Management Information (MA1) December 2011

This syllabus and study guide is designed to help with teaching and learning and is intended to provide detailed information on what could be assessed in any examination session.

THE STRUCTURE OF THE SYLLABUS AND STUDY GUIDE

Relational diagram with other papers

This diagram shows direct and indirect links between this paper and other papers preceding or following it. Some papers are directly underpinned by other papers. These links are shown as solid line arrows. The links between papers where there is only an indirect link and no required underpinning are shown as dotted line arrows. The relational diagram therefore indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

Overall aim of the syllabus

This explains briefly the overall objective of the paper and indicates in the broadest sense the capabilities to be developed within the paper.

Main capabilities

This paper's aim is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

Relational diagram of main capabilities

This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

Syllabus rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

Detailed syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

Approach to examining the syllabus

This section briefly explains the structure of the examination and how it is assessed.

Study Guide

This is the main document that students and learning and content providers should use as the basis of their studies, instruction and materials respectively.
Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session.
The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations. These outcomes are described using verbs indicating what exams may require students to demonstrate, and the broad intellectual level at which these may need to be demonstrated (*see intellectual levels below).

Learning Materials

ACCA's Approved Learning Partner - content (ALP-c) is the programme through which ACCA approves learning materials from high quality content providers designed to support study towards ACCA's qualifications.

ACCA has one Platinum Approved Learning Partner content which is BPP Learning Media. In addition, there are a number of Gold Approved Learning Partners - content.

For information about ACCA's
Approved Learning Partners - content, please go ACCA's Content Provider Directory.

The Directory also lists materials by Subscribers, these materials have not been quality assured by ACCA but they may be useful reading. You will also

find details here of Additional Reading which the Examiner has suggested may be useful supplementary reading for students.

ACCA's Content Provider Directory can be found here – http://www.accaglobal.com/learningproviders/alpc/content_provider_directory/search/.

Relevant articles will also be published in Student Accountant.

LEVEL OF ASSESSMENTS – INTELLECTUAL DEMAND

ACCA qualifications are designed to progressively broaden and deepen the knowledge and skills demonstrated by the student at a range of levels on their way through each qualification. These relate to intellectual levels as designated by the UK qualifications and credit framework (QCF) and other qualifications frameworks. As a benchmark, these levels progress from GCSE equivalent at the Introductory level of the Foundations in Accountancy (FIA) programme, to A level, or its equivalent, at the Intermediate level and to first year degree level at the Advanced level. The Advanced Diploma (the Skills module plus professional Ethics Module) within the ACCA Qualification is equivalent to undergraduate degree level and the Professional level is benchmarked at Masters level.

Throughout, the study guides assess both knowledge and skills. Therefore a clear distinction is drawn, within each subject area, between assessing knowledge and skills and in assessing their application within an accounting or business context. The assessment of knowledge is denoted by a superscript^{K} and the assessment of skills is denoted by the superscript$^{S.}$

VALUE OF ASSESSMENTS – GUIDED LEARNING HOURS

For the Introductory Certificate in Financial and Management Accounting the approximate number of standard learning hours that a candidate needs to commit to each examination is based on the credit value of the Qualifications and Credit Framework (QCF) UK, units which make up the syllabus. For MA1, Management Information, the total learning hours or credit value of the syllabus is 12 credits or 120 hours which includes direct tuition time, self study, revision and assessment time.

For QCF registered learners in England, Wales and Northern Ireland, passing the exam related to the above syllabus gives credit for the following QCF units:

- Basic principles of costing
- Provide basic cost and revenue information
- Spreadsheet software

GUIDE TO EXAM STRUCTURE

The structure of examinations varies within and between modules and levels.
The FIA examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.
All FIA examinations are assessed by two-hour paper based and computer based examinations.
The pass mark for all FIA examination papers is 50%.

GUIDE TO EXAMINATION ASSESSMENT

ACCA reserves the right to examine anything contained within any study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For the financial accounting, audit and tax papers, except where indicated otherwise, ACCA will publish *examinable documents* once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions.

