



Sindhi Hindi Vidya Samiti`s  
**DADA RAMCHAND BAKHRU SINDHU MAHAVIDYALAYA**  
( Formerly known as Sindhu Mahavidyalaya )  
A Higher Education Premier Institute With CGPA 2.55

# MANAGEMENT ACCOUNTING

Presented by:-

Miss. Poorvi Tiwari

Ad-hoc Lecturer

Department of

Management(BBA)

# ❖ INTRODUCTION

One of the definitions of Management accounting says that it is the application of professional skills and knowledge in the preparation of financial and accounting information in a manner in which it will assist the internal management in the formulation of policies, planning, and control of the operations of the firm.

# ❖ MEANING

Management accounting also is known as managerial accounting and can be defined as a process of providing financial information and resources to the managers in decision making. Management accounting is only used by the internal team of the organization, and this is the only thing which makes it different from financial accounting.

# ❖ SCOPE OF MANAGEMENT ACCOUNT

- Budgets and budgetary control
- Decision making
- Stock or inventory control
- Report to management
- Data interpretation
- Tax planning
- Healthy relationship

# ❖ The Role of Management Accounting

- Helping Forecast the Future:
- Helping in Make-or-buy Decisions:
- Forecasting Cash Flows
- Helping Understand Performance Variances
- Analyzing the Rate of Return:

# ❖ Limitations of Management Accounting

- Data based on Financial accounting – Decisions taken by the management team are based on the data provided by Financial Accounting
- Less knowledge – Management has insufficient knowledge of economics, finance, statistics, etc.
- Outdated data – Management team receives historical data, which may change eventually when management is taking the decisions.
- Expensive – Setting up a management accounting system requires a lot of investment.

# ❖ BREAK-EVEN-POINT

Break even point is a widely used technique to study cost-volume-profit analysis (CVP analysis) relationship. It is interpreted in narrow as well as broad sense. In its narrow sense, break-even analysis is concerned with determining break-even point i.e. that level of production and sales where there is no profit and no loss. At this point, total cost is equal to total sales revenue.

# ❖ ANALYSIS OF FINANCIAL STATEMENT

The term “financial statements” refers to two statements viz. Income statement (or profit & loss account) and balance sheet. These statements are generally prepared at the end of the accounting period i.e. year. These statements are an extract of summary of the various ledger accounts.



# ❖ RATIO ANALYSIS

The relation to numbers of which one is 'numerator' and another is 'denominator' is generally indeed ratio. According to **Robert Anthony**, "a ratio is simply one number expressed in terms of another". Actual for calculating the ratio one number is divided by other number. Ratio can be calculated only in homogeneous numbers.

THANK

YOU