



RELEVANT TO ALL STUDENTS

## Changes to the CAT and ACCA Knowledge module exams with the launch of ACCA's 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 main 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: F1, *Accountant in Business*; F2, *Management Accounting*; and F3, *Financial Accounting*; and who successfully complete the Foundations in Professionalism module.

### 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:

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

These three exams will also be the same exams as:

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

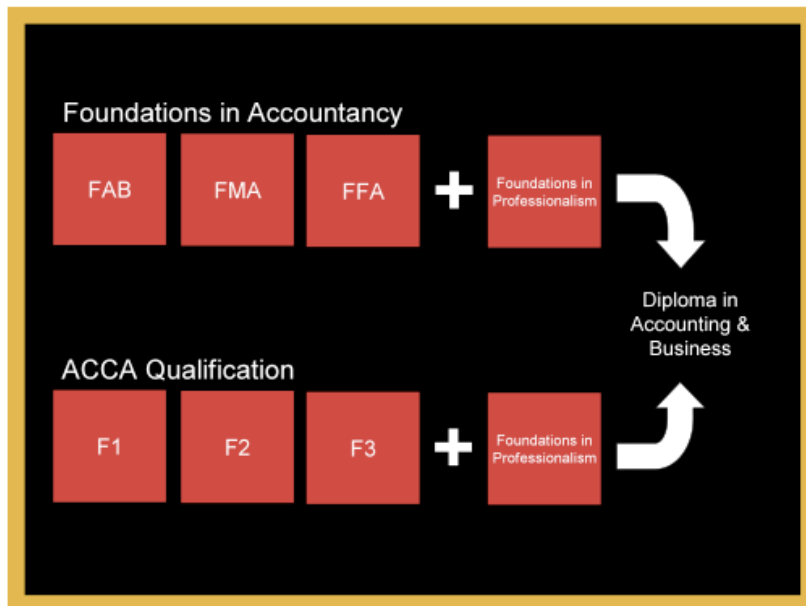
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- Paper F3, *Financial Accounting*

This is illustrated below in Figure 1:

**Figure 1: Alternative routes to the ACCA Diploma in Accounting and Business**



### Who is eligible to take the new Diploma?

1. Existing Certified Accounting Technician (CAT) students who take at least one of Papers FAB, FMA and FFA from December 2011.
2. Existing MSER students 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.

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### **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. Existing CAT students who have taken Paper 5, *Managing Systems and People*; Paper 6, *Drafting Accounting Statements*; and Paper 7, *Planning – Control and Performance Management*; and those 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. Existing MSER students who take Papers MMA and/or MFA before August 2011 or 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 syllabi 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:

1. Syllabus areas no longer examined from the existing CAT equivalent exams – Papers 5, 6 and 7.
2. 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.

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3. Syllabus areas no longer examined from the existing Fundamentals Knowledge exams – Papers F1, F2 (MMA) and F3 (MFA)
4. 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**

<b>Paper 5 syllabus areas removed*</b>	<b>Paper 6 syllabus areas removed*</b>	<b>Paper 7 syllabus areas removed*</b>
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 element 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

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**Table 2: Exam structure changes between CAT Advanced level and the new Diploma papers:**

<b>Paper 5, <i>Managing Systems and People</i></b>	<b>Paper 6, <i>Drafting Financial Statements</i></b>	<b>Paper 7, <i>Planning – Control and Performance Management</i></b>
<b><i>Old exam structure:</i></b>	<b><i>Old exam structure:</i></b>	<b><i>Old exam structure:</i></b>
Section A: 12 x 2 mark MCQ questions	Section A: 10 x 2 mark MCQ questions	Section A: 10 x 2 mark MCQ questions
Section B: 4 x 14 mark and 1 x 20 mark questions	Section B: One x 40 mark and 2 x 20 mark questions	Section B: 4 x 20 mark questions
<b>FAB, Accountant in Business</b>	<b>FFA, Financial Accounting</b>	<b>FMA, Management Accounting</b>
<b><i>New exam structure*:</i></b>	<b><i>New exam structure*:</i></b>	<b><i>New exam structure*:</i></b>
50 x 2-mark objective test questions	50 x 2-mark objective test questions	50 x 2-mark objective test questions

\* The new exam structure will apply until students become accustomed to the new syllabus. It is planned to introduce longer type objective test questions to the new papers at a later stage and adequate notice of any new exam structure changes will be given.

