

CPA Management Accounting CPA

Syllabus

Unit-1 - management accounting : meaning
characteristics - scope - objectives - function
- advantages - limitation - management
accounting vs financial accounting -
management accounting vs cost accounting
tools and techniques of management acc

Unit-2 Financial statement analysis :
meaning importance limitation of financial
statement techniques of financial statement
analysis - comparative statement - compensate
statement trend analysis (theory only)

ratio analysis : meaning - advantages
limitative classification and computation
ratio (simple problem)

Unit-3 cash flow statement - importance -
advantages - limitation - preparation of
cash flow statement as per revised
revised accounting standard simple
problem - preparation of cash budget -
cash flow statement budget

Unit-4 Marginal costing :- meaning - definition
advantages - limitation - computation
of profit falling ratio, Break even point -
margin of safety - managerial of marginal
costing (Simple problem)

Unit-5 Budgeting - Budgetary control -
meaning - objectives - advantages and
limitation of - classification of budget
preparation of sales, production flexible
and zero based budgeting - capital
meaning advantages - methods (theory)

B - requirement
concepts

Introduction

* It provides the useful information to the managers so that the decisions are made possible

* The management accounting is internally oriented

* It is the primary purpose of enabling the management in arriving at managerial decision by providing useful accounting information

* The management accounting is accounting for effective management

Origin and Growth of management

* The term management accounting was first coined and used by the British firm of accountants that visited the USA in 1950 under the auspices of Anglo American productivity consules

* The management accounting grown in to full fledged subject and looked upon a separate and unique subject distinct form

a separate and unique concept distinct from historical accounting (financial accounting) in recent years

Meaning of management

* The management accounting begins where financial accounting ends

* Financial accounting ends with preparation of financial statements

* The management begins with analysis and interpretation of financial statement

* The management accounting is primarily concerned with the analysis and interpretation of financial statements namely, profits & loss a/c and Balance sheet

* The management accounting is also known as providing for managers of accounting for managerial decision

* It is called internal accounting

* It focuses more on effective internal management of an organisation

Definition of management accounting

1) The management accounting include the methods and concepts necessary - - for choosing effective planning for choosing alternatives business actions and for control to the evaluation and interpretation of performances

- American accounting association

2) The management accounting used to describe the accounting methods, systems and techniques which coupled with special knowledge and ability, assist the management in its task of maximizing the profit & minimizing the prod losses

- Patty J

The management accounting is accounting for effective management

- Nok Bose

for effective management
W.M. Hoyle

b) the main form of accounting which enables a business to be conducted more efficiently can be regarded as management accounting

Institute of chartered accountants
on england & wales

b) the management accounting is the presentation of accounting information in such a way as to assist a management in the creation of policy and day operations under taking

Institute of cost & management
accountants

7) the management accounting is concerned with accounting information that is useful to management

- Robert No antony

8) The management accounting is the adoption and analysis of accounting information and its diagnosis and explanation in a such way as to assist the management

- T. J. ROSE

9) The management accounting refer to the application of accounting knowledge to the purpose of producing and interpreting the accounting & statistical information designed to assist the management in which functions of promoting maximum in formulating and co-ordinating the future plans and subsequently in measuring the execution

H. M. TRASURY

Branches of mgt accounting

The accounting is broadly classified into branches

1. Financial accounting
2. Mgt accounting

F.A => Financial accounting is

the preparation of P\&L namely trading and P\&L a/c Balancesheet financial a/c is otherwise called financial statement

Financial statements are income statement and position statement

P\&L a/c is also known as income statement and Balancesheet is also known as position statement

Financial accounting also called as external accounting

Nature and characteristics of MGT and features

- 1) provide ~~the~~ ^{necessary} information
- 2) Assist the management
- 3) achieve organisational object
- 4) Enhances evl. efficiency
- 5) Employs concept and techniq
- 6) Drives decision making
- 7) Facilitates forecasting
- 8) Follows NO fixed Names No
- 9) covers cause and effect

analysis

- 10) Focuses on internal use
- 11) involves flexibility
- 12) encompasses passess passness

