Managerial Accounting Usage and its Statement

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Managerial accounting is one part of two main accountings which forms accounting and it is a process to plan, evaluate, monitor, accumulate, analyze and explain. Also, in the management process, based on managerial accounting dynamic roles, decisions including all aspects of business are made based on all useful information updates and analysis.

Therefore, in modern times, accountants are not only to prepare financial statements, but also their roles and requirements of providing urgent data to the management of entities are increasing in order to fulfill accounting information and monitoring duties. One of the conditions to fulfill this objective successfully is an internal data of accounting and it is directed to provide required data to the management team of business organizations in order to provide possibilities to make rational decisions. This objective will be implemented by introducing managerial accounting.

Keywords: *Monitoring, finance, economy, assets.*

Introduction

Main issues of managerial accounting are directed to make rational managerial decisions to reduce expenditure and costs and to have more profits. Therefore, it is considered to use 8 methodologies and 14 analytical methods for managerial decision making process and to conduct a study and improve managerial accounting usage. It includes:

1. To define cost-centers, classify expenses of these centers, to determine the internal statement structure and contents.
2. To calculate costs by total costs or variable costs.
3. To clarify traditional understanding and systems of expenditure in accordance with roles and objectives of managerial accounting.
4. Correlation analysis of expenses–production amount– profit.
5. To make decision in uncertain condition.
6. To define process of goods and services.
7. To develop plan and budget.
8. Capital spending plan, assessment and monitoring.

These main methodologies are going to be used for decision making process of managerial accounting and also these methodologies are implemented by below methods. They are:

1. Cost analysis calculated by the least square methods
2. Cost analysis calculated by multiple-factor regression analysis.
3. Cost structure analysis
4. Pricing method based on used capital efficiency
5. Prediction calculation of sales
6. Usage of direct and indirect expenses classification
7. Input analysis of production
8. Capital planning planned by total cost method of pricing
9. Break-even point calculation at the certain condition
10. Break-even point calculation at the uncertain condition
11. Leverage calculation of actions
12. Differential cost analysis
13. Flexible budget
14. Profit analysis

Comparison of results and usages of above mentioned decision making methods are shown in below Table.

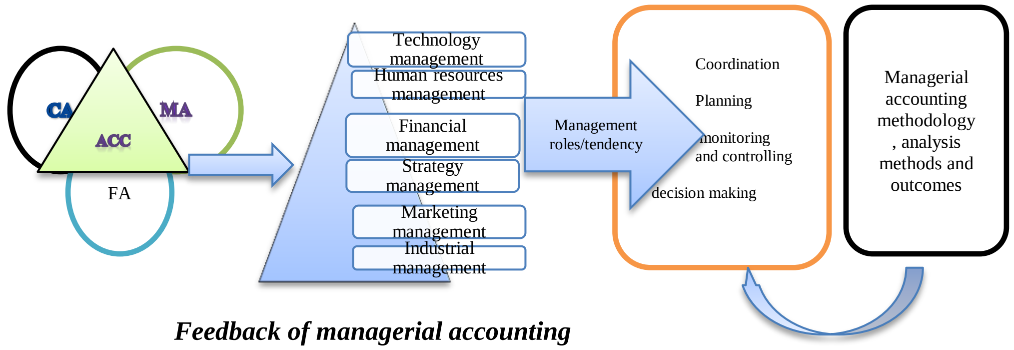
Table 1.1

№	Analysis methods	Contents	Decision making results and usages
1	Cost analysis calculated by the least square methods	By the help of regression equation, it is a method to have a sum of squares of the vertical distances between the scattered points and the cost line is minimized. $y=a+bx$ (1.1)	It is a main method to define to have the minimum errors in the fixed and variable costs of semi-variable costs. Costs are divided by variable and fixed costs and used for planning, controlling and making managerial decision.
2	Cost analysis calculated by multiple-factor regression analysis	For any costs several factors influence. Hence, it is required to clarify influences of each cost factor. This influence is represented by multiple-factor regression equation. $y=a+b_1x_1+b_2x_2+...b_nx_n$	It is provides possibilities for the management which cost is influenced and how they need to do planning in the future.
3	Cost structure analysis	Costs structure analysis is ways to consider costs classification together with participation of goods in the production process.	This is to make decisions based on analysis on ratio in total costs of additional costs of production and direct and indirect materials.
4	Pricing method based on used capital efficiency	As used capital is increased it is required more money in business activities, so this is a method to	For having better controlling and monitoring, it is used for manage-

