, and balance sheets. A bookkeeping administrator will evaluate these basic reports and make forecasts, budgets, performance measurements, and plans, then present them to senior management to assist in its operational decision making.

A bookkeeping administrator may also identify trends and opportunities for improvement, evaluate and manage risk, arrange the funding and financing of operations, and monitor and enforce compliance. They might also create and maintain a business financial system and supervise its bookkeepers and data processors. Management accountants may also have an area of expertise, such as taxes or budgeting (Fontinelle, 2019)

Cost centre is the smallest segment of activity or area of responsibility for which costs are accumulated. Typically cost centre are departments or sub-departments of the company which reference to which cost is collected for cost ascertainment and cost control. For example, although an assembly department may be supervised by one foreman, it may contain several assembly lines is regarded as a separate cost centre with its own assistant foreman. A cost centre can be an area such as department, store yard or salesman, lathe machine, delivery vehicle or a person, salesman, foreman. The determination of a suitable cost centre is very important for ascertainment and control of cost. The executive in charge of a cost centre is held responsible for the control of his cost centre. It enables the accumulation of all such costs at one place for which a common base of recovery may be used. Cost centre may be a product centre or service centre.

The product centre refers to a centre through which a product passes and generally corresponds to product department. Like in centres, raw materials are converted into finished goods. (Gitonga,2019).

Financial Accounting can be defined as a process of recording, summarising and investigate the business economic transactions, and reporting in an economic fiscal statement for existing or potential investitures, lenders, and stockholders.

Management Accounting can be defined as the process of identifying, measuring, interpreting, and communicating data to managers to assist them in planning, decision making, and risk management.

- Financial and Management Accounting, both collect economic data and present to the target audience in the form of fiscal reports, but completely different. In Financial Accounting, the target audience is external, as for Management Accounting is internal.
 - Financial Accounting standards come up with GAAP(General Accepted Accounting Principles) and IFRS (International Financial Reporting Standards).
The main purpose of Financial Accounting (FA) is to report on an organization financial health to the external parties. The main reason why Financial Statement exists is to protect the external parties such as existing or potential investors, lenders, and creditors.
 - For Management Accounting (MA), the target audience is internal. Creates internal reports to support managers for better decisions making. Planning for the future, making informed organization decisions, and managing the risks that impact the performance and profit of the organization.
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- On the one hand, FA involves reporting on historical transactions and events. Reports like the income statement and the balance sheet to sum transactions that happened over a period of time, or the closing balances of assets, liabilities, or equity in the past, in a single point of time. And is historical information that FA build for a fiscal statement.
 - On the other hand, MA focuses more on the future. Make reports to assist the managers of the company to make better decisions that impact the future, like budgets that determine how the company chooses to allocate resources.
 - The scope of FA is broad, for a better understanding of the external parties of the whole company.
 - In the MA, the scope is more narrow, divided into different details reports segments, cost centres to provide to the managers all these different arias with detailed reports, to help them specifically. With financial or non-financial reports including an explanation with stories to facilitate the information.
 - FA is focussing on being objective and precise. Financial statements are designed to reflect the true and fair view of the company state of the affairs at the end of an accounting period, with real numbers.

- In the MA, the priority is on being relevant and timely. MA use estimates and shortcuts, they need to give to the managers to evaluate on time to avoid a late report that will not be relevant anymore. MA doesn't have specific rules to follow because the reports are confidential, internal use only. They are less regulated than FA.
- FA is heavily regulated based on the principles and standards that must hold, respect. GAAP and IFRS have strict rules that show how to report transactions and present data in the fiscal statement, such as the profit statement, balance sheet, cash flow statement. These statements need to be protected from fraud and misinformation. Being on external parties, alternatively, fiscal statements need sometimes to be audited. The Audit is a branch that the company hires accounting these accountants to review and check the fiscal statements before to be approved and send out to stockholders.

Financial Accounting and the financial statement become a vital when the company grows, compared with Management Accounting that technically is not required, but are more valuable when it comes to making decisions, to create strategies for future performance and profit of the company.

Conclusion

This study is designed to understand the differences between Revenue and Capital Expenditure and a better understanding of Cost and Management Accounting. This study also shows in a detailed explanation of the responsibilities to the Management Accounts in business activities regards Cost and Product Centre, and a detailed difference between Management and Financial Accounting.

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