

Cost Accounting An Essential Guide Frameworks Series

== Background ==

Natural capital All of these underpin our economy and society, and thus make human life possible. Full-cost accounting, triple bottom line, measuring well-being and other proposals for accounting reform often include suggestions to measure an "ecological Natural capital is the world's stock of natural resources, which includes geology, soils, air, water and all living organisms. Some natural capital assets provide people with free goods and services, often called ecosystem services

Modern portfolio theory initiated by Harry Markowitz in 1952 under his thesis titled "Portfolio Selection" is the discipline and study which pertains to managing market and financial risk. In modern portfolio theory, the variance (or standard deviation) of a portfolio is used as the definition of risk. In recent years auditing has expanded to encompass many areas of public and corporate life. Professor Michael Power refers to this extension of auditing practices... ERM addresses broad categories of risk, including operational, financial, compliance, strategic, and reputational risks. ERM frameworks emphasize establishing a risk appetite, implementing governance, and creating systematic processes for risk monitoring and reporting.

Business model The process of business model construction and modification is also called business model innovation and forms a part of business strategy. The model describes the specific way in which the business conducts itself, spends, and earns money in a way that generates profit. These frameworks attempt to define a rigorous approach to defining A business model describes how a business organization creates, delivers, and captures value, in economic, social, cultural or other contexts. model Technology centric communities have defined "frameworks" for business modeling

The first international standard was published by the United Nations in 1953. Additions and revisions were published in 1960, 1964, 1968, 1993 and 2008. After five years of work, including global consultation with a thousand experts, the pre-edit version for the SNA 2025 revision was adopted by the United Nations Statistical Commission at its 56th Session in March 2025, together...

Asset It is anything (tangible or intangible) that In financial accounting, an asset is any resource owned or controlled by a business or an economic entity. Assets represent the value of ownership that can be converted into cash (although cash itself is also considered an asset). In financial accounting, an asset is any resource owned or controlled by a business or an economic entity. It is anything (tangible or intangible) that can be used to produce positive economic value

Audits provide third-party assurance to various stakeholders that the subject matter is free from material misstatement. The term is most frequently applied to audits of the financial information relating to a legal person. Other commonly audited areas include: secretarial and compliance, internal controls, quality management, project management, water management, and energy conservation. As a result of an audit, stakeholders may evaluate and improve the effectiveness of risk management, control, and governance over the subject matter. System of National Accounts The system is nowadays used by almost all countries in the world. SNA-type national accounts are among the world's most important sources of macroeconomic statistics. Broadly, the SNA framework consists of a series of standards which guide the production of national accounts, including: Social accounting concepts and methods The System of National Accounts or SNA (until 1993 known as the United Nations System of National Accounts or UNSNA) is an international standard system of concepts and methods for compiling national accounts. They provide essential data for empirical macroeconomic models and economic forecasting

Total assets can also be called the balance sheet total.

Financial risk Often it is understood to include only downside risk, meaning the potential for financial loss and uncertainty about its extent. Attaining good customer data is an essential factor for Financial risk is any of various types of risk associated with financing, including financial transactions that include company loans in risk of default. miss on an obligation as stated in a contract between the financial institution and the borrower

== Formal... == According to Bender and Panz (2021), financial risks can be sorted into five different categories. In their study, they apply an algorithm-based framework and identify 193 single financial risk types, which are sorted into the five categories market risk, liquidity risk, credit risk, business risk and investment risk. The literature has provided very diverse interpretations and definitions of a business model. A systematic review and analysis of manager responses to a survey defines business models as the design of organizational structures to enact a commercial opportunity. Further extensions to this design logic emphasize the use of narrative or coherence in business model descriptions... Assets can be grouped into two major classes: tangible assets and intangible assets. Tangible assets contain various subclasses, including current assets and fixed assets. Current assets include cash, inventory, accounts receivable, while fixed assets include land, buildings and equipment. A WBS provides the necessary framework for detailed cost estimation and control while providing guidance for schedule development and control. It is an extension of the economic notion of capital (resources which enable the production of more resources) to goods and services provided by the natural environment. For example, a well-maintained forest or river may provide an indefinitely sustainable flow of new trees or fish, whereas over-use of those resources may lead to a permanent decline in timber availability or fish stocks. Natural capital also provides people with essential services, like water catchment, erosion control and crop pollination

by insects, which in turn ensure the long-term viability of other natural resources. Since the continuous supply of services from the available natural capital assets is dependent upon a healthy, functioning environment, the structure and diversity of habitats and ecosystems are important components of natural capital. Methods, called 'natural capital asset checks', help... 2d405e4dd8 The balance sheet of a firm records the monetary value of the assets owned by that firm. It covers money and other valuables belonging to an individual or to a business. 2d405e4dd8 == Accounting == 2d405e4dd8 In traditional business accounting and common usage, the "bottom line" refers to either the "profit" or "loss", which is usually recorded at the very bottom line on a statement of revenue and expenses. Over the last 50 years, environmentalists and social justice advocates have struggled to bring a broader definition of bottom line into public consciousness by introducing full cost accounting. For example, if a corporation shows a monetary profit, but their asbestos mine causes thousands of deaths from asbestosis, and their copper mine pollutes a river, and the government ends up spending taxpayer money on health care and river clean-up, how can we capture a fuller societal cost benefit analysis? The triple bottom line adds two more "bottom lines": social and environmental (ecological) concerns. With the ratification... 2d405e4dd8

