

Integration of Financial Accounting and Management Accounting

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Abstract

With the social and economic development to a certain extent, financial accounting and management accounting emerged from their original accounting activities, as part of the activities and business management are to safeguard the legitimate rights and interests of stakeholders for the purpose. In a complex market environment, the business process will also face increasing financial risk, and financial requirements, information disclosure of financial accounting and management accounting that they may become an interrelated organic whole is to protect business interests at the same time, improve quality of corporate financial reporting, the key to useful information disclosure.

Keywords

Management Accounting; Financial Accounting.

1. THE DIFFERENCE BETWEEN CONTACT AND MANAGEMENT ACCOUNTING AND FINANCIAL ACCOUNTING

1.1. Contact Management Accounting and Financial Accounting

Business management accounting and financial accounting in the same environment, both for the production, operation and management services. Both can record, calculate, analyze, evaluate the economic activities of enterprises, provide an objective basis for enterprise management decision-making, help companies maximize the economic value of the development goals. Management accounting and financial accounting are derived from traditional accounting, mutual restraint between the two, interdependent and together constitute the organic whole corporate finance activities. Some information and data management accounting from financial accounting, management accounting and financial accounting using roughly the same raw data. For example, to make investment decisions, we need to collect relevant cost data; to control the inventory, you need to collect actual inventory, inventory costs, material consumption, and other data. These data can be obtained from a financial accounting report or record books. These data authenticity, validity of financial projections, decisions have a significant impact on the success or failure of the business has a crucial influence. The movement of funds business is the work object management accounting, and financial accounting, management accounting, and financial accounting are required documentation, evaluation, assessment, control enterprise funds, to promote senior managers to make the best decisions, rational use of corporate resources.

1.2. Distinguish Management Accounting and Financial Accounting

The difference between management accounting and financial accounting business mainly in the following aspects. First, different content. Content management accounting including planning decisions, performance evaluation, and control, is an analysis of the funds, evaluation, control, forecasting and decision-making for managing enterprise economic activity. The main

contents include financial accounting liabilities, assets, equity, cost, revenue and profit accounting, confirmation of the funds, records, measurement, and reporting, for the movement of funds reflects the enterprise. Secondly, different clients. Business management accounting can provide the most optimal decision-making and effective operation of management information, provide reference for internal management staff. It is to improve economic efficiency and strengthen the internal control services, often referred to internal accounting.

Corporate financial accounting to provide basic financial information, focusing on services and contact individuals or groups of enterprises, often referred to as external accounting. Third, different priorities. Business management accounting management types in the past based on need to reflect and strengthen prospects for forecasting, planning, decision-making, and other functions, and the future is the focus of its work. The Financial Accounting reimbursement type only provide historical financial information for the past is the focus of its work. Fourth, the different time spans. Preparation of business management accounting report has a more excellent elasticity of time; preparation time can be as short as one day, it can take several years, often carried out following the needs of managers in practical use. The time of the preparation of financial accounting reports tends to have hard and fast rules, time for the preparation of external financial statements usually for one year, quarter or month. Fifth, business management and financial accounting in accounting procedures, the accounting method, the accuracy of the information and characteristics and so there are some differences.

2. THE BASIS OF MANAGEMENT ACCOUNTING AND FINANCIAL ACCOUNTING INTEGRATION

As an essential means of accounting management business, which is a predetermined target, collect, reflect, dealing with financial information, guidance, regulation, control and organize economic activities to promote the business to pay attention to the effect of, on balance management activities and social practice. Accounting reflects the social relations of production, with the development of the productive forces and development. Traditional accounting of funds movement is considered the only accounting objects, too much emphasis on the role of funds, assets, etc. in the production and management while ignoring the decision, the role of human factors dominate physical capital. With the constant improvement of accounting theory, accounting object scope has expanded. Content management accounting continues to expand, including not only the traditional management accounting content, but also encompasses the content of intellectual capital; human resources cost control, supervision, accounting and so on. Accounting management pays more attention to the integration of accounting and financial accounting. In essence, management accounting and financial accounting are the recognition, measurement, and control of transactions and changes in equity of resource elements. Both due to the different divisions of labor, the focus in accounting is different. Production and operation of enterprises is the main target of financial accounting, management accounting, and financial accounting is reprocessed object is the use of financial and accounting information direct, control, organization management, and operations.

On the functions of direction, management accounting is financial accounting extension and development; work on the content, management accounting is the deepening of financial accounting; on the ultimate goal, management accounting and financial accounting has always been consistent, it is to improve enterprise efficiency and to safeguard the interests of stakeholders.

