

Advanced Performance Management

Sample Exam – December 2021

Get to know your exam

These graphical representations are intended to give an indication of exam requirements and associated question content.

Please note that you will not be able to complete answers within these documents and in isolation they will not sufficiently prepare you for your exam.

We encourage you to visit the ACCA Practice Platform in order to attempt up to date practice exams within the computer-based exam environment.

Instruction screens

APM September/December 2021 exam (21/22 syllabus)

Instructions (1 of 4)

The instructions displayed below are representative of those displayed in the live exam. Where there are differences between this past content exam and the live exam these are explained.

General Instructions

- In this exam, the instruction screens are not timed however in the live exam they will be available for a maximum of 10 minutes prior to the exam starting.
- In the live exam, the stated exam time will automatically start once the 10 minute period has passed (or earlier if you choose to start the exam within the 10 minute period).
- A copy of the instruction screens can be accessed at any time during the exam by selecting the Help button provided.

The Workspace

- Your exam consists of a number of questions. Each question is presented in a workspace. Each workspace will include:
 - Introductory information for the question.
 - Exhibits – these contain the question scenario content broken down into sections or sources of information you will need to answer the question requirement(s).
 - Requirements – these list the requirement(s) you are expected to answer in the workspace.
 - Response Options – you may be presented with one or more word processor and/or spreadsheet response options within which to construct your answer.
- When selected, the exhibits, requirements and response options will display in windows, which can be moved and resized as required.
- You can close each window individually or close all windows at once by selecting  **Close All** on the top toolbar. This minimises the open windows to the left-hand side of the screen. Note that any answers you have entered into the response options will be saved and you can re-open them and change your answers at any time.
- There is a splitter bar which you can move to see more or less of the left or right hand side of the screen as required.
- You can highlight or strikethrough text in the introductory information, PDF exhibits or requirements by selecting  **Highlight** or  **Strikethrough**.
- You can copy and paste between exhibits, requirements and response options by using the Ctrl-C (Copy) and Ctrl-V (Paste) shortcuts.

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Instruction screens (continued)

APM September/December 2021 exam (21/22 syllabus)

Instructions (2 of 4)

Navigation

- The question number you are viewing is displayed in the top display bar. You can hide or restore this display by selecting .
- You can navigate between screens by selecting  **Next** or  **Previous** or by clicking on a question number from the Navigator or Item Review screens.
- You can revisit questions and change your answers at any time during the exam.

Flag for Review

- If you wish to revisit/review a question later in the exam, click  **Flag for Review**.
- Click the button again to remove the flag.

Help

- Click the **Help** button provided to access:
 - A copy of these exam instructions.
 - Help and guidance on workspaces.
 - Formulae sheets/tax tables if your exam requires these. Note that the name of the Help button will indicate if formulae sheets/tax tables are available i.e.  **Help**,  **Help/Formulae Sheet** or  **Help/Tax Tables**

Calculator

- You have the option to use the on-screen standard or scientific calculators by selecting  **Calculator**.
- Note that in the live exam you are also permitted to use your own calculator providing it does not have the facility to store or display text.

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Instruction screens (continued)

APM September/December 2021 exam (21/22 syllabus)

Instructions (3 of 4)

Workings/Scratch Pad

- You may use an on-screen Scratch Pad to make notes/workings by selecting  **Scratch Pad**
- You can cut and copy text from the Scratch Pad and paste into your response options either by using the Ctrl-C (Copy), Ctrl-X (Cut) and Ctrl-V (Paste) shortcuts, or the on-screen buttons.
- The Scratch Pad retains all notes/workings entered for all workspaces and these are available for the duration of the exam. They will not be submitted for marking after your live exam.
- You will also be provided with paper for notes/workings for your live exam, should you prefer to use it. This will not be submitted for marking. It will be collected at the end of the exam and must not be removed from the exam room.
- **Important:**
 - The notes/workings entered onto the Scratch Pad or your workings paper during the live exam will not be marked.
 - If you want the marker to see any notes/workings for question requirements in the live exam you must show them within the relevant response options.

Symbol

- You can add a selection of currency symbols to your answers by selecting  **Symbol** on the top toolbar.

Navigator Screen

- Navigator can be accessed at any time during the exam by selecting  **Navigator**.
- This screen allows you to jump to any question number in the exam.
- It also allows you to see the status of each question and whether it has been viewed, attempted or flagged for review.

Instruction screens (continued)

APM September/December 2021 exam (21/22 syllabus)

Instructions (4 of 4)

Reviewing the Exam

- You can review this exam once you have attempted any, or all, of the questions.
- To do this:
 - Navigate to the **last question** in the exam.
 - Click **Next →**.
- This takes you to the Item Review screen.

Item Review Screen

- This screen gives you a final opportunity to see the flag and attempted status of each question and to review your answers before you exit the exam.
- You can select individual questions you wish to revisit, or quickly access groups of questions from the Item Review screen.
- During the item review period Navigator is not available however you can navigate to questions by selecting **Next →**, **← Previous** or **→ Review Screen**.
- When reviewing questions you can change your answers and click **→ Review Screen** to view any updated status on the Item Review screen.