Examinations regulation ***issued*** or legislation ***passed*** on or before 30th September annually, will be assessed from June 1st of the following year to May 31st of the year after. Please refer to the examinable documents for the paper (where relevant) for further information.

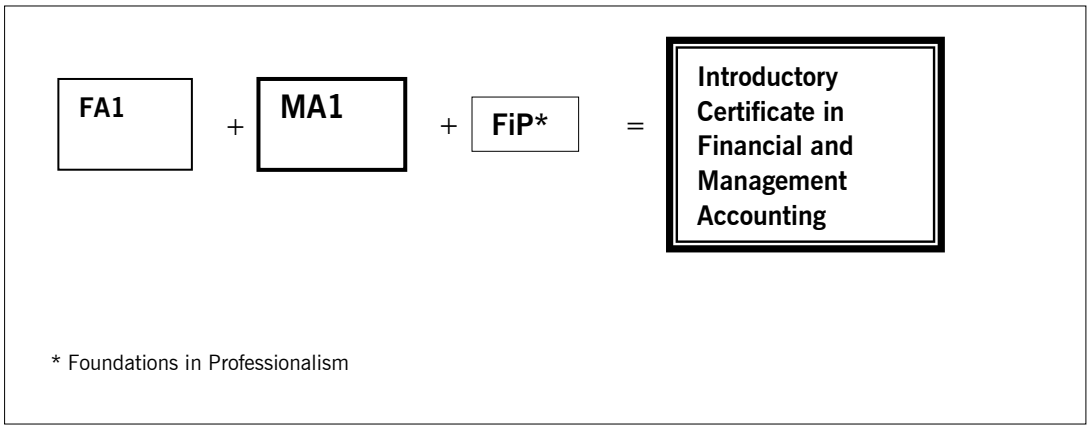
Regulation issued or legislation passed in accordance with the above dates may be examinable even if the ***effective*** date is in the future. The term issued or passed relates to when regulation or legislation has been formally approved.

The term effective relates to when regulation or legislation must be applied to entity transactions and business practices.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide should therefore be read in conjunction with the examinable documents list.

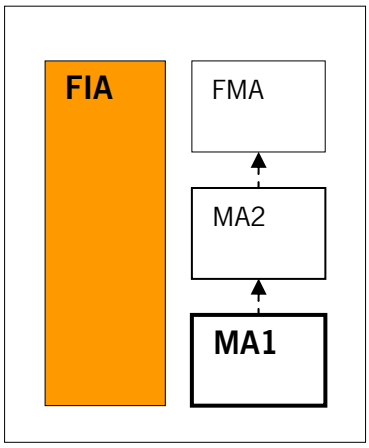
Qualification structure

The qualification structure requires candidates who wish to be awarded the Introductory Certificate in Financial and Management Accounting to pass both the FA1 and MA1 examinations and successfully complete the Foundations in Professionalism module.



Syllabus structure

The FIA suite of qualifications is designed so that a student can progress through three discrete levels; Introductory, Intermediate and Advanced, However, entry is possible at any point. Students are recommended to enter FIA at the level which is most appropriate to their needs and abilities and to take examinations in order, but this is not a requirement.



Syllabus

AIM

To develop knowledge and understanding of providing basic management information in an organisation to support management in planning and decision-making .

RATIONALE

The syllabus for paper MA1, Management Information, introduces candidates to basic costing principles and techniques and the tools with which to use these principles and techniques
The syllabus starts by introducing business organisations and the specific role of management accountant within the organisation. The next section deals with cost classification followed by the identification of sources of information and coding, to ensure that cost information is properly classified. The syllabus then introduces basic techniques for recording costs followed by how to provide information.

It finally introduces candidates to spreadsheets as an important tool in supporting cost and management accounting.