3. MANAGEMENT MEASURES FOR THE INTEGRATION OF ACCOUNTING AND FINANCIAL ACCOUNTING

3.1. Construction of the Fusion System Management Accounting and Financial Accounting

Integration of management accounting and financial accounting is to improve corporate accounting; further, accounting is a breakthrough development. By building management accounting and financial accounting integration systems to enable enterprise accounting activities not only to meet the various needs of information users but also can effectively prevent unnecessary waste and repeat state. Due to the current enterprise accounting, management accounting and financial accounting is still relatively weak compared to the position. Therefore, the following measures may be taken to compensate for the imbalance of management accounting and financial accounting to promote the effective integration of the two. First, companies should pay attention to the role of senior management in corporate decision-making management accounting. Corporate executives to promote the importance of management accounting in business daily production, management, effective use of management activities, and promote the use of business management accounting information control, management, decision-making. Second, improve the quality of corporate accounting staff, strengthen management accounting education. Enterprise management accounting training should be carried out to strengthen the work of guidance, and professional training of accounting personnel and related managers at all levels are prompting companies to understand, know how to manage accounting, management accounting, and financial accounting to establish a team with higher quality. Third, the use of appropriate methods of basic data collection to ensure the effective integration of management accounting and financial accounting. Fourth, the refinement of basic accounting work, and optimize financial information, promote the integration of management accounting and financial accounting.

3.2. Reasonable Basis for Building Confirmation and Measurement

Financial accounting should break a single-mode accrual basis while confirming the foundation to take full account of cash flow and build a system of accounting and cash flow combined with a confirmation accrual basis. This will not only be able to confirm the basis of coordination and management accounting and financial accounting but also to reduce the workload of management accounting, external reporting is conducive to business cash flow information, to better meet the needs of external information. In the measurement of financial accounting needs of the present value of future cash flows, net realizable value, the current market price, and other measurement modes complement each other. With the continuous emergence of new financial instruments, financial accounting measurement businesses undergone great changes, and gradually expanded from a single measurement basis to a different measurement basis of species, for example, using the current cost measurement of inventories, short-term measurement using the prevailing market price of securities price, cash flow present value of long-term liabilities and assets in the future, which is conducive to the further integration of management accounting and financial accounting.

3.3. Using Variable Costing Effective Convergence

Variable costing variable costs can provide information on the amount of cost-benefit analysis in favor of management accounting and breakeven analysis; management decision-making can provide an objective reference for cost control. Variable costs also directly binding and responsibility accounting, flexible budgets, standard costs, which play an important role in the production and management and other aspects of planning control. The introduction of variable costing them to financial accounting, management accounting can promote the

convergence of accounting and finance, encourage enterprises to use accounting to better service management activities.

4. WHY SHOULD FINANCIAL ACCOUNTING AND MANAGEMENT ACCOUNTING CONVERGENCE

Because of the social and economic development, industrial structure upgrading has become a major trend, and we are working from labor-intensive industries to technology innovation industry. Our daily calls the "accounting" refers to the relatively narrow "financial accounting" concept, but in the current market environment, the unstoppable development of modern accounting, accounting concept has been more attention, thought management has long been more than just financial control, but pay more attention to internal management processes across the enterprise. Therefore, management accounting more important in financial management and can not be marginalized. The enterprises in the further development and expansion, due to the increase in personnel, the relationship between the job will become more complex. Traditional financial accounting can not provide effective assistance to internal management, and management accounting can very well make up for it.

5. THE INTEGRATION OF FINANCIAL ACCOUNTING AND MANAGEMENT ACCOUNTING

In business management, financial accounting and management accounting complementary business by setting goals, perform analysis, feedback control, the results of evaluation processes to develop cost, budget management, investment decisions, etc., which can not do without basic financial management and accounting activities accounting in business activities, financial accounting from the reflection of the role of management accounting control play a supervisory role, the two combine to create more economic benefits for the enterprise.

In order to better integrate financial accounting and management accounting integration, to further improve the quality of accounting personnel, companies must continue to change management concepts, business managers only pay attention to the interaction of financial accounting and management accounting, financial accounting and management in order to account better used in corporate financial management.

6. CONCLUSION

In summary, the management accounting and financial accounting between both interrelated, there are differences. With the continuous development of enterprise management, both within the enterprise trend of continuous integration. In practice, the company should build converged system management accounting and financial accounting, a rational basis for building confirmation and measurement, using variable costing for effective convergence, to promote the organic integration of the two.

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