		define pricing based on this.	rial pricing decision making process.
5	Prediction calculation of sales	This is to define future values by evaluated values, which are evaluated by current income levels of sales.	This provides opportunity to define future income of sales.
6	Usage of direct and indirect expenses classification	Difference between direct and indirect costs is based on principles to impose costs to expenses carriers.	This provides opportunities to management to classify indirect and direct costs, and calculate and control unit costs.
7	Input analysis of production	This is used for defining amounts of raw materials, which are main factor of the production, included in the production.	Management has possibilities to have control on inputs of products which is produced.
8	Capital planning planned by total cost method of pricing	The current net value method is defined by differentiation of current value of cash costs from current net income value of cash flow to be earned in capital's usage duration.	It provides possibilities to the management to select projects.
9	Break-even point calculation at the certain condition	Cost-production-profit analysis is used to define action levels when income is equal to costs or profit is equal to loss. It is used for defining levels to bring production growth and profit-positive outcomes.	It provides possibilities to the management to define limits of certain levels to run production normally and determine future objectives.
10	Break-even point calculation at the uncertain condition	One of the approaches to analyze cost-production-profit connection in the uncertain condition is an even number variable method based on probability tree. Here, it is considered all probabilities that can be shown every levels of variables in the break-even point analysis model.	It provides possibilities to make decisions based on probabilities can be indentified in different levels of unit saling price, unit variable costs and total fixed costs.
11	Leverage calculation of actions	Leverage is an indicator to define to implement large objectives with less power. Action leverage means an amount comparing fixed costs with variable costs. Action leverage degree is a change measure of percentages in the sales amounts that influences sales levels.	Having small amount of raise (decrease), if action leverage is high then profit will increase (decrease.) More than that ALD provides possibilities to calculate how profit is changing through many different perdentage changes and also it provide data to the management to prepare income statement. If the company is running activity which is very close to the break-even point, small amount increase of sales brings high amount of profit fall. This provides opportunities for the management to explain how profit amount is changed by nominal growth of sales
12	Differential cost analysis	Income generated by selected activities is compared to the income efficiency and define diffential costs and differential costs means real cost amount to implement project and expand its main goals. Differential costs are called as marginal costs or increment costs and increment costs are considered as"out of pocket costs".	There is understanding includes cost increase and decrease between costs versions and its value provides possibility to make selection of activities.
13	Flexible budget	By sales amount, levels of actions are predicted and calculated in advance to define expected profit and so that changes influence level of business activities are calculated differently from cost, price, action efficiency influences.	It provides possibility to calculate influences of price, variable costs and fixed costs.
14	Profit analysis	This is to define factor impacts of factors that influenced on action planning and performance.	It provides chances to the management to control factors that influence profit.

Using above methods, conditions to provide urgent and complex data and make management to work efficiently are established. In particularly, these methods provide data to four main functions of management which are planning, managing, controlling and decision making. This is shown as scheme in the following picture:

1.Roles of managerial accounting:



