

Management Accounting (MA/FMA)

Syllabus and study guide

September 2023 to August 2024*

Designed to help with planning study and to provide detailed information on what could be assessed in any examination session

*Please note, any candidate sitting an exam on or before 12:00 GMT on Monday 18 September 2023 will be examined under the 2022/23 syllabus. After this date, exams will next be available to sit from 12:00 GMT on Wednesday 20 September 2023. Any candidate sitting an exam from this date onwards will be examined under the 2023/24 syllabus.

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1. Intellectual levels

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.

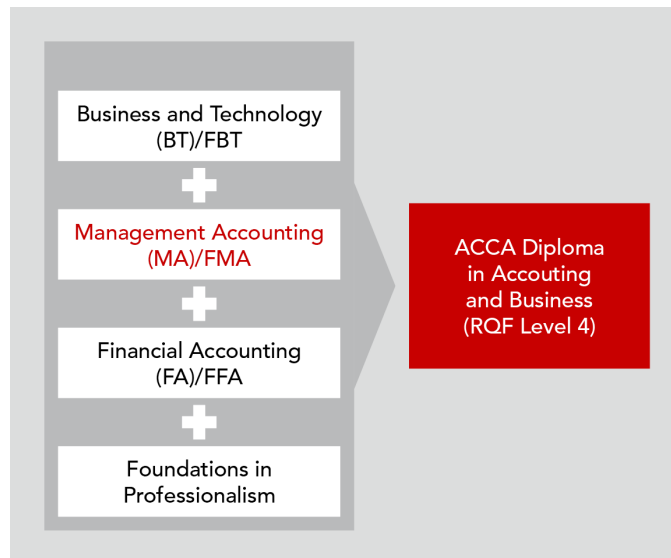
Throughout, the study guides assess both knowledge and skills. Therefore, a clear distinction is drawn, within each subject area, between assessing knowledge and skills and in assessing their application within an accounting or business context. The assessment of knowledge is denoted by a superscript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

2. Learning hours and education recognition

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognised and valued by governments and regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognised on the educational frameworks in several countries. Please refer to your national education framework regulator for further information about recognition.

3. Qualification structure

The qualification structure requires candidates who wish to be awarded the ACCA Diploma in Accounting and Business (RQF Level 4) to pass the Business and Technology (BT)/FBT, Management Accounting (MA)/FMA and the Financial Accounting (FA)/FFA examinations and successfully complete the Foundations in Professionalism (FiP) module.



4. Guide to ACCA examination structure and delivery mode

The Foundations examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

All Foundations examinations are assessed by two-hour computer-based examinations.

The pass mark for all FIA examinations is 50%.

5. Guide to ACCA examination assessment

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

For specified financial accounting, audit and tax examinations, 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.

For this examination, regulation issued or legislation passed on or before 31 August annually, will be assessed from when the new syllabus commences in September of the following year. Please refer to the examinable documents for the exam (where relevant) for further information.

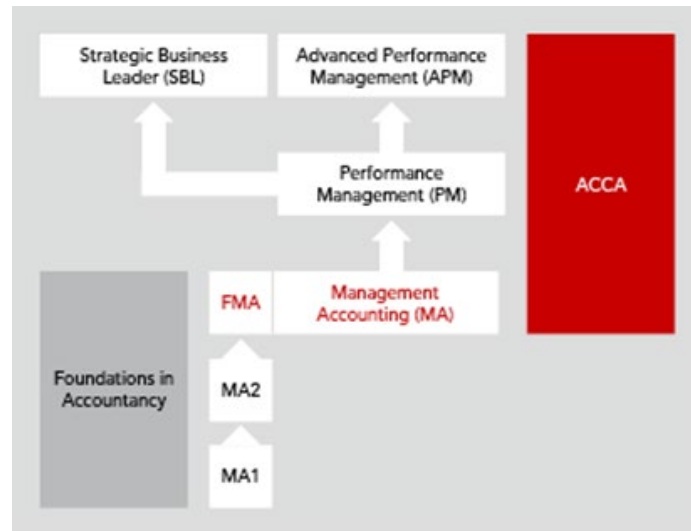
Regulation issued or legislation passed in accordance with the above dates may be examinable even if the effective date is in the future. The terms 'issued' or 'passed' relate to when regulation or legislation has been formally approved.

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.

6. Relational diagram linking Management Accounting (MA/FMA) with other exams

The Foundations in Accountancy suite of qualifications is designed so that a student can progress through three discrete levels; RQF Level 2, 3, and 4. Students are recommended to enter Foundations in Accountancy at the level which is most appropriate to their needs and to take examinations in order, but this is not a mandatory requirement.



