



Basis of accounting records

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Chapter preview

This chapter is a transitional one, serving as an introduction to a number of the issues addressed in Part 2 of the book. The second section concentrates on internal accounting processes – accounting for managers, usually termed **management accounting**.

In this chapter, we introduce a number of accounting concepts which underpin the basic financial record-keeping systems of organisations. These underpinnings are essential if the basic accounting records of an organisation are to be fit for purpose – whether that purpose be management accounting or financial reporting.

The chapter discusses the interface between accounting and the functions of management. It summarises the major differences between financial and management accounting, and discusses how management accounting can meet the information needs of management and recognises the behavioural foundations of management accounting.