

# DIPLOMA IN ACCOUNTING AND BUSINESS

**With effect from December 2011, the ACCA Diploma in Accounting and Business will be launched as part of the new Foundations in Accountancy suite of qualifications.**

This new Diploma will provide a flexible open-entry route into the Skills module of the ACCA Qualification for candidates who do not start their ACCA Qualification studies with the usual entry requirements. The Diploma in Accounting and Business is awarded on the completion of the exams: Accountant in Business (FAB), Management Accounting (FMA) and Financial Accounting (FFA), and the Foundations in Professionalism module.

The Diploma will also be available to ACCA registered students who register directly for – and pass – the Fundamentals Knowledge module papers: Paper F1, *Accountant in Business*; Paper F2, *Management Accounting*; and Paper F3, *Financial Accounting*; and who successfully complete the Foundations in Professionalism module (see page 42).

#### WHO IS THE DIPLOMA AIMED AT?

The Diploma is suitable for those aspiring to work, or already working, in the following types of roles:

- basic bookkeeping
- trainee accountant in a commercial organisation or accounting practice
- accounts clerk in the public sector.

The Diploma in Accounting and Business is broadly equivalent to HND level/the first year of a degree.

#### HOW IS THE DIPLOMA STRUCTURED?

The Diploma in Accounting and Business consists of three exams:

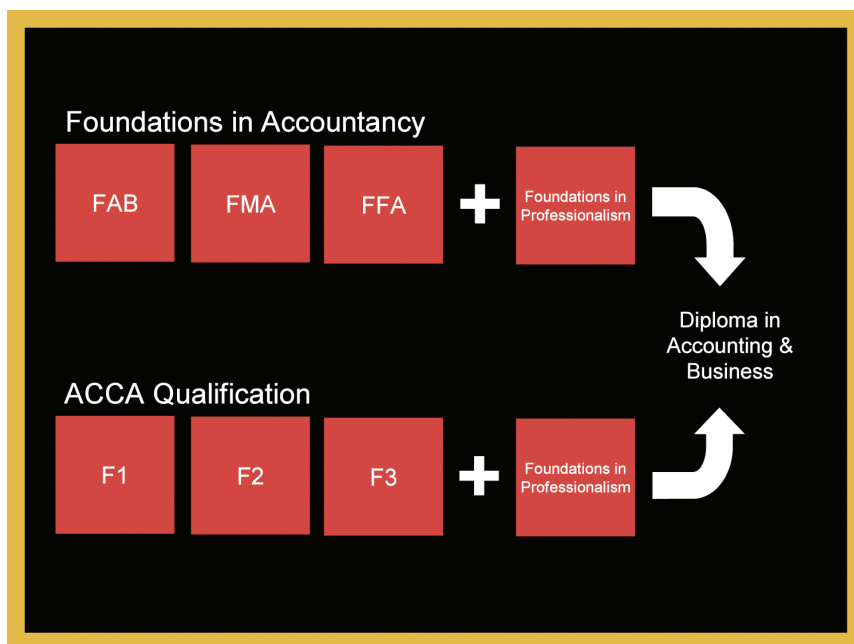
- Paper FAB, *Accountant in Business*
- Paper FMA, *Management Accounting*
- Paper FFA, *Financial Accounting*

These three exams will also be the same exams as:

- Paper F1, *Accountant in Business*
- Paper F2, *Management Accounting*
- Paper F3, *Financial Accounting*

This is illustrated in **Figure 1**.

FIGURE 1: ALTERNATIVE ROUTES TO THE ACCA DIPLOMA IN ACCOUNTING AND BUSINESS



#### WHO IS ELIGIBLE TO TAKE THE NEW DIPLOMA?

- 1 Certified Accounting Technician (CAT) students (based on status prior to August 2011) who take at least one of Papers FAB, FMA and FFA from December 2011.
- 2 MSER students (based on status prior to August 2011) who take at least one of Papers F1/FAB, F2/FMA or F3/FFA from December 2011.
- 3 FIA registered students who take at least one of Papers FAB, FMA and FFA from December 2011.
- 4 ACCA registered students who take at least one of Papers F1, F2, F3 from December 2011.

