

## **Exam Approach Interview: P5 Advanced Performance Management**

**Interviewer:** Welcome to the P5 Examiner's Approach interview.

The following is an Examiner's Approach interview for Paper P5,  
*Advanced Performance Management*.

The content of this interview has been prepared by the examiner, working with the Qualifications team at ACCA, and is presented by actors representing an interviewer and the examiner in discussion. For more detail on the examiner's approach, please see the article produced by the examiner in the August 2010 edition of *student accountant*.

The P5 examiner is Alex Watt. Alex has many years of lecturing experience within Europe and Asia. He has lectured accountancy students in both public sector and private sector organisations within the UK and continues to do so.

Alex has also worked as an examiner for other accountancy institutions and has written tuition materials in areas of management accounting, business strategy, business information management and advanced financial management. He has worked

in audit, insolvency and as a finance director of a number of different companies within different industrial sectors.

**Interviewer:** I suppose it would be most appropriate to start off by asking where P5 fits within the overall structure of the ACCA Qualification.

**Examiner:** The Professional Level of the ACCA qualification syllabus is divided into two modules – Essentials and Options, with Essentials coming before Options. Both these modules have been set at an intellectual level equivalent to that expected of a student taking a Masters degree.

The focus of the syllabus at the Professional level is to build upon the technical skills already acquired, and to explore more advanced professional techniques, skills and values which are required by the expert accountant acting in an advisory or consultancy role at a senior level.

Studying P5 as an Options paper will allow the student to develop their expertise in this area, drawing upon knowledge obtained from studying the underpinning papers in the Skills modules. An example of such expertise would be the ability to apply appropriate strategic performance measurement techniques in the evaluation and improvement of a specific organisation's performance.

**Interviewer:** From what you have just said, P5 is connected to other papers within the ACCA Qualification. What are the links with other papers, or with other components?

**Examiner:** The introductory paper for the management accounting and performance management group of ACCA papers is F2. This is where many of the fundamental principles and techniques of management accounting are introduced. P5, however, builds mainly on F5, *Performance Management*. F5 tests the candidate's ability in application and analysis of core management accounting techniques. P5 develops key aspects introduced at the F5 level with a focus more on the synthesis and evaluation of the key topics and techniques. It will also introduce more specialised techniques and current issues in performance management. Therefore, students are expected to have a thorough understanding of the F5 syllabus before they choose the P5 options paper.

In addition, P5 has a relationship with P3, *Business Analysis*, in the areas of strategic planning and control and some strategic performance measurement issues. However, P5 will examine these from an internal management perspective rather.

However, the knowledge and capabilities acquired in P5 will be applied, in context, within the practical experience requirements. The relevant Performance Objectives for this paper are Performance Objectives 12, 13 and 14.

**Interviewer:** What is the overall concept or theme for P5 as a paper?

**Examiner:** P5 is a paper which aims to improve students' understanding of performance management – a subject which touches on all management activity in today's business organisations.

P5 is based primarily on the idea that organisational performance can be examined from a number of different perspectives (financial and non-financial). It is concerned, therefore, with the evaluation of the strategic performance of organisations and the need for organisations to be able to select an appropriate performance management system from among the many possible combinations allowing performance to be planned, controlled and evaluated.

The following quote sums up this idea: "It is no use saying 'we are doing our best.' You have to succeed in doing what is necessary."

This quote explains that endeavour alone will not lead to good organisational performance. Improving organisational performance is about doing the right things at the right time.

**Interviewer:** Are there any other broad themes which run through the P5 syllabus?

**Examiner:** Yes. P5 is essentially based on the premise that organisational performance can be examined from a number of different perspectives.

Perspective 1 looks at the role of strategic planning and control in the planning and monitoring of organisational performance.

Perspective 2 concerns the key external influences on organisational performance such as relevant macroeconomic, fiscal and market factors.

Perspective 3 covers the business systems that will deliver the performance management information.

Perspective 4 develops the measurement techniques used in strategic performance management.

