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| **BASIS FOR COMPARISON** | **FINANCIAL ACCOUNTING** | **MANAGEMENT ACCOUNTING** |
| Meaning | Financial Accounting is an accounting system that focuses on the preparation of a financial statement of an organization to provide financial information to the interested parties. | The accounting system which provides relevant information to the managers to make policies, plans and strategies for running the business effectively is known as Management Accounting. |
| Orientation | Historical | Future |
| Users | Both internal and external users | Only internal users |
| Nature of statements prepared | General-purpose financial statements | Special purpose financial statements |
| Rules | Rules of GAAP are followed | No fixed rules for the preparation of reports |
| Reports | Only financial aspects | Both financial and non-financial aspects |
| Time Span | Financial statements are prepared for a fixed period, i.e. one year. | Management Reports are prepared whenever needed. |
| Objective | To create periodical reports | To assist internal management in planning and decision-making process by providing detailed information on various matters. |
| Publishing and auditing | Required to be published and audited by statutory auditors | It is not meant to be published or audited. It is for internal use only. |
| Format | Specified | Not Specified |