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**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.**

<b>Paper F1, Accountant in Business syllabus areas removed**</b>	<b>Paper F2, Management Accounting syllabus areas removed**</b>	<b>Paper F3, Financial Accounting syllabus areas removed**</b>
A5d) Identify different sources of internal and external information	C1 Dealing with uncertainty – ALL	B2 Alternative bases used in the preparation of financial information
A5e) Describe the main features of information systems	F1 Cost volume profit analysis – ALL	C3 Accounting systems and the impact of information technology on financial reporting
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	F4 Accounting for partnerships. The old syllabus did not cover detailed accounting for admissions and dissolution, only simple allocation of profits
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 references refer to the existing study guides

**Table 4: Exam structure changes between existing Papers F1, F2 and F3 and the new Paper F1, F2 and F3 exams:**

<b>Paper F1, Accountant in Business</b>	<b>Paper F2, Management Accounting</b>	<b>Paper F3, Financial Accounting</b>
<b>Old exam structure:</b>	<b>Old exam structure:</b>	<b>Old exam structure:</b>
40 x 2 and 10 x 1 mark MCQ questions	40 x 2 and 10 x 1 mark MCQ questions	40 x 2 and 10 x 1 mark MCQ questions
<b>F1/FAB, Accountant in Business</b>	<b>F2/FMA, Management Accounting</b>	<b>F3/FFA, Financial Accounting</b>
<b>New exam structure*:</b>	<b>New exam structure*:</b>	<b>New exam structure*:</b>
50 x 2 mark objective test questions	50 x 2 mark objective test questions	50 x 2 mark objective test questions

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**Table 5: New syllabus areas examinable in the FAB, FMA and FFA syllabuses as compared to Papers 5, 6 and 7**

<b>FAB new syllabus areas added as compared to the Paper 5 syllabus</b>	<b>FFA new syllabus areas added as compared to the Paper 6 syllabus</b>	<b>FMA new syllabus areas added as compared to the Paper 7 syllabus</b>
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 Micro economics – ALL	E1 Prepare a trial balance from ledger accounts	B1 Accounting for material, labour and overheads – ALL
A8 Environmental factors – ALL		B3 Cost accounting methods – ALL
A9 c) Porter's five forces model		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		

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**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**

<b>F1 new syllabus areas added as compared to the old F1 syllabus</b>	<b>F3 new syllabus areas added as compared to the old F3 syllabus</b>	<b>F2 new syllabus areas added as compared to the old F2 syllabus</b>
A1 Purpose and types of business organisation – ALL	A5 Duties and responsibilities of those charged with governance	A2 – Sources of data – ALL
A5 Micro economics – ALL	F3 Disclosure notes (explain purpose, draft non-current asset, provision, events after the reporting period and inventory note)	A4 Presenting information – ALL
A8 Environmental factors – ALL	G1 Accounting for subsidiaries	B4 Alternative costing principles – ALL
A9c) Porter's five forces model	G2 Awareness of what associates are and equity accounting	C1 i) Time series analysis which are included in j) k), l), m) and n)
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	H1 Importance and purpose of analysis of financial statements	C2b) Prepare cash budget and e) Prepare master budgets
E3 Competency frameworks – ALL	H2 Ratios	C5 – Capital budgeting and discounted cash flow – ALL
F1 Fundamental principles of ethical behaviour – ALL	H3 Analysis of financial statements	C6 e) Explain concept of controllable and uncontrollable costs f) Prepare control reports suitable for presentation to management
F3 Corporate codes of ethics – ALL		C7 Behavioural aspects of budgeting – ALL
F4 Ethical conflicts and dilemmas – ALL		Performance measurement overview – ALL
		Performance measurement application – ALL
		Cost reduction and value enhancement – ALL
		Monitoring performance and reporting – ALL



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### **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, existing CAT students can take the CBE versions of the F1 (TT5), F2 (TT7) and F3 (TT6) exams from February until November. Existing ACCA or MSER students may also take the CBE versions of the existing syllabuses until November.

### **Conversion arrangements for existing CAT and MSER students**

In August 2011, when results and conversion notices are issued, those students who have passed any or all of Paper 5 (F1), Paper 6 (F3/MFA\*) and Paper 7 (F2/MMA\*) exams – including the computer-based equivalents of TT5, TT6 and TT7 – will be given like-for-like exemptions when they convert to the new Foundations in Accountancy register.

\*This includes existing MSER students.

However, 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.