Ending the Exam

- Once you have completed your item review and wish to finally end the exam click **End Exam** from the Item Review Screen.
- Once you end the exam, you cannot revisit any questions. Your answers will then be available for marking and review.

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Exam summary screen

Advanced Performance Management (APM) Specimen – from September 2022 onwards

Exam Summary

Time allowed: 3 hours 15 minutes.

This exam is divided into two sections:

Section A

- One question worth 50 marks.
- 50 marks in total.

Section B

- Two questions, each worth 25 marks.
- 50 marks in total.

All questions are compulsory.

Select **Next** to start your exam.

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Exam questions

Section A – summary screen

APM September/December 2021 exam (21/22 syllabus) Flag for Review

Section A

This section of the exam contains **one question**.

This question is worth **50 marks** and is compulsory.

This exam section is worth **50 marks** in total.

Important:

In your live exam, you should:

- Indicate which requirement each of your responses relate to so that this is clear for markers.
- Show all notes/workings that you want the marker to see within your responses. Remember, any notes/workings made on the Scratch Pad or on your workings paper will not be marked.

Select **Next** to continue.

Navigator Next →

Section A – question 1

APM September/December 2021 exam (21/22 syllabus) 1 of 3

Symbol Highlight Strikethrough Calculator Scratch Pad Close All Flag for Review

Exhibits

- 1. Company information
- 2. Performance reporting: quantitative
- 3. Performance reporting: narrative
- 4. Operational gearing and cost structure
- 5. What gets measured, gets done
- 6. Appendix 1
- 7. Appendix 2

Requirements

- Requirements (50 marks)

Response Options

- Word Processor
- Spreadsheet

The following **exhibits**, available on the left-hand side of the screen, provide information relevant to the question:

1. Company information – industry information and mission for the company: Freuchie Retail (Freuchie).
2. Performance reporting: quantitative – details of the chief executive officer's (CEO) request to review the current performance report starting with the quantitative elements.
3. Performance reporting: narrative – further details about work on the narrative aspects of the current performance report, to build on the review already requested by the CEO.
4. Operational gearing and cost structures – an explanation of the work to be prepared on operational gearing and its implications for Freuchie.
5. What gets measured, gets done – instructions from the CEO for an assessment of this quote.
6. Appendix 1 – the current Performance Report of Freuchie.
7. Appendix 2 – additional data supplied for Freuchie.

This information should be used to answer the question **requirements** within your chosen **response option(s)**.

[Help/Formulae Sheet](#) [← Previous](#) [Navigator](#) [Next →](#)

Requirements

④ Requirements (50 marks)



It is now 1 September 20X5.

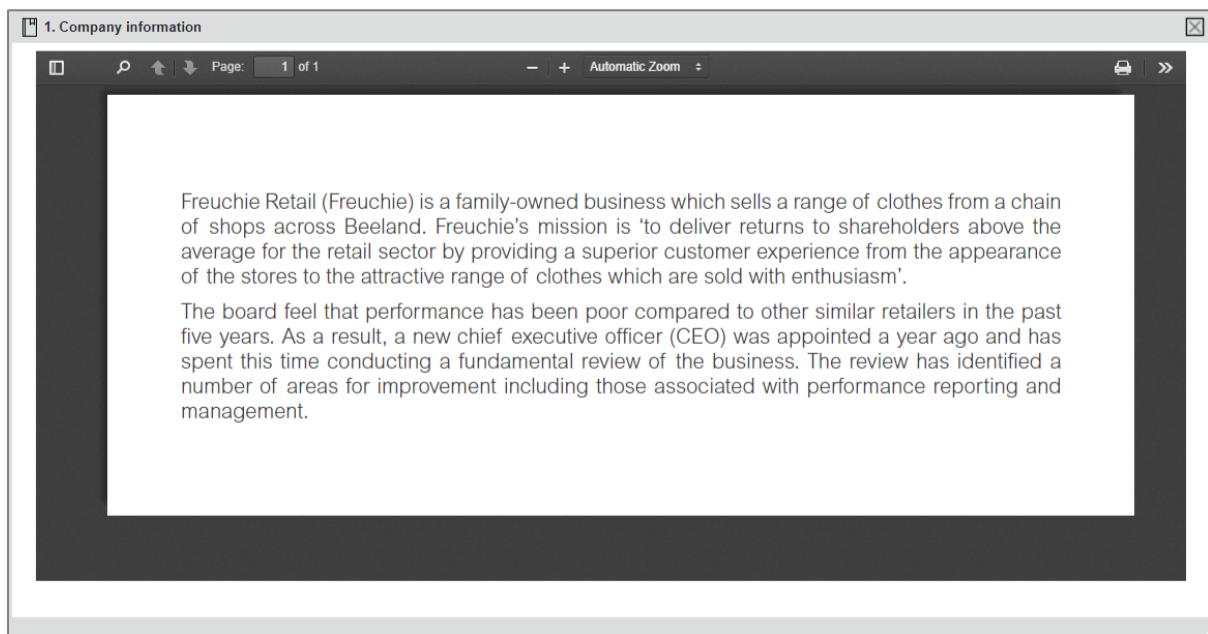
Write a report to the chief executive officer (CEO) of Freuchie to respond to his instructions for work on the following areas:

- (i) Current performance reporting: quantitative; (18 marks)
- (ii) Current performance reporting: narrative; (10 marks)
- (iii) The calculation of operational gearing and its implications; (8 marks)
- (iv) The quote 'What gets measured, gets done'. (10 marks)

Professional marks will be awarded for the format, style and structure of the discussion of your answer.

