

Think Ahead



F5  
Performance  
Management



## Structure of the F5 exam

- Section A: 15 objective test questions (OT) worth 2 marks each
- Section B: 3 OT Case questions of 10 marks comprising of 5 x 2 mark OT questions
- Section C: 2 Constructed Response (CR) questions worth 20 marks each (expert marked)

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Explanation of new exam structure which was introduced in September 2016

## Section A

- Questions can come from any area of the syllabus
- Paper exam will all be MCQs
- Computer based exam will use MCQs but also a mix of other question types e.g.
  - Point and click
  - Multiple correct option
  - Fill in the blank
  - Matching
  - Pull down list

## Section B

- Each OT Case will cover an topic from one main area of the syllabus although it may bring in small parts from another area of the syllabus too
- Individual questions within the OT Case will be independent
- Mix of question types in CBE (same as in section A)
- Mix of calculations and narrative

## Section C

- Two Constructed Response questions
- Only expert marked part of the exam
- These questions will come from syllabus area B, C or D. There will be no more than one from each syllabus area
- A mix of numerical and discursive or just purely discursive

## Answering CRs in CBE – using a spreadsheet

Spreadsheet skills required are basic for F5:

- copying, pasting and simple formatting
- simple formulae: multiply, divide etc.
- Markers can see the formulae behind the cells but answers still need to be clear
- Encourages a neater layout for an answer
- Expect that some narrative might be required i.e. a conclusion at the end of the calculations

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### Comments:

Tasks required in F5 on spreadsheets are not expected to need complex layout or formulae. Basically taking existing management accounting calculations and just showing them on spreadsheet rather than a paper booklet e.g. recent questions have asked for limiting factor calculations, ratios, a rolling budget and variances.

Students are encouraged to use formulae as it is time saving and markers can see the actual spreadsheet created by the student during marking

Students should be prepared to have to type into a spreadsheet as sometimes this is set up to help students comment on the number they have just calculated whilst remaining on the same screen. This avoids having to move between screens.

## Example CR question using a spreadsheet from September 2016's exam: CSC Co


- Limiting factors question about a company operating in the health and fitness industry.
- Requirement: Assuming that CSC Co keeps to its agreement with Encompass Health, calculate the shortage of Betta, the resulting optimum production plan and the total profit for next month.
- Three elements to the requirement
- Easy to structure in a spreadsheet – initial table can be added to
- Opportunity to use simple formula and copy and paste

A walkthrough video of this question has been recorded by a tutor, using the CBE functionality. This video is available on the ACCA website.

## Answering CRs in CBE – using word processing

- Students can use the headings from their plan, and some of their bullet points, as a structure for their answer
- So far, marking has shown that students' answers for CBE questions on the word processing tool are better than on paper as students tend to be more succinct
- Seems to be less of a problem with students not answering the question set

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Students should jot down an answer plan (brief bullets) on the word processing tool and then use the plan as headings to structure their answer. This saves time and is much tidier.

Using word processing avoids disjointed answers . If a student remembers another point to make it can be added into their answer easily and neatly.

Evidence shows that students tend to get to the point quicker on CBE and so save time.



## Example CR question using word processing from September 2016's exam: Jungle Co


- Performance management question about a company operating in the household and electronic goods industry.
- Requirement: **Discuss** the financial and non-financial performance of Jungle Co for the year ending 31 August 20X6
- 7 marks available for calculations, 13 marks for discussion so explanation of calculations was key, supplemented with information from the scenario
- Scenario broken down into key activities which students should have used as the headings for their answer

Key to this question was DISCUSS. A lot of students calculated long lists of ratios which scored the 7 marks but made weak attempts at commentary. To score the marks for the discussion they should use the evidence in the scenario to back up the calculations.

## Other observations of performance

- Read requirements carefully, particularly objective test questions
- If a requirement gives specific instructions, follow them
- Use time effectively across all sections of the exam
- Answers to performance management questions need to be more than just 'this target has been met' – WHY?
- Variance analysis continues to be poorly done

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Close reading of requirements is essential especially on OTs, for example:

- in an ABC question it might ask for overhead cost per unit or total cost per unit. Students need to be careful.
- there might be guidance on rounding

In constructed response questions, requirements may give advice on how to structure your answer e.g. use the four perspectives of the balanced scorecard.

As mentioned with Jungle Co, performance management questions need to show understanding of what factors have driven the numbers.

As a point of note, students are still struggling with variance analysis which is disappointing, as it is introduced in earlier exams so there should already be fundamental knowledge.

## Resources for computer-based exams

- Learning providers should direct students to the resources that are available to help them on the ACCA's website:
  - Specimen exam
  - CR workspace
  - Extra CR practice questions
  - Past exam questions (S16/D16 full exams)
  - F5 video produced by ACCA
- Students need to make use of the time saving opportunities available to them on CBE

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Advise students to work through the specimen exam and past exam questions on the website.

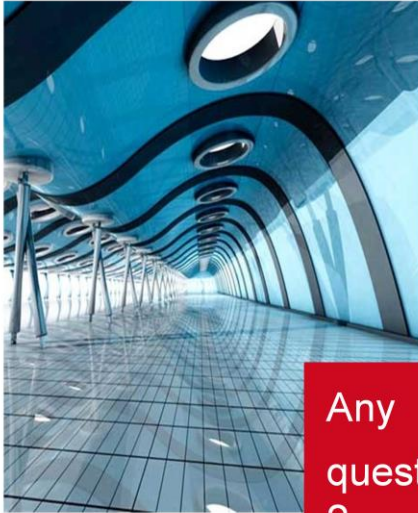
Advise them to use the CR workspace to answer F5 questions from Approved Content revision questions and answer banks so they become accustomed to the functionality

Watch the videos produced by ACCA; they are full of useful tips

## F5 in the future

- Students will be expected to analyse information using spreadsheets
- Need to show understanding and give constructive advice
- Reflective of the real world in which systems calculate a lot of the numbers and the accountant acts more in an advisory capacity

We will expect students to continue to analyse performance and draw conclusions and offer advice. This is the cornerstone of modern management accounting. It is an essential skill for stepping up to Advanced Performance Management.



Any  
questions  
?

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