

BS (4 Years) for Affiliated Colleges



| Code | Subject Title | Cr. Hrs | Semester |
|----------|------------------------|---------|----------|
| COMM-412 | Performance Management | 3 | VIII |
| Year | Discipline | | |
| 4 | Commerce | | |

Syllabus Area A

Syllabus Area A covers cost accounting and understanding how organizations use different methods of cost accounting to manage their processes

- Throughput accounting and backflush accounting
- Throughput accounting has a direct relationship with decision making and performance management, and backflush accounting is a costing short cut
- Target costing and lifecycle costing
- Target costing and lifecycle costing can be regarded as relatively modern advances in management accounting, so it is worth first looking at the approach taken by conventional costing
- Activity-based costing
- Developments in manufacturing and marketing mean that the conventional way of treating fixed overheads might not be good enough
- Cost-volume-profit analysis
- Cost-volume-profit analysis allows a business to find its break-even point
- Environmental management accounting
- Environmental management accounting is being included in the Paper F5 syllabus from June 2011. Ann Irons, examiner for Paper F5, outlines how it will be examined

Syllabus Area B

Decision making is a vital part of running a successful business. Syllabus Area B covers decision-making techniques such as limiting factor analysis, pricing decisions, short-term decisions and risk and uncertainty.

- Linear programming
- Decision making is an important aspect of the Paper F5 syllabus, and questions on this topic will be common. The range of possible questions is considerable, but this article will focus on only one: linear programming
- The risks of uncertainty
- This article introduces the concepts of risk and uncertainty together with the use of probabilities in calculating both expected values and measures of dispersion
- Transfer pricing
- Transfer pricing provides excellent examples of the coexistence of alternative legitimate views, and illustrates how the use of inappropriate figures can create misconceptions and can lead to wrong decisions

Syllabus Area C

Budgeting forms an important aspect of running a successful business. Knowing how much money you have to spend on processes or products makes the difference when planning for the future. Syllabus Area C covers aspects of budgeting including the objectives of budgeting, different budgeting systems and how to qualitatively analyse different budgets.

- Quantitative aspects of budgeting
- This article looks at four quantitative techniques of budgeting: the high-low method, least squares linear regression, times series analysis and learning curves
- Comparing budgeting techniques
- The budgeting process is an essential component of management control systems, as it provides a system of planning, coordination and control for management
- Behavioural aspects of budgeting
- This article looks at the purposes of a budget, including motivation and evaluation, budgets as objectives and how to set a budget

Syllabus Area D

Syllabus Area D covers standard costing and variance analysis - key skills for a management accountant

- Measuring planning variances
- Geoff Cordwell outlines his approach to measuring planning variances in the Paper F5 exam
- Exam analysis - variances
- How can you impress the examiner with your variance analysis?
- Materials mix and variance analysis
- Many articles have been written about variance analysis over the years, but the purpose of this one is to cover the area of calculating materials mix and yield variances

Syllabus Area E

Syllabus Area E covers performance measurement. Understanding of both financial and non-financial performance indicators and methods of measuring performance is key to answering performance measurement questions in the exam.

Performance measurement

- This article focuses on a classic performance measurement question, which involves a combination of financial and non-financial analysis
- Interpreting financial data
- Geoff Cordwell points you in the right direction when studying the interpretation of financial data - a vital skill to develop to measure performance within an organisation

Additional reading

The following books are suggested by the examiner as additional reading to support wider study around the ACCA F5. These books are not designed specifically to support preparation for the ACCA F5 paper and are not, therefore, quality assured by ACCA.

C. Drury, Management and Cost Accounting (7th edition), 2008

C.T. Horngren, A. Bhimani, S.M Datar and G.Foster, Management and Cost Accounting (4th Edition), FT Prentice-Hall. 2008.

G Cordwell, 2009. Understanding Performance Management, Published in chapters only at www.cordwellconsulting.co.uk

C. Emmanuel, D Otley, Accounting for Management Control, Chapman and Hall

Secondary reading list:

Accountancy Tuition Centre (ATC) International

Emile Woolf Publishing Limited

Get Through Guides

Wider reading, including relevant articles in ACCA's Student Accountant, and other management accounting journals is encouraged.