

ACCA  
Accounting  
Technician  
Paper 2

# Information for Management Control: Module Introduction

Welcome to what is probably the second part of your ACCA Accounting Technician course. This module is designed to prepare you for Paper 2: **Information for Management Control**.

No previous study of the subject is required for this course although any experience of maintaining accounts or working in an accounts department would be helpful.

## The Course

This module has been written to match the Paper 2 (Foundation) syllabus set by the Association of Chartered Certified Accountants. This is the equivalent of NVQ (National Vocational Qualification) level 2 and it is recognised throughout the worlds of business and industry as a required professional standard.

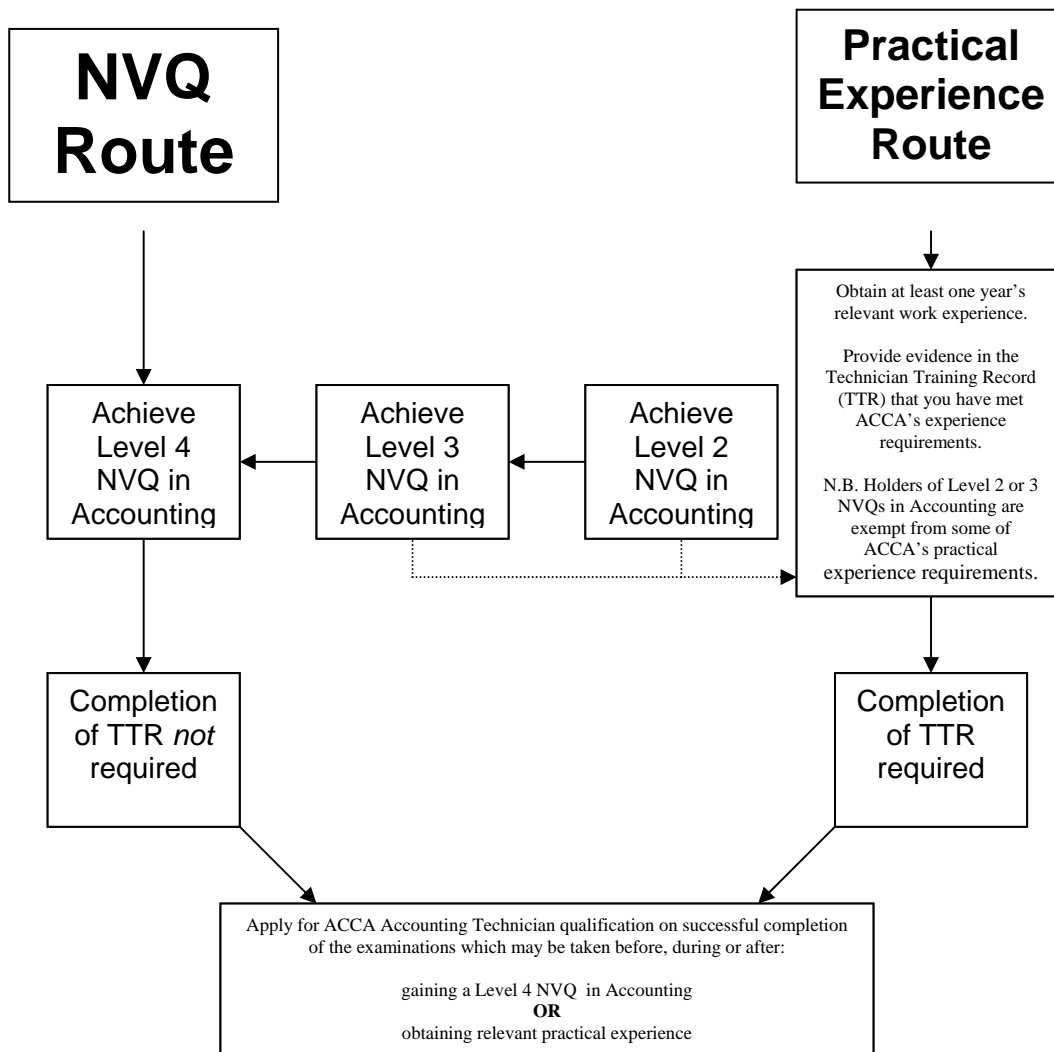
If you pass the examinations at Foundation Level (NVQ2), Intermediate Level (NVQ3) and Advanced Level (NVQ4) and complete all the ACCA requirements, you will be entitled to write CAT ('Certified Accounting Technician') after your name - one of the most prestigious qualifications in the accounting profession. Because of these initials, the programme will often be referred to as CAT.

