



MANAGEMENT ACCOUNTING

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Definitions of Management Accounting

- “Management accounting is concerned with accounting information which is useful to management.” - By Robert Anthony
- “Management accounting is the application of professional knowledge and skill in the preparation of accounting information in such a way as to assist management in the formation of policies and in the planning and control of operations of undertaking.” – By ICMR

Definition of Management Accounting

Management accounting refers to the presentation of accounting information in such a way as to assist management to the creation of policy and the day to day operation of an undertaking”



Objective of Management Accounting

- 0 Its main objective is to provide selctive information to the management.
- 0 To assist in planning.
- 0 To assist in decision-making.
- 0 To assist in controlling.
- 0 To assist in co-ordination.
- 0 Helpful in reporting.

Nature of Management Accounting

- 0 Service function - because it assist management by providing necessary information related to accounting.
- 0 More concerned with future - it is related to future because decision are taken by analysing accounting information is for future.
- 0 Selective in nature - because it provide selective information from mess data to the management.
- 0 Only supplies data not a decision - it only provide a data to the management not take any decision.
- 0 Integrated system - it is integrated system because it contains both accounting and management.

Scope of Management Accounting

- ❖ Financial Accounting
- ❖ Cost Accounting
- ❖ Budgeting and forecasting
- ❖ Inventory control
- ❖ Statistical analysis
- ❖ Analysis of data
- ❖ Internal Audit
- ❖ Tax accounting
- ❖ Tax and procedures

Functions of management accounting

1. Budgeting
2. Cost management
3. Management Reporting
4. Financial controls
5. Investment decisions
6. Project management
7. Legal compliance
8. Allocation of resources
9. Risk management
10. Tax management

Difference between Financial & Management Accounting

S. no.	Basis	Financial Accounting	Management Accounting
1.	Objective	It provides periodical reports to owners, government and creditors.	It provide reports to management only.
2.	Nature	Concerned with historical records.	Concerned with future plans & policies.
3.	Subject matter	Deals with business as whole.	Deals only a limited coverage.
4.	Flexibility	Less flexible.	More flexible.
5.	Legal compulsion	Statutory	Voluntary
6.	Scope	Narrow	Wide
7.	Periodicity of reporting	At the end of accounting year.	Prepared when required.
8.	Publication & audit	Essential for public use.	For management only.
9.	Based on accounting principles	Yes, based on accounting principles.	No specific principles are adopted.

Management Accountant -

A management Accountant is a person who assists the management in decision-making by providing necessary accounting information.



Decision Making Process

Decision making is the **process** of **making** choices by identifying a **decision**, gathering information, and assessing alternative resolutions.

Using a step-by-step **decision-making process** can help in make more deliberate, thoughtful **decisions** by organizing relevant information and defining alternatives.

1

Articulate the Decision

Identify the issue and what decision needs to be made.

2

Gather Information

Do intensive research of relevant background.

3

Identify Your Options

After gathering the information, tease out the possible and most likely decisions.

4

Evaluate the Information

See how the research and background you've identified aligns to one or more of your decision options.

5

Select Your Decision

6

Implement the Decision

Take all the steps necessary to make sure the decision is made and followed.

7

Review Your Decision

Refine as needed as you go forward, and evangelize results for future needs.

Thank

you