

Advanced Performance Management (P5) September 2015 to June 2016

This syllabus and study guide is designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

THE STRUCTURE OF THE SYLLABUS AND STUDY GUIDE

Relational diagram of paper with other papers

This diagram shows direct and indirect links between this paper and other papers preceding or following it. Some papers are directly underpinned by other papers such as Advanced Performance Management by Performance Management. These links are shown as solid line arrows. Other papers only have indirect relationships with each other such as links existing between the accounting and auditing papers. The links between these are shown as dotted line arrows. This diagram indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

Overall aim of the syllabus

This explains briefly the overall objective of the paper and indicates in the broadest sense the capabilities to be developed within the paper.

Main capabilities

This paper's aim is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

Relational diagram of the main capabilities

This diagram illustrates the flows and links between the main capabilities (sections) of the syllabus and should be used as an aid to planning teaching and learning in a structured way.

Syllabus rationale

This is a narrative explaining how the syllabus is structured and how the main capabilities are linked. The rationale also explains in further detail what the examination intends to assess and why.

Detailed syllabus

This shows the breakdown of the main capabilities (sections) of the syllabus into subject areas. This is the blueprint for the detailed study guide.

Approach to examining the syllabus

This section briefly explains the structure of the examination and how it is assessed.

Study Guide

This is the main document that students, learning and content providers should use as the basis of their studies, instruction and materials. Examinations will be based on the detail of the study guide which comprehensively identifies what could be assessed in any examination session. The study guide is a precise reflection and breakdown of the syllabus. It is divided into sections based on the main capabilities identified in the syllabus. These sections are divided into subject areas which relate to the sub-capabilities included in the detailed syllabus. Subject areas are broken down into sub-headings which describe the detailed outcomes that could be assessed in examinations. These outcomes are described using verbs indicating what exams may require students to demonstrate, and the broad intellectual level at which these may need to be demonstrated (*see intellectual levels below).

Learning Materials

ACCA's Approved Content Programme is the programme through which ACCA approves learning materials from high quality content providers designed to support study towards ACCA's qualifications.

ACCA has three Approved Content Providers, Becker Professional Education, BPP Learning Media and Kaplan Publishing.

For information about ACCA's Approved Content Providers please go to ACCA's Content Provider Directory.

The Directory also lists materials by other publishers, these materials have not been quality assured by ACCA but may be helpful if used in conjunction with approved learning materials or for variant exams where no approved content is available. You will also find details of Additional Reading suggested by the examining teams and this may be a useful supplement to approved learning materials.

ACCA's Content Provider Directory can be found here – <http://www.accaglobal.com/uk/en/student/acca-qual-student-journey/study-revision/learning-providers/alp-content.html>

Relevant articles are also published in Student Accountant and available on the ACCA website.

INTELLECTUAL LEVELS

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification.

The specific capabilities within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

- Level 1: Knowledge and comprehension
- Level 2: Application and analysis
- Level 3: Synthesis and evaluation

Very broadly, these intellectual levels relate to the three cognitive levels at which the Knowledge module, the Skills module and the Professional level are assessed.

Each subject area in the detailed study guide included in this document is given a 1, 2, or 3 superscript, denoting intellectual level, marked at the end of each relevant line. This gives an indication of the intellectual depth at which an area could be assessed within the examination. However, while level 1 broadly equates with the Knowledge module, level 2 equates to the Skills module and level 3 to the Professional level, some lower level skills can continue to be assessed as the student

progresses through each module and level. This reflects that at each stage of study there will be a requirement to broaden, as well as deepen capabilities. It is also possible that occasionally some higher level capabilities may be assessed at lower levels.

LEARNING HOURS AND EDUCATION RECOGNITION

The ACCA qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA students find themselves.

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognized and valued by governments, regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognized on the education frameworks in several countries. Please refer to your national education framework regulator for further information.

Each syllabus contains between 23 and 35 main subject area headings depending on the nature of the subject and how these areas have been broken down.

GUIDE TO EXAM STRUCTURE

The structure of examinations varies within and between modules and levels.

The Fundamentals level examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

The Knowledge module is assessed by equivalent two-hour paper based and computer based examinations.

The Skills module examinations F5-F9 are all paper

based three-hour papers containing a mix of objective and longer type questions. The *Corporate and Business Law* (F4) paper is a two-hour computer based objective test examination which is also available as a paper based version from the December 2014 examination session.

