Accountant in Business (F1)

This syllabus and study guide is designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

THE STRUCTURE OF THE SYLLABUS AND STUDY GUIDE

Relational diagram of paper with other papers

This diagram shows direct and indirect links between this paper and other papers preceding or following it. Some papers are directly underpinned by other papers such as Advanced Performance Management by Performance Management. These links are shown as solid line arrows. Other papers only have indirect relationships with each other such as links existing between the accounting and auditing papers. The links between these are shown as dotted line arrows. This diagram indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

Overall aim of the syllabus

This explains briefly the overall objective of the paper and indicates in the broadest sense the capabilities to be developed within the paper.

Main capabilities

This paper's aim is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

Relational diagram of the main capabilities

This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

Syllabus rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

Detailed syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

Approach to examining the syllabus

This section briefly explains the structure of the examination and how it is assessed.

Study Guide

This is the main document that students, tuition providers and publishers should use as the basis of their studies, instruction and materials.
Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session.
The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations. These outcomes are described using verbs indicating what exams may require students to demonstrate, and the broad intellectual level at which these may need to be demonstrated (*see intellectual levels below).

Reading lists

ACCA has two approved publishers: BPP Professional Education and Kaplan Publishing Foulks Lynch. Both these publishers base their study texts on the detailed contents of the study guides as published by ACCA. ACCA takes no editorial responsibility for the detailed content of these study texts although ACCA examiners will annually review their content for general appropriateness and relevance in supporting effective study towards ACCA examinations.
In addition ACCA examiners will recommend other text books where appropriate, which students may read in order to widen their reading beyond the approved study texts. Relevant articles will also be published in *student accountant.*

INTELLECTUAL LEVELS

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification.

The specific capabilities within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1: Knowledge and comprehension
Level 2: Application and analysis
Level 3: Synthesis and evaluation

Very broadly, these intellectual levels relate to the three cognitive levels at which the Knowledge module, the Skills module and the Professional level are assessed.

Each subject area in the detailed study guide included in this document is given a 1, 2, or 3 superscript, denoting intellectual level, marked at the end of each relevant line. This gives an indication of the intellectual depth at which an area could be assessed within the examination. However, while level 1 broadly equates with the Knowledge module, level 2 equates to the Skills module and level 3 to the Professional level, some lower level skills can continue to be assessed as the student progresses through each module and level. This reflects that at each stage of study there will be a requirement to broaden, as well as deepen capabilities. It is also possible that occasionally some higher level capabilities may be assessed at lower levels.

LEARNING HOURS

The ACCA qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA students find themselves.

Each syllabus contains between 23 and 35 main subject area headings depending on the nature of the subject and how these areas have been broken down.

GUIDE TO EXAM STRUCTURE

The structure of examinations varies within and between modules and levels.

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

The Knowledge module is assessed by equivalent two-hour paper based and computer based examinations.

The Skills module examinations are all paper based three-hour papers. The structure of papers varies from ten questions in the *Corporate and Business Law* (F4) paper to four 25 mark questions in *Performance Management* (F5) and *Financial Management* (F9). Individual questions within all Skills module papers will attract between 10 and 30 marks.

The Professional level papers are all three-hour paper based examinations, all containing two sections. Section A is compulsory, but there will be some choice offered in Section B.

The Essentials module papers all have a Section A containing a major case study question with all requirements totalling 50 marks relating to this case. Section B gives students a choice of two from three 25 mark questions.

Section A of each of the Options papers contains 50-70 compulsory marks from two questions, each attracting between 25 and 40 marks. Section B will offer a choice of two from three questions totalling 30-50 marks, with each question attracting between 15 and 25 marks

GUIDE TO EXAMINATION ASSESSMENT

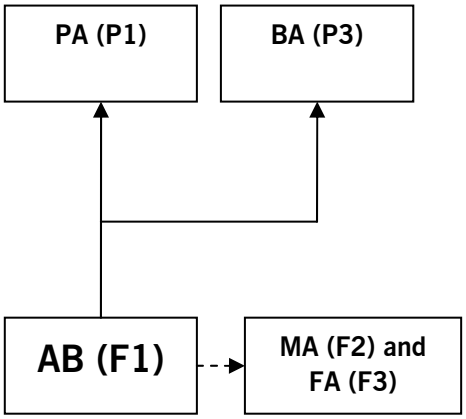
ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For the financial accounting, audit and assurance, law and tax papers, ACCA will publish *examinable documents* every six months to indicate exactly what regulations and legislation could potentially be assessed at the following examination session.

