

Subject- Management Accounting

Topic – Conceptual Framework of Management Accounting

Presented By:-

Department of Commerce
Manohar Memorial P. G. College
Fatehabad

A directional sign with a white background and a dark border, pointing to the left. The sign is mounted on a metal post. The text "Management Accounting" is written in a large, bold, black sans-serif font across the center of the sign. The background of the image is a clear blue sky with some light clouds.

Management Accounting

Meaning of Management Accounting

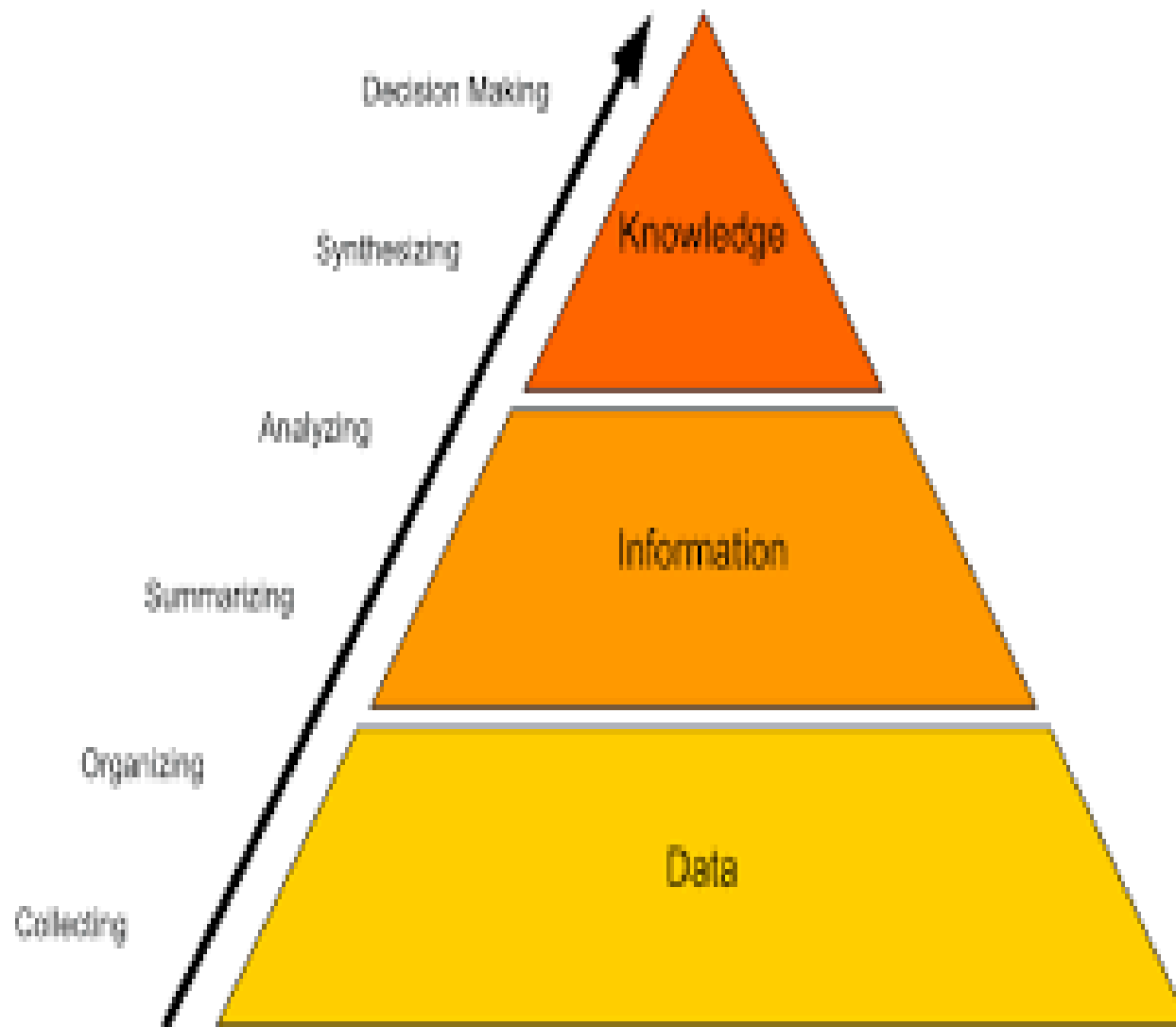
As there is separation of ownership and management in company organization, the management needs the various types of information related to different activities (like production, finances etc.) relates to business. These information can't be obtained only from financial accounts or cost accounts and hence the need of accounting which helps the management in taking qualitative and quick decisions in today's competitive world. Thus we can safely say that a system of accounting which helps management in discharging it's functions (like planning, organising, staffing, controlling and financing) smoothly and effectively in the best interest of the business and of the society is known as management accounting

Definition of Management Accounting

- According to R. N. Anthony
- " Management accounting is concerned with accounting information that is useful to management".
- According to Anglo- American Council of Productivity
- " Management accounting is the presentation of accounting information in such a way as to assist management in the creation of policy and day to day operation of the business".

Nature of Management Accounting

- More emphasis on decision making for future
- Provides information for decision not a decision
- No set formats
- Application is optional
- Data are modified
- Integrated system
- Use of techniques and concepts



Scope of Management Accounting

- **Financial accounting**
- **Cost accounting**
- **Inventory control**
- **Tax accounting**
- **Revaluation accounting**
- **Internal audit**

Tools and techniques used in Management Accounting

- Cost accounts
- Budgetary control
- Marginal costing
- Financial accounting records and their reports
- Graphical and statistical tools
- Management reporting system

	Management accounting	Financial accounting
Information mainly produced for	Internal use: e.g. managers and employees	External use: e.g. shareholders, creditors, lenders, banks, government.
Purpose of information	To aid planning, controlling and decision making	To record the financial performance in a period and the financial position at the end of that period.
Legal requirements	None	Limited companies must produce financial accounts.
Formats	Management decide on the information they require and the most useful way of presenting it	Format and content of financial accounts intending to give a true and fair view should follow accounting standards and company law.
Nature of information	Financial and non-financial.	Mostly financial.
Time period	Historical and forward-looking.	Mainly an historical record.

Management Accounting Organisation

Controller

Chief Cost Accountant

Budget Officer

Chief Accountant/Chief works Accountant

Chief Auditor

Accounting System

Corporate Accounting

Accounting Services

Assets Accounting

Billing

Maintain Records

Classifying

Summarising

Communication

Why Management Accounting is helpful?

Because it helps managers to

- Increase their efficiency
- Maximize profits of business
- Offer their best
- Properly discharging their business duties
- Making plans for future

Limitations of Management Accounting:-

- It is time consuming
- It is based on historical data
- Too expensive
- Optional to accept it or not
- Lack of able experience and knowledge

Conclusion

Hence we can conclude that Management Accounting is an accounting system which helps the management and decision makers in the decision making and for this management accountant use variety of tools and techniques also just like a coin have two sides management accounting is advantageous for the business with some limitations.

Thank you