(4 marks)

Exhibit 1

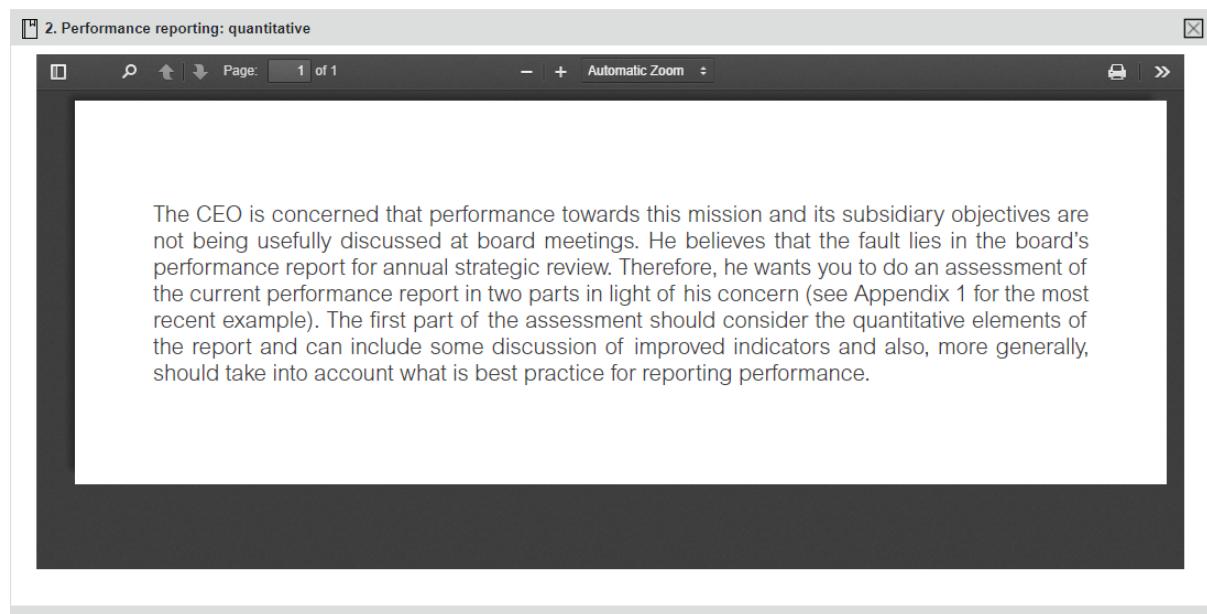


1. Company information

Freuchie Retail (Freuchie) is a family-owned business which sells a range of clothes from a chain of shops across Beeland. Freuchie's mission is 'to deliver returns to shareholders above the average for the retail sector by providing a superior customer experience from the appearance of the stores to the attractive range of clothes which are sold with enthusiasm'.

The board feel that performance has been poor compared to other similar retailers in the past five years. As a result, a new chief executive officer (CEO) was appointed a year ago and has spent this time conducting a fundamental review of the business. The review has identified a number of areas for improvement including those associated with performance reporting and management.

Exhibit 2



2. Performance reporting: quantitative

The CEO is concerned that performance towards this mission and its subsidiary objectives are not being usefully discussed at board meetings. He believes that the fault lies in the board's performance report for annual strategic review. Therefore, he wants you to do an assessment of the current performance report in two parts in light of his concern (see Appendix 1 for the most recent example). The first part of the assessment should consider the quantitative elements of the report and can include some discussion of improved indicators and also, more generally, should take into account what is best practice for reporting performance.

