Management accounting

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 a/c

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

ratio analysis : meaning - advantage limitation classification and computation ratio (simple problem)

Unit-3 cash flow statement - importance - advantages - limitation preparation of cashflow 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 saving ratio, Break even point - margin of safety - managerial of marginal costing (Simple problem)

Unit-5 Budgetting - Budgetory control - meaning - objectives - advantages and limitation of - classification of Budget preparation of sales, production flucible and zero based budgetting - capital meaning advantages - methods (theory)

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Introduction

* It provides the usefull information to the managers so that the decision are made possible

* The management accounting is internally oriented

* It is the primary purpose of enabling the management in arrivi at managerial decision by providing usefull 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 briti term 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 distinct
from historical accounting
* (Financial accounting) is recent
years

Meaning of management

* The management accounting begins where financial accounting end
* Financial accounting ends with preparation of financial statemen
* The management begins with analysis and interpretation of financi statement
* The management accounting is primarily concerned with the analysis and interpretation of financial statements namely, profits & loss a/c and Balanc sheet
* The management accounting is also known as policy for managers & 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 pro losses

- Patty. J

The management accounting is accounting for effective management

- N.K Bose

4) The management accounting is accounting for effective management

W.M. Harper

5) The main form of accounting which enables a business to be conducted more efficiently can be recorded as management accounting

Institute of chartered accountants of england & wales

6) 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 N. anthony

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 refers 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 execute

H.M Treasury

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 4 namely Trading and P/L a/c Balancesh financial final 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 statem

Financial accounting also called as external accounting

Nature and characteristics of MGT and features

1) provide necessary information
2) Assist the mangement
3) achieve organisational objec
4) Enhances evl. efficiency
5) Employes concept and techniq
6) Drives decision making
7) Facilitates forecasting
8) Follows No fixed Nams No
9) Covers cause and effect analysis
10) Focuses on internal use
11) involves feribility
12 encampass pasess passness

Scope of MGT / purpose

The mgt accounting aims enabling the mgt for making the managerial decision Accordingly th scope of mgt accounting is so wi and very wast

It is the managerial decision making it involves many subject

1) Financial accounting
2) cost accounting
3) statistical methods Quantitative
4) Financial mgt
5) budgetting and forecasting
6) inventory mgt
7) Tax accounting
8) Internal audit
9) mgt information system
10) Office mgt
11) computer application

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objectives of MGT accounting

It's the primary objective of mgt a is to assists r form arriving at managerial decision in this process of achieving the primary

objectives some other objective
Have been fulfilled by Mgt accounting

1) To formulate the plants 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 organisi
7) To co-ordinate the operatio
8) To facilitate the effective control
9) To increase the productivity and efficiency

Functions of Mgt accounting

Every Business function is composed for resources the major resources are man, machine, materia market, money, methods

The 6 m of on the organizat

the mgt accounting perform

the following fu

1) planning and forecasting

2) presentation of modify

data

3) analysing inter

data

4) Helpful in stategic deci

making

5) Facilitates managerial

control

6) use of qualitative data

7) communicating mgt policy

8) monitoring Business result

9) adopting remedial measu

10) Helpful in Tax admistrat

Unit -2

Financial Statements

Introduction

The end product of financial accounting is final accounts

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

3) The finalaccounts 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 defn

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

* In the words of John. N Myer the financial statements provide a summary of the accounts of a Business enterprise The Balancesheet, reflecting the assets and liabilities and capital as on a certain data and income statement showing the result of a operation during a certain period

Smith and asburn defn

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 return returns reports presented anually and reflect a division of an enterprise into more or less orbitab accounting period, more frequently a year

Nature of fin

the financial statements are the outcome of financial acc

the financial a/c also a historical accounting since it is based on a historical data

AAA American accounting asso expresses in a statment

Every corporate statement should 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 statement as financial statements are prepared for the purpose of periodical review or report on progress of mgt. and deal in the business and the result achieve during the period

1) recorded fact
2) accounting convencns
3) postulates
4) personal judgements

Types of fsh

The financial statement comprises 2 of statments

1) Income statement (or) P/L a/c
2) position statement (or) Balancesheet

1) Generally accepted accounting principles

1) It's a compute set of financial statement must include
2) Balance sheet
3) Income statment
4) A statement of changes in owner's accounts
5) Statment of changes in financial position

Meaning form and contents of financial statements

The income statement is also called P/L a/c is showing the net result passed by the business operation carried out in the accounting year

VP/L a/c

2) Operating statement

3) statement of revenue and expe

4) India companies act 1956 fail 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 accounting report don't give exact position

Historic cost

impact of non monetary factors ignored

the position

Sound analysis is phonetic analysis which can be comparative phonetic comparative phonetic analysis sound analysis or sound audio sound analysis sound plus statement comparative phonetic

comparative phonetic

It is the one form of the research statement the phonetic statement or proposed for a different point

phonetic is one called comparative is

comparison

sounds how comparative Indian and position statement

It is obviously called Pla

It is the main

sources

comparative B

It's otherwise known as comparative position statement

commensiate statement

the financial statement as such are not useful for drawing inferences as they include only abso figures

that financial namely commens income statement

there are 2 commensiate

Income statement

position statement