



# Transition guide

## P1 Management accounting

# Introduction

P1 covers cost accounting for decision and control, budgeting and budgetary control, short-term commercial decision-making, risk and uncertainty in the short term.

## **You will learn:**

Why costing is done and what it is used for, including appropriate costing methods and techniques and where digital costing might be used.

How budgets are prepared and implemented across the organisation, the impact these budgets have, and how techniques are applied to ensure sound short term decision making, against a backdrop of risk and uncertainty, by using appropriate risk management tools.

# Assessment method

We will continue to use Objective Tests for P1 and the assessment method remains unchanged.

The P1 Objective Test lasts 90 minutes. Before commencing the examination, you will be presented with a compulsory examination tutorial lasting 15 minutes; the purpose of the tutorial is to help you become familiar with the functionality of the test driver.

## Objective Test weightings

P1A	Cost accounting for decision and control	30%
P1B	Budgeting and budgetary control	25%
P1C	Short-term commercial decision making	30%
P1D	Risk and uncertainty in the short term	15%

# Comparison to the 2015 syllabus

## 2015 syllabus

P1: Management Accounting	
A	Cost accounting systems
B	Budgeting and budgetary control
C	Short-term decision-making
D	Dealing with uncertainty in the short term

## 2019 syllabus

P1: Management Accounting	
A	Cost of accounting for decision and control
B	Budgeting and budgetary control
C	Short-term commercial decision making
D	Risk and uncertainty in the short term

The approach has been modified in the new P1 to focus on digital issues

-  No longer in the syllabus
-  In the previous syllabus
-  New to the updated syllabus
-  Previous syllabus with digital focus

# Operational level examination blueprints

Each examination now has an examination blueprint. The goal of the blueprint is to demystify the examinations, to demonstrate, without ambiguity, what will be examinable for both Objective Test subjects and Case Studies. You are therefore better equipped to demonstrate the skills you have acquired.

The syllabus is the source document, and both Objective Test and Case Study blueprints are based on this.

The blueprints, which will be updated annually, provide clarity on the approach to be taken in each examination.

Illustrative example taken from the P1 examination blueprint

P1A: Cost accounting for Decision and Control		Skill level				Representative task statement
Lead outcome	Component outcome	Remembering and understanding	Application	Analysis	Evaluation	
1. Rationales for costing	a. Definition of costing	✓				Understand costing and the different reasons for calculating costs.
	b. Rationales for costing	✓				Understand the difference between financial accounting and cost accounting.
			✓			Identify inventory costs and period costs.
			✓			Understand how management accounting fits into and supports a business' operations.
			✓			Understand how the cost management and transformation model is designed to help businesses achieve and maintain cost-competitiveness.
			✓			Recognise how management accountants help make tactical business decisions.

The representative task statements make clear how the lead and component outcomes from the syllabus could be examined. You can download Operational level examination blueprints [here](#).

# Key differences between 2015 and 2019 syllabus

The following section is particularly useful for you if you have studied this subject under the 2015 syllabus but will be taking the examination under the 2019 syllabus (either first time or as a re-sitter).

Some 2015 syllabus areas will no longer be examinable and these are listed below.

The new topics that have been introduced to the 2019 syllabus, or have been updated to include a digital focus are also explained below. More detail on how these new and updated areas will be examined can be found in the examination blueprint for this examination. You can match the syllabus outcomes listed below to the representative task statements in the examination blueprint (please see example above.)

# Topics added to the 2019 P1 syllabus

No brand new areas have been introduced to the 2019 P1 syllabus. However, most syllabus areas have been modified to give a digital focus.

2019 syllabus learning outcome	Further details
P1A: Cost accounting for decision and control 3.e. Digital costing	Digital costing has been added as a costing method, specifically the features of digital costing and determining the potential differences and difficulties of costing digital products as compared to costing traditional products.
P1B: Budgeting and Budgetary Control 2.b. Apply costing concepts 2.d. Technologies available for improving budgets	Costing applied to digital cost objects  Technologies covers two areas – stress testing and big data analytics applied to budgeting.  The use of stress testing when preparing budgets has been added. The makes use of concepts, such as sensitivity analysis (already in P1), but focusses on how the output of computer or spreadsheet based planning models is used for the techniques.  Big data is considered from the view point of determining the potential data problems when estimating costs and revenue for budgeting purposes as well as evaluating the reliability of the data and any supporting assumptions.
P1C: Short-term commercial decision making 3.b Human dimensions of budgeting 3.d. Data and technology	This covers dysfunctional behaviour and ethical considerations in budgeting. This considers how data and technology are used to support decision-making via the analysis of product mix decisions. For example, using spreadsheets or visualization outputs to help with make or buy decisions, product mix decisions with constraints, discontinuation decisions or breakeven point calculations.

# Topics removed from the 2015 syllabus

Modern business concepts, including the 'role of quality costing and JIT' as well as 'environmental management accounting' are no longer examinable in P1.

## 2015 syllabus learning outcome

### P1A Cost Accounting Systems

The impact of JIT production on cost accounting and performance measurement systems.

The preparation of cost of quality reports including the classification of quality costs into prevention costs, appraisal costs, internal failure costs and external failure costs.

The use of quality costing as part of a TQM system.

The classification of environmental costs using the quality costing framework.

Linking environmental costs to activities and outputs and their implication for decision-making.

The difficulties in measuring environmental costs and their impact on the external environment.

The contribution of environmental costing to improved environmental and financial performance.

# Transition guidance

Our general transition advice is, wherever possible, you should aim to complete the level you are studying before transitioning to the CIMA 2019 syllabus examinations. Personalised transition guidance is provided on the CIMA website and can be found in our [interactive study planner](#). The advice changes depending on the number of subjects you have yet to complete in a specific level and the date you view the information.

## Gap learning material

There are certain circumstances under which you may benefit from additional learning material to address any knowledge gaps. For example:

- If you passed your Objective Test/s under the current CIMA 2015 syllabus but plan to take the relevant level Case Study under the CIMA 2019 syllabus.
- If you are studying for an Objective Test but plan to take that examination after 3 November 2019 under the CIMA 2019 syllabus.
- If you passed the Objective Tests for your current level some time ago and are concerned your knowledge may need refreshing.

You will be able to purchase gap learning materials for each subject after 1 August 2019. This material will be offered at a discounted price through [CIMAStudy.com](#). If you are studying with a tuition provider, they may well have their own specific arrangements for covering this content.



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