

Think Ahead

ACCA

P5
Advanced
Performance
Management

Advice to future candidates

- Knowledge -> Application -> Evaluation
- Answering the question
- Level of answer expected
- Learning the syllabus
- Other issues

This is an outline of what will be covered in the presentation.

Evaluation follows Application which builds on Knowledge

Work towards evaluation

- Knowledge will usually only score about 30% of marks
- Application will be in the context of the scenario
- 'Evaluate' at P5 – means more than 'calculate'

P5 Advanced Performance Management requires all three – Knowledge, Application and Evaluation.

Knowledge – candidates do need to know the syllabus but repeating information from text books will only score about 30% of the marks.

Application – candidates should ensure their points make sense in the context of the scenario presented. Management accounting is context driven.

Evaluation – this is highest level of verb and as such it means more than just calculate. Candidates should be prepared to ask 'What is your opinion of?', 'Do you agree with the outcomes/action?', 'What would you recommend?', 'How would you justify your recommendation?'

Answering the question

- 'Evaluate'
 - A method or system
 - A performance report
- 'justified recommendations'
- 'as required by the CEO'
- Instructions in scenario
- If the requirement says use a set of data, then use it!

Evaluation often focuses on performance methods or systems or even the performance report of a company. (Note: this is not the 'performance' of the company but rather the report it used to communicate how it is doing).

Questions often ask for justified recommendations which means a recommendation needs to be supported with appropriate evidence.

Often the instructions on how to answer the question are in the scenario so read it carefully. If a requirement says 'as required by the CEO' then go to the scenario and look at what the CEO is asking for.

If a requirement asks for the use of a set of data e.g. 'Using the benchmarking information in Appendix 1.....' then it is expected that it will be used in the answer.

Level of answer expected

- Use a logical approach
- Defining technical terms – don't expect to pass on this
- Use of supporting evidence – from the scenario!
- Just because it has appeared in the answer to another question, doesn't mean it's right (be critical)
- Calculations (yes please!)

Think about the structure of P5 answers.

It is useful to start with a definition of any technical terms from the requirement but keep this brief. Candidates should not regurgitate lots of theory as this won't score a pass.

Support points with evidence from the scenario; this will ensure the advice is appropriate for the company in the question.

They should not be afraid to be critical – just because something is new or being introduced doesn't necessarily mean it is right for the company in the scenario. In addition just because something may have been correct in a previous question, don't automatically assume it would be correct in every question. Remember, as stated before, management accounting is context driven

Support arguments with calculations if needed. This would be expected of a management accountant. For example in Q1 M17 Dargeboard Services there was a requirement to evaluate the performance measures of the company. One such measure was organic revenue growth which included revenue from acquisitions but very few candidates did a very simple calculation to show

what the figure would have been if revenue from acquisitions was not included.

Knowledge – learning the syllabus

- ✓ Areas done well
 - ✓ EVA
 - ✓ Quality systems esp. JIT
 - ✓ Models from Section E of syllabus

Candidates still perform generally quite well on these areas.

Knowledge – learning the syllabus

- Areas done poorly
 - Confused terms
 - Other specific issues
 - Learn the jargon/theory

Candidates often confuse terms – profit and cash; ABM and VBM so be careful

Still seems to be fundamental problems with calculating basic ratios like ROCE. This was deliberately asked for in Q1 S16 Monza as it had been an issue the examining team had been seeing for some time.

Too much focus on learning jargon, theory and not enough on application

Summary

Areas for improvement:

- Study the whole syllabus
- Answer the requirement
- Logical answers – use the general objectives
- Support opinions with evidence ('justify')

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Advice to give your students:

Questions in P5 draw from a variety of areas so question spotting is dangerous

Focus on what the requirement is asking for. Re-read the requirement several times during the composition of your answer to ensure you are staying on track

If you are evaluating a method, system or report look at the organisation's mission and objectives. This should be the clear starting point as to whether this method, system or report is appropriate for the organisation in the scenario.

Support your points – think about 'What is my point and why is it relevant here?'



Let's now look at how this exam will change in the new Strategic Professional, examinable from September 2018.

Strategic Professional – changes from 2018

- New exam structure - Section A (1 x 50 mark case study)
 - Section B (2 x 25 mark questions)
- New exam guidance - Section A (syllabus areas A,C,D)
 - Section B (1 question from E, 1 question from any area of the syllabus)
- New syllabus
- New specimen exam

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New exam structure - all compulsory

New exam guidance – as above but note that the Balanced Scorecard appears in A and E and the Building Blocks appear in D and E. This means that these two models could appear in Section A also.

The new syllabus and a specimen exam in the new format are available on the microsite.



Any
questions?

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