To be awarded the Diploma, all three of Papers FAB (F1), FMA (F2), and FFA (F3) must be passed or exempted, with at least one of the three papers having been taken and passed from December 2011 onwards. In addition, the Foundations in Professionalism module must also be successfully completed before the Diploma can be awarded.

The first Diploma certificates will be awarded from February 2012.

#### SYLLABUS AND EXAM STRUCTURE CHANGES FOR EXISTING STUDENTS

The new syllabuses for the FIA Diploma in Accounting and Business are being introduced to reflect updates to national occupational standards in technician-level curricula and to take into account employer needs as obtained from consultation surveys with key stakeholders. The new syllabuses are also being re-aligned to more effectively underpin studies at higher levels within the ACCA Qualification.

In addition to syllabus changes, there are also exam structure changes that students need to be aware of.

#### Which students will be affected?

- 1 CAT students (based on status prior to August 2011) who have taken Paper 5, *Managing Systems and People*; Paper 6, *Drafting Accounting Statements*; and Paper 7, *Planning – Control and Performance Management*; and those

THE ACCA DIPLOMA IN ACCOUNTING AND BUSINESS WILL PROVIDE A FLEXIBLE OPEN-ENTRY ROUTE INTO THE SKILLS MODULE OF THE MAIN ACCA QUALIFICATION.

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who will be taking FAB, FFA and FMA, respectively, as the equivalent exams from December 2011.

- 2 Existing and newly registered ACCA students who are taking the existing Paper F1, F2 and F3 exams during the transitional period (between February and November 2011) and who will be taking the new Paper F1, F2 and F3 exams from December 2011 onwards.
- 3 MSER students (based on status prior to August 2011) who take Papers F1/TT5, F2/TT7 and F3/TT6 after August 2011, but who will be taking the new Paper F1/FAB, F2/FMA and F3/FFA exams from December 2011 onwards.
- 4 All FIA students who can take the existing Papers TT5 (FAB), TT7 (FMA) and TT6 (FFA) exams during the transitional period, which follow the syllabuses for the existing Paper F1, F2 and F3 exams respectively (between February and November 2011), and who will be taking new FAB, FMA and FFA, respectively, as the equivalent exams from December 2011 onwards.

What changes do the above students need to be aware of?

The specific syllabus and exam structure changes explained in this article cover four areas:

- ▣ Syllabus areas no longer examined from the existing CAT equivalent exams – Papers 5, 6 and 7.
- ▣ New syllabus areas and changes in the exam structures in the new FAB, FMA and FFA exams as compared with the CAT equivalent exams in (1) above.
- ▣ Syllabus areas no longer examined from the existing Fundamentals Knowledge exams – Papers F1, F2 (MMA) and F3 (MFA)
- ▣ New syllabus areas and changes in the exam structures in the new Paper F1, F2 and F3 exams as compared with the ACCA and MSER equivalent exams in (3) above.

Note: All these tables are to assist students who may have to retake an exam, or for tutors preparing to teach towards the new exam. However, in all cases, it is important to refer to the *Study Guide* for full details.

TABLE 1: SYLLABUS AREAS NO LONGER EXAMINED IN FAB, FMA AND FFA, WHICH ARE CURRENTLY EXAMINED IN CAT EQUIVALENT EXAM SYLLABUSES – PAPERS 5, 6 AND 7

PAPER 5 SYLLABUS AREAS REMOVED*	PAPER 6 SYLLABUS AREAS REMOVED*	PAPER 7 SYLLABUS AREAS REMOVED*
None	1a) Discuss the shortcomings of historical cost accounting and how they might be overcome	6d) Alternative approaches to budgeting
	2a) Preparation of partnership financial statements, admission and dissolution of a partnership	9a) Session 27 pricing and demand – ALL
		9b) Session 28a(i) and (ii) ie the calculations elements have been removed
		9c) Session 28d(i) Discuss the link between target costing and pricing
		9d) Session 28 d(iii) Discuss the role of value engineering in target costing

\* The references given are to the *Syllabus* and study sessions within these syllabuses