7. Approach to examining the syllabus

The syllabus is assessed by two-hour computer-based examination. Questions will assess all parts of the syllabus and will test knowledge and some comprehension or application of this knowledge. The examination will consist of two sections. Section A will contain 35 two-mark objective test questions (OTs). Section B will contain 3 ten-mark multi-task questions (MTQs) each of which will examine Budgeting, Standard costing and Performance measurement sections of the syllabus.

Note: Budgeting MTQs in Section B can also include tasks from B2 Analytical techniques in budgeting and forecasting. B4 Spreadsheets could be included in any of the MTQs, as either the basis for presenting information in the question scenario or as a task within the MTQ.

8. Overall aim of the syllabus

To develop knowledge and understanding of management accounting techniques to support management in planning, controlling and monitoring performance in a variety of business contexts.

9. Introduction to the syllabus

The syllabus for Management Accounting (MA)/FMA, introduces candidates to elements of management accounting which are used to make and support decisions.

The syllabus starts by introducing the nature, the source and purpose of management information followed by the statistical techniques used to analyse data. Then the syllabus addresses cost accounting and the costing techniques used in business which are essential for any management accountant.

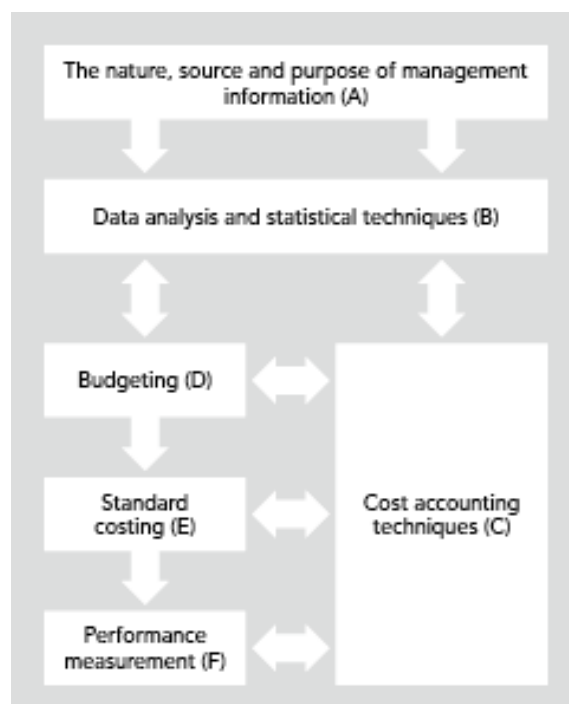
The syllabus then looks at the preparation and use of budgeting and standard costing and variance analysis as essential tools for planning and controlling business activities. The syllabus concludes with an introduction to measuring and monitoring the performance of an organisation.

10. Main capabilities

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

- A Explain the nature, source and purpose of management information
- B Explain and apply data analysis and statistical techniques
- C Explain and apply cost accounting techniques
- D Prepare budgets for planning and control
- E Compare actual costs with standard costs and analyse any variances
- F Explain and apply performance measurements and monitor business performance.

Relational diagram of main capabilities:



11. The syllabus

A The nature, source and purpose of management information

1. Accounting for management
2. Sources of data
3. Cost classification
4. Presenting information

B Data analysis and statistical techniques

1. Sampling methods
2. Analytical techniques in budgeting and forecasting
3. Summarising and analysing data
4. Spreadsheets

C Cost accounting techniques.

1. Accounting for material, labour and overheads
2. Absorption and marginal costing
3. Cost accounting methods
4. Alternative cost accounting principles

D Budgeting

1. Nature and purpose of budgeting
2. Budget preparation
3. Flexible budgets
4. Asset budgeting and investment appraisal
5. Budgetary control and reporting
6. Behavioural aspects of budgeting

E Standard costing

1. Standard costing system
2. Variance calculations and analysis
3. Reconciliation of budgeted and actual profit

F Performance measurement

1. Performance measurement - overview
2. Performance measurement - application
3. Cost reductions and value enhancement
4. Monitoring performance and reporting