Perspective 5 looks at the evaluation of business performance strategically.

Perspective 6 covers the need to update systems in the light of current developments in management accounting and performance management.

**Interviewer:** The syllabus for P5 is structured into six main sections. Can you briefly explain the main content of these syllabus sections?

**Examiner:** The first syllabus section (Section A) introduces strategic planning and control, and the role of strategic management accounting. This section emphasises the need to take a holistic view of the factors affecting the business and to consider them when giving strategic advice on performance. Good candidates at P5 often distinguish themselves by being able to synthesise disparate detailed points into an overall, strategic approach for an organisation.

Section B explores the economic, fiscal and environmental factors that impact on corporate performance. This section addresses factors external to the business and signifies an additional area compared to the lower level papers where the focus was more on the internal factors associated with traditional management accounting. At P5, there will be a need to consider the information needs of the strategic level of management as well as the operational and tactical levels.

Performance measurement systems and their design are covered in the next section – Section C – which leads straight into strategic performance measurement in Section D. This includes performance issues in complex corporate structures, as opposed to the more straightforward situations as would normally be examined in F5, *Performance Management*.

The next section, Section E, introduces performance evaluation and the ability to predict corporate failure. This fifth section takes this information produced in section D and seeks to turn it into commercially valuable advice for strategic decision makers. This section also requires the student to be able to recognise and advise on situations where the organisation is in danger of failing.

And lastly, Section F deals with emerging issues in management accounting and performance management.

**Interviewer:** Thank you for explaining the main content of the syllabus for us.  
What can you tell us about how the exam itself is structured?

**Examiner:** As with all papers at the Professional level, the writing time for this exam is three hours. All ACCA three hour papers have been allocated an additional 15 minutes reading and planning time, within which students can read the paper, understand the

requirements and choose which questions to answer. An article explaining how this time should be productively used has been published in the *student accountant* magazine in the August 2007 edition which can be seen on the website.

**Interviewer:** What exactly can students do in reading and planning time?

**Examiner:** They can make notes and plan answers. This may **only** be done on the question paper and **not** on the answer booklet. The answer booklet cannot be used until the exam begins.

**Interviewer:** What kind of questions will appear in the exam and is there any choice?

**Examiner:** As can be seen here, the exam is divided into two sections, A and B.

Section A will comprise two compulsory questions worth between 50 and 70 marks. A maximum of 40 marks will be available for either question in Section A. Since Section A is compulsory it is expected that candidates will not only attempt it in the examination, but will also allocate the appropriate amount of time. The two questions in Section A may or may not be based upon the



same scenario. They may typically assess capabilities from several sections.

Section B contains three 15-25 mark questions which are much shorter scenarios. At least one of the questions in Section B will be entirely discursive in nature.

For more information about the exam itself and how it is structured, there are past exam papers and my own example question available on the ACCA website.

**Interviewer:** How should students deal with a requirement that asks the candidate to do something AND something else?

**Examiner:** Because some questions may ask the candidate to do something 'and' something else, the candidate may have to use judgement to decide how much effort to devote to each aspect. This will be based on the difficulty of different cognitive levels, for example 'describe' is usually easier than 'assess'. However, markers will be asked to exercise quite a lot of flexibility in awarding marks in this situation.

**Interviewer:** What are professional marks?

**Examiner:** A key factor in managing and improving performance is communication within the organisation. As the accountant often sits at the centre of information gathering and processing, the ability to present information in a relevant, helpful and professional manner is a core skill. Therefore, between 4 and 6 professional marks will be awarded within Section A for the form and tone of an answer, for its structure and for the strength and persuasiveness of arguments put forward. Efficient examination preparation will involve the identification of appropriate formats and structures to use in answering questions and practising writing answers in order to improve clarity. The effective use of appropriate introductions, conclusions and helpfully breaking the document into properly headed subsections will help to demonstrate a professional approach. Additionally, there is an article explaining how the professional marks are awarded which was published in the October 2007 edition of *student accountant*.

