

Performance Management

March/June 2021 exam (20/21 Syllabus)

Get to know your exam

These graphical representations are intended to give an indication of past 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. Further instructions on how to use the platform will be provided before you attempt the exam.

Introduction screen

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ACCA Think Ahead

Introduction

These sample questions show the likely style and range of **constructed response questions** that could be asked in the live exam.

You should use these questions to become familiar with the question types and the features and functionality contained within the live exam.

The practice exam is reflective of the constructed response section of the live exam but has some differences:

- The live exam will be timed however there is no time limit in this exam.
- Once you have started this exam you are able to leave at any time by closing the browser window. When you return, anything you have entered into the response options will be saved and you can continue sitting the exam.
- In the live exam your answers to the constructed response questions will be expert-marked. At the end of this exam, you should use the solution material provided to assess your performance in the constructed response questions.
- You will be able to access solution material at the end of this exam when using the Self-Marking resources which include a Marking Guide and/or Sample Answer for each question. If you wish to access these without completing the questions, click on **End Exam** on the Item Review Screen and navigate to the Marking tab on the Dashboard to Self-Mark.

Exam summary screen

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Exam Summary

Time allowed: This sample exam is not timed.

- You will be presented with **two constructed response questions**, each containing a scenario which relates to one or more requirement(s). The requirements may be split over multiple question screens.
- Each constructed response question is worth **20 marks** in total.
- **40 marks** in total.
- All questions are compulsory.

Important: In your live exam you must:

1. Enter your answer for each question in the response area provided for that question. Any answers entered into a response area provided for a different question will not be marked.
2. Show all notes/workings that you want the marker to see within the response area provided for the question. Remember, any notes/workings made on the Scratch Pad or on your workings paper will not be marked.

Select **Next** to start your exam.

Sample exam questions

Scenario 1

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The following scenario relates to three requirements.

This part of the scenario relates to requirements (a) and (b).

Medical Temp Co (MTC) is one of several agencies in Sictopia supplying medical staff, both nurses and doctors, under temporary weekly contracts to local hospitals.

Information regarding the size of the market in Sictopia for the supply of medical staff is as follows:

	Quarter 1	Quarter 2
	\$m	\$m
Size of national market for supply of temporary nurses	14	18.9
Size of national market for supply of temporary doctors	8	8.2

The increase in the national market for the supply of temporary nurses is due to a shortage of full-time nurses in Sictopia.

All agencies in Sictopia, including MTC, charge a single market rate for the supply of each type of staff: \$1,000 per week for supplying a nurse and \$2,000 per week for supplying a doctor. In quarter 1, MTC held 30% of the market for the supply of temporary nurses and 40% for the supply of temporary doctors.

MTC uses quarterly rolling budgets. At the end of quarter 1, it prepared its budgeted revenue figures for quarter 2. It based these budgeted figures on the assumption that the company would continue to maintain the market share it had in quarter 1. It also assumed that it would maintain its standard contribution margin of 80% for both nurses and doctors.

Scenario 1: (continued)

MTC's actual figures for quarter 2 are as follows:

	Actual
Total revenue from supply of nurses	\$5.3m
Total revenue from supply of doctors	\$3.6m
Actual contribution margin for both nurses and doctors	75%

This part of the scenario relates to requirement (c).

Cheat Co

The market size and market share variances have also been calculated for quarter 2 for one of MTC's competitors, Cheat Co. These variances are as follows:

	Nurses	Doctors	Total
	\$'000	\$'000	\$'000
Market size	185 A	724 A	909 A
Market share	1,065 F	1,043 F	2,108 F

Cheat Co holds the same percentage of each market as MTC. It also uses rolling budgets and prepares its budgeted revenue figures using exactly the same assumptions as MTC. However, when Cheat Co's sales director had to provide the market size figures for quarter 2 to the accounts department, he deliberately reported these figures 30% lower by excluding the market segment relating to maternity units. The accounts department were unaware of this.

Scenario 1: requirements

(a) Explain why businesses calculate market size and market share variances.

(4 marks)

A rich text editor toolbar with icons for copy, paste, undo, redo, search, bold, italic, underline, strikethrough, subscript, and superscript. Below the icons are dropdown menus for Paragraph and a grid icon, followed by alignment and list options.

(b) Calculate the total market size (planning) variance and the total market share (operational) variance for MTC for quarter 2.

(10 marks)

An Excel spreadsheet interface with a menu bar (Edit, Format) and a toolbar containing icons for copy, paste, undo, redo, zoom (100%), font size (11), bold, italic, underline, text color, background color, bullet points, numbered list, indent, and decrease indent. The spreadsheet grid shows columns A through L and rows 1 through 3. Cell A1 is selected.

(c) Discuss the actions of the sales director at Cheat Co and how this may have impacted on the variances which have been calculated.


