Performance Management
Sample Questions – March/July 2020

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.

Introduction screen

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.

Next →

Instruction screens

Instructions (1 of 4)

The instructions displayed below are representative of those displayed in the live exam. Where there are differences between this 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.

Answering and Navigating

- Please read each question carefully.
- 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.
- A warning message will display to remind you that you cannot navigate away from a question if you have not viewed all of the question content. Ensure that you use all scrollbars and/or open any on-screen exhibits before navigating from each question.
- Some questions have the scenario and answer area divided by either a horizontal or vertical splitter bar. You can move this splitter bar to see more or less of the scenario or answer area.
- Please ensure you provide an answer for all elements of each question.
- 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 if you no longer wish to revisit/review the question later in the exam.

←Previous | Next→

Instruction screens (continued)

Instructions (2 of 4)

Help

- Click the **Help** button provided to access:
- A copy of these exam instructions.
- Help and guidance on constructed response questions.
- 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.

Highlight and Strikethrough

- You can highlight key phrases or figures in the question scenario by selecting 🟨 ▾ **Highlight**

- You can strikethrough text in the question scenario by selecting ₮ **Strikethrough**

- Highlighted and strikethrough text will be displayed on all questions relating to the scenario.

Workings/Scratch Pad

- You may use an on-screen Scratch Pad to make notes/workings by selecting ✏ **Scratch Pad**
- The Scratch Pad retains all notes/workings entered for all questions 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 questions in the constructed response section of the live exam you must show them within the answer areas.

Instruction screens (continued)

Instructions (3 of 4)

Copy and Paste

- You can copy and paste from the Scratch Pad or question scenario into your answers in the constructed response section of the exam by using the Ctrl-C (Copy) and Ctrl-V (Paste) shortcuts. **Note:** When pasting into a spreadsheet in the live exam you must double-click the cell or paste directly into the formula bar. In this exam you can also paste into the spreadsheet by selecting the cell.

Symbol

- You can add a selection of currency symbols to your answers in the constructed response section of the exam by selecting **$ Symbol** on the top toolbar.

Navigator Screen

- The Navigator screen 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 questions and whether they have been viewed, are complete or incomplete, or have been flagged for review.

Close All

- You can close each window (eg. Calculator or Scratch Pad) individually or you can close multiple windows by selecting **Close All** on the top toolbar.

Reviewing the Exam

- You can review your 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.

← Previous | Next →

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Instruction screens (continued)

Instructions (4 of 4)

Item Review Screen

- This screen gives you an opportunity to see the flag and completion status of all questions 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 answer 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
- Once you end the exam, you cannot revisit any questions.

Select **Next** to move to the Exam Summary screen.

←Previous | Next→

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Exam summary screen

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.

← Previous   Next →

Sample exam questions

Scenario 1

Performance Management (PM) Sample Questions - March/June2020

$ Symbol ☐ ▼ Highlight ✝ Strikethrough ▦ Calculator ✎ Scratch Pad

The following scenario relates to four requirements.

Clear Co is an eye treatment specialist, founded in 20X4, which runs five clinics nationwide. It is based in Zeeland, a country in which 20% of the population is over 65 years old, compared to only 15% ten years ago.

Clear Co offers two eye treatment procedures: laser treatment and lens treatment. Laser treatment is the less complex of the two procedures. Technology changes rapidly in this industry and as a result 90% of patients now qualify for laser treatment, compared to only 80% five years ago.

The remaining 10% of patients are only able to have lens treatment, of which there are two types: 'refractive lens exchange' (RLE) and 'implantable contact lenses' (ICL). Clear Co started providing RLE, a treatment most effective for patients aged 40 or older, in 20X4 when it was founded. Two years ago, it also began providing ICL, a treatment recommended for patients under the age of 40.

