

BA2

FUNDAMENTALS OF MANAGEMENT ACCOUNTING – 2017 SYLLABUS

BA2 covers the fundamental knowledge and techniques that underpin management accounting, by identifying the role of a management accountant, and the role of CIMA within organisations (both private and public sector entities), and the wider role in society. Therefore, BA2 deals with the following key areas.

- Identification and classification of costs, and their behaviour
- Application of tools and techniques used to plan, control and make decisions
- Budgetary control, reporting of organisational performance and calculation of variances
- Investment appraisal, break-even analysis and profit maximization to support short and long term decision-making

A two-hour computer based assessment, comprising 60 compulsory objective test questions will be used to assess candidates of BA2. Short scenarios may be given to which one or more objective questions relate.

Refer page 19 of the 2017 Syllabus for the details in BA2.

This Transition Guide aims to answer questions such as:

- What in the BA2 syllabus mirrors that of C01?
- What are the new topics in BA2?
- What topics remain the same (as in C01), but need a different approach in teaching (and learning)?
- What topics in C01 are no longer in the BA2 syllabus?

FROM C01 TO BA2

Paper C01 Fundamentals of Management Accounting			BA2 Fundamentals of Management Accounting			
A	The context of management accounting	10%	→	A	The context of Management Accounting	10%
B	Cost identification and behaviour	25%	→	B	Costing	25%
C	Planning within organisations	30%	→	C	Planning and Control	30%
D	Accounting control systems	20%	→	D	Decision Making (plus elements of C03 content)	35%
E	Decision making	15%				

- Greater emphasis on decision making which has increased from 15% to 35% of the syllabus. This includes several topics from the previous C03 syllabus.
- Introduction of financial and non-financial performance measures.
- The introduction of the Global Management Accounting Principles.

WHAT'S STAYING THE SAME IN BA2?

The content around the context of Management Accounting remains largely unchanged (as was in C01), with an exception of some changes in the wording of some learning outcomes.

WHAT'S COMING IN TO BA2?

A The context of Management Accounting (syllabus weighting 10%)	B Costing (syllabus weighting 25%)
<p>BA2 – A1</p> <p>a. explain the need for management accounting</p> <p>b. explain the characteristics of financial information for operational, managerial and strategic levels within organisations</p> <p>(Note: whilst these are new learning outcomes, the indicative syllabus contents are very similar to that of in C01)</p>	<p>BA2 – B2</p> <p>c. calculate the marginal cost of products, services and activities</p> <p>d. reconcile the differences between profits calculated using absorption costing and those calculated using marginal costing</p> <p>(Note: whilst these are new learning outcomes, the indicative syllabus contents are very similar to that of in C01)</p>
C Planning and Control (syllabus weighting 30%)	D Decision Making (syllabus weighting 35%)
<p>BA2 – C2</p> <p>d. explain why variances could have arisen and the inter-relationships between variances</p> <p>BA2 – C3</p> <p>a. explain the need for appropriate performance measures</p> <p>b. Calculate appropriate financial and non- financial performance measures in a variety of contexts</p>	<p>BA2 – D1</p> <p>a. explain the concepts of risk and uncertainty (NEW from C03)</p> <p>b. demonstrate the use of expected values and joint probabilities in decision making (NEW from C03)</p> <p>c. calculate summary measures of central tendency and dispersion for both grouped and ungrouped data (NEW from C03)</p> <p>d. demonstrate the use of the normal distribution (NEW from C03)</p> <p>BA2 – D3</p> <p>b. apply financial mathematics (NEW from C03)</p>

WHAT IS UNCHANGED IN BA2 FROM C01 BUT WILL NEED A DIFFERENT APPROACH?

Component Learning Outcome			
	BA2 2017	C01 2011	Change
A1c	Explain the role of the management accountant	A2a Explain the role of the management accountant and activities undertaken	Learning outcome reworded
A1d	Explain the relationships between the management accountant and the organisation's managers	A2b Explain the relationships between the management accountant and the managers being served	Learning outcome reworded
B1a	Explain the classification of costs in relation to output	B1a Explain the concept of a direct cost and an indirect cost	Learning outcome reworded
B1b	Explain the classification of costs in relation to activity level	B2a Explain how costs behave as product, service or activity levels increase or decrease	Learning outcome reworded Incorporating 2011 C01 B2a,b,c
B1c	Calculate appropriate costs having identified cost behavior	B2d Calculate the fixed and variable element of a semi-variable cost	Learning outcome and syllabus content reworded
B1d	Explain the classification of costs in relation to decisions	E2a Explain relevant costs and cashflows	Learning outcome and syllabus content reworded
B2a	Prepare overhead cost statements	B1d Prepare cost statements for allocation and apportionment of overheads, including reciprocal service departments	Learning outcome and syllabus content reworded
B2b	Calculate the full cost of products, services and activities	B1e Calculate direct, variable and full costs of products, services and activities using overhead absorption rates to trace indirect costs to cost units	Learning outcome reworded
C1a	Explain why organisations prepare forecasts and plans	C1a Explain why organisations set out financial plans in the form of budgets, typically for a financial year	Learning outcome reworded
C1b	Prepare functional budgets	C1b Prepare functional budgets and budgets for capital expenditure and depreciation	Learning outcome reworded
C2c	Prepare a statement that reconciles budgeted profit with actual profit calculated using marginal costing	C1a/C2e Prepare a statement that reconciles budgeted contribution with actual contribution	Learning outcome reworded

C4a	Explain the integration of the cost accounts with the financial accounting system	D1a Explain the principles of manufacturing accounts and the integration of cost accounts with the financial accounting system	Learning outcome reworded
C4c	Prepare appropriate accounts for job and batch costing	D1d Prepare ledger accounts for job, batch and process costing systems	Learning outcome reworded with ISC largely unchanged
C4d	Prepare reports in a range of organisations	D2a,b Mainly a combination of these 2011 CLO's	Learning outcome reworded with ISC from C01 D2
D2a	Apply breakeven analysis	E1 a,b,c Mainly a combination of these 2011 CLO's	Learning outcome changed with ISC from C01 E1
D2b	Demonstrate make or buy decisions	E2b Explain make or buy decisions	Verb level changed
D2c	Calculate the profit maximising sales mix after using limiting factor analysis	E2c Calculate the profit maximizing product sales mix after using limiting factor analysis	Learning outcome reworded
D3a	Explain the time value of money	E3a Explain the process of valuing long term investments	Learning outcome reworded

WHAT'S COME OUT OF C01?

Process costing has been removed from the syllabus.
The context of management accounting has been consolidated.

WHAT'S THE KEY MESSAGE?

This subject has seen the least change. The syllabus topics have been consolidated into four; updates to include reference to Global Management Accounting Principles and the Balanced Scorecard have been made; and topic D has absorbed some content from C03.

BA2 AND 2015 PROFESSIONAL LEVEL SYLLABUS

	Operational level	Management level	Strategic level
BA2A The context of Management Accounting			
BA2B Costing	P1A Cost Accounting Systems	P2A Cost Planning and Analysis for Competitive Advantage	
	P1C Short-term decision Making	P2B Control and Performance Management of responsibility centres	
		P2C Long-term Decision Making	
BA2C Planning and Control	P1A Cost Accounting Systems	P2B Control and Performance Management of responsibility centres	P3C Internal Controls to Manage Risk
	P1B Budgeting		
	P1C Short-Term Decision Making		
BA2D Decision Making	P1C Short-Term Decision Making	P2C Long-term Decision Making	E3B Evaluating Strategic Position and Strategic Options
	P1D Dealing with Risk and Uncertainty	P2D Management Control and Risk	



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