The Professional level papers are all three-hour paper based examinations, all containing two sections. Section A is compulsory, but there will be some choice offered in Section B.

For all three hour examination papers, ACCA has introduced 15 minutes reading and planning time.

This additional time is allowed at the beginning of each three-hour examination to allow candidates to read the questions and to begin planning their answers before they start writing in their answer books. This time should be used to ensure that all the information and exam requirements are properly read and understood.

During reading and planning time candidates may only annotate their question paper. They may not write anything in their answer booklets until told to do so by the invigilator.

The Essentials module papers all have a Section A containing a major case study question with all requirements totalling 50 marks relating to this case. Section B gives students a choice of two from three 25 mark questions.

Section A of both the P4 and P5 Options papers contain one 50 mark compulsory question, and Section B will offer a choice of two from three questions each worth 25 marks each.

Section A of each of the P6 and P7 Options papers contains 60 compulsory marks from two questions; question 1 attracting 35 marks, and question 2 attracting 25 marks. Section B of both these Options papers will offer a choice of two from three questions, with each question attracting 20 marks.

All Professional level exams contain four professional marks.

The pass mark for all ACCA Qualification examination papers is 50%.

GUIDE TO EXAMINATION ASSESSMENT

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For the financial accounting, audit and assurance, law and tax papers except where indicated otherwise, ACCA will publish *examinable documents* once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions..

For paper based examinations regulation *issued* or legislation *passed* on or before 31st August annually, will be examinable from 1st September of the following year to 31st August^t of the year after that. Please refer to the examinable documents for the paper (where relevant) for further information.

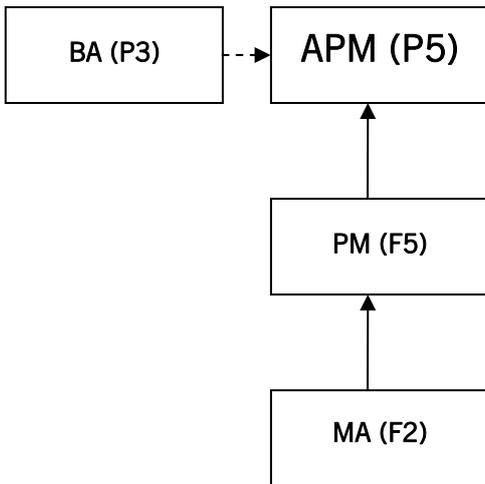
Regulation issued or legislation passed in accordance with the above dates may be examinable even if the *effective* date is in the future.

The term issued or passed relates to when regulation or legislation has been formally approved.

The term effective relates to when regulation or legislation must be applied to an entity transactions and business practices.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide should therefore be read in conjunction with the examinable documents list.

Syllabus



AIM

To **apply relevant knowledge, skills and exercise professional judgement** in selecting and applying **strategic management accounting techniques** in **different business contexts** and to **contribute** to the **evaluation of the performance** of an organisation and its **strategic development**.

