

# Discussion on the Intersection of Management Accounting, Cost Accounting and Financial Management

Wang Lu

Xi'an Peihua University, Xi'an, 710065, China

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**Abstract:** With the progress of society and the development of the economy, accounting and financial management play an important role in the operation and development of enterprises. However, the overlapping of management accounting, cost accounting and financial management not only leads to the waste of enterprise resources, but also reduces the efficiency of enterprise work. Based on this, the present situation of overlapping and duplication of the three subjects' content system was expounded in this study, and the reasons for the overlapping of management accounting, cost accounting and financial management contents were analyzed in detail, then, some countermeasures were put forward to solve the current problems. The management accounting and cost accounting can be organically combined, and the focus of financial management can be separated, so as to improve the work efficiency of enterprises and promote the development of enterprises.

## 1. Introduction

In recent years, with the rapid development of the economy, the assistant role of accounting discipline in the sustained and rapid development of China's economy has become more and more obvious. However, with the development of economy and society, the disadvantages of accounting and financial management in enterprises are becoming more and more obvious. The most obvious problem is that there is a serious cross-phenomenon among management accounting, cost accounting and financial management content, which leads to waste of resources and the reduction of enterprise operation efficiency. The content of accounting and financial management is also a crucial factor for the development of enterprises. Therefore, it is necessary to discuss the specific content of the overlapping of management accounting, cost accounting and financial management, and then put forward the corresponding reform measures aiming at the specific problems, so as to provide some valuable information for relevant teaching activities and accounting and financial activities of enterprises.

## 2. Current Situation of Overlapping and Duplicating of Content System of Three Disciplines

At present, the overlapping and duplication of the contents of management accounting, cost accounting and financial management has become a common problem. The contents of the three disciplines are shown in the Table below.

Table 1 Contents of the three disciplines

Subject	Contents
Cost accounting	Cost Forecasting, Cost Decision-making, Cost Planning, Cost Accounting, Cost Control, Cost Analysis and Cost Assessment
Management accounting	Cost Behavior, Variable Cost Method, Cost-Volume-Profit Analysis Method, Forecast Analysis, Short-term Operational Decision, Long-term Investment Decision, Comprehensive Budget, Standard Cost Method, Responsible Accounting
Financial management	Financing Management, Investment Management, Working Capital Management, Income Management, Financial Budget, Financial Control, Financial Analysis

In terms of content system, management accounting, as an extension of cost accounting, starts from the study of cost behavior, and gradually studies variable cost method, cost-volume-profit analysis method, cost budget, decision-making cost and standard cost method, and then extends to responsibility cost, it can be seen that management accounting is a subject with research cost as its main content. It is precisely because of the inseparable relationship between management accounting and cost accounting that the boundary between management accounting and cost accounting is blurred [1].

From the methodological point of view, pre-planning and in-process control, including prediction, decision-making and budget content, are the two main ways of management accounting, and the essential attributes of these two methods are management methods rather than accounting methods, the principles and applications of these management methods are embodied in the pre-planning and in-process control methods of financial management [2]. The contents and management methods of short-term operation decision, long-term investment decision, comprehensive budget, responsibility accounting in management accounting are the same as those of financial management. It can be seen that management accounting and financial management are closely related in methodology and many contents [3].

In addition, cost control in cost accounting and financial control in financial management also have repetition in responsibility cost, target cost control, standard cost system and budget system.

### **3. Reasons for the Intersection among Management Accounting, Cost Accounting and Financial Management**

#### **3.1. Reasons for the intersection between management accounting and cost accounting**

Cost accounting came into being in the 19th century with the arrival of large-scale machine production mode to meet the needs of production management. By the beginning of the 20th century, cost accounting began to integrate into standard cost system and budget preparation [4]. The formation of management accounting system is based on cost accounting. In order to meet the needs of management under the new situation, cost accounting has adopted advanced disciplines and subjects such as behavioral science and management science in the process of gradual development and has become a new curriculum system independently. At this time, because the new theory of management has been absorbed by the discipline system of management accounting, management accounting has become a new discipline serving enterprise management and fully reflecting control and decision-making [5]. When the traditional accounting work in enterprises is replaced by the emerging new technologies, accounting theories and methods adapting to the new situation begin to emerge, cost accounting and management accounting begin to adjust themselves in the face of the new situation, and their research fields and contents are gradually unified [6]. Therefore, the content, setting and implementation of management accounting are close to cost accounting to a certain extent, resulting in a large number of overlapping and duplication of the two subjects.

#### **3.2. Reasons for the intersection between management accounting and financial management**

Management accounting and financial management are both research activities aimed at capital movement or value movement in content and subject system. The main responsibilities of management accounting include business management, financial management, human resources management, quality management and environmental management, and management accounting focuses on providing information reflecting the activities of enterprise capital management and doesn't deal with fund raising and supply [7]. Financial management is a basic service content of management accounting, which mainly includes fund raising management, fund investment management and fund receipt and distribution management [8]. In the actual operation of enterprises, there are similarities in the content of management accounting and financial management, as well as in the way of problem handling, which results in the overlap and duplication of the two knowledge systems in the actual operation.

