



CPA

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Financial Reporting vs Management Accounting

Financial Reporting	Management Accounting
Purpose: Preparation of financial information for <u>external</u> stakeholders that discloses an organization's financial results (income statement, balance sheet, statement of cashflows, MD&A)	Purpose: Preparation of financial and statistical information required by internal stakeholders to make operational decisions (Internal Management Reports)
Focus: Historical financial information to disclose the period-end results of the business on a particular date	Focus: Primarily forward looking information that is used to plan and set goals to evaluate the organization's performance (i.e., budgets, forecasts)
Audience: Shareholders, Board of Directors, Public Regulators, Creditors, External Auditors	Audience: Managers/departments internal to the organization to support decision making
Standards Based: Financial Accounting Standards (IFRS, GAAP, ASPE)	Not Standards Based: Based on needs of internal management for planning, controlling and decision making purposes
Frequency: Defined monthly, quarterly, or annually	Frequency: As needed. Daily, weekly, monthly, ad-hoc
Report Format: Reported in a specific format comparison purposes to other organizations	Report Format: Informal. As required by management