

Advance managerial accounting report

Finance



Advance Managerial Accounting Report A succinct review the information that different present on Advanced Management Account, there are a number of aspects common to what the authors try to inform the reader. Drucker in his article “ Be Data Literate” reveals dependent and independent variables in decision-making. According to the author, strategic decisions depend on outside data to be the rationale and sustain profitability of the organization. Critical to his argument is the aspect of costs. He maintains that transactional accounting tries to relate operations to the expected outcomes for historical costs so that future estimates in returns become eminent. This implies that data turns into information for purposes of making decisions.

In the same way, Ferrara’s article “ 21st Century Paradigm,” the focus is on cost especially concerning industrial engineering. When Ferrara says that the volume of activity is still a problem as fixed costs grow depending on variable costs, the main point is that profitability is dependent costs. Just like Drucker, Ferrara proposes that costs affect the number of products. This is what he refers to as activity costing. In the two articles, authors clearly bring out the issue of marginal changes ignoring the impact of accounting. Data, therefore, is imperative in the two cases for continuous improvement like cutting down on the selling over a period. At the final stage, Drucker and Ferrara establish that information is crucial in any accounting system, whereby it should deal with the two issues of assigning costs between and within product lines.

The next articles as well focus on utilizing costs to make decisions. Cooper and Kaplan, for instance, examine how important products are critical in controlling the costs within the market. They, at first, agree with Ferrara that <https://assignbuster.com/advance-managerial-accounting-report/>

costs are becoming less variable. This implies that they are the dependent factors transferring products to be independent. Cooper and Kaplan reveal that most costs change depending on the shift and diversity of products within the economy as opposed to the number of products produced (Kaplan and Atkinson 2). With reference to what Drucker tries to bring to surface on accounting systems and information, Cooper and Kaplan tend to agree with him that conventional accounting systems make more products appear more expensive than they really are.

The clearest point that brings all the articles together is that management decisions vary depending on the number of product complexity as opposed to the amount. Cooper and Kaplan as well tend to agree with Ferrara about important changes when it comes to allocation of costs to products. They bring out this aspect through the cost pools. It is agreeable that cost pools to products level attainment should be through channels that reflect cost incentives. Some costs are however variable due to management decisions on the intermittent basis. Gordon and Loeb in their article “Internet” reflect back on the need for information that Drucker explores. They put it that organizations should focus on clients as the main goal for setting costs. Through this, product costs will serve to control profitability when prices are dependent on the market. Positive competition within the market environment will call for companies responding fast to changes in costs. This can only happen through information needs.

Authors of the articles unveil the need for information in controlling or determining costs for products within the market environment. Apparently, business environment, competitors no longer look upon the total development of unit cost to determine products selling price.

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Work Cited

Kaplan, Robert & Atkinson, Anthony. Advanced Management Accounting.
New York: Pearson Education, Limited, 2014. Print.