

# Performance Management

## Sample Questions – September/December 2021 (21/22 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.*

## Introduction screen

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



**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

PM 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 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.

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## Instruction screens (continued)

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### 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.

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## Instruction screens (continued)


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

### 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 
- This takes you to the Item Review screen.

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## Instruction screens (continued)

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**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.

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## 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.

← Previous Next →

## Sample exam questions

### Scenario 1

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

\$ Symbol  ▼ Highlight  Strikethrough  Calculator  Scratch Pad

The following scenario relates to four requirements.

Bellahouston Co manufactures three types of running shoes which it sells to sports clothing retailers: Road which are for running on roads, Spikes which are used for racing on athletics tracks and Trail which are used for running off-road in rural locations. Each of these products use differing amounts of the same resources. Financial information and the resource requirements related to these products are as follows:

	Road	Spikes	Trail
	\$	\$	\$
Selling price per pair of shoes	60.00	45.00	52.00
Variable costs per pair of shoes:			
Direct material (\$5 per metre)	7.50	3.00	6.00
Direct labour (\$7 per hour)	7.00	10.50	7.00
Machine hours (\$10 per hour)	4.00	2.00	3.00
Fixed overheads absorbed per pair of shoes	4.00	6.00	4.00
<b>Profit per pair of shoes</b>	<b>37.50</b>	<b>23.50</b>	<b>32.00</b>

Fixed overheads are absorbed at a rate of \$4 per direct labour hour. Bellahouston Co uses a just-in-time production system.



## Scenario 1 (continued)

### Demand and resource availability for March

Demand for the three products for the month of March is expected to be:

Road	2,300 pairs
Spikes	1,400 pairs
Trail	1,650 pairs

Bellahouston Co has received a special order from RunWild, which is not included in the demand estimates above. RunWild are a major sports retailer who have an extensive customer base and are known for stocking the most popular brands of sportswear. The order is to supply a maximum of 200 pairs of each type of shoe at a discount of \$8.00 on the standard selling price.

RunWild will charge a financial penalty if the order is not fully complete in March. If this first order is successful, RunWild would be keen to enter into a regular supply contract.

Usually Bellahouston Co has sufficient resources to meet production, however during March the maximum availability for the following resources has been identified:

Direct material	7,200 metres
Direct labour	6,900 hours
Machine time	1,815 hours

### Demand and resource availability for April

Bellahouston Co predicted that the resource availability in March would continue into April, however it has been discovered that the availability of direct material and direct labour will be 15% less than in March. The available machine time and demand estimates are unchanged. RunWild would not be placing an order in April.

## Scenario 1: requirements

1 of 5

Close All Flag for Review

(a) (i) Calculate the optimum production plan and the resulting total contribution earned for March, assuming that the order with RunWild is supplied in full. (7 marks)

(ii) Calculate the maximum financial penalty Bellahouston Co would be prepared to accept from RunWild, if it does not complete RunWild's order in full. (4 marks)

2 of 5

Close All Flag for Review

(b) Discuss whether Bellahouston Co should fulfil RunWild's order in full in March. (4 marks)

3 of 5

Close All Flag for Review

(c) Define the variables and formulate the constraints and objective function to be used in a linear programming model to determine the optimum usage of resources in April. (5 marks)

(20 marks)

## Scenario 2

The following scenario relates to two requirements.

The country of Jayland has two airlines, Flag Co, its national airline, and Budget Co, a recent entrant into the market.

### Flag Co

Flag Co was government owned until ten years ago but is now operated as a private company. Its mission is 'to be the airline of choice for long distance travellers'. It charges premium fares and operates routes from Jayland's capital city to the major airports serving the largest cities around the world. Many of its flights have durations greater than 12 hours. The majority of its passengers are travelling on business and are prepared to pay high prices, however the demand for business travel is very sensitive to economic conditions. Its fleet of aircraft is regarded as 'ageing' by industry analysts.

### Budget Co

Budget Co was founded by a wealthy entrepreneur who invested their personal fortune in the company's equity. Its mission is 'to be the lowest fare airline on any route we serve'. It offers flights to destinations up to three hours travel from Jayland. Its fleet of aircraft are generally less than two years old. Most of its passengers are holiday-makers and the demand for its flights appears to be relatively insensitive to economic conditions.

The following information is available for both companies:

Statement of profit or loss extract for year end 31 December 20X6	Flag Co	Budget Co
	\$m	\$m
Total revenue	11,333	6,654
Operating profit	1,239	404
Finance costs	250	50
Other non-operating costs	130	76
<b>Profit before tax</b>	<b>859</b>	<b>278</b>

Statement of financial position (summarised) as at 31 December 20X6	Flag Co	Budget Co
	\$m	\$m
Non-current assets	11,972	3,177
Current assets (Note 1)	3,404	885
Total assets	15,376	4,062
Total equity	4,598	1,945
Non-current liabilities	5,078	1,001
Current liabilities	5,700	1,116
<b>Total liabilities and shareholders equity</b>	<b>15,376</b>	<b>4,062</b>

**Note 1:** Current assets include inventory of \$2.1m and \$1.1m respectively.

Other information for year end 31 December 20X6	Flag Co	Budget Co
Aviation fuel litres consumed (millions)	2,434	1,246
Available seat kilometres (millions)	21,423	14,953
Passenger seat kilometres (millions)	14,201	14,206
Operating gearing (contribution/profit before interest and tax)	950%	820%

## Scenario 2: requirements

4 of 5

Close All  Flag for Review

**(a) Analyse the financial performance of the two airlines, including reasons for the differences in the two businesses' performance.**

Note: Use the headings profitability, liquidity and risk to structure your answer. There are up to six marks available for calculations. (14 marks)

Paragraph x<sub>2</sub> x<sup>2</sup> I<sub>x</sub>

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5 of 5

Close All  Flag for Review

**(b) Briefly explain how Fitzgerald and Moon's building block model could be used to manage the performance of a service business.**

(6 marks)

(20 marks)

Paragraph x<sub>2</sub> x<sup>2</sup> I<sub>x</sub>

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## Example view of full CBE constructed response workspace

PM September/December 2021 exam (21/22 syllabus) 1 of 5

Symbol Highlight Strikethrough Calculator Scratch Pad
Close All Flag for Review

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Fixed overheads are absorbed at a rate of \$4 per direct labour hour. Bellahouston Co uses a just-in-time production system.

**Demand and resource availability for March**  
Demand for the three products for the month of March is expected to be:

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Help/Formulae Sheet
Navigator Next →

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(ii) Calculate the maximum financial penalty Bellahouston Co would be prepared to accept from RunWild, if it does not complete RunWild's order in full. (4 marks)

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