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MANAGEMENT ACCOUNTING IN THE FINANCIAL SYSTEM. ECONOMIC APPROACH AND ACCOUNTING LAW*

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Abstract. In today's high-competitive and volatile corporate environment, the importance of strategic management accounting is steadily increasing. There is a growing need for information that addresses not only the past, but also the future of the company in a competitive environment. Already in the early stages of research in the area of management accounting, the observation was made that providing a strategic perspective requires expanding the role of accounting in two directions. The first is to integrate own costs with strategy by means of strategic cost analyses to align the level and type of

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costs with strategy. The second is to study the cost structure of competitors and monitor changes in these performance categories over time. It follows that it is costs and their level that are the most important decision-making criterion for company managers in the short term, but also in the long term. This also means that these result categories are an important subject of study, especially in the area of strategic cost analysis. Management accounting is a branch of accounting focused on providing managers with financial and non-financial information for decision-making. It also assists in planning, control and operational decision-making. Unlike financial accounting, which is aimed at external stakeholders, management accounting is designed for internal use.

Keywords: accounting law; tax law; act on accounting; management accounting; financial accounting; financial analysis; economic analysis; financial statements; balance sheet; profit and loss statement.

INTRODUCTION

Generally, although accounting and economics are two very related disciplines, they still differ in the following respects. Accounting uses certain principles to support its actions, while economics uses assumptions that will simplify certain situations. Accounting prepares, analyzes and understands financial statements, and economic – production, consumption, and even distribution of certain goods and services. Economics is a vast field in which many, often unclear terms operate. We use some of them every day, not quite knowing what they mean or how to use them correctly [Wołowiec 2017, 29-45]. The terms accounting and accounting are often used interchangeably. Many people think these words mean the same thing. In fact, they are two related but distinct fields with numerous differences. As it turns out, accounting is a component of accounting, so its significance is somewhat narrow [Bogacki and Wołowiec 2021, 515-27]. What does this term mean? Simply put, accounting is conducted to collect and store data in an orderly manner concerning all economic events related to the business conducted. Such activities, carried out by specialists, are based on the control of all income and expenses, including funds spent on salaries for employed employees, amounts intended for payment of taxes and for advertising and marketing. Such registration, controlled by qualified personnel, is the basis for the efficient operation of any company, regardless of its size [Wołowiec 2021a, 11-15].

Accounting is a term with a broader meaning. Its components are, among other things, the aforementioned accounting, but also the accounting of costs, including the keeping of records, calculation and analysis of costs. Accounting allows, among other things, to create accurate statements that analyze individual plane activities of the company, which in turn helps people running the company, as well as investors to gain insight into the current situation. Such comprehensive supervision of the financial condition

of the company is necessary to make good, fact-based decisions. Due to the differences that arise between the terms "accounting" and "accounting", the names of entities engaged in certain services are also different. It is incorrect to use the terms accounting office and accounting office as synonyms. Of course, the services provided by us are a comprehensive set of activities that help to run a business, but it is worth remembering that the term "accounting office" has a much broader meaning [Wołowiec 2021b, 597-600].

1. ACCOUNTING AND ITS LEGAL AND ECONOMIC PERSPECTIVE

In economic entities, accounting is the recording of the state of assets held and the sources of financing. It consists of recording, in monetary and sometimes quantitative terms, properly documented economic events causing changes in assets and their sources of origin. Bookkeeping is the recording part of accounting. Accounting is a broader concept. Accounting consists of the accounting part, the calculation part and the reporting part. In addition, accounting includes three perspectives from which a company is observed. These are [Kister 2021b, 18-21]: the financial perspective, providing financial information for external stakeholders, mainly investors and lenders; the management perspective, providing financial information for the company's managers and employees within the organisation; the tax perspective, regulated in Poland by the Accounting Act, providing information for the tax authorities [Wołowiec 2012, 108-16].

Accounting is a narrower term, as it is an integral part of an extensive accounting system consisting of many other departments. It is therefore a recording system, responsible for recording all the economic activities that take place in a given company. It contains everything that has been purchased by the company, sold by the company or invested in advertising or, finally, allocated to the salaries of employees. It also shows how much money certain taxes have absorbed. The main tasks of a company accountant will therefore include [Kister 2021a, 7-11): keeping the company's accounts, producing statements of balances and turnovers, valuing liabilities and assets, cataloguing and filing company documents.

