



TRINITY COLLEGE FOR WOMEN NAMAKKAL

Department of Commerce

MANAGEMENT ACCOUNTING

19UCC13-Even Semester

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MANAGEMENT ACCOUNTING

Introduction

The term management accounting consists of two words Management and Accounting. Management Accounting is of recent origin. The term was first used in 1950 by a team of accountants visiting U.S.A. under the auspices of Anglo-American Council on productivity.

Meaning

Management Accounting provides information to the management to use it as a base for decision making

SCOPE OF MANAGEMENT ACCOUNTING

Management accounting has various facts. The main purpose is to provide information to the management to perform its function of planning directing and controlling etc.,

- ❖ Financial Accounting
- ❖ Cost Accounting
- ❖ Budgeting and forecasting
- ❖ Inventory Control
- ❖ Statistical Analysis
- ❖ Analysis of Data
- ❖ Internal Audit
- ❖ Methods and Procedures
- ❖ Tax Accounting

❖ Financial Accounting

- Financial Accounting deals with financial aspects by preparation of profit & loss Account and balance sheet.
- Management accounting rearranges and uses the financial statements.
- Management accounting is dependent on financial accounting which limits its scope.

❖ Cost Accounting

- Cost accounting is an essential part of management accounting.
- It provides information regarding cost of products processes and jobs through different methods of costing.

❖ Budgeting and Forecasting

- Budgeting is setting targets by estimating expenditure and revenue for a given period.
- Forecasting is prediction of what will happen as a result of a given set of circumstances.
- Targets are fixed for various department & responsibility is pinpointed for achieving the targets.

❖ Inventory Control

- It includes planning, coordinating and control of inventory from the time of acquisition to the stage of disposal.
- It is through various techniques of inventory control like stock levels like ABC and VED analysis, Physical stock verification, etc.,

❖ Statistical Analysis

- In order to make the information more useful, statistical tools are applied. These tools like charts, graphs, diagrams, index numbers, etc.
- For the purpose of forecasting, other tools such as time series, regression analysis & sampling techniques are used.

❖ Analysis of Data

- Financial statements are analyzed and compared with past statements, compared with those of other firms and with standards set.
- The analysis and interpretation results in drawing reports and presentation to the management.

❖ Internal Audit

- Internal audit helps the management in fixing individual responsibility for internal control.

❖ Methods & Procedures

- It includes keeping of efficient system for data processing and effective reporting of required data in time.

❖ Tax Accounting

- Tax planning is ascertained from income statements.
- Tax planning is done by following various tax incentives offered by the Central and State Governments.
- Knowledge of tax provisions helps the management in meeting tax liabilities.

THANK YOU

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