TABLE 2: EXAM STRUCTURE CHANGES BETWEEN CAT ADVANCED LEVEL AND THE NEW DIPLOMA PAPERS

PAPER 5, MANAGING SYSTEMS AND PEOPLE	PAPER 6, DRAFTING FINANCIAL STATEMENTS	PAPER 7, PLANNING, CONTROL AND PERFORMANCE MANAGEMENT
Old exam structure: Section A: 12 x two-mark MCQ questions Section B: Four x 14-mark and one x 20-mark questions	Old exam structure: Section A: 10 x two-mark MCQ questions Section B: One x 40-mark and two x 20-mark questions	Old exam structure: Section A: 10 x two-mark MCQ questions Section B: Four x 20-mark questions
FAB, <i>Accountant in Business</i>	FFA, <i>Financial Accounting</i>	FMA, <i>Management Accounting</i>
New exam structure: 50 x two-mark objective test questions	New exam structure: 50 x two-mark objective test questions	New exam structure: 50 x two-mark objective test questions

IT IS MOST IMPORTANT FOR ALL STUDENTS TO BE FULLY AWARE THAT IF THEY TAKE ANY CBE EXAMS TT5, TT6 AND/OR TT7 BETWEEN AUGUST AND NOVEMBER, THEY WILL BE EXAMINED ON THE EXISTING SYLLABUSES OF PAPERS F1 TO F3, SO THE CHANGES REFERRED TO IN THIS ARTICLE WILL NOT APPLY TO ANY EXAMS SAT BEFORE DECEMBER 2011.

TABLE 3: SYLLABUS AREAS NO LONGER EXAMINED IN THE NEW PAPER F1, F2 AND F3 EXAMS, WHICH ARE EXAMINED IN THE EXISTING FUNDAMENTALS KNOWLEDGE MODULE EXAM SYLLABUSES – PAPERS F1, F2 AND F3

PAPER F1, <i>ACCOUNTANT IN BUSINESS</i> SYLLABUS AREAS REMOVED**	PAPER F2, <i>MANAGEMENT ACCOUNTING</i> SYLLABUS AREAS REMOVED**	PAPER F3, <i>FINANCIAL ACCOUNTING</i> SYLLABUS AREAS REMOVED**
A5d) Identify different sources of internal and external information A5e) Describe the main features of information systems	C1 Dealing with uncertainty – ALL  F1 Cost volume profit analysis – ALL	B2 Alternative bases used in the preparation of financial information C3 Accounting systems and the impact of information technology on financial reporting F4 Accounting for partnerships. The old syllabus did not cover detailed accounting for admissions and dissolution, only simple allocation of profits
A7b) Identify influences that determine whether behaviour and decisions are ethical or unethical	F2b) Calculate relevant costs for materials, labour and overheads and c) Calculate the relevant costs associated with non-current assets	
C1a) and b) History and role of accounting in business	F3 Limiting factors – ALL except: 3a) Identify single limiting factor	
F2a) Explain the purposes of personal development plans		
F3a) Define communications		

\*\*The syllabus refers to the existing Study Guides

#### TRANSITIONAL ARRANGEMENTS

The changes referred to in this article apply with effect from December 2011. Computer-based exams (CBE) and paper exams – following new syllabuses and structures – will be available from December 2011.

Up until December 2011, CAT students (based on status prior to August 2011) can take the CBE versions of the F1 (TT5), F2 (TT7) and F3 (TT6) exams from February until November. Existing ACCA or MSER students (based on status prior to August 2011) may also take the CBE versions of the existing syllabuses until November.

It is most important for all students to be fully aware that if they take any CBE exams TT5, TT6 and/or TT7 between August and November, they will be examined on the existing syllabuses of Papers F1 to F3, so the changes referred to in this article will not apply to any exams sat before December 2011.