Exhibit 3

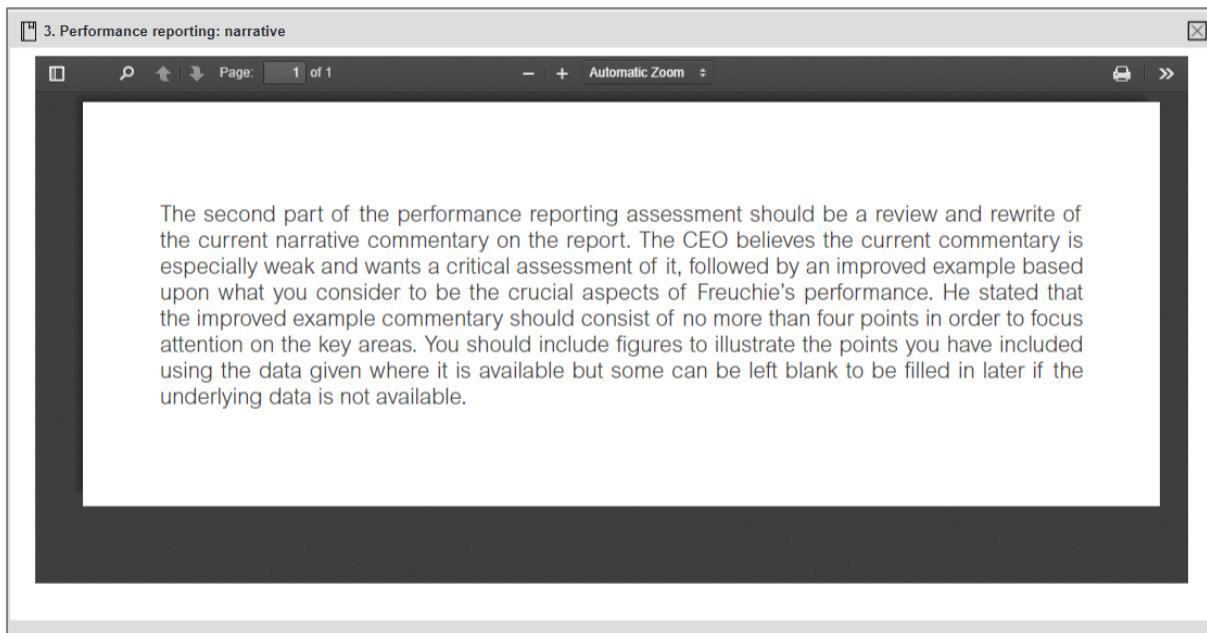


Exhibit 4

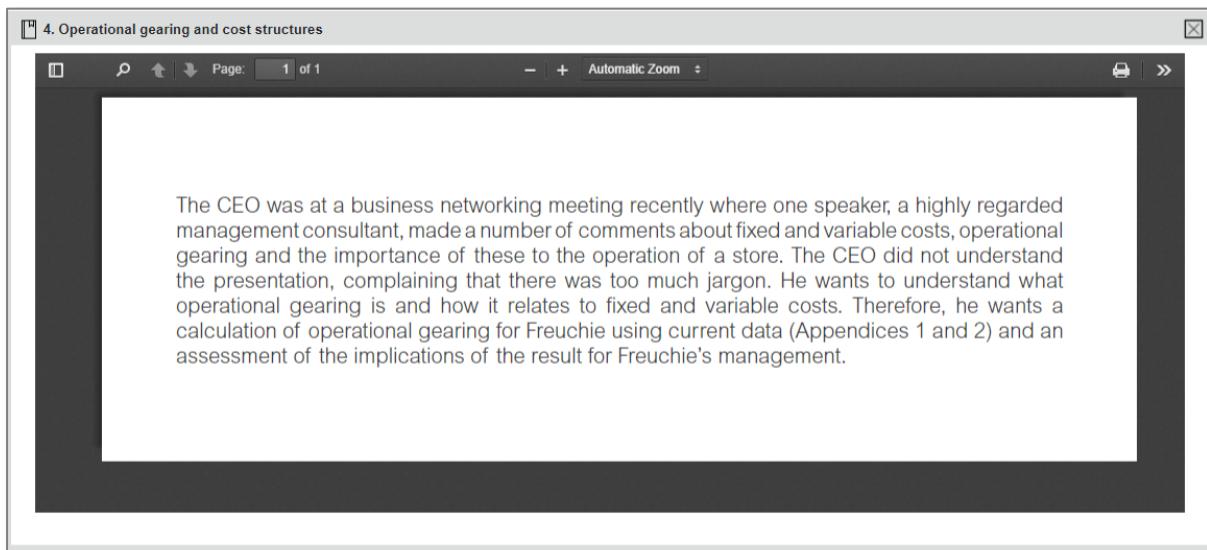
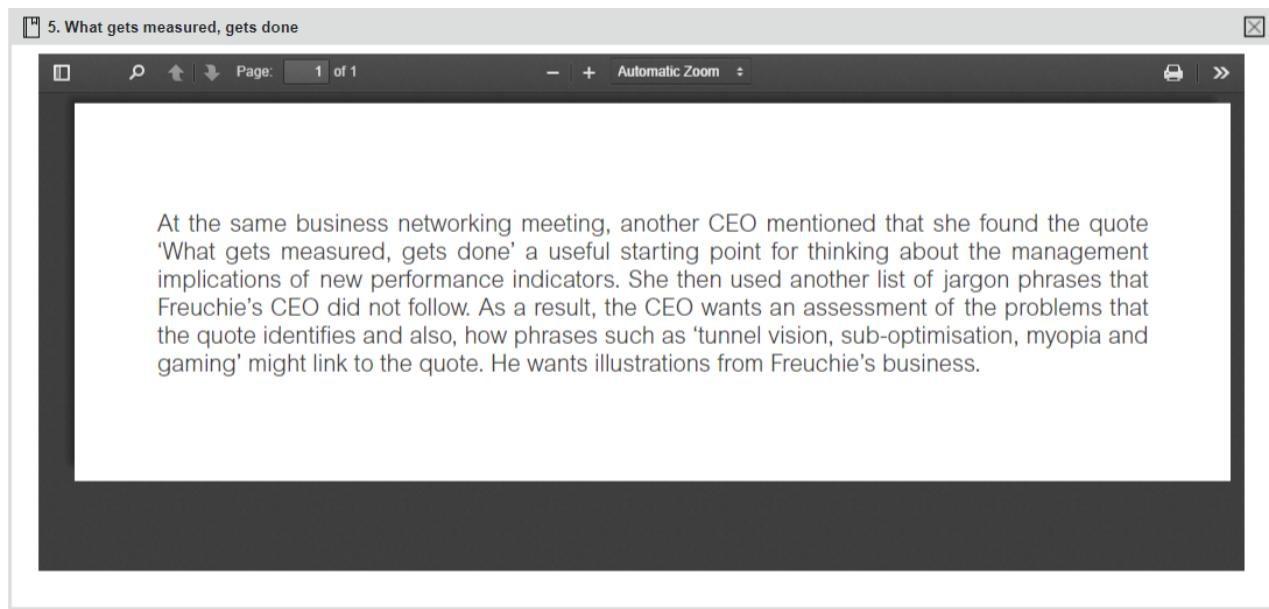


