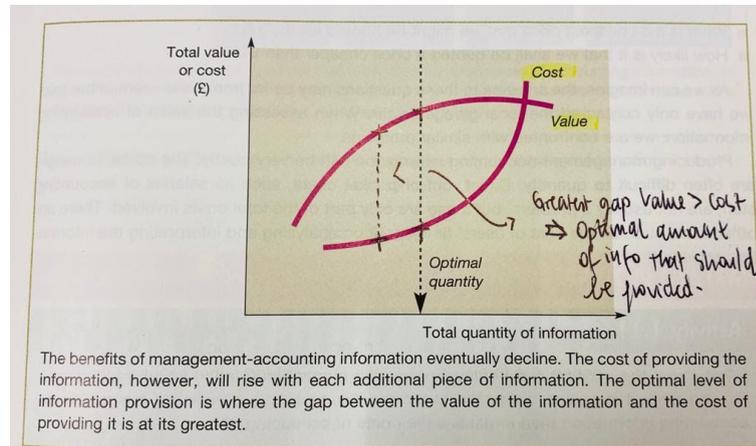


- **verifiability** → MA information should be provided faithfully and represent what it is supposed to represent.
- **timeliness** → be produced in time for managers to take their decisions
- **understandability** → clear and concise, to be also understandable by non-accountants.

## 10. weighing up the costs and benefits



- **Optimal amount** of information that should be provided: The gap between the value of information and the cost of providing that information is at the greatest.

## 11. Management accounting as an information system

- The management accounting information system has certain features that are common to all information systems within a business:
  - identifying and capturing relevant information
  - recording the information collected in a systematic manner
  - analyzing and interpreting the information collected
  - reporting the information in a manner that suits the needs of individual managers
- IDENTIFICATION > RECORDING > ANALYSIS > REPORTING

## 12. Phases of MA

- **Phase 1 - 1950s, Inward looking management attention**
  - competition was weak
  - the main focus of management attention was on the internal process of the business
- **Phase 2 - 50-60s, inward focus + ST planning control purposes**
  - management information remained inwardly focused
  - short term plan and control purposes
- **Phase 3 - 70-80s, competition (robotics+tech) → waste reduction & cost control**
  - world experienced a considerable upheaval as a result of oil price and economic recession
  - increased competition,, fostered by new techniques in robotics & computer-aided design
  - greater concerns for controlling costs, waste reduction, various techniques developed to reduce or eliminate waste
- **Phase 4 - 90-00s, @www → shareholder value & customer need** → secure and maintain competitive advantage
  - a concern for a more effective use of resources, with particular emphasis on creating value for shareholders by understanding customers need
  - MA became more outwardly focused
  - businesses with success maintain competitive advantage over their rivals thanks to a greater understanding of the customers needs