

IMPORTANCE OF COST AND MANAGEMENT ACCOUNTING AS A CAREER

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INTRODUCTION

- Career in finance in India before liberalisation had a different perception, but after liberalisation it has become much more challenging and interesting.
- Acquiring an appropriate professional qualification is the first and foremost step towards a successful career in finance.
- Finance and accounting have assumed much importance in today's competitive world of business wherein corporate organisations have to show the true and fair view of their financial position.
- Thus, the application of accounting in the business sector has become an indispensable factor.
- There is a need of supply of sufficient , timely , accurate and required cost information about all the operations of the organisation to the management in order to facilitate the decision making process.
- In a highly competitive corporate environment, managers and business owners are seeking to streamline processes and optimise the use of resources.

COST AND MANAGEMENT ACCOUNTING

- Cost and Management Accounting is a form of accounting that aims to maximise profit by managing revenues and expenses. It provides data and reports used by managers to inform their strategies around short term and long term profit and growth.
- Cost and Management Accounting is quite significant and useful for the optimum utilisation of existing resources. These are branches of accounting and had been developed due to limitations of financial accounting. It is indispensable discipline for corporate management, as the information collected and presented to management based on cost and management accounting principles and techniques helps management to solve not only specific problems but also guides them in decision making.
- It is a form of accounting that aims to improve the company's profitability by managing and controlling costs and also by eliminating unnecessary expenses.
- It helps businesses determine the costs of products, projects, and processes, and it also reflects the area where the company is earning and losing money.

FUNCTIONS OF COST AND MANAGEMENT ACCOUNTING



COST AND MANAGEMENT ACCOUNTANT

- Manufacturing and Distribution ventures are the integral part of the business world. For organisations, it has also become very important to understand the exact cost of creating and distributing every product and service at different stages so as to minimise expenditure and ensure optimum utilisation of resources.
- Costing is crucial for determination of pricing strategies of the organisations. It is indeed very important for the pricing of goods and services in all such organisations, which is accountable to its stakeholders. This is where the role of Cost and Management Accountant (CMA) is crucial.
- A CMA is a person who performs services like costing and pricing of goods or services. He does the work of preparing, verifying, or certifying cost accounts and he also has to prepare related statements and reports for the management.
- Cost and management accountants are also supposed to present timely and adequate information to the management. It is done on the basis of reports regarding production and distribution by collecting, compiling, organising, verifying, comparing and analyzing various cost data and cost details from different departments of the organisation.

COST AND MANAGEMENT ACCOUNTANT (Continued)..

- A financial specialist who plays the role of determining the actual cost associated with providing a service or its manufacturing is also known as cost and management accountant.
- Determining profit and losses, preparing a profitable analysis and laying out a budget are some of the primary responsibilities of a cost accountant. The basic costs in shipping, administration, and production are determined and finalised by a cost accountant.
- The functions of CMA also involves critical monitoring of all the elements of costs like - material, labour, overheads and also the capital cost, etc., involved in manufacturing of goods or services.
- Besides monitoring the performance the CMAs also have to spot and report on the problems and prevent them from occurring in the future.

HOW TO BECOME A CMA ?

To become a CMA a person has to qualify in the course offered by the Institute of Cost accountants of India which functions under the aegis of the Ministry of Corporate Affairs.

The Institute of Cost Accountants of India (ICAI) formerly known as (ICWA) Institute of Cost and Works Accountants of India. This ICWA course is now named as CMA which stands for Cost Management Accountant. It comprises of three stages-

1. CMA Foundation
2. CMA Intermediate
3. CMA Final

A person whosoever has passed all the examinations of the Final stage and has obtained at least three years of practical experience , may seek admission to associate membership of the Institute. The practical experience may be acquired prior to after passing the final examination.

HOW TO BECOME A CMA ? (continued)...

The candidate can pursue CMA course for which she/ he should qualify in the three stages of the course:
First stage - Foundation Stage (Those who have passed class 12 or equivalent)

Second Stage – Intermediate Course (with Foundation course passed or with graduation degree from any recognised University) . The students who have qualified in all the papers of Intermediate course can apply for the 3rd or Final Stage. After passing the examinations of the final stage a person qualifies to be a cost accountant .

The course can be pursued from four Regional Council Offices of the Institute located at Chennai, Delhi, Kolkata and Mumbai and its Chapters located in various parts of India. The course can also be pursued through a distance learning mode.

Role of Cost and Management Accountants

- At the present time the role of cost and management accountants are getting tremendous recognition all over the world.
- Ever since the decision regarding costing and pricing became crucial for the survival of business organisations in this competitive world, the functions of cost and management accounting also gained the momentum.
- Cost and Management Accountants play an important role in strategic decision making, companies leverage on Management Accountants for their proficiency and required advises.
- A CMA's job essentially involves an analysis of costs and to devise ways to reduce it.
- A CMA is also required to evaluate operating efficiency and effectiveness of production and service management in different departments of an organisation.

Role of Cost and Management Accountants (Continued...)