Knowledge of new examinable regulations will not be assessed until at least six calendar months after the last day of the month in which documents are issued or legislation is passed. The relevant cut-off date for the June examinations is 30 November of the previous year, and for the December examinations, it is 31 May of the same year.

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.

Syllabus



AIM

To introduce knowledge and understanding of the business and its environment and the influence this has on how organisations are structured and on the role of the accounting and other key business functions in contributing to the efficient, effective and ethical management and development of an organisation and its people and systems.

MAIN CAPABILITIES

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

A Explain how the organisation is structured, governed and managed by – and on behalf of – its external, connected and internal stakeholders

B Identify and describe the key environmental influences and constraints on how the business operates in general and how these affect the accounting function in particular

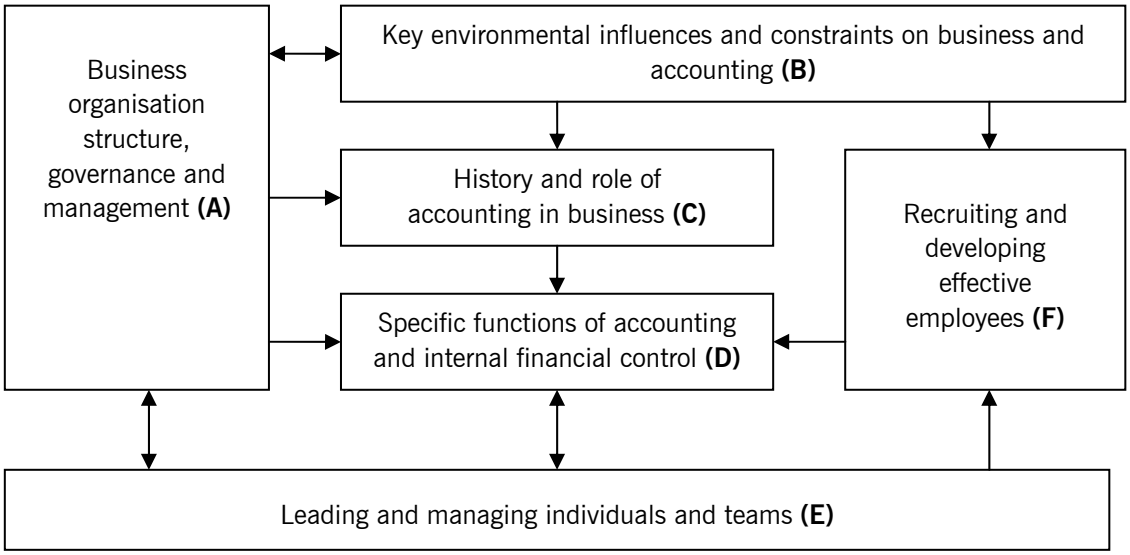
C Describe the history, purpose, and position of accounting in the organisation and the roles of other functional areas

D Identify and explain the functions of accounting systems and internal controls in planning, monitoring and reviewing performance and in preventing fraud and business failure

E Recognise the principles of authority and leadership and how teams and individuals behave and are managed, disciplined and motivated in pursuit of wider departmental and organisational aims and objectives

F Recruit and develop effective employees, using appropriate methods and procedures, while developing constructive relationships through effective communication and interpersonal skills

RELATIONAL DIAGRAM OF MAIN CAPABILITIES



RATIONALE

The *Accountant in Business* syllabus acts as an introduction to business structure and purpose, and to accountancy as a central business function. The syllabus commences with an examination of the structure and governance of businesses, briefly introducing ethics. It then looks at business in the context of its environment, including economic, legal, and regulatory influences on such aspects as governance, employment, health and safety, data protection and security. From there, it focuses on accounting, how it originated, how it is organised, its critical importance in business planning and control, and how it affects other business functions.