12. Detailed study guide

A The nature, source and purpose of management information

1. Accounting for management

- a) Describe the purpose and role of cost and management accounting within an organisation.^[K]
- b) Compare and contrast financial accounting with cost and management accounting.^[K]
- c) Outline the managerial processes of planning, decision-making and control.^[K]
- d) Explain the difference between strategic, tactical and operational planning.^[K]
- e) Distinguish between data and information.^[K]
- f) Identify and explain the attributes of good information.^[K]
- g) Explain the limitations of management information in providing guidance for managerial decision-making.^[K]

2. Sources of data

- a) Describe the three main data sources: machine/sensor, transactional and human/social.^[K]
- b) Describe sources of information from within and outside the organisation (including government statistics, financial press, professional or trade associations, quotations and price lists).^[K]
- c) Explain the uses and limitations of published information/data (including information from the internet).^[K]
- d) Identify the direct and indirect data capture costs of management accounting information.^[K]

3. Cost classification

- a) Explain and illustrate production and non-production costs.^[K]
- b) Describe the different elements of non-production costs - administrative, selling, distribution and finance.^[K]
- c) Describe the different elements of production costs - materials, labour and overheads.^[K]
- d) Explain the importance of the distinction between production and non-production costs when valuing output and inventories.^[K]
- e) Explain and illustrate with examples classifications used in the analysis of product/service costs including by function, direct and indirect, fixed and variable, stepped fixed and semi variable costs.^[S]
- f) Explain and illustrate the use of codes in categorising transactions.^[K]
- g) Identify and interpret graphical representations of different types of cost behaviour.^[S]
- h) Explain and illustrate the concept of cost objects, cost units and cost centres.^[S]
- i) Distinguish between cost, profit, investment and revenue centres.^[K]
- j) Describe the differing needs for information of cost, profit, investment and revenue centre managers.^[K]

4. Presenting information

- a) Prepare written reports representing management information in suitable formats according to purpose.^[S]
- b) Use data visualisation to present information using tables, charts and graphs (bar charts, line graphs, pie charts and scatter graphs).^[S]

- c) Interpret information (including tables, charts and graphs) presented in management reports.^[S]

B Data analysis and statistical techniques

1. Sampling methods

- a) Explain sampling techniques (random, systematic, stratified, multistage, cluster and quota).^[K]
- b) Choose an appropriate sampling method in a specific situation.^[S]
(Note: Derivation of random samples will not be examined)

2. Analytical techniques in budgeting and forecasting

- a) Explain the structure of linear functions and equations.^[S]
- b) Use the high low method to separate the fixed and variable elements of total costs including situations involving semi variable and stepped fixed costs and changes in the variable cost per unit.^[S]
- c) Explain the advantages and disadvantages of using the high low method to estimate the fixed and variable elements of costing.^[K]
- d) Construct scatter diagrams and lines of best fit.^[S]
- e) Analysis of cost data.
 - (i) Explain the concepts of correlation coefficient and coefficient of determination.^[K]
 - (ii) Calculate and interpret the correlation coefficient and the coefficient of determination.^[S]
 - (iii) Establish a linear function using regression analysis and interpret the results.^[S]
- f) Use linear regression coefficients to make forecasts of costs and revenues.^[S]
- g) Adjust historical and forecast data for

price movements.^[S]

- h) Explain the advantages and disadvantages of linear regression analysis.^[K]
- i) Explain the principles of time series analysis (cyclical, trend, seasonal variation and random elements).^[K]
- j) Calculate moving averages.^[S]
- k) Calculate the trend, including the use of regression coefficients.^[S]
- l) Use trend and seasonal variation (additive and multiplicative) to make budget forecasts.^[S]
- m) Explain the advantages and disadvantages of time series analysis.^[K]
- n) Explain the purpose of index numbers.^[K]
- o) Calculate simple and multi-item (weighted) index numbers for one or more variables, including Laspeyre and Paasche indices.^[S]
- p) Describe the product life cycle and explain its importance in forecasting.^[K]

3. Summarising and analysing data

- a) Describe the five characteristics of big data (volume, variety, velocity, value and veracity).^[K]
- b) Explain the three types of big data: structured, semi-structured and unstructured.^[K]
- c) Describe the main uses of big data and data analytics for organisations.^[K]
- d) Describe the two types of data: categorical (nominal and ordinal) and numerical (continuous and discrete).^[S]
- e) Explain the terms descriptive analysis and inferential analysis.^[K]