Exhibit 5



5. What gets measured, gets done

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Automatic Zoom

At the same business networking meeting, another CEO mentioned that she found the quote 'What gets measured, gets done' a useful starting point for thinking about the management implications of new performance indicators. She then used another list of jargon phrases that Freuchie's CEO did not follow. As a result, the CEO wants an assessment of the problems that the quote identifies and also, how phrases such as 'tunnel vision, sub-optimisation, myopia and gaming' might link to the quote. He wants illustrations from Freuchie's business.

Exhibit 6

6. Appendix 1

Format

100%

A1

1 Freuchie Retail: Strategic Performance Report

2 Year to 30 Jun 20X5

	A	B	C	D	E	F	G	H	I
3				Budget	Actual	Actual	Costs and profit as a % of revenue	Change on previous year	
4				20X5	20X5	20X4			
5				\$m	\$m	\$m			
6	Revenue			641	638.1	577.7		10.50%	
7	Cost of Sales			380.5	378.9	342.1			
8									
9	Gross Profit			260.5	259.2	235.6	40.60%	10.00%	
10									
11	Staff costs			136.2	135.8	123.1	21.30%	10.30%	
12									
13	Other operating costs								
14	Rent and property costs			71	71	63.4			
15	Marketing			34	34	34	5.30%	0.00%	
16	Head office costs			11.9	11.7	11.9			
17	Total			116.9	116.7	109.3	18.30%	6.80%	
18									
19	Operating Profit			1.4000000	0.0999999	3.2	1.00%	109.40%	
20	Finance costs			4.9	4.9	4.8			
21	Group profit before tax			2.0000000	1.0999999	-1.6	0.30%		
22	Tax			0.5	0.4	-0.3			
23	Group profit after tax			2.0000000	1.0999999	-1.3	0.20%		
24									
25	Other data:								
26	Number of employees			5,103	4,607		10.80%		
27	Dividend per share (\$)			0.51	0.51		0.00%		
28	Inventory obsolescence/loss write-downs (\$m)			13.1	12.7		3.10%		
29	Number of stores			42	38		10.50%		
30									
31	Commentary:								
32	- Overall performance is satisfactory as the business has maintained its dividend.								
33	- Revenue is up by 10.5% on the previous period.								
34	- Gross margin has held at about 41%.								
35	- Inventory write-downs were in line with the increased stock held at the stores.								
36									
37									

Exhibit 7

7. Appendix 2

Edit Format

100% 11 B I U A 0.00 % 1/2

A1	A	B	C	D	E	F	G
1	Freuchie - additional data						
2							
3	Cost of sales includes:						
4		Budget	Actual	Actual			
5		20X5	20X5	20X4			
6		\$m	\$m	\$m			
7	Insurance		18.2	18.2	16.2		
8	Utilities		12	11.9	10.8		
9	Depreciation		17	17	15.3		
10	Total		47.2	47.1	42.3		
11							
12	Staff costs:						
13	The employees are all paid an annual salary as a fixed sum stated in their						
14	contract, except for a bonus pool of 1% of revenue which is divided up						
15	between the sales staff who exceed their target revenue.						

Section B – summary screen

APM September/December 2021 exam (21/22 syllabus)

Flag for Review

Section B

This section of the exam contains **two questions**.

Each question is worth **25 marks** and is compulsory.

This exam section is worth **50 marks** in total.

Important:

In your live exam, you should:

- Indicate which requirement each of your responses relate to so that this is clear for markers.
- Show all notes/workings that you want the marker to see within your responses. Remember, any notes/workings made on the Scratch Pad or on your workings paper will not be marked.

Select **Next** to continue.

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Section B – question 1

APM September/December 2021 exam (21/22 syllabus) 2 of 3

S Symbol **Highlight** **Strikethrough** **Calculator** **Scratch Pad** Close All Flag for Review

Exhibits

- 1. Company information
- 2. Kayland manufacturing plant
- 3. Environmental impact of Chemical K
- 4. Environmental management accounting
- 5. Appendix 1

Requirements

- Requirements (25 marks)

Response Options

- Word Processor

The following **exhibits**, available on the left-hand side of the screen, provide information relevant to the question:

1. Company information – the background, main objective and product range of the company: Sgoltaire.
2. Kayland manufacturing plant – details of a proposal to build a new manufacturing plant overseas in Kayland, to produce Chemical K.
3. Environmental impact of Chemical K – information relating to the impact that the production of Chemical K will have on the environment.
4. Environmental management accounting – details of work required on how environmental management accounting (EMA) may be used to improve business performance.
5. Appendix 1 – the present value (PV) of the costs to decommission and clean up the site used for manufacturing Chemical K.