**Interviewer:** What advice would you give about revising effectively for, and passing, P5?

**Examiner:** I would recommend that the key strategy to adopt in the revision phase is to closely revise from the relevant Official Study Text, supplemented by references to the texts cited as additional reading in the P5 study guide.

This strategy must, however, be supported by practising questions in the main areas of the syllabus from past P5 papers.

Additionally, all of the questions from the previous syllabus paper 3.3 'Performance Management' are relevant to P5, and of course close attention should be paid to the P5 pilot paper and my own sample question.

**Interviewer:** What would your three main exam tips be?

**Examiner:** My first tip is to make full use of the time allotted. During the allocated reading time students should decide which questions will be attempted and also the order in which the selected questions will be attempted. Students should aim to do their best question first and their worst question last.

My second tip is to advise students to read the questions **very** carefully. When asked to comment in relation to a given scenario, it is vitally important that information in the scenario contained within a question is used as much as possible to illustrate an answer. The markers are instructed to only give credit for answers that are correct **and** relevant to the question asked.

My third tip is to quantify your answer where possible from the data given in the question. Students should be constantly on the lookout for ways to make their numbers more understandable, for example, by comparing it to increased activity of the business or to competitor performance. The implications of the information should be considered from the business managers' perspective not just the finance professionals'. Therefore, commenting on trends or reasons for trends should be an opportunity to demonstrate that the candidate has absorbed the scenario information and can combine it with general business awareness to provide useful advice for the business' managers.

**Interviewer:** What do you believe to be the main potential pitfalls in preparing for and taking the P5 exam?

**Examiner:** The main pitfalls I have seen students fall into are the following:

The first pitfall is a general lack of preparedness for the exam by many students. Students should try to ensure that they have adequate knowledge of all syllabus areas and are prepared to deal with a mix of computational and discursive requirements. 'Question spotting' should be avoided at all costs!

The second main pitfall lies in the fact that a significant number of students produce workings which are difficult to follow and display their answers poorly. This is particularly noticeable in answers to long computational questions for example part (ii) of Question 1 in the June 2010 examination. The need for students to give more thought to the layout and organisation of their answers is of paramount importance. This is especially the case now that 'professional marks' might be awarded for well-presented answers.

The third main pitfall is taking a scattergun approach to answering certain questions and write what they know about a particular topic area as opposed to observing the specific requirements of a question. Markers regularly comment on lengthy technically correct answers that fail to score highly as they do not answer the question.

**Interviewer:** It is clearly important to follow the above tips and avoid any common pitfalls in exam revision and performance. What further information about student performance would you give which might help students prepare for exams?

**Examiner:** After each examination session, all ACCA examiners are required to produce an exam report. These reports highlight key issues arising in the last exam and focus on where students performed particularly well or badly. These are published in February and August and can be found under paper resources for each paper which can be accessed through the website. It will be helpful for any student who has attempted some of the past paper questions to read the examiner's comments so that they can check whether they are falling into common problems or are following a good approach.

In addition, after each exam session has been completed, the exam review board meets. This is a board consisting of ACCA internal Education staff and six representative members of the approved learning partner community. Minutes from this board summarise the comments made by tuition provider representatives, report survey results about the exams from student questionnaires and detail the responses. Again, the minutes from the exam review board are available on the website.

**Interviewer:** And finally, what would be your concluding advice about the P5 examination paper?

**Examiner:** Firstly, students must always read the question as carefully as they can; identifying clearly the instructional verbs contained within each requirement.

Second, it is important to properly understand the requirements, assessing how much the examiner is really looking for in each question part. Students should also be fully aware of the marks available for each requirement and allocate their time accordingly.

And finally, do not forget that answers given should relate to the question actually asked, not the one that a candidate would have liked to answer! Use the information in the scenario to support your points so that you are addressing the concerns of that organisation.

**Interviewer:** Thank you very much for sharing your insight into this exam paper. I'm sure it has given students and tutors lots of useful information.

**Examiner:** Thank you.