The market for eye treatment procedures in Zeeland is dominated by a few main suppliers, of which Clear Co is one. Until two years ago, Clear Co was the largest supplier but, following the merger of two other companies, it is now the second largest. The merged company, Eos Co, has recently released its financial statements for the year, showing profits which were 10% higher than forecast. Eos Co's press release stated that it has achieved this despite offering reduced prices for the ICL treatment. It has been able to offer reduced prices because of the economies of scale achieved by the merger.

The following information relates to the two types of lens treatments offered by Clear Co for the year just ended:

Lens treatment	RLE		ICL	
	Budget	Actual	Budget	Actual
Number of treatments	3,750	4,130	1,320	960
Selling price per treatment ($)	3,000	2,900	3,650	3,400
Variable cost treatment ($)	600	590	1,150	1,200

⑦ Help/Formulae Sheet ⇥ Review Screen

Note: See page 13 for example view of full CBE constructed response workspace

Requirements for Scenario 1

(a) Calculate the following TOTAL variances for Clear Co's lens treatments:

(i) the sales mix contribution variance

(4 marks)

(ii) the sales quantity contribution variance.

(4 marks)

Edit   Format
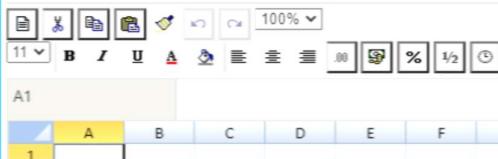
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1														

(b) Explain what each of the sales mix contribution variance and sales quantity contribution variance measures.
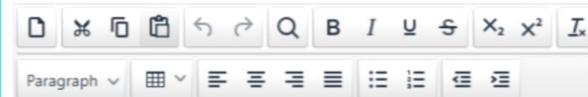
(2 marks)

(c) Using your answer from part (a) and any other relevant calculations, discuss Clear Co's SALES performance for the year just ended.

Note: There are up to four marks available for additional calculations relevant to SALES performance and six marks available for discussion.

(10 marks)

(20 marks)

Note: See page 13 for example view of full CBE constructed response workspace

Scenario 2

$ Symbol ▢ ▼ Highlight ⊤ Strikethrough ▦ Calculator ✎ Scratch Pad

The following scenario relates to three requirements.

Hammocks Co own and operate a small chain of four luxury vacation resorts. All four resorts are located on islands that enjoy a hot, sunny climate for nine months of the year. Each resort has gourmet restaurants, water sports and spa facilities, as well as sun terraces and pools.

Hammocks Co's management currently focus on two distinct stakeholder groups: shareholders and customers, and has two objectives:

(1)   to make a profit long term and;

(2)   to create customer loyalty

All operational (non-management) staff at the resorts receive comprehensive training and are employed in secure, long-term contracts, which is unusual in this industry.

Guests who visit the resorts pay one upfront fee and then enjoy unlimited food, drink and use of the resort facilities. When a guest arrives at a resort they are personally greeted by a concierge, offered a drink and cold towel while their luggage is transferred to their luxury room. All rooms are scrupulously clean and contain complimentary drinks, snacks, toiletries, bathrobes and slippers. The rooms are all equipped with appliances, which Hammocks Co's management believe that guests need during their stay, including satellite television, coffee-maker, refrigerator and hairdryer. If a guest requests something that is not available in the room, a call to the reception ensures that it arrives within ten minutes.

An extract from Hammocks Co's management accounting data is as follows:

	Budget 20X7	Actual 20X7*	Actual 20X6	Actual 20X6 Competitor 'Loungers'
Average number of guests per week	2,000	1,960	1,940	1,700
Average revenue per week ($)	4,000,000	3,920,000	3,880,000	3,060,000
Average staff costs per week:				
- Maintenance ($)	480,000	480,000	470,588	455,000
- Service ($)	960,000	960,000	941,176	800,000
Average weekly spend on repairs ($)	200,000	160,000	196,078	180,000
Ratio of operational staff to guests	1.50	1.53	1.50	1.30
Average rooms available per week**	1,200	1,200	1,200	1,100
Market share %	29	28	29	23

*The actual 20X7 figures are based on the year to date figures (ten weeks).
** Rooms are designed for double occupancy.