The syllabus then introduces students to the accounting profession and to certain aspects of the regulatory framework as they affect accounting, auditing and governance. The syllabus also covers accounting, auditing, and internal control as specific business functions and how these should be supported by effective management information systems. Finally, the syllabus introduces key management and people issues such as individual and team behaviour, leadership, motivation and personal effectiveness.

DETAILED SYLLABUS

A Business organisation structure, governance and management

1. The business organisation and its structure
2. The formal and informal business organisation
3. Organisational culture in business
4. Stakeholders of business organisations
5. Information technology and information systems in business
6. Committees in the business organisation
7. Business ethics and ethical behaviour
8. Governance and social responsibility in business

B Key environmental influences and constraints on business and accounting

1. Political and legal factors
2. Macro-economic factors
3. Social and demographic factors
4. Technological factors
5. Competitive factors

C History and role of accounting in business

1. The history and function of accounting in business
2. Law and regulation governing accounting
3. Financial systems, procedures and IT applications
4. The relationship between accounting and other business functions

D Specific functions of accounting and internal financial control

1. Accounting and finance functions within business
2. Internal and external auditing and their functions
3. Internal financial control and security within business organisations
4. Fraud and fraudulent behaviour and their prevention in business.

E Leading and managing individuals and teams

1. Leadership, management and supervision
2. Individual and group behaviour in business organisations
3. Team formation, development and management
4. Motivating individuals and groups

F Recruiting and developing effective employees

1. Recruitment and selection, managing diversity, and equal opportunity.

2. Techniques for improving personal effectiveness at work and their benefits

3. Features of effective communication

4. Training, development, and learning in the maintenance and improvement of business performance

5. Review and appraisal of individual performance

APPROACH TO EXAMINING THE SYLLABUS

The syllabus is assessed by a two hour paper-based or 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 40 two mark questions, and 10 one mark questions.

Study Guide

A BUSINESS ORGANISATIONAL STRUCTURE, GOVERNANCE AND MANAGEMENT

1. The business organisation and its structure

a) Identify the different types of organisation:[1]
   i) Commercial
   ii) Not-for-profit
   iii) Public sector
   iv) Non-governmental organisations
   v) Cooperatives

b) Describe the different ways in which organisations may be structured: entrepreneurial, functional, matrix, divisional, departmental, by geographical area and by product.[1]

c) Describe the roles and functions of the main departments in a business organisation: [1]
   i) research and development
   ii) purchasing
   iii) production
   iv) direct service provision
   v) marketing
   vi) administration
   vii) finance.

d) Explain the characteristics of the strategic, tactical and operational levels in the organisation in the context of the Anthony hierarchy.[1]

e) Explain the role of marketing in an organisation: [1]
   i) the definition of marketing
   ii) the marketing mix
   iii) the relationship of the marketing plan to the strategic plan

f) Explain basic organisational structure concepts: [2]
   i) separation of direction and management
   ii) span of control and scalar chain
   ii) tall and flat organisations

g) Explain centralisation and decentralisation and list their advantages and disadvantages.[1]

2. The formal and informal business organisation

a) Explain the informal organisation and its relationship with the formal organisation.[1]

b) Describe the impact of the informal organisation on the business.[2]

3. Organisational culture in business

a) Define organisational culture.[1]

b) Describe the factors that shape the culture of the organisation.[1]

c) Explain the contribution made by writers on culture:[1]
   i) Shein – determinants of organisational culture
   ii) Handy – four cultural stereotypes
   iii) Hofstede – international perspectives on culture