- f) Calculate the mean, mode and median for ungrouped data and the mean for grouped data. ^[S]
- g) Calculate measures of dispersion including the variance, standard deviation and coefficient of variation both grouped and ungrouped data. ^[S]
- h) Calculate expected values for use in decision making. ^[S]
- i) Explain the properties of a normal distribution. ^[S]
- j) Interpret normal distribution graphs and tables. ^[S]
- (vii) Produce calculations to minimise inventory costs when inventory is gradually replenished. ^[S]
- (viii) Describe and apply appropriate methods for establishing reorder levels where demand in the lead time is constant. ^[S]
- (ix) Calculate the value of closing inventory and material issues using LIFO, FIFO and average methods. ^[S]
- (x) Explain Just in Time (JIT) as an inventory management approach. ^[K]

4. Spreadsheets

- a) Explain the role and features of a computer spreadsheet system. ^[K]
- b) Identify applications for computer spreadsheets and their use in data analysis, cost and management accounting. ^[S]

C Cost accounting techniques

1. Accounting for material, labour and overheads

- a) Accounting for materials
 - (i) Describe the systems necessary for the ordering, receiving and issuing of materials from inventory. ^[K]
 - (ii) Describe the control procedures used to monitor physical and 'book' inventory and to minimise discrepancies and losses. ^[K]
 - (iii) Interpret the entries and balances in the material inventory account. ^[S]
 - (iv) Identify, explain and calculate the costs of ordering and holding inventory (including buffer inventory). ^[S]
 - (v) Calculate and interpret optimal reorder quantities. ^[S]
 - (vi) Calculate and interpret optimal reorder quantities when discounts apply. ^[S]

b) Accounting for labour

- (i) Calculate direct and indirect costs of labour. ^[S]
- (ii) Explain the systems used to capture and record labour effort. ^[K]
- (iii) Prepare the journal and ledger entries to record labour cost inputs and outputs. ^[S]
- (iv) Describe different remuneration methods: time-based systems, piecework systems and individual and group incentive schemes. ^[K]
- (v) Calculate the level and analyse the costs and causes of labour turnover. ^[S]
- (vi) Explain and calculate labour efficiency, capacity and production volume ratios. ^[S]
- (vii) Interpret the entries in the labour account. ^[S]

c) Accounting for overheads

- (i) Explain the different treatment of direct and indirect expenses. ^[K]
- (ii) Describe the procedures involved in determining production overhead absorption rates. ^[K]
- (iii) Allocate and apportion production overheads to cost centres using an appropriate basis. ^[S]
- (iv) Reapportion service cost centre costs to production cost centres (including using the reciprocal method where service cost centres work for each other). ^[S]
- (v) Select, apply and discuss appropriate bases for absorption rates. ^[S]

- (vi) Prepare journal and ledger entries for manufacturing overheads incurred and absorbed.^[S]
- (vii) Calculate and explain the under and over absorption of overheads.^[S]

2. Absorption and marginal costing

- a) Explain the importance of, and apply, the concept of contribution.^[S]
- b) Demonstrate and discuss the effect of absorption and marginal costing on inventory valuation and profit determination.^[S]
- c) Calculate profit or loss under absorption and marginal costing.^[S]
- d) Reconcile the profits or losses calculated under absorption and marginal costing.^[S]
- e) Describe the advantages and disadvantages of absorption and marginal costing.^[K]

3. Cost accounting methods

- a) Job and batch costing:
 - (i) Describe the characteristics of job and batch costing.^[K]
 - (ii) Describe the situations where the use of job or batch costing would be appropriate.^[K]
 - (iii) Prepare cost records and accounts in job and batch costing situations.^[S]
 - (iv) Establish job and batch costs from given information.^[S]
- b) Process costing
 - (i) Describe the characteristics of process costing.^[K]
 - (ii) Describe the situations where the use of process costing would be appropriate.^[S]
 - (iii) Explain the concepts of normal and abnormal losses and abnormal gains.^[K]
 - (iv) Distinguish between by-products and joint products.^[K]
 - (v) Value by-products and joint products at the point of separation.^[S]

- (vi) Evaluate the benefit of further processing.^[S]

c) Service/operation costing

- (i) Define the characteristics of service organisations.^[K]
- (ii) Identify situations where the use of service/operation costing is appropriate.^[K]
- (iii) Illustrate suitable unit cost measures that may be used in different service/operation situations.^[S]
- (iv) Carry out service cost analysis in simple service industry situations.^[S]

4 Alternative cost accounting principles

- a) Explain activity-based costing (ABC), target costing and life-cycle costing as alternative cost management techniques.^[K]
- b) Differentiate ABC, target costing and life cycle costing from the traditional costing techniques (note: calculations are not required).^[K]