There are a number of tests similar to the multiple choice examination that you must tackle at Paper 2. In addition there will be plenty of guidance and practice in the practical (and NVQ) skills that go with each theoretical topic.

Much of the information in this Introduction is reproduced by kind permission of ACCA from documents supplied by ACCA to members of its association. Since you will need to be a member to tackle the examination, you may well already be familiar with much of this information and guidance. Much of the same information is also to be found in other module introductions.

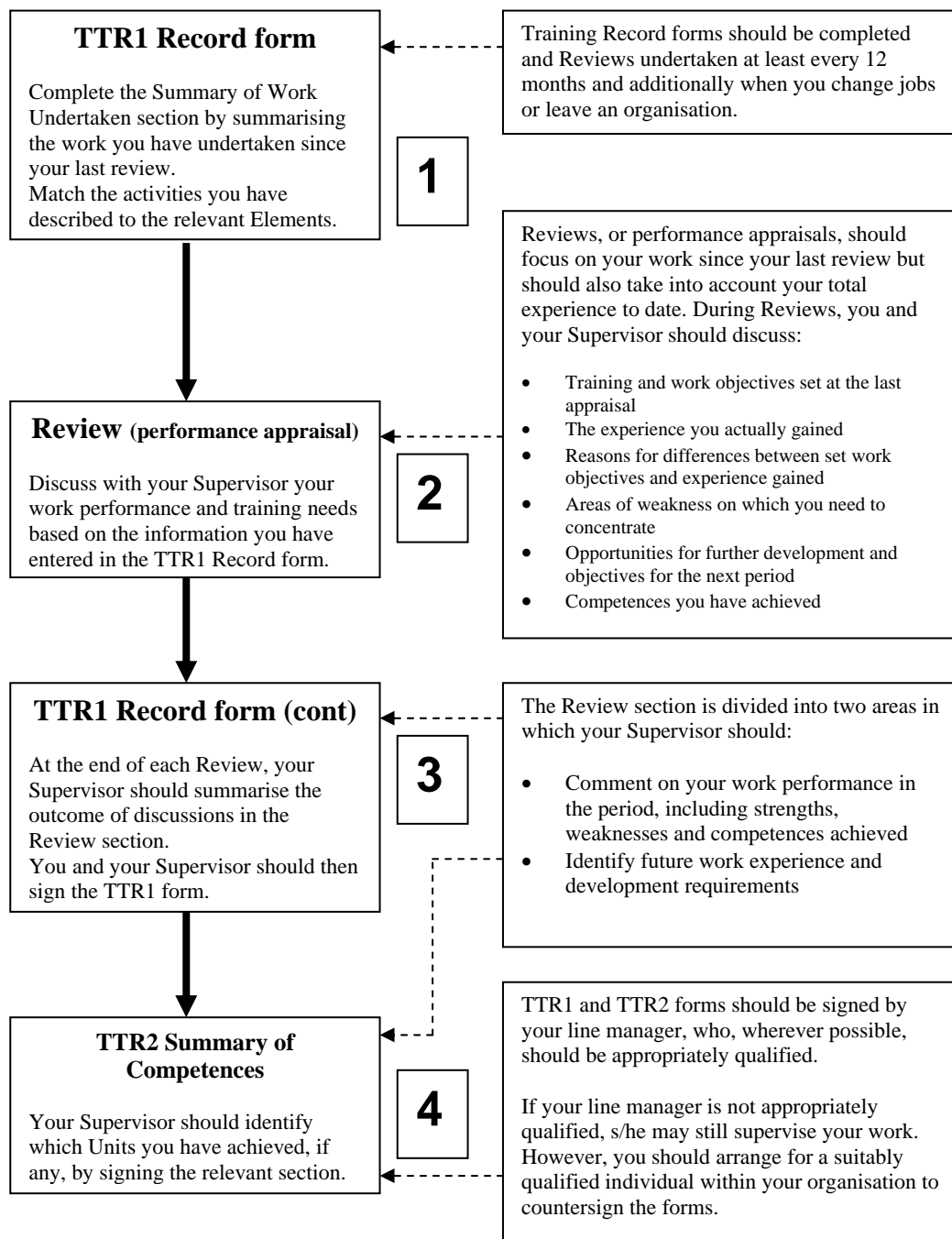
## Becoming an Accounting Technician

To become an ACCA Accounting Technician, you must pass the examinations and either achieve a Level 4 NVQ in Accounting (this is called 'the NVQ route') or meet ACCA's practical experience requirements ('Practical Experience route'). The exceptions are shown in diagrammatic form below:



## Guidance on Completing the Technician Training Record (TTR)

The TTR contains two forms: Records (Forms TTR1) and a Summary of Competences (Form TTR2). These forms are located in the back of the TTR supplied by ACCA and copied here. You may create your own computerised versions of these forms provided you retain the same format.



## Module/Paper 2: OOL Lesson Structure

### Lesson Subject

1. Using Computer Systems
2. Confidentiality and Security
3. Management Information
4. Reporting Management Information

### **Tutor-marked Assignment A**

5. Aspects of Business Organisation and Accounting
6. Management Responsibility and Performance Measurement
7. Cost Units, Cost Classification and Profit Reporting
8. Elements of Cost

### **Tutor-marked Assignment B**

9. Source Documents and Coding
10. Information for Comparison
11. Variances
12. Marginal Costing and Decision-making

### **Tutor-marked Assignment C**

### **Tutor-marked Assignment D (Practice Examination)**

Suggested Answers to Self-Assessment Tests (Module 2)

There are also sets of suggested answers for all the tutor-marked assignments. Students will normally receive these when their assignments are returned to them from their tutor.