This information should be used to answer the question **requirements** within the **response option** provided.

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Requirements

④ Requirements (25 marks) <input type="button" value="Open"/>	<input type="button" value="X"/>
It is now 1 September 20X5.	
(a) Advise the board on how ethical issues may affect the decision to manufacture in Kayland.	
(10 marks)	
(b) Advise the board on how EMA will help Sgoltaire in the four areas identified.	
(15 marks)	

Exhibit 1

1. Company information

Page: 1 of 1 Automatic Zoom

Sgoltaire is a large company listed on the Jayland stock exchange. Its main objective is to maximise the long-term wealth of its shareholders. The largest shareholder is a pension fund which only invests in companies which behave ethically towards their stakeholders and the environment. All companies listed in Jayland must produce an annual corporate sustainability report (CSR).

Sgoltaire manufactures a diverse range of chemicals, ranging from those for use in industrial processes to household detergents and cleaning products. Sgoltaire is a well-known and trusted brand in Jayland. Many of its household products command premium prices because they use ingredients and manufacturing processes which cause less harm to the environment than those of competitors.

Exhibit 2

2. Kayland manufacturing plant

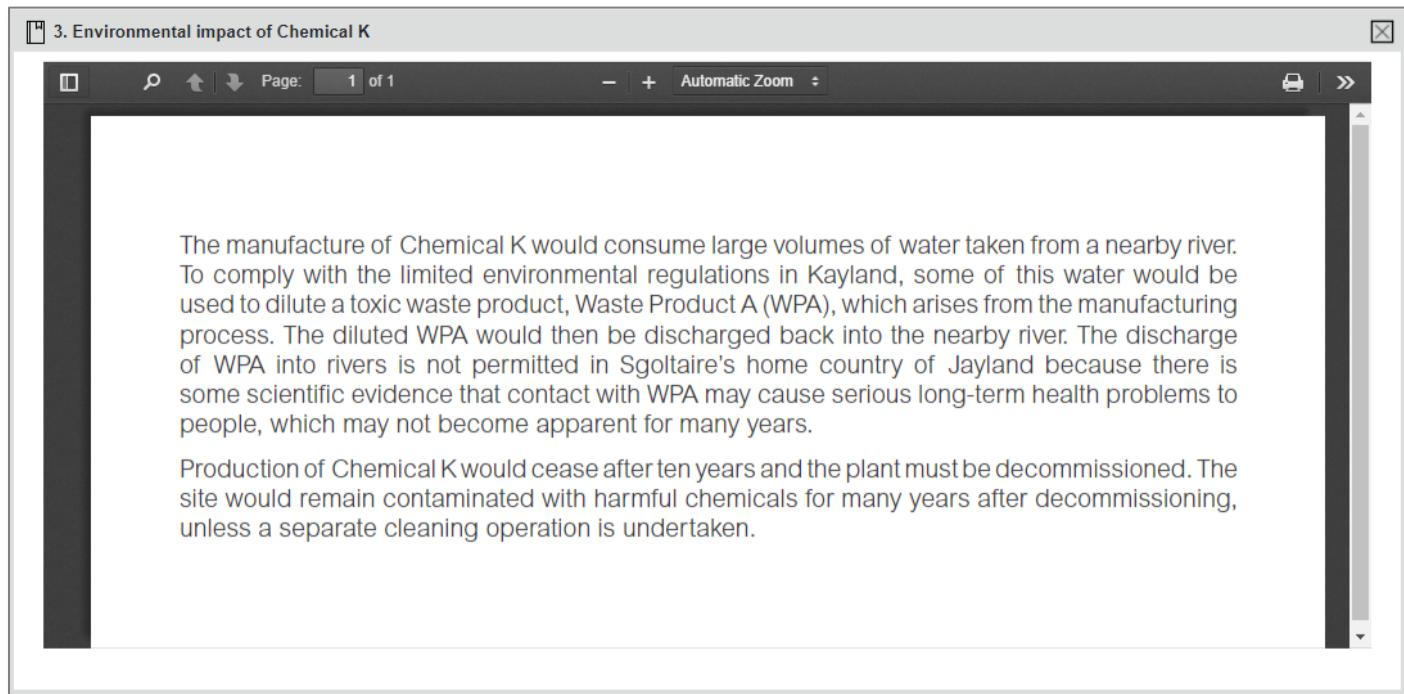
Page: 1 of 1 Automatic Zoom

As part of a wider strategy, Sgoltaire plans to produce a new product, Chemical K, which will require the building of a new manufacturing plant. The company has always manufactured in Jayland, but in order to increase business performance, the board is considering whether to build the new plant overseas at a site identified in Kayland.

Due to high unemployment in Kayland, labour costs are lower there. Environmental regulations are also much less strict than in Jayland. Kayland is a hot, dry country where there is often insufficient water available to meet the needs of the population and their livestock.

