

# Management accounting

Tools and techniques

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# Management accounting

- process of creating organization goals by identifying, measuring, analysing , interpreting and communicating information to managers call management or managerial accounting

# Tools & techniques

- Financial planning
- Financial and statement analysis
- Cost accounting
- Fund flow analysis
- Cash flow analysis
- Standard costing
- Marginal costing
- Budgetary control
- Revolution accounting
- Decision-making accounting
- Management information system
- Statistical technique
- Historical cost accounting
- Ratio analysis

# Financial planning

- Main objective of any business organization is maximization of profits
- Achieved by making proper or sound financial planning
- financial planning is considered as best tool for achieving business objectives

# Financial statement analysis

- Profit and loss account and balance sheet are important financial statements
- Statements are analyzed for different period
- This analysis helps the management to know the rate of growth of business concern
- This analysis is done through comparative financial statements, common size statements and ratio analysis

# Cost accounting

- Presents cost data in product wise, process wise, department wise, branch wise and the line
- cost data is compared with pre-determined one
- comparison of two costs enable the management to decide the reasons responsible for the difference between costs

# Fund flow analysis

- This analysis find out the movement of fund from one period to another
- This analysis is very useful to know whether the fund is properly used or not in a year
- when compared to previous year working capital changes and funds from operation are find out through analysis

# Cash flow analysis

- The movement of cash from one period to another can be find out
- The reasons for cash balance and changes between two periods are also find out
- It studies the cash from operation and the movement of cash in period



# Standard costing

- Standard costing is predetermined cost
- Provides yard stick for measuring actual performance
- Used to find the reasons for the derivations if any

# Marginal costing

- Used to fix the selling price , selection of best sales mix, best use of source raw materials or resources , to take make or buy decision, acceptance or rejection of bulk order and foreign order
- Based on the fixed cost, variable cost and contribution

# Budgetary control

- Under budgetary control techniques, future financial needs are estimated and arranged according to an orderly basis
- Used to control the financial performances of business concern
- Business operations are directed in a desired direction

# Revolution accounting

- The fixed assets are revalued as per revolution accounting method so that capital is properly represented with the asset value
- It helps to find out the fair return on capital employed

# Decision-making accounting

- A business problem can be solved by choosing any one of the best and most profitable alternative
- To select such alternative, the relevant costs are compared
- Accounting information are used to solve business problem which are arising out of increasing complexity of nature of business

# Management information system

- Free flow communication within the organization is essential for effective functioning of business
- Hence management can design the system through which every employee of an organization can access the information and used for discharging their duties and taking quality decision

# Statistical technique

- There are lot of statistical techniques used in removing management problems
- Methods of least square, regression and quality control etc. are some exmples of statistical financial

# Historical cost accounting

- It means that costs are recorded after being incurred
- This is used for comparing with determined costs to evaluate performance.



# Ratio analysis

- It is used to management in the discharge of its basic functions of forecasting, planning, co-ordination, communication and controls
- It proves the way for effective control of business operations by undertaking an apprecial of both the physical and monetary targets



Thank You