

MEANING AND DEFINITION OF MANAGEMENT ACCOUNTING

Management Accounting is comprised of two words 'Management' and 'Accounting'. It is the study of managerial aspect of accounting. It is the presentation of accounting information in such a way as to assist management in the creation of policy and the day-to-day operation of an undertaking. Thus, it relates to the use of accounting data collected with the help of financial accounting and cost accounting for the purpose of policy formulation, planning, control and decision-making by the management.

Some leading definitions of management accounting are as follows :

1. "Management accounting is concerned with accounting information that is useful to management."
—R.N. Anthony

2. "Management accounting is the term used to describe the accounting methods, systems and techniques which, coupled with special knowledge and ability, assist management in its task of maximising profits or minimising losses."
—J. Batty

3. "Management accounting is the adaptation and analysis of accounting information and its diagnosis and explanations in such a way as to assist management."
—T.G. Rose

4. "The essential aim of management accounting should be to assist management in decision making and control."
—Brown and Howard

5. "Management accounting is the presentation of accounting information in such a way as to assist management in the creation of policy and the day-to-day operation of an undertaking."
—Anglo American Council on Productivity

6. "Such of its techniques and procedures by which accounting mainly seeks to aid the management collectively have come to known as management accounting."
—The Institute of Chartered Accountants of India

7. "Management accounting is a system of collection and presentation of relevant economic information relating to an enterprise for planning, controlling and decision making."
—The Institute of Cost and Works Accountants of India

8. "Any form of accounting which enables a business to be conducted more efficiently can be regarded as management accounting."
—Institute of Chartered Accountants of England and Wales

From the various definitions discussed above it becomes clear that financial data is recorded, analysed and presented to the management in such a way that it becomes useful and helpful in planning and running business operations more effectively and systematically.