The more detailed activities that the accountant deals with on a daily basis include: keeping records of economic events, verification of accounting evidence in terms of its correctness and legality, supervision of the correctness of settlements with public institutions and contractors, preparation of required financial reports, filing of company tax returns, filing of social security declarations.

Looking at the above activities, it can be said that accounting, so to speak, is the technical aspect of accounting. Accounting is a formalised system of

recording economic events concerning a specific economic entity. It is also concerned with the collection, processing and presentation of information and, on the basis of this information, making specific decisions regarding the conduct of business activities. In other words, accounting is a branch of knowledge that, on the basis of the above-mentioned methods and with the help of monetary measures, such as the PLN, identifies events that affect the finances of an organisation. Accounting shows how the company's assets and financial situation really are. It is also thanks to it that business owners in large cities such as Warsaw can react in time if it turns out that the company requires action to improve its condition or to avoid excessive risk or even bankruptcy. Accounting being a non-uniform system, it can be divided into individual departments. These are accounting, calculation and reporting [Martyniuk 2021, 8-14].

2. MANAGEMENT ACCOUNTING ITS OBJECTIVES FUNCTIONS AND TASKS

Management accounting is a field of accounting that focuses on providing managers with information to make internal decisions. It can be understood as an information system that provides data on the financial and non-financial aspects of an organization, which helps in managing and controlling operations and planning future activities. The objectives of management accounting include: planning – it helps in determining KPIs, creating budgets and forecasting future trends, both at the strategic and tactical levels, i.e. relating to specific actions within the strategy; decision-making – the information obtained from management accounting is often necessary to make operational decisions; control – with a particular focus on controlling operational performance by comparing actual results with expected; performance measurement and reward – management accounting is also used to measure the performance of business units, teams and individuals and can help establish reward and incentive systems to achieve the objectives of an organization. Management accounting plays a variety of roles in an organization and influences various aspects of its operations [Wołowiec 2021c, 515-27]. One of the most important functions is planning.

Management accounting helps set business goals, create budgets, forecast future trends, and prepare financial plans for various scenarios. Another important function is control. Management accounting focuses, among other things, on monitoring the operational and financial performance of an organization by comparing actual results with planned or expected results, which allows to assess the effectiveness of plans on an ongoing basis. Management accounting also plays an important role in decision making. For example, it can help managers understand the profitability of different

products, services or market segments, allowing them to develop ways to optimize resources and maximize profits. Management accounting is also important in the context of communication within the company. It enables the exchange of financial and operational information between different levels of management. With reports and analytics, managers can share important data and indicators with other members of the organization, allowing everyone to better understand the situation of the company [Wojciechowski, Skrzypek-Ahmed, Wołowiec, et al. 2023, 510-25].

While financial accounting focuses on producing financial statements for external stakeholders (shareholders, lenders, or legislators), management accounting is intended for internal use. Both types of accounting also differ in purpose – financial is to provide financial information to external stakeholders, internal managers (e.g. managers or managers). In addition, there is a difference in the level of processed information. Financial accounting focuses on preparing financial statements in accordance with generally accepted accounting principles (GAAP) or International Financial Reporting Standards (IFRS). Management covers a wider range of information, both financial and non-financial.

In the case of financial accounting, reports are usually prepared at the end of the fiscal year, although quarterly and semi-annual reports are equally frequent. In turn, management accounting can and as a rule is practiced more often, for example in a monthly or weekly perspective – it depends on the needs of the organization.

Management accounting and controlling are two elements of a company's information system and help in effective management. Although they have their own unique characteristics, they are closely related to each other and often penetrate to help an organization achieve its goals. In practice, the lines separating these two functions can be unclear, and some organizations may even integrate them into one department. This does not change the fact that management accounting and controlling have similar goals, such as supporting management decisions, planning and control. They differ, among other things, in terms of the role played. Management accounting focuses on the collection, analysis, and reporting of financial and non-financial operational data used within an organization to make decisions. Controlling is a broader concept – it includes not only management accounting, but also strategic planning, coordination and control of the company's activities.

Another noticeable difference is the scope of the data. Management accounting focuses on historical and current data. Controlling, on the other hand, can include not only the analysis of historical data, but also future forecasting, scenario analysis and modelling. Data range is linked to time perspective – management accounting focuses on short-term information and decisions, while controlling covers both short-term and long-term perspectives.

