

Section-4

Q1] Discuss the nature and scope of management accounting.

Ans] 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 thus, it relates to the use of accounting data collected with the help of financial accounting for cost formulating, planning, control and decision-making by the management. Management accounting links management with accounting as any accounting information required for taking managerial decisions is the subject matter of management accounting.

Nature and scope → managerial Accounting involves the furnishing of accounting data to the management for basing its decisions.

Q1] Provide accounting information:

Management accounting is based on accounting information. It is a service function and it provides the necessary information to different levels of management.

- b) Cause and effect analysis → The Role of financial accounting is limited to find out the ultimate result i.e., Profit and loss.
- c) Taking important decisions → It supplies the necessary information to the management which may be useful for decisions.