D Budgeting

1. Nature and purpose of budgeting

- a) Explain why organisations use budgeting.^[K]
- b) Describe the planning and control cycle in an organisation.^[K]
- c) Explain the administrative procedures used in the budgeting process.^[K]
- d) Describe the stages in the budgeting process (including sources of relevant data, planning and agreeing draft budgets and purpose of forecasts and how they link to budgeting).^[K]

2. Budget preparation

- a) Explain the importance of the principal budget factor in constructing a budget.^[K]

- b) Prepare sales budgets.^[S]
- c) Prepare functional budgets (production, raw materials usage and purchases, labour, variable and fixed overheads).^[S]
- d) Prepare cash budgets.^[S]
- e) Prepare master budgets (statement of profit or loss and statement of financial position).^[S]
- f) Explain and illustrate 'what if' analysis and scenario planning.^[S]
- g) Describe the impact of the general economic environment on costs/revenue in budgeting.^[K]
- h) Explain the importance of considering sustainability in budget preparation.^[K]

3. Flexible budgets

- a) Explain the importance of flexible budgets in control.^[K]
- b) Explain the disadvantages of fixed budgets in control.^[K]
- c) Identify situations where fixed or flexible budgetary control would be appropriate.^[S]
- d) Flex a budget to a given level of volume.^[S]

4. Asset budgeting and investment appraisal

- a) Discuss the importance of investment planning and control.^[K]
- b) Define and distinguish between asset and expense items.^[K]
- c) Outline the issues to consider and the steps involved in the preparation of an asset expenditure budget.^[K]
- d) Explain and illustrate the difference between simple and compound interest,

and between nominal and effective interest rates.^[S]

- e) Explain and illustrate compounding and discounting.^[S]
- f) Explain the distinction between cash flow and profit and the relevance of cash flow to investment appraisal.^[K]
- g) Identify and evaluate relevant cash flows for individual investment decisions.^[S]
- h) Explain and illustrate the net present value (NPV) and internal rate of return (IRR) methods of discounted cash flow.^[S]
- i) Calculate present value using annuity and perpetuity formulae.^[S]
- j) Calculate NPV, IRR and payback (discounted and non-discounted).^[S]
- k) Interpret the results of NPV, IRR and payback calculations of investment viability.^[S]

5. Budgetary control and reporting

- a) Calculate simple variances between flexed budget, fixed budget and actual sales, costs and profits.^[S]
- b) Discuss the relative significance of variances.^[K]
- c) Explain potential action to eliminate variances.^[K]
- d) Define the concept of responsibility accounting and its significance in control.^[K]
- e) Explain the concept of controllable and uncontrollable costs.^[K]
- f) Prepare control reports suitable for presentation to management (to include recommendation of appropriate control action).^[S]

6. Behavioural aspects of budgeting

- a) Explain the importance of motivation in performance management.^[K]
- b) Identify factors in a budgetary planning and control system that influence motivation.^[S]
- c) Explain the impact of targets on motivation.^[K]
- d) Discuss managerial incentive schemes.^[K]
- e) Discuss the advantages and disadvantages of a participative approach to budgeting.^[K]
- f) Explain top down and bottom up approaches to budgeting.^[K]
- e) Calculate fixed overhead total, expenditure and, where appropriate, volume, capacity and efficiency variance.^[S]
- f) Interpret the variances.^[S]
- g) Explain factors to consider before investigating variances, explain possible causes of the variances and recommend control action.^[S]
- h) Explain the interrelationships between the variances.^[K]
- i) Calculate actual or standard figures where the variances are given.^[K]

E Standard costing

1. Standard costing

- a) Explain the purpose and principles of standard costing.^[K]
- b) Explain and illustrate the difference between standard, marginal and absorption costing.^[K]
- c) Establish the standard cost per unit under absorption and marginal costing.^[S]

2 Variance calculations and analysis

- a) Calculate sales price and volume variance.^[S]
- b) Calculate materials total, price and usage variance.^[S]
- c) Calculate labour total, rate and efficiency variance.^[S]
- d) Calculate variable overhead total, expenditure and efficiency variance.^[S]

3 Reconciliation of budgeted and actual profit

- a) Reconcile budgeted profit with actual profit under standard absorption costing.^[S]
- b) Reconcile budgeted profit or contribution with actual profit or contribution under standard marginal costing.^[S]