TABLE 4: EXAM STRUCTURE CHANGES BETWEEN EXISTING PAPERS F1, F2 AND F3 AND THE NEW PAPER F1, F2 AND F3 EXAMS

PAPER F1, <i>ACCOUNTANT IN BUSINESS</i>	PAPER F2, <i>MANAGEMENT ACCOUNTING</i>	PAPER F3, <i>FINANCIAL ACCOUNTING</i>
Old exam structure: 40 x two and 10 x one-mark MCQ questions	Old exam structure: 40 x two and 10 x one-mark MCQ questions	Old exam structure: 40 x two and 10 x one-mark MCQ questions
F1/FAB, <i>Accountant in Business</i> New exam structure: 50 x two-mark objective test questions	F2/FMA, <i>Management Accounting</i> New exam structure: 50 x two-mark objective test questions	F3/FFA, <i>Financial Accounting</i> New exam structure: 50 x two-mark objective test questions

TABLE 5: NEW SYLLABUS AREAS EXAMINABLE IN THE FAB, FMA AND FFA SYLLABUSES AS COMPARED TO PAPERS 5, 6 AND 7

FAB NEW SYLLABUS AREAS ADDED AS COMPARED TO THE PAPER 5 SYLLABUS	FFA NEW SYLLABUS AREAS ADDED AS COMPARED TO THE PAPER 6 SYLLABUS	FMA NEW SYLLABUS AREAS ADDED AS COMPARED TO THE PAPER 7 SYLLABUS
A4 Macroeconomics – in more detail	A5 Duties and responsibilities of those charged with governance	A3 Cost classification all except: h) high low analysis and; i) explain the structure of linear functions and equations
A5 Microeconomics – ALL	E1 Prepare a trial balance from ledger accounts	B1 Accounting for material, labour and overheads – ALL
A8 Environmental factors – ALL A9 c) Porter's five forces model		B3 Cost accounting methods – ALL C5 Capital budgeting and discounted cash flow – ALL
B4 Committees in the business organisation – ALL C4a) Explain the various purposes for which the following financial information is required: (i) IS (ii) SOCF (iii) SOFP b) Describe the main purposes of the following types of management accounting reports: i) Cost schedules ii) Budgets iii) Variance reports		
E3 Competency frameworks – ALL F1 Fundamental principles of ethical behaviour – ALL F3 Corporate codes of ethics – ALL F4 Ethical conflicts and dilemmas – ALL		

TABLE 6: NEW SYLLABUS AREAS EXAMINABLE IN THE NEW PAPERS F1, F2, AND F3 SYLLABUSES AS COMPARED TO THE EXISTING PAPERS F1, F2 AND F3

F1 NEW SYLLABUS AREAS ADDED AS COMPARED TO THE OLD F1 SYLLABUS	F3 NEW SYLLABUS AREAS ADDED AS COMPARED TO THE OLD F3 SYLLABUS	F2 NEW SYLLABUS AREAS ADDED AS COMPARED TO THE OLD F2 SYLLABUS
A1 Purpose and types of business organisation – ALL A5 Microeconomics – ALL	A5 Duties and responsibilities of those charged with governance F3 Disclosure notes (explain purpose, draft non-current asset, provision, events after the reporting period and inventory note)	A2 – Sources of data – ALL A4 Presenting information – ALL
A8 Environmental factors – ALL A9c) Porter's five forces model	G1 Accounting for subsidiaries G2 Awareness of what associates are and equity accounting H1 Importance and purpose of analysis of financial statements	B4 Alternative costing principles – ALL C1 i) Time series analysis which are included in j) k), l), m) and n) C2b) Prepare cash budget and e) Prepare master budgets
C4a) Explain the various purposes for which the following financial information is required: (i) IS (ii) SOCF (iii) SOFP b) Describe the main purposes of the following types of management accounting reports: i) Cost schedules ii) Budgets iii) Variance reports	H2 Ratios	C5 – Capital budgeting and discounted cash flow – ALL
E3 Competency frameworks – ALL F1 Fundamental principles of ethical behaviour – ALL	H3 Analysis of financial statements	C6e) Explain concept of controllable and uncontrollable costs f) Prepare control reports suitable for presentation to management
F3 Corporate codes of ethics – ALL F4 Ethical conflicts and dilemmas – ALL		C7 Behavioural aspects of budgeting – ALL Performance measurement overview – ALL Performance measurement application – ALL Cost reduction and value enhancement – ALL Monitoring performance and reporting – ALL