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## Lesson Structure


Each lesson in this course is linked directly to a topic required for the examination and lessons follow the sequence of skills (or topic development) required by the syllabus.

At the beginning of each lesson, you will find an 'Aims' section which provides a direct link between the syllabus and the content of the lesson. This can also serve as a checklist to ensure that all the necessary competences have been covered.

After the Aims, the Context section describes how this lesson relates to the ones that come before and after, to provide a sense of the overall development of the course.

Within the lessons, you should find all the theoretical knowledge that is required for the examination at this level. There is a wide left-hand margin so that you can add your own notes as you go along.


Each lesson contains 'Activity' sections, marked by black boxes. These Activities enable you to test your understanding of the previous section of the lesson and also to build up a portfolio that demonstrates the broad range of competences required.

|   |  |
|---|--|
| <p><b>Sample<br/>Activity</b></p>   | <p>You will probably be asked to tackle a series of numbered questions.</p> <p>Answers are to be found at the end of the lesson.</p>   |
|  | <p>Underneath there is an empty box with a pencil symbol to the left. This reminds you that you are expected to write something here! The size of the space is roughly equivalent to the scale of the answer required.</p> |

Depending on whether you are taking the NVQ route or the Practical experience route, you may wish to take a photocopy of each activity and answer and file these as evidence of your understanding of the required topics and competence to perform various functions.

At the end of each lesson you will normally find suggested answers to these activities, as well as a 'Self-Assessment Test' (SAT) which is designed to test your understanding of the entire lesson. Since the final examination at this level is multiple choice, the SATs (like the TMAs) take the form of a multiple choice test. Each question will give you a choice of four possible answers.