Sgoltaire's largest shareholder, the pension fund, is aware that the company lacks experience in operating outside Jayland. Because of this, the shareholder is concerned that the board may pay insufficient attention to the impact of ethical issues on both strategy formulation and business performance, when taking the decision whether to manufacture in Kayland.

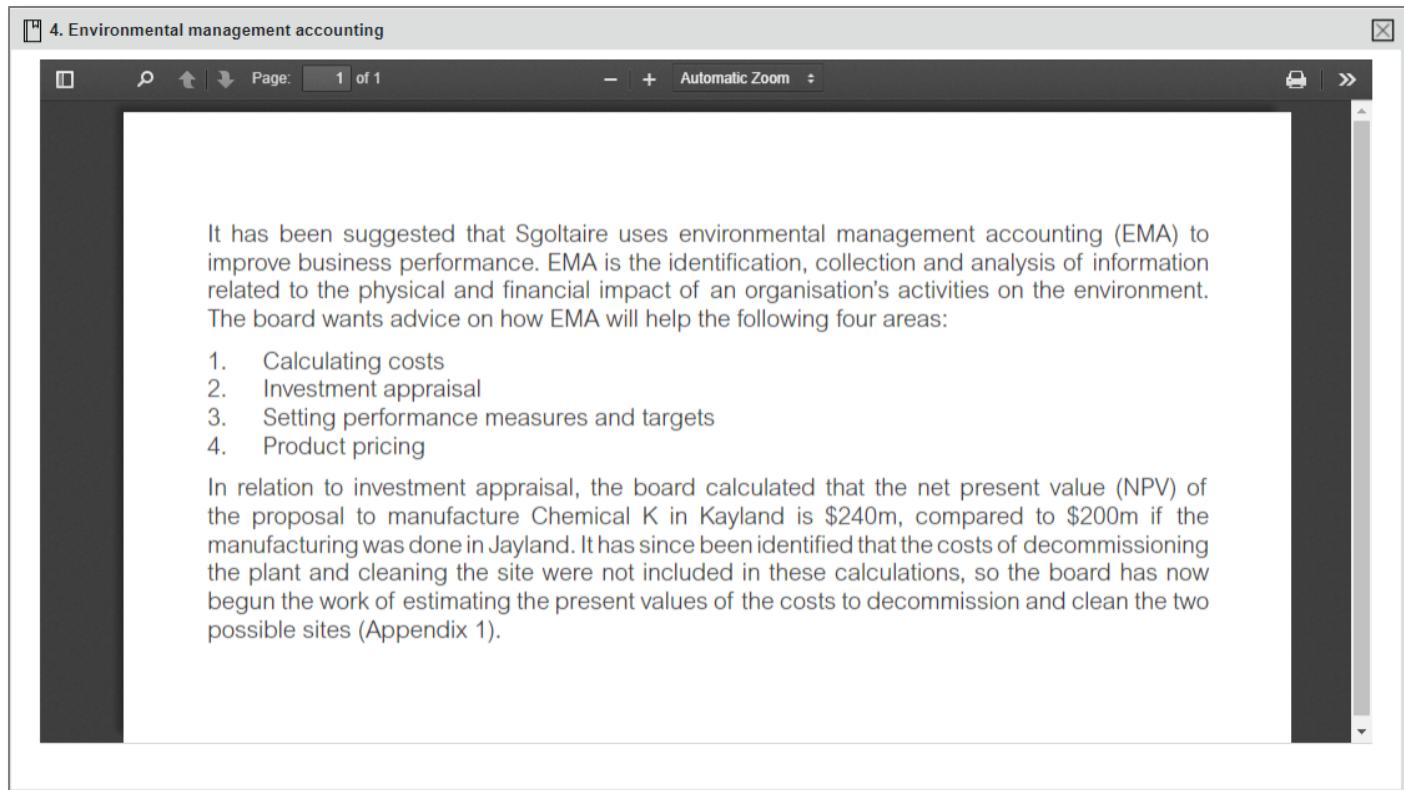
Exhibit 3



The manufacture of Chemical K would consume large volumes of water taken from a nearby river. To comply with the limited environmental regulations in Kayland, some of this water would be used to dilute a toxic waste product, Waste Product A (WPA), which arises from the manufacturing process. The diluted WPA would then be discharged back into the nearby river. The discharge of WPA into rivers is not permitted in Sgoltaire's home country of Jayland because there is some scientific evidence that contact with WPA may cause serious long-term health problems to people, which may not become apparent for many years.

Production of Chemical K would cease after ten years and the plant must be decommissioned. The site would remain contaminated with harmful chemicals for many years after decommissioning, unless a separate cleaning operation is undertaken.

Exhibit 4



It has been suggested that Sgoltaire uses environmental management accounting (EMA) to improve business performance. EMA is the identification, collection and analysis of information related to the physical and financial impact of an organisation's activities on the environment. The board wants advice on how EMA will help the following four areas:

1. Calculating costs
2. Investment appraisal
3. Setting performance measures and targets
4. Product pricing

In relation to investment appraisal, the board calculated that the net present value (NPV) of the proposal to manufacture Chemical K in Kayland is \$240m, compared to \$200m if the manufacturing was done in Jayland. It has since been identified that the costs of decommissioning the plant and cleaning the site were not included in these calculations, so the board has now begun the work of estimating the present values of the costs to decommission and clean the two possible sites (Appendix 1).