Note: General inflation is 2% higher in 20X7 compared to 20X6.

Note: See page 13 for example view of full CBE constructed response workspace

Scenario 2 (continued)

Extracts from TripEvent, an influential online customer forum:

'I love Hammocks Co; the service and attention to detail is exemplary and the resorts are always pristine. However, their competitor "Loungers" has full body dryers, ionised water taps and a range of professional haircare equipment in all their rooms.'

'Our third time back to Hammocks Co this year and we continue to be amazed by the wonderful level of service. One thing though is the menus don't seem to have changed much from one visit to the next.'

'We booked Hammocks Co on the spur of the moment but then found that we couldn't get a flight. We called Hammocks Co's administrative centre to change our booking to another resort where we could get a flight to and were told that it would not be a problem. However, it took two more calls and three emails to get confirmation and then our credit card was charged twice in error. Of course it was eventually all resolved, the incorrect charge refunded, a complimentary limousine provided to and from the airport and we received the most amazing customer service at the resort, but it was frustrating at the time.'

'When I made my booking I was assured that my bed would be made with the special anti-allergenic bedding which I need for a good night's sleep and that my favourite blend of tea would be available. When I arrived, neither of these requirements were met. To be fair to Hammocks Co though, everything was in order two hours later when I went to bed.'

② Help/Formulae Sheet ⇥ Review Screen

Requirements for Scenario 2

(a) Based on the limited information available, discuss the performance of Hammocks Co in light of its two existing objectives.
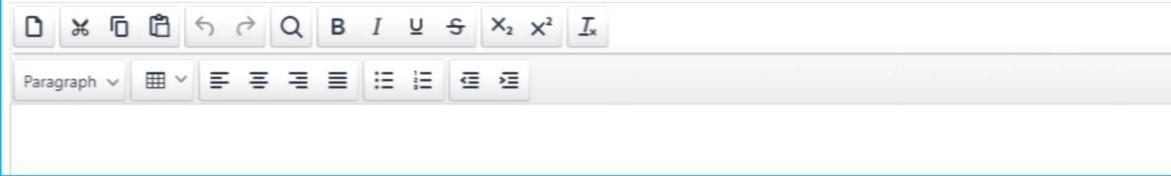
(8 marks)

(b) (i) Explain TWO advantages of Hammocks Co using the balanced scorecard approach to performance management.

(3 marks)

(ii) Suggest and justify ONE goal and TWO performance measures for each of the TWO perspectives of the balanced scorecard which are not currently addressed by Hammock Co's objectives.

(9 marks)

(20 marks)
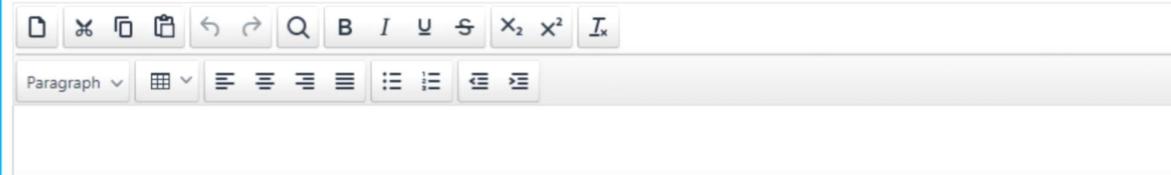
Note: See page 13 for example view of full CBE constructed response workspace

Example view of full CBE constructed response workspace

Performance Management (PM) Sample Questions - March/June2020

$ Symbol   ▼ Highlight ⊤ Strikethrough 📖 Calculator ✎ Scratch Pad   ⊠ Close All ⴲ Flag for Review

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The following information relates to the two types of lens treatments offered by Clear Co for the year just ended:

(b) Explain what each of the sales mix contribution variance and sales quantity contribution variance measures.

(2 marks)