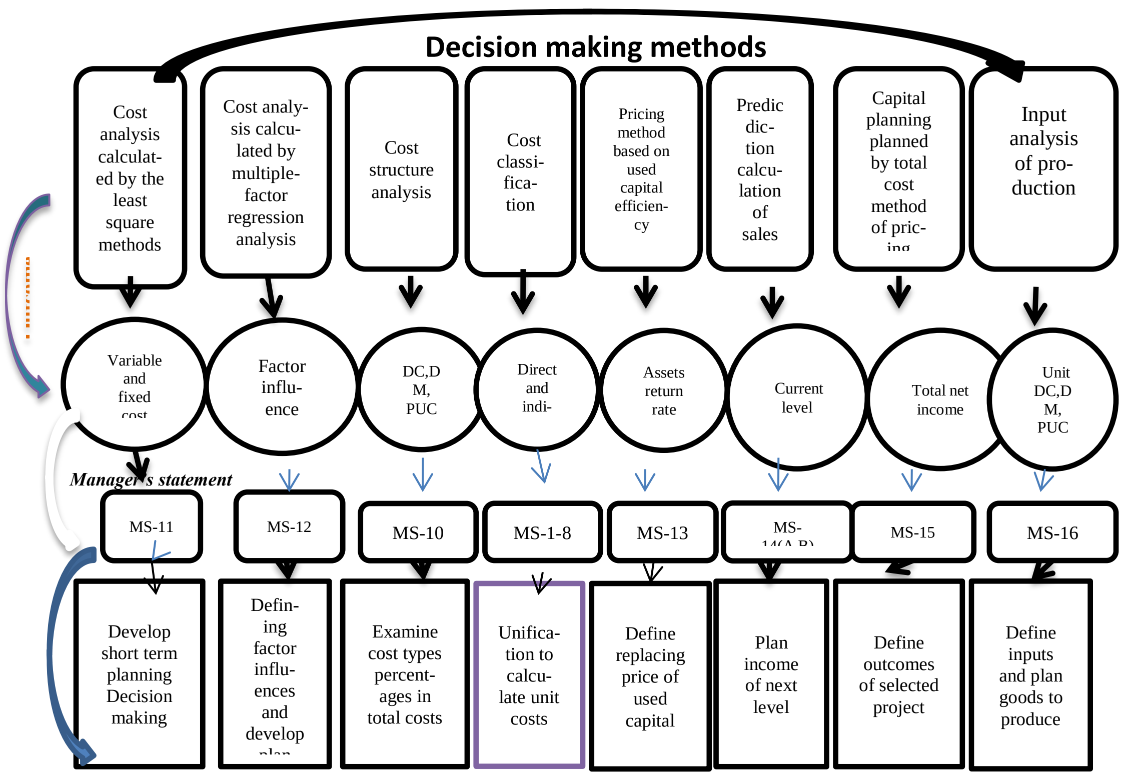
Feedback of managerial accounting

Picture 1.1. **Provide data to make managerial** *decisions*

Expenditure data system is different in each entity; however, its coordination of inputs, development, outputs, data objectives and data users are common.

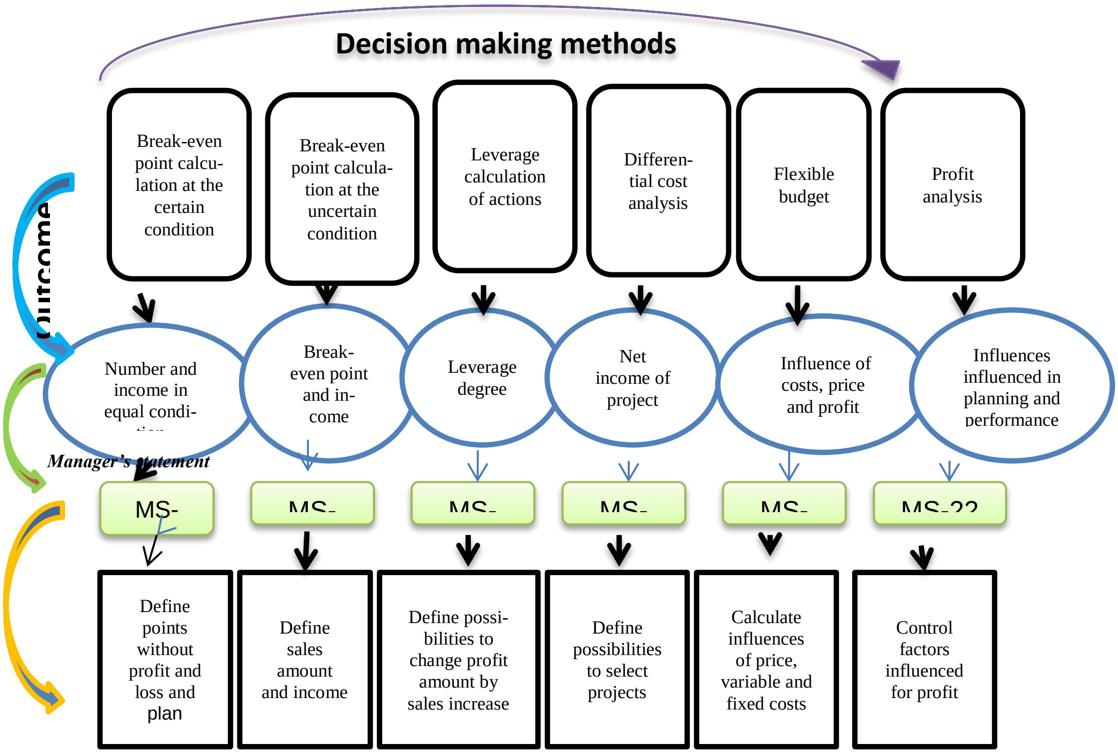
Based on the model on data output process "**a Decision making model on expenditure statement by total costs -1, a Decision making model on calculation of expenses by variable costs -2 and a model for manager's statement –MS model**" are developed and suggested them to be used for managerial accounting. For clarifying managerial accounting implementation, a survey was conducted in 343 entities of UB city. Based on the survey results, in order to use managerial accounting in the entity's activities it is required to do analysis according to the below decision making model and provide required data.

