

# Examining different accounting forms within samsung electronics



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Samsung Electronics Company is a part of the Samsung Group which group was first established in 1969 by the founder of Byung-chull Lee in Dzequ, South Korea. It is a leading electronics equipment of digital manufacturing group of our home alliances such as television, mobile, refrigerator, etc. In 1978, this company established as a international company to launched in the USA market. In 1984, this company built 1st overseas plant in Portugal and in 1984, also expanded a sales marketing in Germany and UK. After 2 years later, the company established a new plant in UK to manufacture microwave ovens, VCR and multi TV. In 1988, this company converted with Samsung Semiconductor & Telecommunication Company. Now a day it is the largest electronics company over the world by providing their new technology. In 2009, this company recognized for highest revenue company overall the world and also same year this company celebrated the 40th anniversary. At this moment, it covers 28 percent electronics equipment of the UK market.

#### Product of Samsung Electronics Company

Samsung Electronics Company provides us smart appliance technology and operational efficiency of the electrical grid which appliances are make comfortable of the home life. In earlier period of this company, manufactured only black and white television and after nine years later in 1970s, introduced new products like as refrigerator, washing machines and electronics plants. In 1986, this company built microwave ovens, VCR and color TV in the UK plants. In 2000, was very important for the company because this year it's expanded in the global internet with Yahoo and to provide next generation mobile phones and also make a new marketing <https://assignbuster.com/examining-different-accounting-forms-within-samsung-electronics/>

technology. The company built liquid-crystal displays (LCDs) monitors and next year company developed of two way interactive compliant television sets, cable infrastructure and portable communication equipments by joint adventure with other company. In 2006, introduced with the range of 3G mobiles. After day by day, the company established their new technology for the global people such as Laptop, WiMAX technology, Digital Media and Communication (DMC) division, 4 GB DDR3 chip, digital camera, home theater system, Blu-ray, printers, air conditioners, and broadband internet, etc.

### Competitors of Samsung Electronics Company

If Samsung electronics company is the biggest electronics company all over the world but its has many competitors in the market such as Sony Ericson, Apple, Nokia, Philips, Sony, etc., which also deals in the electronics equipment selling as this company. Sony, LG sell also the similar electronics product to Samsung company however its products available in low prize, high configuration and always maintain the quality of service which makes Samsung Electronics Company leading electronics group in the world.

### Process of the Company

Samsung Electronics Company not only sells but also manufacturing of the equipment. Before launching any product they ensure the quality of the product through whole process from getting raw material, production, transportation, usage and end-of life disposal. All of these are adding price, quality, design and function which done for product improvement. Before manufacturing any product, fast maintain the customer choice and all are <https://assignbuster.com/examining-different-accounting-forms-within-samsung-electronics/>

doing with responsibility. If customer is not satisfied in the product, the company has to ensure the warranty.

### Policies of Samsung Electronics Company

Samsung Electronics Company has policies which follow the rules of regulation very strictly for the organization. These rules of regulation not only for customer but also total group. All policies are maintained by HR manager of the company. The roles are following such as administrative development, services performances, maintain employee, communicate with administrative team, investigating, answering and maintain human resource record. Another main thing is requirement such as analytical, problem solving, oral communication, delegation, management skill, qualifications, and language skills.

### Review of Management Accounting :

“ Management accounting is an integral part of management concerned with identifying, presenting and interpreting information used for formulating strategy; planning and controlling activities; decision taking; optimizing the use of resources; disclosure to shareholders and others external to the entity; disclosure to employee; safeguarding assets.”

(Accounting for non-accounting students, by J R Dyson-3rd Edition)

“ Management accounting is the process of identifying, measuring, accumulating, analyzing, preparing, interpreting and communicating information that helps managers to fulfill organizations objectives.”

( Charles T. Horgren)

Following by the explanation stating of some facts which are necessary of fulfill the nature and role of the management accounting. These are strategic planning, budgeting, financial management and accounting, cost accounting, communication of financial and operating information, financial control, internal audit, and management audit.