4. Stakeholders of business organisations

a) Define the internal stakeholder and list the different categories of internal stakeholder.[1]

b) Define connected and external stakeholders and explain their impact on the organisation.[1]

c) Identify the main stakeholder groups and the objectives of each group.[1]

d) Explain how the different stakeholder groups interact and how their objectives may conflict with one another.[1]

5. Information technology and information systems in business

a) Discuss the types of information technology and information systems used by the business organisation.[1]

b) List the attributes of good quality information.[1]

c) Explain how the type of information differs and the purposes for which it is applied at different levels of the organisation: strategic, tactical and operational.[1]

d) Identify the different sources of internal and external information.[1]

e) Describe the main features of information systems used within the organisation.[1]

6. Committees in the business organisation

a) Explain the purposes of committees.[1]

b) Describe the types of committee used by business organisations.[1]

c) List the advantages and disadvantages of committees.[1]

d) Explain the roles of the Chair and Secretary of a committee.[1]

7. Business ethics and ethical behaviour

a) Define business ethics and explain the importance of ethics to the organisation and to the individual.[1]

b) Identify influences that determine whether behaviour and decisions are ethical or unethical.[1]

c) Identify the factors that distinguish a profession from other types of occupation.[1]

d) Explain the role of the accountant in promoting ethical behaviour.[1]

e) Recognise the purpose of international and organisational codes of ethics and codes of conduct, IFAC, ACCA etc.[1]

8. Governance and social responsibility in business

a) Recognise the concept of separation between ownership and control.[1]

b) Define corporate governance and social responsibility and explain their importance in contemporary organisations.[1]

c) Explain the responsibility of organisations to maintain appropriate standards of corporate governance and corporate social responsibility.[1]

d) Briefly explain the main recommendations of best practice in effective corporate governance:[1]
   i) Non-executive directors
   ii) Remuneration committees
   iii) Audit committees
   iv) Public oversight

e) Explain how organisations take account of their social responsibility objectives through analysis of the needs of internal, connected and external stakeholders.[1]

f) Identify the social and environmental responsibilities of business organisations to internal, connected and external stakeholders. [1]

B KEY ENVIRONMENTAL INFLUENCES AND CONSTRAINTS ON BUSINESS AND ACCOUNTING

1. Political and legal factors

a) Define environmental forces in terms of political, legal, economic, social and technological factors.[1]

b) Explain how the political system and government policy affect the organisation.[1]

c) Describe the sources of legal authority, including supra-national bodies, national and regional governments.[1]

d) Explain how the law protects the employee and the implications of employment legislation for the manager and the organisation.[1]

e) Identify the principles of data protection and security.[1]

f) Explain how the law promotes and protects health and safety in the workplace.[1]

g) Recognise the responsibility of the individual and organisation for compliance with laws on data protection, security and health and safety.[1]

2. Macro-economic factors

a) Define macro-economic policy.[1]

b) Explain the main determinants of the level of business activity in the economy and how variations in the level of business activity affect individuals, households and businesses.[1]

c) Explain the impact of economic issues on the individual, the household and the business: [1]
   i) inflation
   ii) unemployment
   iii) stagnation
   iv) international payments disequilibrium.

d) Describe the main types of economic policy that may be implemented by government and supra-national bodies to maximise economic welfare.[1]

e) Recognise the impact of fiscal and monetary policy measures on the individual, the household and businesses.[1]

3. Social and demographic factors

a) Explain the medium and long-term effects of social and demographic trends on business outcomes and the economy.[1]

b) Describe the impact of changes in social structure, values, attitudes and tastes on the organisation.[2]

c) Identify and explain the measures that governments may take in response to the medium and long-term impact of demographic change.[2]

4. Technological factors

a) Explain the effects of technological change on the organisation structure and strategy:[1]
   i) Downsizing
   ii) Delayering
   iii) Outsourcing

b) Describe the impact of information technology and information systems development on business processes.[1]

5. Competitive factors

a) Explain the factors that influence the level of competitiveness in an industry or sector.[1]

b) Describe the activities of an organisation that affect its competitiveness:[1]
   i) purchasing
   ii) production
   iii) marketing
   iv) service