MAIN CAPABILITIES

On successful completion of this paper, candidates should be able to:

A Explain the nature and purpose of cost and management accounting

B Identify source documents in a costing systems and correctly code data

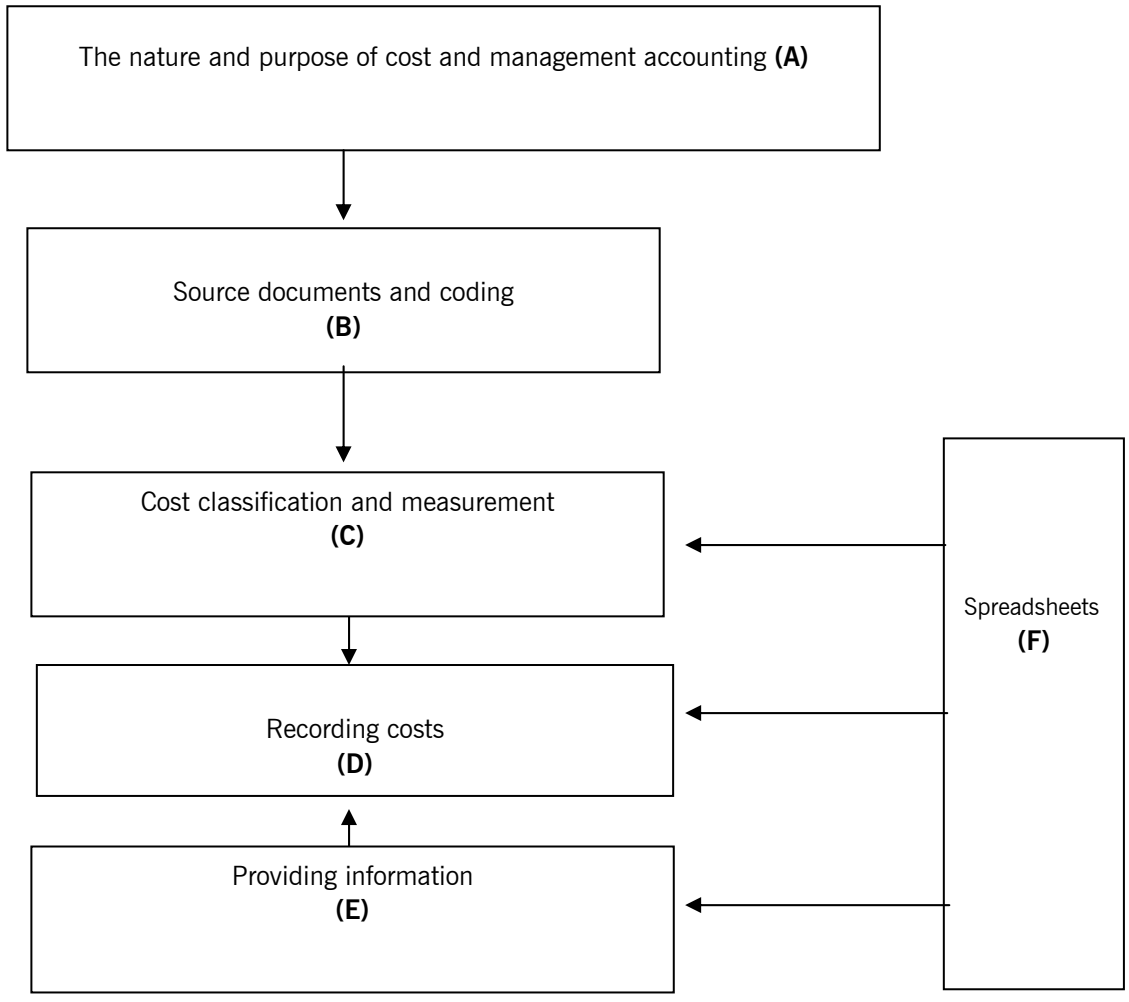
C Classify costs by nature, behaviour and purpose