Each SAT has an answer grid that might look like this after you fill it in:

|   |  |  |
|---|--|--|
| <b>Multiple Choice</b>  | Mark your answers below:   |  |
|  | <p>First Attempt</p> <p style="text-align: right;">right or wrong</p> <p>1. <b>A</b>                      yes<br/> 2. <b>D</b>                      no<br/> etc</p> <p>Total correct:              1</p> | <p>Second Attempt</p> <p style="text-align: right;">right or wrong</p> <p>1. <b>A</b>                      yes<br/> 2. <b>C</b>                      yes<br/> etc</p> <p>Total correct:              2</p> |

There is space here for your first attempt which will normally be after you finish work on the lesson for the first time, and also for a second attempt, which may well be when you are revising for an examination. A comparison between the two scores will help you to see where careful revision is required and which topics have been insufficiently grasped.

## Tutor-marked Assignments (TMAs)

After every four lessons (approximately), you will find a TMA, again in multiple choice form. These are similar to the SATs except that you should answer them on your own paper and send the answers to your tutor for marking.

Your tutor will be able to help you best if you also include a brief account of *why* you have selected a particular answer. It could be that you have selected the right answer for the wrong reason but your tutor will not be able to help you if no explanation is given. However, a wrong explanation does not affect the mark you get!

When your script is returned, you should also receive a set of suggested answers. As well as the correct letter (A, B, C or D), these will include a brief explanation of why this was the best choice (and why some of the others were wrong).

## ACCA: Background Information

ACCA's aim has always been to provide qualifications which are closely linked to the needs of accountants and their staff in the modern business world and which prepare members for work in

any sector of the economy - public practice, industry, commerce or the public sector.

ACCA's Accounting Technician qualification offers the opportunity for individuals to obtain recognition for their work as accounting technicians and support staff. In line with ACCA's tradition of open entry anyone can enrol for the ACCA Accounting Technician qualification.

With this aim in mind, the structure of the ACCA Accounting Technician syllabus has been designed to:

- assist learning and understanding
- develop an appreciation of the development and interdependence of subjects.

To qualify, you will need to complete up to nine examinations designed to test the knowledge and understanding required for work as accounting technicians.

The nine examinations are broken down into three levels. Candidates may sit between 1 and 4 papers taken from two consecutive levels. Papers should be sat in sequence, except for the optional papers (Papers 8-10) which may be sat in any order: All passes will be retained and examinations can be attempted twice a year (in June and December).

## The New Scheme

The new (2004) structure of the CAT examinations is as follows:

| <b>Paper</b>                                       | <b>Assessment</b>          |
|--|----------------------------|
| <b>Introductory</b>                                |                            |
| Paper 1 Recording Financial Transactions*          | 2 hr CBE** or written exam |
| Paper 2 Information for Management Control         | 2 hr CBE** or written exam |
| <b>Intermediate</b>                                |                            |
| Paper 3 Maintaining Financial Records*             | 2 hr CBE** or written exam |
| Paper 4 Accounting for Costs                       | 2 hr CBE** or written exam |
| <b>Advanced</b>                                    |                            |
| Paper 5 Managing People and Systems                | 2 hr written exam          |
| Paper 6 Drafting Financial Statements*             | 3 hr written exam          |
| Paper 7 Planning, Control & Performance Management | 3 hr written exam          |
| <b>2 options from</b>                              |                            |
| Paper 8 Implementing Audit Procedures*             | 3 hr written exam          |
| Paper 9 Preparing Taxation Computations            | 3 hr written exam          |
| Paper 10 Managing Finances                         | 3 hr written exam          |

\* denotes International and UK adapted streams available

\*\* denotes computer-based exams

## Credit for Old Scheme Papers under the New Scheme

Students who have already taken module examinations in the old (2003) Technician scheme may be given credits – i.e. they do not have to take corresponding papers in the new scheme as long as they proceed quickly.