Exhibit 5

5. Appendix 1

Page: 1 of 1 Automatic Zoom

Present value of the costs of decommissioning the plant and cleaning the site

Cost	\$m	\$m
	Jayland	Kayland
Decommissioning the plant ¹	20	30
Cleaning the site ²	60	—
Total	80	30

1. The board has estimated that because of logistical difficulties due to Kayland being 8,000 km from Jayland, decommissioning costs, which do not include the costs of cleaning the site, would be 50% higher than in Jayland.

2. The board has not yet estimated the costs of cleaning the site in Kayland, though because of the same logistical difficulties which apply to decommissioning costs, costs of cleaning the site in Kayland will also be higher than in Jayland.

Section B – question 2

APM September/December 2021 exam (21/22 syllabus) 3 of 3

Symbol Highlight Strikethrough Calculator Scratch Pad Close All Flag for Review

Exhibits

- 1. Company information
- 2. Current delivery process
- 3. BPR proposal
- 4. Appendix 1

Requirements

- Requirements (25 marks)

Response Options

- Word Processor

The following **exhibits**, available on the left-hand side of the screen, provide information relevant to the question:

1. Company information – the background, overall aim and structure of the company: Pattack.
2. Current delivery process – information related to how Pattack currently manages its delivery service.
3. BPR proposal – details of a business process re-engineering (BPR) proposal and new bonus scheme for delivery drivers put forward by a management consultant.
4. Appendix 1 – flowcharts of both the current and proposed processes.

This information should be used to answer the question **requirements** within the **response option** provided.

[? Help/Formulae Sheet](#) [← Previous](#)  [Navigator](#) [Next →](#)

Requirements

Requirements (25 marks) 

It is now 1 September 20X5.

(a) Evaluate how the BPR proposal could improve Pattack's performance in relation to its overall aim. (15 marks)

(b) Evaluate the bonus scheme for delivery drivers identified by the management consultant. (10 marks)

Exhibit 1

1. Company information

Page: 1 of 1

Automatic Zoom

Pattack is a company in Geeland which specialises in the delivery of parcels. Pattack collects parcels from online retailers and delivers them to the end user. Pattack's overall aim is: 'to maximise shareholder value through having a strategic focus on costs, by being the best delivery company in Geeland, by being innovative in our approach, and by having an engaged and committed workforce.'

Despite enjoying several years of growth, Pattack's performance has suffered recently as there have been new entrants into the market place.

Pattack's current functions are run along departmental lines:

- Collections – the collection drivers who collect parcels from retailers;
- Internal operations – the computer operators who enter the orders;
- Delivery administration – the administrators who schedule the deliveries; and
- Deliveries – the delivery drivers who deliver the parcels to the end user.

Exhibit 2

2. Current delivery process

Page: 1 of 1 Automatic Zoom

Currently, Pattack collects parcels from the retailer and brings those parcels back to its premises. Collection drivers are employed for this purpose.

When on Pattack's premises, the parcels are then logged on Pattack's computer system. All details of the delivery are recorded at this time. These details are: the name of the retailer, the name of the end user to whom the parcel has to be delivered and the expected delivery date and time. On-time delivery is a key metric in the parcel delivery industry.

Pattack's drivers' delivery schedules are prepared for them by delivery administration after the computer operators have entered the order details. These schedules are presented to the drivers in paper form and the schedules are organised based on the time each order is due to be delivered.

The drivers return their completed delivery schedules after the day's deliveries. Computer operators should record the date and time of the actual delivery at this point. However, the operators are often too busy logging the delivery details of outgoing parcels for the next day to undertake this task and, additionally, the delivery drivers do not always record the actual time when the delivery was made. A lack of accuracy of recorded delivery data has been the cause of complaints from the retailers Pattack delivers for.

The manager of the deliveries department does not have a vehicle tracking system and assumes that the delivery drivers are following the schedule they have been given in the morning.

Exhibit 3

3. BPR proposal

Page: 1 of 1 Automatic Zoom

The chief executive officer (CEO) of Pattack recently met with a management consultant who advised him that the entire current operation should be re-engineered. The management consultant suggested that Pattack invests in a barcoding system which would electronically barcode all parcels with all details of the delivery. This coding could be undertaken by the retailers, which would ensure this data was entered as soon as the order is allocated to Pattack. This data would be electronically communicated to Pattack, enabling deliveries to end users to be arranged at this time.

Drivers collecting parcels from the retailers would be the same drivers who deliver the parcels to the end user. These drivers would know the delivery schedule in advance of collecting the parcels. End user receipt would be acknowledged by issuing each driver with a digital handheld device which would require a signature from the end user and which would also automatically note the delivery time when the parcel was signed for. Additionally, each vehicle would be fitted with a vehicle tracking device which would ensure its exact location could be checked at any time.

Appendix 1 provides a flowchart of the old process and the re-engineered process.

The management consultant also suggested that Pattack's bonus system should relate to the new process and indicated that he felt the drivers should be awarded a bonus when overall retailer satisfaction exceeded 85%.

Exhibit 4