3. TAX ACCOUNTING IN THE MANAGEMENT ACCOUNTING SYSTEM

Tax accounting – is the economic records kept for tax purposes, arising from the regulation of tax law and its impact on the accounts kept in accordance with balance sheet law, it is perceived as an extension of the analytical records for tax purposes, which expresses the differences in costs and revenues in accordance with balance sheet and tax law. Tax accounting is closely related to one of the accounting functions, namely the tax function. Its tasks include calculating, declaring, remitting and posting taxes and charges equal to them [Dziuba-Burczyk 1995, 14-24]. Polish legislation has allowed the possibility of recording economic operations only for tax purposes outside the functioning system of accounting records. These entities are taxpayers, i.e. natural persons and civil partnerships of natural persons conducting business activity on the basis of an entry in the National Court Register (KRS), which do not become financial accounting entities by virtue of the balance sheet law due to the small size of their activity or by self-declaration. They are obliged to keep simplified records for tax purposes, mainly due to personal income tax liabilities. The recipient of tax accounting is the tax office [Wołowiec 2022, 349-68].

Accounting law – is the body of legal norms that covers the main rules of accounting for economic entities. It is observed in order to present a true and fair view of the financial situation. This is evidenced by the fact that it depends on the main accounting principle of 'true and fair view'. Thanks to this law, it is possible to estimate the past productivity of an economic activity in a fairly accessible way, but also to predict its near future. This is facilitated by economic information, which is prepared under the authority of the balance sheet law. However, the usefulness of this information depends on certain parameters: reliability, relevance, comprehensibility, comparability [Dziuba-Burczyk 2003, 54]. Tax law – 'is the body of legal norms governing the determination and collection of taxes. Tax law is part of budget law, or more precisely, budget income law. Budgetary law is, in turn, a part of financial law'. The principles of tax law are formed on the basis of their main sources, i.e. normative acts. These acts are divided into two subcategories: executive acts, which are orders and decrees of the Minister of Finance and decrees of the Council of Ministers. The second subcategory is basic acts, i.e. laws [Micherda 2011, 13].

The main tasks of the ordinance are to establish the technical and organisational criteria for the flawless implementation of the Act. The ordinance, on the other hand, extends or complements the provisions of the Act. Resolutions of the councils of local self-governing units are also not without significance. They contain tax norms which have the force of law on the territory of the given unit and they are implementing acts. As for court rulings, they influence the analysis and tax legislation, but they are not

a source of tax law. In fact, these laws have a different impact on accounting as an information system and mainly on the image created of the economic entity. Balance sheet law creates the actual image of the entity through economic facts, usually concerning the incurring of costs and the earning of revenues [Micherda and Świetla 2013, 15-18]. Tax law, on the other hand, serves the purpose of implementing tax policy and fulfilling especially the fiscal function. The duality of law, i.e. the simultaneous validity of balance sheet law and tax law with regard to economic units, results in corresponding accounting and financial consequences. Income tax laws compel taxpayers to keep accounting records in a manner that ensures the determination of the amount of income, the tax base and the amount of tax due for the tax year. Small-scale businesses have the right to choose a form of record keeping: accounting or tax. Under the latter, they have a choice of one of the following three registers [Martyniuk 2014, 11]: 1) tax card – this form of lump-sum tax may be paid by those who fulfil the requirements set out in the Ordinance of the Minister of Finance and obtain a decision from the tax office on granting the card; 2) lump-sum tax on registered incomes – one of the forms of a lump-sum percentage tax connected with the recording of incomes, it is a good solution for people starting their business; 3) tax book of incomes and expenditures – a registering tool aimed at reliable calculation of the amount of income and deductible costs [Olchowicz 2011, 52].

