

A composite image featuring a calculator, a pen, and a notebook with a grid of numbers. A semi-transparent grey box is overlaid in the center, containing the text 'Management Accounting'. In the background, the words 'MONEY MANAGEMENT' are faintly visible in yellow.

Management Accounting

MEANING OF ACCOUNTING

- ▶ Accounting is the recording of business transactions with the purpose of managing the concern in a better way and also reporting the true financial position of operations.
- ▶ Accounting involves the collection, recording, classification and presentation of financial data for the benefit of management and outside agencies such as shareholders, creditors, bankers and government.

BRANCHES OF ACCOUNTING



MEANING OF FINANCIAL ACCOUNTING

Financial accounting may be defined as the science and art of recording and classifying business transactions and preparing summaries of the same for determining year end profit or loss and the financial position of the concern.



COST ACCOUNTING

Cost accounting is the process of accounting for cost from the point at which expenditure is incurred or committed to the establishment of its ultimate relationship with cost centres and cost units.

MANAGEMENT ACCOUNTING

Management Accounting is comprised of two words 'Management' and 'Accounting'. It is the study of managerial aspect of accounting. The emphasis of management accounting is to redesign accounting in such a way that it is helpful to the management in formation of policy, control of execution and appreciation of effectiveness. It is that system of accounting which helps management in carrying out its functions more efficiently.

CHARACTERISTICS OR NATURE OF MANAGEMENT ACCOUNTING

CHARACTERISTICS OR NATURE OF MANAGEMENT ACCOUNTING

1.	Providing Accounting Information.
2.	Cause and Effect Analysis
3.	Use of Special Techniques and Concepts.
4.	Taking Important Decisions
5.	Achieving of Objectives.
6.	No Fixed Norms Followed
7.	Increase in Efficiency.
8.	Supplies Information and not Decision.
9.	Concerned with Forecasting

SCOPE OF MANAGEMENT ACCOUNTING

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1.	Financial Accounting.
2.	Cost Accounting.
3.	Financial Management
4.	Budgeting and Forecasting
5.	Inventory control
6.	Reporting to Management.
7.	Interpretation of Data
8.	Control Procedures and Methods.
9.	Internal Audit
10.	Tax Accounting
11.	Office Services.

OBJECTIVES OF MANAGEMENT ACCOUNTING

Planning and Policy Formulation

Helpful in Controlling Performance

Helpful in Organising

Helpful in Interpreting Financial Statements

Motivating Employees

Helpful in Making Decisions

Reporting to Management

Helpful in Co-ordination

Tax Administration

NEED AND IMPORTANCE OF MANAGEMENT ACCOUNTING

- ▶ Increases Efficiency
- ▶ Proper Planning
- ▶ Measurements of Performance
- ▶ Maximising Profitability
- ▶ Improves Service to Customers
- ▶ Effective Management Control

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LIMITATIONS OF MANAGEMENT ACCOUNTING

LIMITATIONS OF MANAGEMENT ACCOUNTING	
1.	Based on Accounting Information
2.	Lack of Knowledge
3.	Intuitive Decisions
4.	Not an Alternative to Administration
5.	Top Heavy Structure
6.	Evolutionary Stage
7.	Personal Bias
8.	Psychological Resistance