SMA

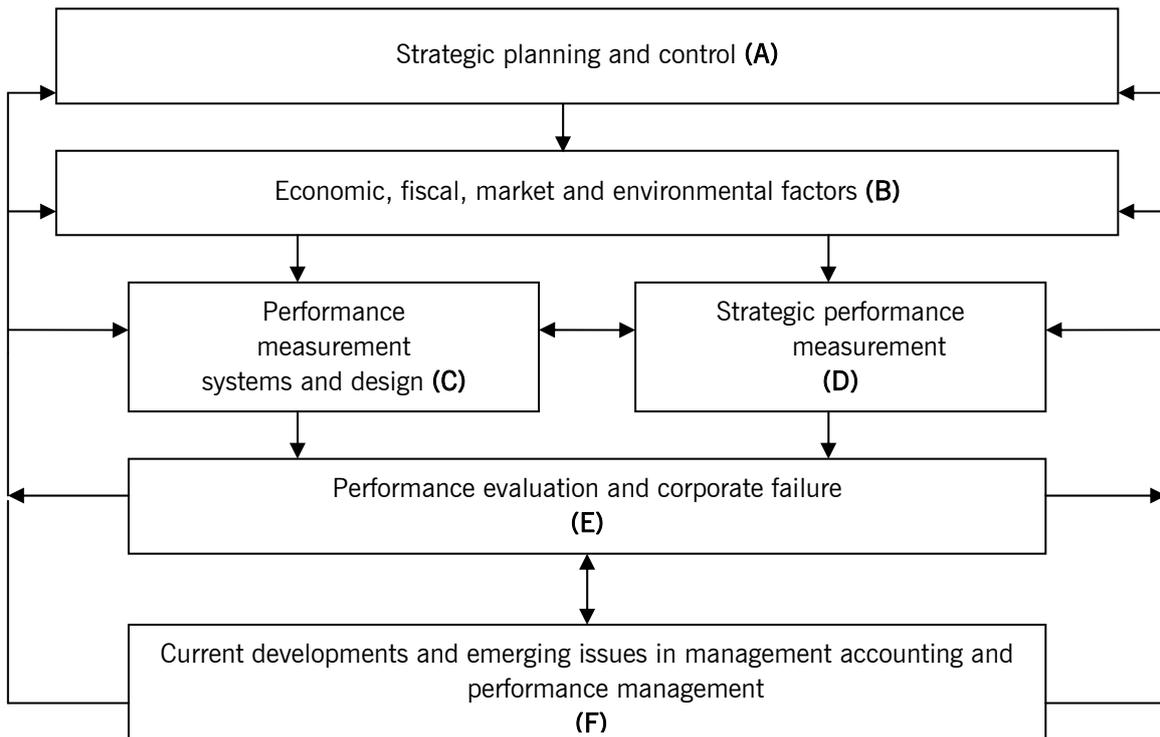
SMA is central to the contribution that the management accountant is expected to make to the performance management of the organisation. What tools are appropriate (instrumentation), how to judge what to use and when to use it (interventional strategies), how to assess impact of instrumentation and interventional strategies is the task of the student. The organisation of the syllabus reflects the logic of this task. The "rationale" explains and justifies why you need to equip yourself; the "approach" shows how you will be assessed to determine if you are adequately equipped.

MAIN CAPABILITIES

On successful completion of this paper, candidates should be able to:

- A Use strategic planning and control models to plan and monitor organisational performance
- B Assess and identify relevant macro economic, fiscal and market factors and key external influences on organisational performance
- C Identify and evaluate the design features of effective performance management information and monitoring systems
- D Apply appropriate strategic performance measurement techniques in evaluating and improving organisational performance
- E Advise clients and senior management on strategic business performance evaluation and on recognising vulnerability to corporate failure
- F Identify and assess the impact of current developments in management accounting and performance management on measuring, evaluating and improving organisational performance

RELATIONAL DIAGRAM OF MAIN CAPABILITIES



RATIONALE

The Advanced Performance Management syllabus further develops key aspects introduced in Paper F5, *Performance Management*, at the skills level and draws on aspects of the material covered from a more strategic and operational planning perspective in Paper P3, *Business Analysis*.

The syllabus introduces candidates to the strategic role of management accounting as a discipline for planning and controlling performance so that strategic objectives can be set, monitored and controlled. It also covers the impact of external factors on strategic management issues, such as macro economic, fiscal, market and environmental impacts on performance. From appreciating the strategic context of performance management and the impact of wider factors, the syllabus examines, at an operational level, the issues relating to performance measurement systems and their design.

The syllabus then moves from performance management systems and their design to the scope and application of high-level performance measurement techniques in a variety of contexts, including not-for-profit organisations and multi-national businesses. Having covered the strategic aspects of performance management and operational systems for the measurement and control of performance in a variety of contexts, candidates are then expected to synthesise this knowledge in the role of an advisor to senior management or independent clients on how to assess and control the performance of an entity, including the recognition of whether a business is facing difficulties or possibly failure.

Finally, the syllabus deals with current developments in performance management and with emerging issues as they might affect or influence the management of performance within organisations.

DETAILED SYLLABUS

A. Strategic planning and control

1. Introduction to strategic management accounting
2. Performance management and control of the organisation
3. Changes in business structure and management accounting
4. Effect of Information Technology (IT) on strategic management accounting
5. Other environmental and ethical issues

B. External influences on organisational performance

1. Changing business environment
2. Impact of external factors on strategy and performance

C. Performance measurement systems and design

1. Performance management information systems
2. Sources of management information
3. Recording and processing methods
4. Management reports

D. Strategic performance measurement

1. Performance hierarchy
2. Strategic performance measures in private sector
3. Divisional performance and transfer pricing issues
4. Strategic performance measures in not-for-profit organisations
5. Non-financial performance indicators
6. The role of quality in management information and performance measurement systems

7. Performance measurement and strategic human resource management issues

8. Performance measurement and the reward systems

9. Other behavioural aspects of performance measurement

E. Performance evaluation and corporate failure

1. Alternative views of performance measurement and management
2. Strategic performance issues in complex business structures
3. Predicting and preventing corporate failure

F. Current developments and emerging issues performance management

1. Current developments in management accounting techniques
2. Current issues and trends in performance management

APPROACH TO EXAMINING THE SYLLABUS

Paper P5 builds on paper F5, *Performance Management*, and candidates are expected to have a thorough understanding of the paper F5 syllabus. In addition, candidates will also be required to apply the principles and techniques covered in paper F2, *Management Accounting*.