C HISTORY AND ROLE OF ACCOUNTING IN BUSINESS

1. The history and function of accounting in business

a) Briefly explain the history and development of the accounting and finance role in business.[1]

b) Explain the overall role and separate functions of the accounting department.[1]

2. Law and regulation governing accounting

a) Explain basic legal requirements in relation to keeping and submitting proper records and preparing financial accounts.[1]

b) Explain the broad consequences of failing to comply with the legal requirements for maintaining accounting records.[1]

c) Explain how the international accountancy profession regulates itself through the establishment of reporting standards and their monitoring.[1]

3. Financial systems, procedures and IT applications

a) Explain how business and financial systems and procedures are formulated and implemented to reflect the objectives and policies of the organisation.[1]

b) Describe the main financial systems used within an organisation:[1]
   i) purchases and sales invoicing
   ii) payroll
   iii) credit control
   iv) cash and working capital management.

c) Explain why appropriate controls are necessary in relation to business and IT systems and procedures.[2]

d) Understand business uses of computers and IT software applications:[1]
   i) Spreadsheet applications
   ii) Database systems

e) Describe and compare the relative benefits and limitations of manual and automated financial systems that may be used in an organisation.[2]

4. The relationship between accounting and other business functions

a) Explain the relationship between accounting and purchasing/procurement.[1]

b) Explain financial considerations in production and production planning.[1]

c) Identify the financial issues associated with marketing.[1]

d) Identify the financial costs and benefits of effective service provision.[1]

D SPECIFIC FUNCTIONS OF ACCOUNTING AND INTERNAL FINANCIAL CONTROL

1. Accounting and finance functions within business

a) Explain the contribution of the accounting function to the formulation, implementation, and control of the organisation's policies, procedures, and performance.[2]

b) Identify and describe the main accounting and reporting functions in business:[1]
   i) recording financial information
   ii) codifying and processing financial information
   iii) preparing financial statements

c) Identify and describe the main management accounting and performance management functions in business:[1]
   i) recording and analysing costs and revenues
   ii) providing management accounting information for decision-making
   ii) planning and preparing budgets and exercising budgetary control.

d) Identify and describe the main finance and treasury functions:[1]
   i) calculating and mitigating business tax liabilities
   ii) evaluating and obtaining finance
   iii) managing working capital
   iv) treasury and risk management.

2. Internal and external auditing and their functions

a) Define internal and external audit.[1]

b) Explain the main functions of the internal auditor and the external auditor.[1]

3. Internal financial control and security within business organisations

a) Explain internal control and internal check.[1]

b) Explain the importance of internal financial controls in an organisation.[2]

c) Describe the responsibilities of management for internal financial control.[1]

d) Describe the features of effective internal financial control procedures in an organisation.[2]

e) Identify and describe features for protecting the security of IT systems and software within business.[1]

f) Describe general and application systems controls in business.[1]

4. Fraud and fraudulent behaviour and their prevention in business.

a) Explain the circumstances under which fraud is likely to arise.[1]

b) Identify different types of fraud in the organisation.[1]

c) Explain the implications of fraud for the organisation.[2]

d) Explain the role and duties of individual managers in the fraud detection and prevention process.[1]

E LEADING AND MANAGING INDIVIDUALS AND TEAMS

1. Leadership, management and supervision

a) Define leadership, management and supervision and the distinction between these terms.[1]

b) Explain the nature of management:[1]
   i) scientific/classical theories of management Fayol, Taylor
   ii) the human relations school – Mayo
   iii) the functions of a manager – Mintzberg, Drucker

c) Explain the areas of managerial authority and responsibility.[2]

d) Explain the qualities, situational, functional and contingency approaches to leadership with reference to the theories of Adair, Fiedler, Bennis, Kotter and Heifetz.[2]

e) Explain leadership styles and contexts: using the models of Ashridge, and Blake and Mouton.[2]