Work breakdown structure only one terminal element of the WBS. The Project Management Body of Knowledge defines the work-breakdown structure as a "hierarchical decomposition of the total scope of work to be carried out by the project team to accomplish the project objectives and create the required deliverables. ". In addition to its function in cost accounting, the WBS also helps map requirements from one level of system specification A work-breakdown structure (WBS) in project management and systems engineering is a breakdown of a project into smaller components. It is a key project management element that organizes the team's work into manageable sections 2d405e4dd8

When governments use SNA standards to guide the construction of their country's national accounts, it results in much better data quality and data comparability (between countries and across time). In turn, that helps to form more accurate judgements about economic situations, and to put economic issues in correct proportion — nationally and internationally. 2d405e4dd8 == Overview == 2d405e4dd8 == Types == 2d405e4dd8 In theory and practice, the term business model is used for a broad range of informal and formal descriptions to represent core aspects of an organization or business, including purpose, business process, target customers, offerings, strategies, infrastructure, organizational structures, profit structures, sourcing, trading practices, and operational processes and policies including culture. 2d405e4dd8 == ERM frameworks defined == 2d405e4dd8 Intangible assets are non-physical resources and rights that have a value to the firm because they give the firm an advantage in the marketplace. Intangible assets include goodwill, intellectual property (such as copyrights, trademarks, patents, computer programs), and financial assets, including financial investments, bonds, and companies' shares. 2d405e4dd8 Triple bottom line Business writer John Elkington claims to have coined the phrase in 1994. is an accounting framework with three parts: social, environmental (or ecological) and economic. Some organizations have adopted the TBL framework to evaluate their performance in a broader perspective to create greater business value. Some organizations have adopted the TBL framework to The triple bottom line (or otherwise noted as TBL or 3BL) is an accounting framework with three parts: social, environmental (or ecological) and economic 2d405e4dd8

Enterprise risk management Implementation is often guided by established frameworks, notably the Committee of Sponsoring Organizations of the Treadway Enterprise risk management (ERM) is an organization-wide approach to identifying, assessing, and managing risks that could impact an entity's ability to achieve its strategic objectives. services, healthcare, and energy. ERM differs from traditional risk management by evaluating risk considerations across all business units and incorporating them into strategic planning and governance processes 2d405e4dd8

Financial modeling In corporate finance and the accounting profession, Financial modeling. relates either to accounting and corporate finance applications or to quantitative finance applications 2d405e4dd8

== Context == 2d405e4dd8 Typically, then, financial modeling is understood to mean an exercise in either asset pricing or corporate finance of a quantitative nature. It involves translating a set of hypotheses about the behavior of markets or agents into numerical predictions. At the same time, "financial modeling" is a general term that means different things to different users; the reference usually relates either to accounting and corporate finance applications or to quantitative finance applications. 2d405e4dd8 There are various important ERM frameworks, each of which describes an approach for... 2d405e4dd8

Audit verification of the cost accounts and records, and checking for adherence to the cost accounting objectives. " Auditing also attempts to ensure that the books of accounts are properly maintained by such entities as required by law. Auditors consider the propositions before them, obtain evidence, document their findings, and evaluate the propositions in their auditing report. According to the Institute of Cost and Management An audit is an "independent examination of financial information of any entity, whether profit oriented or not, irrespective of its size or legal form when such an examination is conducted with a view to express an opinion thereon 2d405e4dd8

is the task of building an abstract representation (a model) of a real world financial situation. This is a mathematical model designed to represent (a simplified version of) the performance of a financial asset or portfolio of a business, project, or any other investment. 2d405e4dd8 Enterprise risk management has been widely adopted across industries, particularly highly regulated sectors such as financial services, healthcare, and energy. Implementation is often guided by established frameworks, notably the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management Framework (updated in 2017) and the International Organization for Standardization's ISO 31000 risk management standard. 2d405e4dd8 WBS is a hierarchical and incremental decomposition of the project into deliverables (from major ones such as phases to the smallest ones, sometimes known as work packages). It is a tree structure, which shows a subdivision of effort required to achieve an objective, for example, a program, project, and contract. In a project or contract, the WBS is developed by starting with the end

objective and successively subdividing it into manageable components in terms of size, duration, and responsibility (e.g., systems, subsystems, components, tasks, subtasks, and... 2d405e4dd8

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