D Record costs for material, labour and expenses

E Provide information on actual and expected costs

F Use the spreadsheet system in Microsoft excel

RELATIONAL DIAGRAM OF MAIN CAPABILITIES



DETAILED SYLLABUS

A The nature and purpose of cost and management accounting

1. Nature of business organisation and the accounting systems

2. Nature and purpose of management information

B Source documents and coding

1. Sources of information

2 Coding system

C Cost classification and measurement

1. Cost classification and behaviour

2 Cost units, cost centres, profit centres and investment centres

D Recording costs

1. Accounting for materials

2. Accounting for labour

3. Accounting for other expenses

4 Accounting for product costs

E Providing information

1 Information for comparison

2 Reporting management information

F The spreadsheet system

1 Spreadsheet system overview

2 Using computer spreadsheets

3 Presenting information in spreadsheets

APPROACH TO EXAMINING THE SYLLABUS

The syllabus is assessed by a two hour computer-based or paper based examination. Questions will assess all parts of the syllabus and will include both computational and non computational elements. The examination will consist of 50 two-mark questions.

Study Guide

A THE NATURE AND PURPOSE OF COST AND MANAGEMENT ACCOUNTING

1. Nature of business organisation and accounting systems

a) Describe the organisation, and main functions, of an office as a centre for information and administration.[K]

b) Describe the function and use of a manual of policies, procedures and best practices.[K]

c) Identify the main types of transactions undertaken by a business and the key personnel involved in initiating, processing and completing transactions.[k]

d) Explain the need for effective control over transactions.[K]

e) Explain and illustrate the principles and practice of double-entry book-keeping.[s]

f) Describe and illustrate the use of ledgers and prime entry records in both integrated and interlocking accounting systems.[s]

g) Identify the key features, functions and benefits of a computerised accounting system.[k]

2. Management information

a) State the purpose of management information.[K]

b) Compare cost and management accounting with external financial reporting.[k]

c) Distinguish between data and information.[k]

d) Describe the features of useful management information.[K]

e) Describe and identify sources and categories of information.[k]

f) Explain the limitations of cost and management accounting information.[K]

g) Describe the role of a trainee accountant in a cost and management accounting system. .[K]

B SOURCE DOCUMENTS AND CODING

1. Source documents

a) Describe the material control cycle (including the concept and calculation of 'free' inventory, but excluding control levels and EOQ) and the documentation necessary to order, receive, store and issue materials.[k]

b) Describe the procedures and documentation to ensure the correct authorisation, analysis and recording of direct and indirect material costs.[k]

c) Describe the procedures and documentation to ensure the correct authorisation, coding, analysis and recording of direct and indirect labour and expenses.[k]

d) Describe the procedures and documentation to ensure the correct analysis and recording of sales.[k]

2. Coding system

a) Explain and illustrate the use of codes in categorising and processing transactions.[s]

b) Explain and illustrate different methods of coding data. (including sequential, hierarchical, block, faceted and mnemonic).[K]

c) Identify and correct errors in coding of revenue and expenses.[S]

C COST CLASSIFICATION AND MEASUREMENT

1. Cost classification

a) Define cost classification and describe the variety of cost classifications used for different purposes in a cost accounting system, including by responsibility, function, behaviour, direct/indirect.[s]

b) Describe and illustrate the nature of variable, fixed and mixed (semi-variable, stepped-fixed) costs.[s]

c) Describe and illustrate the classification of material and labour costs.[s]

d) Prepare, and explain the nature and purpose of, profit statements in absorption and marginal costing formats.[s]

e) Calculate the cost and profit of a product or service.[S]

2. Cost units, cost centres, profit centres and investment centres

a) Explain and illustrate the concept of cost units.[K]

b) Explain and illustrate the concept of cost centres.[K]

c) Explain and illustrate the concept of profit centres.[K]

d) Explain and illustrate the concept of investment centres.[K]

e) Describe performance measures appropriate to cost, profit and investment centres (cost / profit per unit / % of sales; efficiency, capacity utilisation and production volume ratios; ROCE / RI, asset turnover) .[s]

f) Apply performance measures appropriate to cost, profit and investment centres.[S]