### **3.3. Extension of the scope of subject research**

With the increasing demand of managers for the theory of business management methods, cost accounting nowadays not only aims at calculating and verifying the cost of products, but also involves the use of cost information of products to make a comprehensive and detailed prediction, decision-making, control and concrete analysis of all operating costs within enterprises [9]. At the same time, in order to better strengthen the internal management of enterprises, managerial accounting researchers not only make full use of the basic role of cost accounting, but also rapidly expand the research field of this subject, which makes the research methods and subject content duplicate with cost accounting. In addition, the ultimate goal of the subject of financial management is to operate enterprise funds scientifically, and its work contents include not only financial prediction, planning and decision-making, but also financial control and other aspects, while these contents and the related aspects of management accounting are repetitive [10]. Therefore, it can be seen that the overlapping phenomenon of the three disciplines is that management accounting is the core, which overlaps with cost accounting and financial management in theoretical research and practical application.

## **4. Reform Proposals**

### **4.1. Standardizing the outline of teaching material**

Aiming at the problems of irregular basic structure, inconsistent content and poor stability of textbooks in colleges and universities, relevant departments of the state need to set up a textbook outline writing group which is composed of academic leaders of accounting in different colleges and universities to discuss the teaching syllabus of accounting in detail and compile it, and then discuss the content of the syllabus, so that colleges and universities can compile textbooks with depth and breadth according to the unified syllabus, maintain the integrity of the system of various disciplines, avoid overlapping and duplication, and reflect the contents of stability, commonality and future development direction of accounting disciplines, which is conducive to the cultivation of students with a wide range of knowledge and the integration of knowledge.

### **4.2. Integration of management accounting and cost accounting**

The emergence of management accounting is based on cost accounting, which uses the information provided by cost accounting for analysis, decision-making and planning, thus broadening the scope of functions of the original cost accounting, such as prediction and decision-making, but its research subject is not changed. Therefore, in order to avoid overlapping and duplication, accounting management and cost accounting can be integrated into a new mechanism, namely cost management accounting. Firstly, the traditional education scope and knowledge system need to be scientifically and orderly integrated, and the teaching materials and academic contents of management accounting and cost accounting in accounting major in colleges and universities need to be merged, so as to improve and innovate the educational resources of colleges and universities; secondly, enterprises need to merge the work contents and responsibilities of management accounting and the work contents and operations of cost accounting, and then establish an independent department or unit to organize and combine the specific work contents and responsibilities of management accounting and cost accounting reasonably and efficiently, so as to avoid the waste of enterprise's cost resources in an all-round and effective way.

### **4.3. Coordination of cross-content between cost management accounting and financial management**

As important parts of enterprise management, cost management accounting and financial management should have distinct emphasis. Cost management accounting should focus on production and operation, and its scope of work should focus on the daily operation and management activities of enterprises, and cost management accounting should regulate enterprises from the perspective of quantity, which is embodied in the reflection of product cost history and

planning for the future; financial management should focus on capital management, and its scope of work should focus on the management of capital activities themselves, and financial management is to regulate enterprises from a qualitative perspective, that is, the movement of capital entities and the monetary relations they embody, which is the direct management of money movement and manifested in the acquisition, use, distribution and planning of money.

Based on this, the object of cost management accounting can be defined as cost and future dynamic value movement or capital movement, which covers cost and future income, cost and profit; while the specific object of financial management is defined as the static value movement or capital movement in the past and in the future, including assets (excluding inventory, which belongs to the scope of daily production and operation, and is more closely related to cost management accounting), liabilities and owner's equity.

Table 2 Coordination of cross-cutting content between cost management accounting and financial management

Subject	Contents
Financial management	Time Value of Funds, Investment Decision, Cash Budget, Predicted Balance Sheet, Predicted Cash Flow Statement, Specialized Decision Budget, Capital Cost, Operating Leverage and Prediction of Funds Requirement
Cost management accounting	Economic Lot Sizing, Inventory, Short-term Decision-making, Sales Forecast, Profit Forecast, Operating Budget, Expected Profit Statement

## 5. Conclusion

To sum up, management accounting, cost accounting and financial management are the most important core contents of accounting disciplines, the phenomenon of overlapping and duplicating parts of the three disciplines is reasonable to some extent, but their emphasis is different because of their respective characteristics, the overlap of these three different contents causes a great waste of enterprise resources, which results in a deep impact on the normal operation of enterprises. Therefore, it is necessary to standardize the syllabus of teaching materials, focus on the enrichment and development of accounting theory as a whole, strengthen the content and relevance of theory and practice, and merge the same parts of management accounting and cost accounting; at the same time, the contents of management accounting and financial management should be sorted out and summarized effectively, and more interdisciplinary disciplines should be encouraged to improve the practical efficiency of management accounting, cost accounting and financial management in an all-round way, so as to facilitate the sound development of various disciplines.

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