F Performance measurement

1. Performance measurement - overview

- a) Discuss the purpose of mission statements and their role in performance measurement.^[K]
- b) Discuss the purpose of strategic, operational and tactical objectives and their role in performance measurement.^[K]
- c) Discuss the impact of economic and market conditions on performance measurement.^[K]
- d) Explain the impact of government regulation on performance measurement.^[K]
- e) Explain the impact of sustainability on performance measurement.^[K]

2 Performance measurement - application

- a) Discuss and calculate measures of financial performance (profitability, liquidity, efficiency and gearing) and non-financial measures.^[S]
- b) Perspectives of the Balanced Scorecard
 - (i) discuss the advantages and limitations of the balanced scorecard.^[K]
 - (ii) describe performance indicators for financial, customer, internal business process and innovation and learning.^[K]
 - (iii) discuss critical success factors and key performance indicators and their link to objectives and mission statements.^[K]
 - (iv) establish critical success factors and key performance indicators in a specific situation.^[S]
- c) Economy, efficiency and effectiveness
 - (i) explain the concepts of economy, efficiency and effectiveness.^[K]
 - (ii) describe performance indicators for economy, efficiency and effectiveness.^[K]
 - (iii) establish performance indicators for economy, efficiency and effectiveness in a specific situation.^[S]
 - (iv) discuss the meaning of each of the efficiency, capacity and activity ratios.^[K]
 - (v) calculate the efficiency, capacity and activity ratios in a specific situation.^[S]
- d) Resource utilisation
 - (i) describe measures of performance utilisation in service and manufacturing environments.^[K]
 - (ii) establish measures of resource utilisation in a specific situation.^[S]
- e) Profitability
 - (i) calculate return on investment and residual income.^[S]
 - (ii) explain the advantages and limitations of return on investment and residual income.^[K]

- f) Quality
 - (i) distinguish performance measurement issues in service and manufacturing industries.^[K]
 - (ii) describe performance measures appropriate for service industries.^[K]
 - (iii) Explain total quality management (TQM) as a quality management technique.^[K]

3. Cost reductions and value enhancement

- a) Compare cost control and cost reduction.^[K]
- b) Describe and evaluate cost reduction methods.^[S]
- c) Describe and evaluate value analysis.^[S]

4 Monitoring performance and reporting

- a) Discuss the importance of non-financial performance measures.^[K]
- b) Discuss the relationship between short-term and long-term performance.^[K]
- c) Discuss the measurement of performance in service industry situations.^[K]
- d) Discuss the measurement of performance in non-profit seeking and public sector organisations.^[K]
- e) Discuss measures that may be used to assess managerial performance and the practical problems involved.^[K]
- f) Discuss the role of benchmarking in performance measurement.^[K]
- g) Produce reports highlighting key areas for management attention and recommendations for improvement.^[S]

13. Summary of changes to Management Accounting (MA/FMA)

ACCA periodically reviews its qualification syllabuses so that they fully meet the needs of stakeholders such as employers, students, regulatory and advisory bodies and learning providers.

The main areas of change to the MA/FMA syllabus are summarised in the table below.

	Section and subject area	Syllabus content
A2	Sources of data	A2d replaced with new learning outcome covering direct and indirect data capture costs
A3	Cost classification	A3g reworded
A4	Presenting information	A4b reworded to include data visualisation A4c reworded
B2	Forecasting techniques	Heading changed to Analytical techniques in budgeting and forecasting
C1	Accounting for material, labour and overheads	C1a(i) and C1b(ii) have been reworded to recognise the move away from manual systems towards the assumption of computerised systems. C1a(x) new learning outcome covering Just in Time (JIT)
C3	Cost accounting methods	C3b - The calculation of unit costs using process costing, the concepts of equivalent units and work in progress and the preparation of process accounts have been removed. Subsequent learning outcomes have been renumbered. New C3b((vi) covering further processing C3c(i) new learning outcome covering the characteristics of service organisations. Subsequent learning outcomes have been renumbered.
C4	Alternative cost accounting principles	C4a reworded to remove total quality management (TQM) which

		has been moved to a separate learning outcome F2f(iii)
D2	Budget preparation	D2g/h new learning outcomes covering the general economic environment and sustainability in budgeting.
D4	Capital budgeting and discounted cash flows	Heading changed to Asset budgeting and investment appraisal. D4a/c/f wording changes for consistency with new heading.
F1	Performance measurement - overview	F1e new learning outcome covering the impact of sustainability on performance measurement. F2a small wording change for consistency across exams. There are no changes to the examinable performance measures. F2d removed and subsequent sections renumbered F2g (now F2f) heading changed and new learning outcome F2f(iii) covering total quality management (TQM).