

Accounting, second edition by Michael Jones, a book mapping (2)

18. Planning, Control and Performance: Standard Costing

19. Short-term Decision Making

20. Strategic Management Accounting

the three stages: assessment of the current position of the business, appraisal of the current position of the business and strategic choice of the future direction of the business

- the assessment includes:
 - value chain analysis
 - life cycle analysis
 - the product portfolio matrix
- the appraisal includes:
 - SWOT analysis
 - balanced scorecard
 - benchmarking
- strategic choice may involve exploiting inherent strengths:
 - company's products
 - customer base
 - external diversification through acquisition or merger

21. Long term decision making: Capital investment appraisal

- capital investment decisions are long-term strategic decisions, such as building a new factory
- capital investment decisions involve initial cash outflows and subsequent cash inflows
- there are four techniques

two of them appreciate the time value of money

22. The management of working capital and sources of finance

sources of finance are vital for a company

they can be short-term or long-term and internally or externally generated sources of finance

- short term internal concern mostly efficient use of cash, debtors and stock
- short term concern current assets
- long term concern infrastructure assets
- short term external resources of finance include: a bank overdraft, debt factoring, invoice discounting, sale and buy back of stock
- long term external sources are: leasing, share capital, long-term loans
- retained profits are where a company finances itself from internal funds
- cost of capital is the effective rate at which a company can raise finance

techniques for the internal management of working capital involves:

- the debtors collection model
- the economic order quantity
- the just in time stock management