- The role of Cost and Management Accountants is to compare the financial performances, make assessments and projections, provide estimates for future costing and pricing policies and does a huge work of anticipations and budget planning related to managerial decision making.
- His responsibility is to inform to the management issues related to purchase price, inventory, costs to be incurred on labour, etc.,
- Any business organisation is concerned with optimum utilisation of its resources and with handling of resources cost effectively. Thus, a CMA also works like a watch-dog and take initiatives to inform the management on any matters related to abnormal wastages and losses. And he helps the organisation to move ahead with all such decisions regarding operations of manufacturing and distribution with cost effectiveness and save of time.
- He is also required to give suggestions to the management based on his professional expertise on matters like - profitable product mix, identification of risks involved in the business, etc.

ROLE OF CMA IN A NUTSHELL

Improving cost
competitiveness

Resource & Performance
Management.

Financial Reporting &
Strategy

Cost Audit & Assurance,
Internal Audit &
Management Audit

Direct & Indirect Taxation

Prospects Cost and Management Accounting

- A very prospective career choice.
- CMA Certification is certainly a gateway to a wide range of opportunities .
- The syllabus includes an aura of subjects which are pragmatic and executable in Industry.
- CMA course includes subjects like- Management, Costing, Accounting, Finance, Capital Market, Operations, Taxation, Audit , etc., thus, creating proficiency in a gamut of pragmatic streams.
- Successful completion of this course with professional orientation of mind results in commendable trend of career graph.

Prospects Cost and Management Accounting (Continued)...

- There is a plethora of career options for CMAs , it ranges from holding key position like - Chief Financing Officer, Chief Executive Officer and Finance Manager, etc., to Chairman, Managing Director, and Finance Director in MNCs, Private & Public Sector, Central and State Government Institutions.
- The Cost Accountants services have been constituted as an All- India Cadre by the Central Government. This service is at par with other Class-I services such as- IAS, IFS, etc. The services in this realm are quite prestigious. CMAs hold prestigious advisory positions in the Government for matters like cost pricing and in framing the appropriate fiscal and tax policies.

IMPORTANCE OF CMA

- It plays a key role in the company's decision making process.
- Helps in optimisation of budget of the organisation and perfect allocation of resources.
- Analysis of cost-volume-profit relationships.
- Estimation of cost for future projects.
- Helpful in improvisation of company's resource planning, cost- efficiency and overall profitability.
- Helps the business owner to accurately predict the business expenses , thus to avoid over budgeting and hold onto as much of the revenues as possible.
- For successful sustainability, each company irrespective of its size will always be in need of a talented and dynamic cost and management accountant .

CAREER OPTIONS

Students pursuing Cost and Management as a career have a varied list of careers to choose from such as -

1. Accounting and Auditing Clerk

2. Chief Accounting Officer

3. Audit Manager

4. Forensic Accountant

5. Investment Analyst

6. Personal Finance Consultant

7. Investment Banker

8. Economic Officer

9. Banking Manager

10. Researcher

SKILLS REQUIRED FOR COST AND MANAGEMENT ACCOUNTING JOBS



COMPARATIVES

PROS & CONS

PROS

CONS

People who have a tendency to follow business ethics, management, analysis, benefit a lot by becoming a CMA.

It is a prominent & beneficial aspect of almost every field and Industry and therefore, people taking it up as a career to choose from various fields and industries to work in.

People who are not used to heavy workload and meeting dead-lines might find the role of CMA tough due to its requirement of substantial input.

IMPORTANCE OF CMA - AS A CAREER

- The primary purpose of a CMA is to facilitate the managers in decision making. Every organisation has to face certain constraint while making decisions , thus, CMA has a bright scope in the business world of manufacturing & distribution.
- All the enterprises are concerned to budget their action plans. Budgeting is one of the major activities in cost accounting. Several budgets are prepared , showing cost , revenue, profit, production capacity, efficiency of plant & machinery, efficiency of workers, etc.,
- It is significant also because of the wide range of organisational objectives, which each organisation would like to attain flawlessly like planning, controlling, cordination, proper regulation of business activities, maximisation of profit, communication, motivation, services to customers, etc., . All these can be proficiently performed by CMAs, therefore there is an overwhelming scope of cost and management accounting as a career.



CONCLUSION

- Cost and Management Accounting has a lot of progressive scope in this dynamic world of business.
- Demand for CMA functions revolves around all the streams of the organisation. In marketing he is required to prepare the quotes, in production he is required to advise on the profitable product mix, and in top management for identifying business risks and their mitigation.
- The career graph totally depends on the interest and dedication of the candidates.
- In India , some of the popular areas to find job are- service industry, stock exchanges, public utility sector, consultancy firms, developmental agencies, departments of company affairs, training & research organisations, regulatory bodies, etc.
- For certified CMAs, one can expect starting annual salary packages ranging between Rs. 3 to 5 lacs. Salaries will depend upon the nature of work, job profile, sector, gained experience in the very field. The salaries will increase in manifold for jobs and assignments abroad.
- For sincere and dynamic candidates, sky is the limit.

Thank you.

The image features a dark, almost black background. Scattered across the scene are numerous out-of-focus, circular light spots, known as bokeh. These spots come in a variety of colors, including vibrant reds, greens, blues, oranges, and some pale whites or yellows. The lights vary in size and intensity, creating a soft, dreamy atmosphere. The text 'Thank you.' is centered in the left half of the image, rendered in a clean, white, sans-serif font.