




**GROUP  
NO:  
7**

accounting Accounting  
management Asia Asset Balance  
sheet **Business** Cash flow  
cost cost accounting Credit  
debt depreciation Diversification (finance)  
Earnings per share Economic economics  
economy Education Equities Expense  
Federal Reserve System **finance**  
financial accounting financial analysis financial  
markets financial planning **Financial**  
**Services** Financial statement  
Financial statement analysis Firms  
Funds incentives India inflation  
invest **Investing**  
**Investment** investment  
planning Investor labour leverage  
liquidity Loan management accounting  
Marginal cost Market price material money  
Money supply **Mutual fund** overheads  
**personal finance** Portfolio (finance)  
portfolio management Portfolio manager  
Present value **Price** profit Purchasing  
power Raw material **return** returns  
**Risk** Risk aversion Security Stock **Stock**  
market **Stocks** **Stocks and Bonds**  
**Tax** Technical analysis total cost **United**  
**States** variable cost Wage

A photograph of a business meeting. Two men in light blue shirts are leaning over a desk. One man is holding a pen and writing on a document. The desk is cluttered with financial documents, including a bar chart with blue and yellow bars, a calculator, and a clipboard. The background is slightly blurred, showing a computer keyboard and other office equipment. The text is overlaid in white on a semi-transparent dark blue background.

**TOPIC:**  
**DIFFERENCE BETWEEN FINANCIAL  
ACCOUNTING, COST ACCOUNTING AND  
MANAGEMENT ACCOUNTING.**



## Financial accounting :

The purpose of this branch of accounting is to keep a record of keep a record of all financial transactions so that:



## Cost Accounting :

The purpose of cost accounting is to analyse the expenditure so as to ascertain the cost of various products manufactured by the firm and fix the prices. It also helps in controlling the costs and providing necessary costing information to management for decision-making







## Management Accounting :

The purpose of management accounting is to assist the management in taking rational policy decisions and to evaluate the impact of its decisions and actions.

## FINANCIAL ACCOUNTING

## MANAGEMENT ACCOUNTING

PRIMARY USERS	External( Investors, government authorities, creditors)	Internal(Managers of business, employees)
PURPOSE OF INFORMATION	Help investors, creditors, and others make investment, credit, and other decisions	Help managers plan and control business operations
TIMELINES	Delayed or historical	Current and future oriented
RESTRICTIONS	GAAP, <a href="#">FASB AND SEC</a>	GAAP does not apply, but information should be restricted to strategic and operational needs
NATURE OF INFORMATION	Objective, auditable, reliable, consistent and precise	More subjective and judgmental, valid, relevant and accurate
SCOPE	Highly aggregated information about the overall organisation	Disaggregated information to support local decisions
BEHAVIOURAL IMPLICATIONS	Concern about adequacy of disclosure	Concern about how reports will affect employees behaviour
FEATURES	Must be accurate and timelyCompulsory under company law Is an end in itself	Usually approximate but relevant and flexible Except for few companies, it is not mandatory Is a mean to the end
SEGMENTS OF ORGANISATION	It is primarily concerned with reporting for the company as a whole.	Segment reporting is the primary emphasis.

## FINANCIAL ACCOUNTING

## COST ACCOUNTING

OBJECTIVE	It provides information about financial performance and financial position of the business.	It provides information of ascertainment of costs to control costs and for decision making about the costs.
NATURE	It classifies records, presents and interprets transactions in terms of money.	It classifies, records, presents and interprets in a significant manner materials, labour and overhead costs.
RECORDING OF DATA	It records historical data.	It records and presents estimated, budgeted data. It makes use of both historical costs and predetermined costs.
USERS OF INFORMATION	External users like shareholders, creditors, financial analysts, government and its agencies, etc.	Used by Internal management at different levels.
ANALYSIS OF COSTS AND PROFITS	It shows profit/loss of the organization.	It provides details of costs and profit of each product, process, job, etc.
TIME PERIOD	They are prepared for a definite period, usually a year.	They are prepared as and when required.
PRESENTATION OF INFORMATION	A set format is used for presenting financial information.	There are no set formats for presenting cost information's.

T H A N K

Y O U



## FASB

The Financial Accounting Standards Board (FASB) is a private, not-for-profit organization whose primary purpose is to develop generally accepted accounting principles (GAAP) within the United States in the public's interest

## SEC (SECURITIES AND EXCHANGE COMMISSION)

an agency responsible for enforcing the federal securities laws and regulating the securities industry, the nation's stock and options exchanges, and other electronic securities markets in the United States.