(Accounting for non-accounting students, by J R Dyson-3rd Edition)

If any organization need to increase their business firstly essentials to know about the key techniques of the management accounting because without technique difficult to development of the financial policy. So this company like as Samsung Electronics Company following some techniques which are find out the key revenue indices for measure, reporting structure of management for implantation, analyzing the working process, supplier wages, cost of product gross margin and profitability of the customer; always monitor the cost and volume; implement balanced scorecard and customer value of the management reporting.

(www. brillco. net)

### Techniques and Methods of Management Accounting

There are different types of method and technology have which helps us to understand the overall management accounting, some of them are as follows:

#### Activity based costing of management accounting

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Activity base costing is a method for measuring the activities, cost and performance of the company which based in the ability of the assemble that is based on the natural action of the organization. Activity base costing argues from customary cost accounting facility which apply the activity in actual authority. To count the number amount of the consequence, costing of activities in durations for all fixed and variable of the straight cost. Any manager of the organization can take judgment on the activity based costing number volume for a customer.

#### Job order costing of management accounting

Job order costing is a method where is one of many another accounting costing system which uses for monitoring and controlling cost of the business. Job order costing can be calculate by the amount of number in the business is divided by cost of the business. Its method actually used for many industries, for example T-shirt Company.

#### Budgeting for a company

One of the most important areas of the management accounting is the budgeting for any kind of business whatever it is a small business or a big business. Budgeting as a company what plan to spend or receive over a specified period of time based on past experience. Any company wants to provide their business planning, co-ordination, communication, motivation, control and performance evaluation by budgeting. For a big company, generally makes a budget for yearly basis and operating budget with past year's statement of revenues and expenses but a small company provides a budgeting on monthly bases. Such as Samsung Electronics Company, <https://assignbuster.com/examining-different-accounting-forms-within-samsung-electronics/>

highlight includes research new technology, development of product, administration activities, expanding and selling differences budgeting. Budgeting in a company has some profits such as requires all kinds of management to framework of future, provides absolute aims for evaluating achievement, makes an fast warning system for potential difficulty and favors the organization of activities within the business. Budgeting is a challenging position for every organization.

There are two kind of budgeting, following as:

Periodic budgets:

This is characteristically behaved once per budget period- generally once a year for every planning period of a company, this budget may be revising or update latest realistic forecast.

Continuous or rolling budgets:

Continuous budget as a budget that always ready for a specified future season by adding a season (month, quarter or year) to the period that at the last moment with a fixed planning horizon.

Capital investment decision for a company:

Another one of the most important of the management accounting is capital investment decision which is made for the major period of time expires between the layouts of the recovery of the investment is known as capital investment decision. The ambition of the capital investment decisions admits appropriation of the company's capital funds most influentially in order to

ensure the best return possible. Capital investment decisions are made for short term and long term for the profit of the company.

Recommendations to Samsung Electronics Company:

Samsung Electronics Company allocates some methodology for the development of the organization where activities based costing is a important implement such as activities, cost and performance. Samsung Electronics Company should follow activities based costing because assigning prices to product and product to services are going on this new technology. Budgeting of these company activities based costing have a good authority on the management accounting policy of the company.

There are different types of job order costing system on management and cost accounting. Following this way, Samsung Electronics Company provided as a largest brand overall the world which used for monitoring and controlling cost of the business. It's cost effective, a good design accounting rule must generate advice for a big number of uses. It helps of making special reports such as sales tax, payroll etc., also this company has every one thing in preparing such as over head cost, direct cost and indirect cost. These decisions provide the company and maintain the focus on electronics for example smart phone, chips, etc.

At this moment, Samsung Electronics Company's capital investment decision is fixed. Following by this financial policy, Samsung company increases their growth for last 2 years by balance sheet, for example: in 2010 net income increase 65% compare with 2009 and sales up to 13% compare with

previous years, which takes a great effect in the financial accounting of the <https://assignbuster.com/examining-different-accounting-forms-within-samsung-electronics/>



company. Decision also motivate the company in coming information like as Samsung electronics moves Solar battery business which fields are LEDs, medical equipment and hybrid electric car batteries.