Scope of MGT / purpose

the mgt surrounding aims
enabling the mgt for making the
managerial decision Accordingly the
scope of mgt accounting is so wide
and very vast

making it involves many subjects
It is the managerial decision

- 1) Financial accounting
- 2) Cost accounting
- 3) Statistical methods Quantitative
- 4) Financial mgt
- 5) budgeting and forecasting
- 6) Inventory mgt
- 7) Tax accounting
- 8) Internal audit
- 9) mgt information system
- 10) office mgt
- 11) computer application

Objectives of MGT Accounting

It's the primary objective of mgt a is to assist in form managerial decision in this process of achieving the primary

objective some other objective
Have been fulfilled by MGT accounting

1) TO formulate the plans and policy

2) TO assists the process of interpretation

3) TO Help the managerial decisions

4) TO direct and motivate the employees

5) TO present the reports

6) TO help in organisation

7) TO co-ordinate the operation

8) TO facilitate the effective control

9) TO increase the productivity and efficiency

Functions of MGT accounting

Every business function is composed of resources the major resources are man, machine, material, market, money, methods

the 6 m of on the organization
the mgt accounting perform
the following fu

1) planning and forecasting
2) presentation of modify

data
3) analysing inter

data
4) Helpful in strategic decision
making

5) Facilitates managerial
control

6) use of qualitative data

7) communicating mgt policy

8) monitoring Business result

9) adopting remedial measure

10) Helpful in Tax administration

Financial StatementsIntroduction

The end product of financial accounting is final accounts

2) The final include P/L a/c & Balancesheet

3) The final accounts are called so as they are prepared finally at end of the accounting period

4) The financial statements include both income statement and position statements

5) The income statement is the other name of P/L a/c and the other name of Balancesheet is position statement

6) The financial statements are prepared on the basis of generally accepted accounting principles (GAAP)

meaning and defini

* The financial statement are the outcomes are summarising the phase of financials accounting

* In the words of John N. Myers the financial statements provide a summary of the accounts of a business enterprise the balance sheet, reflecting the assets and liabilities and capital as on a certain date and income statement showing the result of a operation during a certain period

furnish and as busines define

The financial statement as the end product of financial accounting is set of financial statements prepare by the accountant of a business enterprise that purpose to reveal the financial position of the enterprise

Robert N. Anthony the financial statements essentially are interim financial reports presented annually and reflect a division of an enterprise into more or less regular accounting period, more frequently a year

Nature of fin^o

The financial statements are the outcome of financial acc^t and the financial acc also a historical accounting since it is based on a historical data

AAA American accounting assoⁿ expresses in a statement

Every corporate statement should be based on accounting principles which are sufficiently understood to justify opinions as to the conditions and progress of business enterprise

AICPA American institute of certified public accountants states the nature of financial statements as financial statements are prepared for the purpose of periodical review on report on progress of mgt. and deal in the business and the result achieved during the review

- 1) unconsidered fact
- 2) accounting conveniences
- 3) postulates
- 4) personal judgements

Types of fin

The financial statement comprises 2 of statements

- 1) Income statement (or) P/L a/c
- 2) Position statement (or) Balance sheet

1) Generally accepted accounting principles

1) It's a complete set of financial statement must include

- 2) Balance sheet
- 3) Income statement
- 4) A statement of changes in owner's accounts
- 5) Statement of changes in financial position

Meaning form and contents of financial statements

The income statement is also known as P/L a/c. It is showing the net result arrived by the business operation carried out in the accounting year.

P/L a/c

1) Operating statement

2) Statement of revenue and expenses

In India companies act 1956 fails to prescribe in any specific form of P/L a/c but it was prescribe balance sheet.

The two form of P/L a/c is commonly prepared

1) Single step form

2) Multi step form

Limitation

It's a interesting report don't give exact position

Historic cost

Impact of non monetary factors ignored

1000 and technique of financial
analysis statement

comparative financial
statement financial statements
trend analysis or trend

ratio

ratio analysis
fund flow statements
common statements

comparative financial

is the one form of
is financial statement

prepared for a different point
the financial statements are

financial

called comparative

College

includes both comparative income
and position statements

It is commonly called FFA
if it is the major

comparative B

It's otherwise known as
comparative position statement

commensurate statement

The financial statement as
such are not useful for drawing
inferences they include only absolute
figures

that financial namely commensurate
income statement

there are 2 commensurate

Income statement
position statement