| <b>Current</b>                               | <b>New paper credited</b>                          |
|--|--|
| <b>Level A</b>                               |  |
| A1 Transaction Accounting                    | Paper 1 Recording Financial Transactions           |
| A2 Office Practice & Procedure               | Paper 2 Information for Management Control         |
| <b>Level B</b>                               |  |
| B1 Maintaining Financial Records & Accounts  | Paper 3 Maintaining Financial Records              |
| B2 Cost Accounting Systems                   | Paper 4 Accounting for Costs                       |
| B3 Information Technology Processes          | Paper 5 Managing People and Systems                |
| <b>Level C</b>                               |  |
| C1/A Drafting Financial Statements           | Paper 6 Drafting Financial Statements              |
| C2 Information for Management                | Paper 7 Planning, Control & Performance Management |
| C3 Audit Practice & Procedure                | Paper 8 Implementing Audit Procedures              |
| C4 Preparing Taxation Computations & Returns | Paper 9 Preparing Taxation Computations            |
| C5 Managing Finances                         | Paper 10 Managing Finances                         |
| C6 Managing People                           | Transitional option paper                          |

Please also note:

- There is no direct equivalent to A2 and B3 under the new scheme. Students will be given credit for new papers 2 and 5 respectively.
- Paper C6 also has no direct equivalent under the new scheme. Students who pass C6 will be credited with a transitional optional paper pass and will be required to pass only one additional option paper under the new scheme. Students planning to take C6 in June 2004 will need to choose a different option.

## The Technician Training Record

In order to become Certified Accounting Technicians, students must pass the examinations and either achieve a Level 4 NVQ in Accounting (NVQ route)\* or meet ACCA's practical experience requirements (Practical Experience Route).

Students who follow the Practical Experience Route must obtain at least one year of supervised, relevant, practical experience and achieve competence in a range of skills and activities.

Students should record achievement of their workplace experience and skills in this Technician Training Record (TTR).

These pages explain ACCA's practical training requirements and how to document the work experience. It also contains all the forms that students and their supervisor(s) need to complete. The NVQ Route is not relevant to students outside the UK

## Guidance on Completing the TTR

The TTR contains two forms: Records (Forms TTR1) and a Summary of Competences (Form TTR2). These forms are located in the pocket at the back of the TTR. You may create your own computerised versions of these forms provided you retain the same format.

## Experience Gained Prior to Student Registration

ACCA will accept experience gained prior to registration if it is relevant and recorded and verified in the TTR. You are advised to obtain evidence of previous experience as soon after student registration as possible. When recording experience gained prior to student registration, you may complete Record forms for periods longer than 12 months, e.g. for each post held.

The TTR forms must be signed off by your previous Supervisor(s) if the experience is to be counted toward the requirements for qualification purposes. Previous Supervisors should also be encouraged to make comments on your past performance in the Review section of the Record forms.

## Further Guidance

If you or your Supervisor have any queries about completing the TTR forms, you should contact an ACCA Training Consultant.

## Work Issues

### Part-Time and Temporary Work

Part-time and temporary work is acceptable provided that it is properly supervised, can be verified and it enables students to achieve competence in the required Units. Part-time work, if relevant, will be counted on a pro-rata basis. (ACCA classifies full-time work as a minimum of 35 hours per week.)

### Work in Small Organisations

A number of students may be employed in small organisations where there are no suitable staff to act as Supervisor, eg where the student is the only/most senior member of the accounting staff. Experience gained in this way should be capable of verification.

It may be possible to make an arrangement with the firm's accountants/auditors, either through the employer or with their permission, for them to accept responsibility for confirmation of the experience received. ACCA recommends that:

- the student should be supervised by suitably qualified individual
- informal contact between the student and the Supervisor is made at least every quarter and on an as needs basis
- a formal performance review is undertaken at least once a year.

## Self-Employment

Experience obtained while self-employed does not normally constitute approved experience (see below). However, a number of practising firms provide students with work on a contractual basis. This experience is acceptable provided the Supervisor is able to confirm that supervision and training is provided on the same basis as for salaried trainees.

Students are permitted to provide basic book-keeping services direct to the public without supervision, provided they do not refer to their status as a student or potential qualified ACCA Accounting Technician. Such experience cannot constitute approved accountancy experience for the purpose of obtaining the Technician qualification. Details regarding the work students are permitted to undertake without supervision are given in the ACCA Accounting Technician's Handbook.