4. TYPES OF MANAGEMENT ACCOUNTING TASKS

Management accounting encompasses many different types of analysis and techniques. By understanding and managing the different aspects, managers can better control operations, plan future activities and make decisions that help the organisation achieve its goals. Management accounting includes, but is not limited to, the following types of activities. Break-even point analysis – management accounting often involves calculating a break-even point, which shows how many units of a product or service a company needs to sell to cover fixed costs and generate a profit. Profitability analysis – involves measuring the overall profitability of different products, services, departments or market segments. Variance analysis – involves comparing actual results with budgeted or standard results to identify and understand deviations. Budgets – the creation and monitoring of budgets, e.g. marketing budgets that serve as financial plans for an organisation, helps to plan expenditure and income, as well as comparing actual results with planned ones. Leverage – this aspect refers to the ratio of debt to equity in a company's capital structure. Through management accounting, it is possible to understand the level of leverage and its impact on a company's profitability and potential risks. Investments – the grading of capital investments (e.g. the purchase of new equipment or a building)

helps to understand whether they will deliver the desired return on investment. Product or service costing – this can include, for example, the allocation of direct costs, such as materials and direct labour, and indirect costs, such as overheads and administration. Other task areas include [Jachna and Sierpińska 2014, 11]: controlling and grading performance – this refers to monitoring and grading operational and financial performance and identifying areas for improvement; costs – here the company's focus is on understanding, tracking and controlling costs associated with various aspects of the organisation's operations, which includes analysis of variable, activity or fixed costs, among others; grading the performance of departments or business units – this usually involves analysing financial performance, labour productivity, product or service quality and other key indicators within a specific part of the organisation; projects – this aspect focuses on tracking and controlling costs associated with specific tasks. This is often used in project-based industries such as construction or IT; strategies – this refers to the provision of information to assist in planning and decision-making, which may include profitability analysis or financial forecasts; creating budgets and forecasts – preparing operating, capital and financial budgets, as well as forecasting future revenue and expenditure, is one of the most important tasks within management accounting; performance – measuring and reporting performance in the context of an organisation's goals and objectives can include, among other things, remuneration systems and performance measurement systems; managing constraints – every organisation has to deal with constraints such as capacity, resource or financial limitations. Management accounting can identify constraints and develop ways to deal with them; cash flow management – this aspect involves monitoring and managing the flow of money in an organisation. The acquisition and disbursement of cash must be balanced in order for the company to meet its objectives; cash flow management – this aspect involves monitoring and managing the flow of money in an organisation. The acquisition and disbursement of cash must be balanced in order for the company to meet its objectives.

The results of the above-mentioned tasks are crucial for decision-making, planning and control and communication within the company. They also support the efficient use of resources and make a significant contribution to the achievement of business goals and thus the long-term success of the organisation [Zaleska 2012, 13-14].

5. ELEMENTS OF MANAGEMENT ACCOUNTING AS AN ENHANCEMENT OF FINANCIAL ANALYSIS

They are an extension of the analysis of a company's financial situation. Their scope extends from the day-to-day operations of the company to strategic management issues (strategic analysis).

Table.1 Management accounting methods

Method	Features
Benchmarking competitor accounting	Systematic comparative analysis of costs and market position of competitors, based on both publicly available and unpublished material
Activity Based Management, ABM	Performance management on the basis of activity-based costing, aimed at reducing activity costs
Value Chain Costing	Cost analysis based on M. Porter's value chain concept, extended by an analysis of the value chains of suppliers, distribution channels and buyers
(Cost drivers analysis)	A long-term analysis of cost factors, which include: structural cost factors such as size and complexity of the business, organisational structure, and executive cost factors such as employee involvement, quality, efficiency and others related to management style and organisational culture
Customer account profitability	Systematic analysis of customer service costs, taking into account long-term customer relationships (customer segments)
Life cycle costing, LCC	Cost and profitability accounting for products and customers, taking into account the entire product life cycle
Target costing	A method of cost analysis during the product design period, which involves determining the maximum unit cost as the difference between the market price and the desired profit. This method is known by the Japanese as kaizen.
Cost of quality, COQ	Analysis of the interrelationship between the four elements that make up quality costs: cost of preventive actions, cost of quality control, cost of internal deficiencies, cost of external deficiencies
Model DuPonta	It points to the important relationships that exist between the indicators that characterise the process of efficient management, creating from them a compact grade system
Break Event Point analysies	It aims to optimise the relationship between costs, sales volume and profit from the point of view of maximising financial benefits, taking into account the limiting conditions (break-even point)

Source: own elaboration.

