

# THE BETWEEN

RELEVANT TO ACCA QUALIFICATION PAPERS F2 AND F5

**As you are learning and preparing for the Paper F5 exam, it is important to know the preceding papers that have direct links with the paper you are studying since you will be expected to have the underpinning knowledge. Paper F5 is directly underpinned by Paper F2, Management Accounting.**

The aim of this article is to explain the differences between the Paper F5 syllabus and that of Paper F2 in order to help you plan your learning and prepare well for the exams. If you have been exempted from Paper F2, it is vital to understand the relevant parts of that paper to plan your learning for Paper F5. I will provide a link between each syllabus section in Paper F5 to the equivalent sections of the Paper F2 syllabus and highlight the major differences. I will also explain other differences you should be aware of.

PERFORMANCE MEASUREMENT AND CONTROL IS NEW AND ONLY INTRODUCED IN PAPER F5, BUT IS UNDERPINNED BY ALL THE KNOWLEDGE AND UNDERSTANDING YOU HAVE OF MANAGEMENT ACCOUNTING IN PAPER F2.

## F5 VS F2 SYLLABUS

Syllabus Section A – specialist cost and management accounting techniques

Paper F2 syllabus Section B (cost classification, behaviour and purpose) and Section D (cost accounting techniques) introduce you to costing principles and conventional management accounting techniques such as absorption costing.

Paper F5 takes these concepts further by exploring more modern costing techniques such as activity-based costing, target costing etc. It is very important for you to master Section B and Section D of the Paper F2 syllabus in order to deal with this section in the Paper F5 syllabus. For example, you cannot understand backflush accounting if you are not familiar with principles of process costing in Paper F2.

Syllabus Section B – decision-making techniques

This section is linked to Paper F2 syllabus Sections C and F.

Section C introduces you to business mathematics – an important tool in management accounting at all levels. It also introduces you to the concept of risk and the use of expected values.

This concept is broadened in Paper F5 by further looking at other techniques in addition to expected values such as profit tables, simulation and sensitivity analysis.

Section F of Paper F2 introduces you to the application of management accounting in various decision-making areas. You will have been introduced to the identification of limiting factors and how to plan your production to maximise profit, but on the assumption that you have only one limiting factor in the period. In Paper F5, you have to use same concept to make similar decisions, but it will assume that you have several limiting factors in the period (multi-period limiting factors).

In Paper F2 you will be made familiar with relevant costing and CVP in relation to decision making. In Paper F5 you will apply these concepts in decisions such as what price to charge for products and whether to buy or make the products in order to maximise profits.

Syllabus section C and D – budgeting and standard costing  
You will have learned about budgeting and standard costing principles in Paper F2 syllabus Section E.

# DIFFERENCE F2 AND F5

PAPER F2 IS LINKED CLOSELY WITH PAPER F5. IF YOU HAVE MISSED ANY OF THE INTRODUCTORY KNOWLEDGE IN PAPER F2, IT IS ADVISABLE TO GO BACK AND REVISE BEFORE YOU ATTEMPT MORE COMPLEX ISSUES IN PAPER F5.

This area will be broadened and covered in more depth in Paper F5 with the inclusion of more advanced aspects of budgeting and standard costing.

For example, Paper F5 budgeting includes a discussion of the different budgeting systems an organisation can adopt and how budgets affect people and the general performance of the organisation. In standard costing, Paper F5 covers advanced variances such as mix and yield variances and operational and planning variances

Syllabus section E – performance measurement and control

Performance measurement and control is the only area in the Paper F5 syllabus which appears to have no obvious link with an equivalent section in Paper F2. It is new and only introduced in Paper F5, but is underpinned by all the knowledge and understanding you have of management accounting in Paper F2 and other parts of Paper F5. As Paper F5 students, you are expected to use management information to understand how an organisation is performing and make appropriate decisions.

## OTHER DIFFERENCES

### Expectation

In Paper F2, you were expected to have the basic knowledge and understanding of all aspects of costs and costing systems. The exam is mainly manipulation of data. In Paper F5 you are expected to have a full knowledge of Paper F2 but are expected to take a step further by not only manipulating the data but also interpreting it. You are expected to know what the figures you are calculating mean to the organisation. This is a major difference.

### Question types

The Paper F2 exam consists of multiple-choice questions in which you do not write anything. You must select the correct answer from a choice of two, three or four options. However, apart from demonstrating knowledge and comprehension you will need to apply your knowledge in many questions. The exam has 50 questions in total.

The Paper F5 exam consists of scenario-based questions: five in total, each worth 20 marks. This is a major step up from the Paper F2 exam. This means that you must prepare yourself to be able to read and understand scenarios.

You must also learn to communicate clearly by structuring your answer well, showing your workings logically and discussing issues sensibly. Finally, you may need to explain or justify any calculations you have made.

### Exam timing

Because it is computer-based, you can take the Paper F2 exam when you feel you are ready. For Paper F5, you have only two days in a year to take the exam, in June and December respectively. This means you have to plan your study well so that you are ready by those dates – otherwise you may find yourself going in to the exam totally unprepared.

## CONCLUSION

You can see from the above that Paper F2 is linked closely with Paper F5. If you have missed any of the introductory knowledge in Paper F2 or been exempted from this paper, it is advisable to go back and revise before you attempt more complex issues in Paper F5.

**Jessie Ndalama is ACCA qualifications technical advisor (performance and financial management)**