## Syllabus Content: Module 2

(NVQ Level 2) 2 hour examination

### Aims

To develop the ability to use a computer system safely and effectively and to understand the need for data and information to be kept confidential and secure.

To develop knowledge and an understanding of how organisations provide basic management information for decision-making, planning and control.

### Objectives

On completion of this paper, candidates should be able to:

- carry out simple visual safety checks on hardware and follow appropriate powering up and shutting down procedures
- understand the purpose of passwords

- access, amend, save and print documents and other files and exit from the relevant software
- use appropriate computer file and folder names
- follow procedures for taking back-up copies of computer files
- understand different types of risk including viruses and hacking
- understand relevant security and legal regulations covering data protection, copyright, health and safety and record retention
- seek assistance when difficulties occur when working with computers
- recognise the need for management information
- identify different elements of cost
- identify different sources of income and expenditure
- code and extract income and expenditure correctly
- deal with problems / errors correctly
- provide comparisons on costs and income
- use relevant software applications to access, analyse, present and communicate information (accounting package, spreadsheet, word processing, e-mail)
- handle confidential information in the correct manner
- present information using house style.

### Position of the Paper in the Overall Syllabus

No prior knowledge is required before commencing study for Paper

This paper provides the basic techniques required to use a computer system safely and to effectively recognise, provide and maintain management information.

Candidates require a sound understanding of the methods and techniques covered in this paper to enable them to move on to the more complex systems and management control problems covered at subsequent levels.

Some of the methods introduced in this paper are revisited and extended in Paper 4, *Accounting for Costs*.

### ACCA's Notes on Studying for the Examination

In order to prepare for the examinations, ACCA have indicated that you may study by day or evening classes at a college or university, or you may study privately using the various materials available, such as those supplied by Oxford Open Learning.

In studying, you are preparing for a profession where change is the only constant. During the course of your studies, you will see the introduction of new legislation, revisions to accounting and auditing standards, more sophisticated financial instruments, developments in technology, and economic and political change. In view of this, it is important that you keep up to date with accounting and the related subjects.

In order to help students do this, ACCA issues the monthly *Student Accountant* and you should read this as well as current periodicals and the financial press. If you are registered as a joint scheme student you may receive another newsletter/journal which will give details of variant papers, tax and law changes and other helpful information.

## Pilot Examination Papers

You should always check pilot papers for the subjects you intend to sit. They will give you a good indication of the usual format of questions and, if your first language is not English, an idea of the sort of English used by the Examiners. You may decide to purchase the ACCA Pilot Papers which will show you how you should approach your answers. These can be obtained by using the order form in the *Technician Bulletin* or downloading it from the ACCA website.

Please note that a number of questions from the Pilot Papers have already been incorporated into this course, especially the end-of-lesson Self-Assessment Tests, by kind permission of ACCA.

## Tackling Multiple Choice Questions

The examination papers for the lower levels of the qualification are made up of multiple choice questions (MCQs). A special answer sheet is provided for answering the MCQs and instructions are provided on how to complete this. You must follow these instructions carefully and fill in the answer sheet in pencil.

You should expect to tackle 50 questions during each 2-hour examination. These will not be of equal difficulty and you will probably find that the longer, harder questions are located towards the end of the paper. So do not make the mistake of thinking that you can afford to spend two minutes each on all the earlier questions. If you have prepared well, there will be a number of questions which you can answer much quicker than that. If so, it will give you extra time to focus on the harder questions later on.

A number of questions will require fairly detailed working. There is no reason to think that you have to do all this in your head. It is much safer to write down your workings and then double-check that the arithmetic makes sense.

There will normally be four possible answers, A, B, C and D. Always select exactly one answer. You cannot get a mark if you choose two letters (or none). It is vital that you have a guess even if you have no idea what the correct answer is. If you guessed C, say, for every question, you might expect to score 25%. Very often you will be able to eliminate one or even two answers as being “obviously” wrong, so your chances of a correct guess rise to 33% or even 50%.