2. Individual and group behaviour in business organisations

a) Describe the main characteristics of individual and group behaviour.[1]

b) Outline the contributions of individuals and teams to organisational success.[1]

c) Identify individual and team approaches to work.[1]

3. Team formation, development and management

a) Explain the differences between a group and a team.[1]

b) Define the purposes of a team.[1]

c) Explain the role of the manager in building the team and developing individuals within the team.[1]
   i) Belbin's team roles theory
   ii) Tuckman's theory of team development

d) List the characteristics of effective and ineffective teams.[1]

e) Describe tools and techniques that can be used to build the team and improve team effectiveness.[1]

4. Motivating individuals and groups

a) Define motivation and explain its importance to the organisation, teams and individuals.[1]

b) Explain content and process theories of motivation: Maslow, Herzberg, McGregor, and Vroom.[2]

c) Explain and identify types of intrinsic and extrinsic reward.[1]

d) Explain how reward systems can be designed and implemented to motivate teams and individuals.[1]

F. RECRUITING AND DEVELOPING EFFECTIVE EMPLOYEES

1. Recruitment and selection, managing diversity and equal opportunity

a) Explain the importance of effective recruitment and selection to the organisation.[1]

b) Describe the recruitment and selection processes and explain the stages in these processes.[1]

c) Describe the roles of those involved in the recruitment and selection processes.[1]

d) Describe the methods through which organisations seek to meet their recruitment needs.[1]

e) Explain the advantages and disadvantages of different recruitment and selection methods.[1]

f) Explain the purposes of a diversity policy within the human resources plan.[2]

g) Explain the purpose and benefits of an equal opportunities policy within human resource planning.[2]

i) Explain the practical steps that an organisation may take to ensure the effectiveness of its diversity and equal opportunities policy.[1]

2. Techniques for improving personal effectiveness at work and their benefits

a) Explain the purposes of personal development plans.[1]

b) Describe how a personal development plan should be formulated, implemented, monitored and reviewed by the individual.[1]

c) Explain the importance of effective time management.[1]

d) Describe the barriers to effective time management and how they may be overcome.[1]

e) Describe the role of information technology in improving personal effectiveness.[1]

f) Explain the purposes and processes of coaching, mentoring and counselling and their benefits.[1]

3. Features of effective communication

a) Define communications.[1]

b) Explain a simple communication model: sender, message, receiver, feedback, noise.[1]

c) Explain formal and informal communication and their importance in the workplace.[1]

d) Identify the consequences of ineffective communication.[1]

e) Describe the attributes of effective communication.[1]

f) Describe the barriers to effective communication and identify practical steps that may be taken to overcome them.[1]

g) Describe the main methods and patterns of communication.[1]

4. Training, development and learning in the maintenance and improvement of business performance

a) Explain the importance of learning in the workplace.[2]

b) Describe the learning process: Honey and Mumford, Kolb.[1]

c) Describe the role of the human resources department and individual managers in the learning process.[1]

d) Describe the training and development process: identifying needs, setting objectives, programme design, delivery and validation.[1]

e) Explain the terms 'training', 'development' and 'education' and the characteristics of each.[1]

f) List the benefits of effective training and development in the workplace.[1]

5. Review and appraisal of individual performance

a) Explain the importance of performance assessment.[1]

b) Explain how organisations assess the performance of human resources.[1]

c) Define performance appraisal and describe its purposes.[1]

d) Describe the performance appraisal process.[1]

e) Explain the benefits of effective appraisal.[2]

f) Identify the barriers to effective appraisal and how these may be overcome.[1]

g) Explain how the effectiveness of performance appraisal may be evaluated.[2]

READING LIST

ACCA's approved publishers:

BPP Professional Education
Contact number: +44(0)20 8740 2222
Website: www.bpp.com/acca

Kaplan Publishing Foulks Lynch
Contact number: +44(0)118 989 0629
Website: www.kaplanfoulkslynch.com

Additional reading:

Accountancy Tuition Centre (ATC) International
Contact number: +44(0)141 880 6469
Website: www.ptc-global.com