Accounting is the systematic and comprehensive process of identifying, measuring, processing, classifying and recording financial transactions relating to an economic entity. It refers to the summarising, analysing and recording of such information to be reported to internal users such as management, employees and external users such as investors, regulators and supervisory agencies or tax officials. Financial management is also commonly known as corporate finance or corporate finance. Financial management is the managerial activity that deals with planning, directing, monitoring, organising and controlling an organisation's monetary resources. In other terms, accounting reports financial information in accordance with generally accepted accounting principles (GAAP) and international financial reporting standards (IFRS). The Financial Accounting Standards Board (FASB), the Financial Reporting Council, the Securities and Exchange Commission (SEC), the IRS and other regulatory bodies establish accounting standards and requirements for accounting preparation and presentation.

According to the financial literature, accounting can be divided into three general categories [Tendera-Właszczuk 2002, 15-17]: 1) Financial accounting, which deals with the preparation of financial statements and the communication of financial information to external users such as creditors, government agencies, analysts, investors, bankers, etc. Financial statements, i.e. the income statement and balance sheet, indicate the financial situation of a company during a given period of time; 2) Management accounting, which deals with reporting financial information to internal users, such as management and employees, in order to shape the company's policies and daily operations. Management accounting is forward-looking and focuses on future activities to achieve business objectives; 3) Cost accounting – this is the part of management accounting for cost analysis. Cost accounting creates detailed cost records for various products, operations and functions. It is the process of determining and accumulating the cost of a specific product or activity.

Both accounting and financial management are similar economic and financial processes. The main differences between accounting and financial management [Gabrusewicz 2014, 15-21]: 1) Accounting is more about identifying, measuring, processing, classifying and recording financial transactions, while financial management is about managing finances and economic resources effectively and efficiently; 2) The key objective of accounting is to provide financial information using standard procedures and principles, while the objective of financial management is to maximize profits and maximize wealth; 3) Accounting communicates financial information to both internal and external users such as creditors, investors, analysts, management and regulatory bodies, while financial management is used internally by the management of the organization for planning and decision-making purposes; 4) Accounting has three broad categories – financial accounting,

management accounting and cost accounting, while financial management is a process involving financial planning and budgeting, financial reporting, accounting record keeping and financial control; 5) Accounting involves reporting past financial transactions in the form of financial statements, while financial management involves planning for the future through the analysis and interpretation of financial statements; 6) Accounting represents the financial situation of the Company, while financial management provides a holistic picture of the business activity and provides insight into future wealth generation; 7) In accounting, the valuation of a fund is based on a memorial principle, while the treatment of funds in financial management is based on cash flows; 8) The purpose of accounting is to collect and present data in a meaningful manner, while the CFO uses this data for the purpose of making financial decisions.

Both accounting and financial management play a key role in any organisation. Accounting is an essential input to the financial management function of any company. Good financial management is important for the effective use of an organisation's economic resources. Accounting is limited to reporting and summarising financial transactions for external and internal users, while financial management is about planning, directing, monitoring, organising and controlling an organisation's monetary resources to achieve a goal. Every person or company engages in some kind of business activity. All companies are engaged in business/financial activities. Accounting and financial management are related to the extent that accounting is an important input to financial decision-making. However, they differ in their treatment of funds and decision-making [Nowak 1996, 14-15].

6. ACCOUNTING AND ECONOMIC AND FINANCIAL ANALYSIS IN BUSINESS MANAGEMENT

Accounting is recognised as historically the oldest part of economic science, having originated with the first human communities. The phenomenon of modern accounting is that it is based on principles described as far back as the 15th century [Ziętowska 2014, 179-97]. The origins of accounting can be found in the theoretical concepts of the social sciences. On the other hand, within the framework of its functioning, accounting developed its own theory and methodology subsequently implemented into the practice of economic sciences in the discipline of finance. The concepts, views and theories developed in the accounting system were reflected in legal regulations, including the shape and principles of preparing financial statements. conceptual framework for the preparation of financial statements. Over the years, the accounting information process has been described, which proceeds in the following stages: 1) identification of data on events

and observable objects and their documentation, 2) transformation of data using accounting-specific processing methods and procedures, as well as the use of special recording devices, 3) presentation and communication of information in the form of reports.