Budgeting is a very major matter for Samsung Electronics Company; they take a mission for 2020 which will be providing a largest revenue company in the world. So proper budgeting gives an idea to make future planning of the company and feel easy to achieve the goal by monitoring and analyzing previous year's expenditure and sell. For example, in 2011 Samsung Electronics Company announces that they invest a fund above \$ 26 billion for the next year which will be a new record in their investment. As a result, they celebrate the biggest budget compare with another company. Early in this year, they announced two budget compacts which are PL20 and ES80 cameras where based CCD chips, net, USB-based charging. This creates an overall knowledge among the different departments. Some event of the budget, take a great effect in the financial record. For example; in 2010 in Samsung Mobile Communication took infect where sales cover 23% and operating profit rise 38% compare with last year. As a result, it will be influences for the organization such as employee, management, technician, etc., also on the budget. That is why, budget influences customer and can adopt periodic budget. This company cannot provide continuous budgeting for their future development in the global market. Samsung Electronics Company makes planning, co-ordination, communication, motivation, control and performance evaluation by budgeting.

SWOT Analysis of Samsung Electronics Company:

Samsung Electronics Company is a part of Samsung group which is one of the leading manufacturing technologies of home alliance product in the world. This company specially known as telecommunication, semiconductor, digital media and convergence technologies. This company provides their strength, limitation, opportunities and threats by SWOT analysis. Now a day, this company is the global biggest producer for DRAM, SRAM and flash memory which makes the strong situation of the world brands company and also for the strong competitors.

Strengths of the Samsung electronics company:

Samsung Electronics Company is strength for different sectors such as semiconductor, telecommunication, digital media of the governing players and DRAM, SRAM, flash memory of the biggest producer of the world market. First position for the television which is 25% and second position for mobile phone which 19% of the global market. In according the robust market position, Samsung Electronics company ranked in the nineteenth place overall the leading 100 brands and only 5th position for the technology.

Research and developments is the main concern and customer motivation for the Samsung electronics company. For research and development, this company spent about \$ 7 billion in 2010 and \$ 6 billion in 2009 and about 42, 000 people are working for research overall the world whereas only Korea has 6 and another has 18 research centers in the world. Following by the research and development, this company provided new technologies of home alliance and earns more money.

Samsung Electronics Company is well known over the world for the highest electronics equipments compare with the other company. That is why; they announced the prize for revenue of the world market. One of the interested things is that this company provides only two business area such as digital media and telecommunication.

Weakness of the Samsung electronics company:

An example of product come backs is the first weakness for the Samsung electronics company. In 2009, 160000 phones, key pads and BB14 software were back for some mechanical problem in the US market, it was the fast of the year whereas same year of the last come backed about 1000 watt microwave ovens in the US market and fridge in the south Korean And Chinese market. Both reflected the financial effect of the company and negative effect on the consumer.

Mobile phone market in the developing countries was very weak position which is only 3. 5% whereas Nokia was 58%. They cannot lead those countries for their prize and working system.

Opportunities of the Samsung Electronics Company:

The Samsung electronics company has the ability to form strategic alliance in the world market while according the consumer perspective. This reflects the great attitude of the company.

In the developing countries where telecommunication market is growing recently. They should to proper use in this countries for example; in 2008 0.

8 million people used mobile but in 2009 it reached about 1.2 million in India.

Threats of the Samsung Electronics Company:

Now a day, global market is open, so to make a position of any company makes sure their completion. In this reason Samsung Electronics Company has more competitive in the business environment, such as Nokia, LG Electronics, Sony, etc., which faces the negative effect in the market of the Samsung Electronics company.

Samsung Electronics Company facing the weakening position in the liquid crystal display (LCD) flats in the market. According in 2010, first quarter sell about 154 million amount and second quarter sell only 157 million amount, day by day decreased the demand that is why these company takes the low price. This makes the great effect in their financial position.