## The Units of Competence for the TTR

For the purposes of setting practical experience requirements for the ACCA Accounting Technician qualification, ACCA has listed 21 Units of Competence, including many based on NVQs in Accounting.

The Units cover personal development as well as technical, management and IT related functions. The Summary of Competences (form TTR2) in the pocket at the back of this TTR provides an overview of these Units. Each Unit is comprised of Elements which define what you should be able to do in respect of a particular activity. These are listed below.

You must achieve competence in at least 10 Units including:

3 Mandatory Units and  
a minimum of 7 other Units

Mandatory Units are marked on the TTR2 form by the symbol M.

To achieve competence in any given Unit, you must either:

obtain sufficient work experience in all, or the specified number, of Elements listed;

OR

be assessed through the NVQ route.

This is the complete list of units:

Unit 1 \_Recording income and receipts

Unit 2 \_Making and recording payments

Unit 3 \_Preparing ledger balances and an initial trial balance

Unit 4 \_Supplying information for management control

Unit 5 \_Maintaining financial records and preparing accounts

- Unit 6 \_Recording and evaluating costs and revenues
- Unit 7 \_Preparing reports and returns
- Unit 8 \_Contributing to the management of performance and the enhancement of value
- Unit 9 \_Contributing to the planning and control of resources
- Unit 10 Managing systems and people in the accounting environment
- Units 11-14 Drafting Financial Statements
- Unit 15 Operating a cash management and credit control system
- Unit 17 Implementing audit procedures
- Unit 18 Preparing business taxation computations
- Unit 19 Preparing personal taxation computations
- Unit 21 Working with computers
- Unit 22 Contribute to the maintenance of a healthy, safe and productive working environment
- Unit 23 Achieving personal effectiveness

## Filling in TTR2 (the Summary of Competences)

1. The student's supervisor signs and dates the relevant section of TTR2 when the required number of Elements for each Unit have been covered; *or*
2. The student records the NVQ level which covers the Unit together with the awarding body and date of achievement.

If (1), it would be a good idea to discuss with your supervisor what kinds of evidence you will need to gather and how your work should be organised.

If (2), it generally means NVQ Level 2 which is the equivalent of Accounting Technician Foundation Level. Many UK-based students will be attempting to achieve NVQ Level 2 at the same time as following this course and, in terms of theory, this course should form an excellent preparation for Accounting NVQ2 accreditation.

## Practical Experience Requirements

Students who follow the Practical Experience route must obtain at least one year's supervised work experience and meet ACCA's competence requirements.

## Audits of Technician Training Records

As part of its quality control procedures, ACCA reviews a significant number of Technician Training Records each year to ensure that the experience recorded is an accurate reflection of the work undertaken and competence demonstrated. You will be notified if your TTR is selected as part of this review. Failure to comply with this review process may lead to your work experience not being recognised for qualification purposes.

## Further Reading

First it should be emphasized that this course is designed to give you exactly the right amount of reading, taking each topic to the required depth. So if all sections of the text are fully understood, there should be no necessity for purchases of additional textbooks. But some students will find that certain topics are more difficult than others and that they need additional guidance or a fresh approach.

ACCA's *Student Accountant* is the best source of information about supporting textbooks, including advertisements from some of the major publishers. BPP and AT Foulks Lynch are two publishers with strong reputations in this field and their texts can be recommended.

Oxford Open Learning also publishes Accounting courses for GCSE and 'A' level which cover some of the Accounting Technician topics in greater detail.

## Syllabus Changes in 2004

This course is designed to match the Accounting Technician syllabus examined for the first time in 2004. The first new syllabus computer-based examinations were scheduled for March 2004 and the first new syllabus paper-based examinations were scheduled for June 2004.

## Minimum Entry Requirements and Exemptions

Exam entrants must be at least 16 years of age. Exemption will only be considered on the basis of qualifications which contain relevant content to CAT papers. The exemption policy will be widened to recognise qualifications which contain some element of workplace assessment. At the first level, employers may certify that the student has sufficient prior experience to be awarded exemption.