Contemporary accounting is defined as a universal (it can be applied to different companies, e.g. of different sizes, from different industries) and flexible (it provides information with different levels of detail) information and control system that reflects the course and results of the company's activities [Jaklik and Micherda 1995, 10]. Accounting has three basic functions: a) informational (provides information for decision-making in the process of business management, source of information for external audiences), b) controlling (protects company assets from misappropriation and destruction, influences the rational use of company assets), c) analytical (interprets the numerical data provided) [Zaleska 2012, 13-14].

We can divide accounting into two basic components. Financial (external) accounting, which generates information about the economic activity of the company in the past period, mainly for external customers, includes: accounting, i.e. a system of recording business operations, based on appropriate methods, principles and rules, financial reporting, consisting of providing information mainly for the needs of external users in the scope and form specified by law and analysis of financial statements. Second component it's managerial (managerial – internal) accounting, aimed at providing information for internal needs, providing the basis for decisions concerning the future [Sojak 2012, 13-14].

Accounting policy is based on certain principles that allow the recipient of financial statements to understand how the resources and results of a company's activities are measured. M. Zaleska [Zaleska 2012, 14-18] lists the basic principles of modern accounting, which include: 1) the accrual basis – whereby revenue and expenses are recorded on an accrual basis, i.e. they are deemed to have been earned or incurred, respectively, when they occur rather than when the cash is received or spent; 2) the principle of matching revenues and expenses – costs incurred in achieving certain revenues are set against those revenues to determine the result of operations for the period; 3) the principle of prudence – stating that in determining the value of revenues and assets as well as costs and liabilities, one should be guided by prudence and take a pessimistic view, not overestimate revenues and assets, and not understate costs and liabilities; 4) the principle of continuity, according to which, in the course of a financial year, no changes should be made to the principles adopted; moreover, the balances of assets and liabilities shown in the books of account on the day they are closed should be entered in the same amount in the books of account opened for the next financial year; 5) the going concern principle, which assumes that

the activity of the enterprise in question is not limited in time, the enterprise has no intention or need to be liquidated or to materially reduce its volume of activity in the future; 6) the principles of regularity (1) and fair representation (2), the first is mainly implemented by the auditor examining the compliance of the accounting with the law, the second assumes that the company's accounts should give a faithful picture of the company's financial position.

The most important legal act regulating the principles of business accounting is the Act of 29 September 1994 on Accounting,[1] which defines the principles of accounting and the principles of providing bookkeeping services. The Act defines the scope of an entity's accounting, which includes: 1) the adopted accounting principles (policy); 2) keeping, on the basis of accounting evidence, books of account that record events in chronological and systematic order; 3) periodic determination or verification by means of stocktaking of the actual state of assets and liabilities; 4) valuation of assets and liabilities and determination of the financial result; 5) preparation of financial statements; 6) collecting and storing accounting evidence and other documentation provided for by law; 7) having the financial statements audited, filed with the competent court register, made available and published in the cases provided for by the Act [Dobija 1997, 14-15].

Accounting is the main and most important source of economic information on a company's economic activities. Regardless of how it is defined, its purpose is to represent economic reality accurately and to communicate these representations to external stakeholders. As an applied science, accounting has a practical purpose, i.e. the measurement of the flows and incremental value of the firm, made to facilitate management and investment decisions based on efficiency calculations [Sojak 2012, 15-19].

Business management is a continuous process of making and implementing diverse and sometimes contradictory decisions. One of the methods facilitating good decision-making is precisely financial analysis, which deals with the study and grade of a company's efficiency. The tool for measuring and describing economic and financial values is accounting theory, which explains the principles for measuring economic and financial values in relation to the business sector, and indirectly the results of these measurements are used to make economic decisions at the macro level.

The development of the management sciences has led to the emergence of a new field of knowledge known as controlling in addition to financial and management accounting, and covering planning, control and management. Controlling can be defined as a cross-functional management instrument, which is a result-oriented control process of a company, and realised

[1] Journal of Laws No. 121, item 591 as amended.

by planning, control, reporting and management, while accounting in the aspect of controlling is an instrument providing various decision-making levels with cross-sectional information, necessary for future-oriented company management. Accounting can be defined as a system, providing users of reports, with information about the economic activity of an entity. The data collected by the accounting system can be presented in the form of: internal reports to managers for planning purposes, control of day-to-day operations and day-to-day decision-making; internal reports to managers for strategic planning; and external financial reports to shareholders, creditors and other external stakeholders, as well as internally [Sawicki 2009, 13-14].