D RECORDING COSTS

1. Accounting for materials

a) Distinguish different types of material (raw material, work in progress and finished goods) .[K]

b) Describe and illustrate the accounting for material costs.[s]

c) Calculate material requirements making allowance for sales and product/material inventory changes (control levels and EOQ are excluded) .[S]

d) Explain and illustrate different methods used to price materials issued from inventory (FIFO, LIFO and periodic and cumulative weighted average costs) .[s]

2 Accounting for labour

a) Describe and illustrate the accounting for labour costs (including overtime premiums and idle time) .[s]

b) Prepare an analysis of gross and net earnings.[S]

c) Explain and illustrate labour remuneration methods.[s]

d) Calculate the effect of changes in remuneration methods and changes in productivity on unit labour costs.[S]

3 Accounting for other expenses

a) Explain the process of charging indirect costs to cost centres and cost units and illustrate the process of cost apportionment for indirect costs (excluding reciprocal service) .[s]

b) Explain and illustrate the process of cost absorption for indirect costs .[s]

4 Accounting for product costs

a) Job costing
   (i) Describe the characteristics of job costing [K]
   (ii) Calculate unit costs using job costing.[S]

b) Batch costing
   (i) Describe the characteristics of batch costing.[K]
   (ii) Calculate unit costs using batch costing.[S]

c) Process costing
   (i) Describe the characteristics of process costing.[K]
   (ii) Calculate unit costs using process costing.[S] (note: split of losses into normal and abnormal is excluded)
   (iii) Describe and illustrate the concept of equivalent units for closing work in progress.[s]
   (iv) Calculate unit costs where there is closing work-in-progress.[S].
   (v) Allocate process costs between finished output and work-in-progress.[S]
   (vi) Prepare process accounts.[S]

E PROVIDING INFORMATION

1 Information for comparison

a) Explain the purpose of making comparisons.[K]

b) Identify relevant bases for comparison: previous period data, corresponding period data, forecast/budget data.[S]

c) Explain the forecasting/budgeting process and the concept of feed forward and feedback control.[K]

d) Explain and illustrate the concept of flexible budgets.[s]

e) Use appropriate income and expenditure data for comparison.[S]

f) Calculate variances between actual and historical/forecast data which may or may not be adjusted for volume change (note: standard costing is excluded).[S]

g) Identify whether variances are favourable or adverse.[S]

h) Identify possible causes of variances.[S]

i) Explain the concept of exception reporting.[K]

j) Explain factors affecting the decision whether to investigate variances.[K]

2 Reporting management information.

a) Describe methods of analysing, presenting and communicating information.[K]

b) Identify suitable formats for communicating management information according to purpose and organisational guidelines including: informal business reports, letter and email or memo.[S].

c) Identify the general principles of distributing reports (e.g. procedures, timing, recipients) including the reporting of confidential information.[k]

d) Interpret information presented in management reports.[S]

F. THE SPREADSHEET SYSTEM

1. Spreadsheet system overview

a) Describe a spreadsheet system.[K]

b) Explain the role of spreadsheets in management accounting.[K]

c) Describe advantages and limitations of spreadsheets.[K]

2 Using computer spreadsheets

a) Identify what numerical and other information is needed in spreadsheets and how it should be structured.[S]

b) Describe the process of entering and editing information.[K]

c) Describe and illustrate formatting tools.[S]

d) Identify and use a wide range of formulae to meet calculations requirements (addition, subtraction, multiplication, division and average) .[S]

e) Describe and correct errors in formulae.[s]

f) Describe how data from different sources are linked and combined.[K]

g) Describe how spreadsheet files are stored and retrieved.[K]

3 Presenting information in spreadsheets

a) Describe and illustrate methods of summarising and analysing spreadsheet data (including sorting, ranking and filter).[K]

b) Describe and interpret charts and graphs (bar, line, pie and scatter) .[S]

c) Describe how to present and format information to meet particular needs.[S]

d) Describe how to print information including page layout.[K]