(6 marks)

(20 marks)

A rich text editor toolbar with icons for copy, paste, undo, redo, search, bold, italic, underline, strikethrough, subscript, and superscript. Below the icons are dropdown menus for Paragraph and a grid icon, followed by alignment and list options.

Scenario 2

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The following scenario relates to two requirements.

Medcomp is a charity based in Ceeland. It provides medical treatment to prevent and cure blindness caused by cataracts, to thousands of people in less developed countries. This disease is relatively easy to cure when treatment is available, but the majority of people who need treatment cannot afford to pay for it. For over 10 years Medcomp has provided free treatment from 12 treatment centres based in fixed locations worldwide.

Medcomp employs a small number of paid permanent staff who consist of medical practitioners, medical administrators and fundraisers, but the majority of its workforce is voluntary. The charity has built relationships with several teaching hospitals in Ceeland, from where it recruits newly qualified doctors and nurses. These doctors and nurses volunteer to work unpaid for a year in Medcomp's treatment centres before returning home to work in one of Ceeland's many hospitals. Medcomp believes that using newly qualified medical staff will promote the use of the most effective and up-to-date techniques and procedures.

Financial donations are sourced from large businesses in Ceeland and most of the equipment and other medical supplies needed are donated by hospitals and manufacturers. Thus, it is rare for the treatment centres to run short of supplies.

Medcomp keeps accounts with a year end of 31 August as well as detailed operating data. Data extracts from its management accounts for the current year (20X8) and from 20X7 and 20X6 are as follows:

Scenario 2 (continued)

	20X8	20X7	20X6
Average size of donation (\$)	600	535	500
Number of donations	2,850	3,000	2,950
Total operating costs (\$'000)	1,730	1,550	1,430
New procedures as a percentage of total procedures (Note)	20%	5%	5%
Number of treatments performed	5,600	5,000	4,600
Number of successful treatments	4,312	4,300	4,002
Average number of days taken to deliver drugs and equipment to treatment centres	7	7	7

Note: New procedures are procedures which are introduced within the year.

Medcomp is about to introduce a balanced scorecard to help implement its strategy and measure performance. The critical success factors (CSFs), which relate to the four perspectives of the balanced scorecard have been identified as: **positive cash flow, innovation, medical effectiveness and functional efficiency.**

Requirements for Scenario 2

(a) For each perspective of the balanced scorecard, select the appropriate critical success factor (CSF) which relates to the perspective, suggest ONE key performance indicator (KPI) which will help to measure the CSF and use the KPI to analyse Medcomp's performance from 20X6 to 20X8.

(16 marks)

Note: Use the balanced scorecard template provided below to structure your answer.

Paragraph	
FINANCIAL	CSF:
	KPI:
	Performance analysis:
CUSTOMER	CSF:
	KPI:
	Performance analysis:

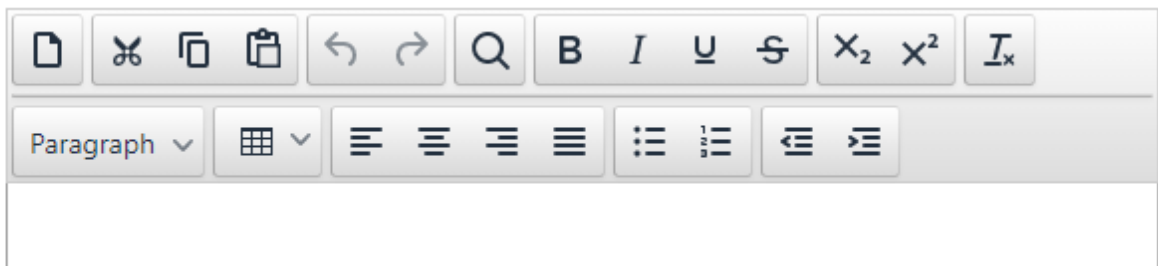
INTERNAL BUSINESS PROCESS	CSF:
	KPI:
	Performance analysis:
LEARNING & GROWTH	CSF:
	KPI:
	Performance analysis:

Scenario 2 requirements (continued)

(b) Explain the benefits of an organisation using the balanced scorecard to measure performance instead of using solely financial measures.

(4 marks)

(20 marks)



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- Document icon
- Cut icon
- Copy icon
- Paste icon
- Undo icon
- Redo icon
- Search icon
- Bold (B)
- Italic (I)
- Underline (U)
- Strikethrough (ABC)
- Subscript (x₂)
- Superscript (x²)
- Text color (I_x)
- Paragraph dropdown menu
- Table icon
- Text alignment: Left, Center, Right, Justify
- Bulleted list icon
- Numbered list icon
- Decrease indent icon
- Increase indent icon

Example view of full CBE constructed response workspace

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Close All Flag for Review

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(b) Calculate the total market size (planning) variance and the total market share (operational) variance for MTC for quarter 2. (10 marks)

Edit Format

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Sheet1

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Help/Formulae Sheet