Decision making model on expense statement by total costs - 1



Picture 1.2. **Decision making procedure**

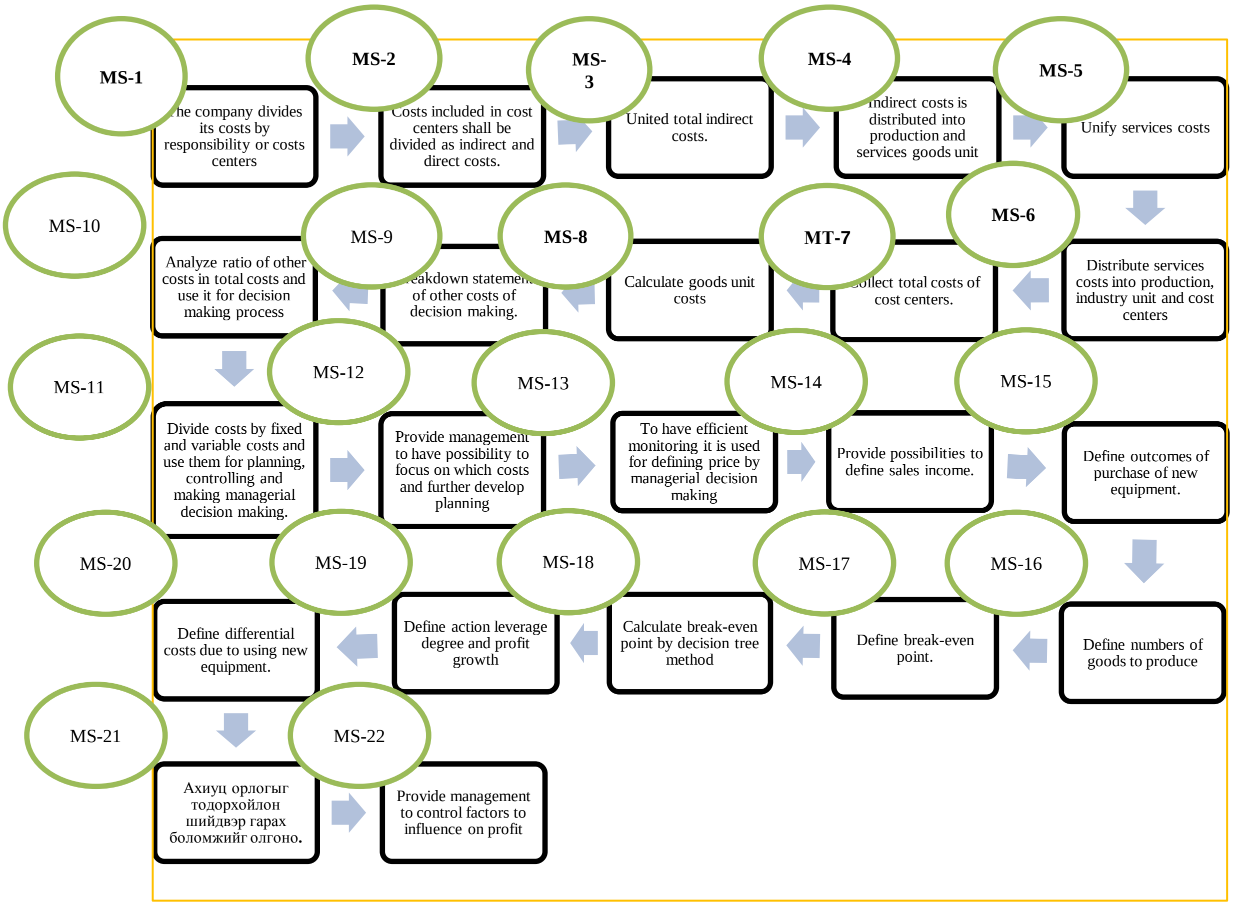
Decision making model on expense statement by variable costs - 2



Picture 1.3. **Decision making procedure**

Based on these two models, the internal statements and managerial statements are developed and used.

Model of Manager's statement (MS)



Picture 1.1. Model of Manager's statement

In the subsequent journal series, the models of managerial accounting statements shall be presented.

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