The preparation of financial statements applies certain principles that affect their content. In view of the wide range of audiences and comprehensive application of the financial statements, they should be prepared in accordance with six principles: the principle of completeness (periodisation), the principle of reliability (truthfulness, relevance), principle of verifiability, the balance sheet continuity principle, the principle of prudence and the principle of timeliness). M. Dobija divides the sources of benchmark values into: external – established by administrative and financial law and institutions that can do so by law, (e.g. official prices, depreciation rates, interest rates, tax rates, exchange rates) and internal – created in the company in order to effectively control the economics of the company – in particular, they relate to costs, (they relate to the internal organisation of activities in the company; they exist depending on the state of organisation in the company) [Dobija 1997, 17-19].

Economic, financial, comparative, comparative (identifying deviations of a measurement from a benchmark value) and causal analysis (identifying the factors causing the deviation and assigning an appropriate measure to that deviation) compares economic figures with benchmarks in order for managers to make decisions that modify the company's activities. Financial analysis and related financial reporting play a special role and are distinguished by, among other things, their public purpose of reporting and the range of restrictions to which they are subject. Financial analysis makes it possible to accurately measure a company's resources and also to make forecasts for the future. This is what the break-even point, NPV (Net Present Value) or net present value of an investment or money stream, IRR (Internal Rate of Return), PB (Payback Period), analysis of the impact of financial 'leverage' (i.e. the structure of equity to various types of debt) etc. serve to achieve. Within financial analysis, the most common distinctions are: comparative analysis of annual and multi-year data, data structure analysis, ratio analysis, analysis of selected economic and financial issues, cash flow analysis, analysis of changes in financial position (structure of assets and liabilities), break-even analysis.

CONCLUSIONS

Management accounting – what does it give in daily business. First of all, this method allows both to make informed decisions regarding current problems and to create long-term investment plans. In modern companies and institutions, it is used in strategic analysis and in the creation of a comprehensive strategy. There are several methods of managerial accounting. It is widely used, among other things, comparative analysis of the competitive position and management of activities. The first is to regularly process the costs and market position of competitors. The research is conducted on the basis of all possible information, both published and unpublished. This characteristic allows you to better understand the market and adapt your offer to the needs of consumers. Management of ABM activities, on the other hand, aims to reduce the costs generated by the business.

Managerial accounting can be successfully applied both in manufacturing plants and commercial and service outlets, as well as in educational institutions and medical facilities. What kind of managerial accounting can have tasks? Above all, it provides managers with information about the costs of services and products. In addition, it allows you to gain the knowledge necessary to plan, control and improve the functioning of the business.

Management accounting functions depend on the profile and nature of the company or institution being run. However, its main task, regardless of the type of activity, is to identify, present and interpret data that will be used for various purposes. First of all, to effectively create a development strategy, optimize the use of resources and protect assets. Managerial accounting allows you to plan and control current processes in the company. Proper implementation of this type of management also improves communication in terms of presenting the course of events and financial transactions.

Why do management accounting. First of all it is the guarantee of efficiency is the simplest answer to the question: management accounting – why is it worth it? As mentioned above, it allows to optimize communication within the company and improves the daily transmission of information. In addition, properly implemented allows for the introduction of a corrective procedure that will allow the appropriate results of the financial audit to be obtained. Moreover, it is a tool necessary for short-term planning using budgeting and creating long-term strategies. This model works for both small and medium-sized enterprises and large companies. Comprehensively supports the management of the company, at every stage and in all areas. At the same time, the tool can play the role of motivating and activating process participants through accounting education.

It is also used in the preparation of strategies related to environmental protection. The creation of an appropriate financial information system

allows for efficient environmental monitoring. With the use of appropriate tools, it is possible to efficiently control the use of natural resources and the life cycle of the product. Control is only one of the functions of managerial accounting, so this method of management covers a larger range of activities in the company than controlling. The latter is considered by many researchers only as a tool to create an efficient functioning of the management system, while management accounting allows to solve decision-making problems. At the same time, these models use the same tools, so in everyday life these names are used interchangeably and can mean the same thing. In turn, financial accounting is transmitted not only to internal but also to external authorities, so it must be prepared in accordance with the legally regulated standards defined by the National Accounting Standards. However, the accounting rules themselves remain the same for both types of accounting.

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