Paper P5 has a link with Paper P3, *Business Analysis*, in the areas of strategic planning and control and performance measurement

EXAMINATION STRUCTURE

The examination will be a three hour paper in two sections:

Section A

Section A will contain one compulsory question comprising of 50 marks

Section B

In section B candidates will be asked to answer two from three questions comprising of 25 marks each

Total 100 marks

Study Guide

A STRATEGIC PLANNING AND CONTROL

1. Introduction to strategic management accounting

- a) **Explain** the role of **strategic performance management** in **strategic planning and control**.^[2]
- b) **Discuss** the role of **corporate planning** in **clarifying corporate objectives**, **making strategic decisions** and **checking progress towards the objectives**.^[2]
- c) **Compare** planning and control between the **strategic** and **operational levels** within a **business entity**.^[2]
- d) **Assess** the use of **strategic management accounting** in the context of **multinational companies**.^[3]
- e) **Discuss** the scope for potential conflict between strategic business plans and short-term localised decisions.^[2]
- f) **Evaluate** how **SWOT analysis** may assist in the performance management process.^[2]
- g) **Apply** and evaluate the methods of **benchmarking performance**.^[3]

2. Performance management and control of the organisation

- a) **Evaluate** the strengths and weaknesses of **alternative budgeting models** and compare such techniques as fixed and flexible, rolling, activity based, zero based and incremental.^[3]
- b) **Assess** how budgeting may differ in not-for-profit organisations from profit-seeking organisations.^[3]
- c) **Evaluate** the impact to an organisation of a move **beyond budgeting**.^[3]

3. Changes in business structure and management accounting

- a) **Identify** and **discuss** the particular information needs of organisations adopting a **functional**, **divisional** or **network** form and the implications for **performance management**.^[2]
- b) **Assess** the influence of **Business Process Re-engineering** on **systems development and improvements in organisational performance**.^[3]
- c) **Discuss** the concept of **business integration** and the **linkage between people**, **operations**, **strategy and technology**.^[2]
- d) **Analyse** the role that **performance management systems** play in **business integration** using **models** such as the **value chain** and **McKinsey's 7S's**.^[3]
- e) **Identify** and **discuss** the required changes in **management accounting systems** as a consequence of **empowering staff** to manage sectors of a business.^[3]

4. Effect of Information Technology (IT) on strategic management accounting

- a) **Assess** the changing accounting needs of modern **service orientated businesses** compared with the needs of **traditional manufacturing industry**.^[3]
- b) **Discuss** **how IT systems provide the opportunity for instant access to management accounting data throughout the organisation and their potential impact on business performance**.^[2] q4b ACCA December 2015
- c) **Assess** how **IT systems facilitate** the remote input of management accounting data in an **acceptable format** by **non-finance specialists**.^[2] q4b ACCA December 2015
- d) **Explain** how **information systems** provide **instant access** to previously unavailable data that can be used for **benchmarking** and **control purposes** and **help improve business performance** (for example, through the use of enterprise resource planning systems and data warehouses).^[2] q4b ACCA December 2015

- e) **Assess** the need for **businesses to continually refine and develop their management accounting and information systems** if they are to maintain or improve their performance in an increasingly competitive and global market.^[3]

5. Other environmental and ethical issues

- a) **Discuss** the ways in which **stakeholder groups** operate and how they affect an organisation and its **strategy formulation and implementation** (e.g. using **Mendelow's matrix**).^[2]
- b) **Discuss** the **ethical issues** that may impact on strategy formulation and business performance.^[3]
- c) **Discuss** the ways in which stakeholder groups may influence business performance.^[2]

B EXTERNAL INFLUENCES ON ORGANISATIONAL PERFORMANCE

1. Changing business environment

- a) **Assess** the continuing effectiveness of **traditional management accounting** techniques within a rapidly changing business environment.^[3]
- b) **Assess** the impact of the different risk appetites of stakeholders on performance management.^[3]
- c) **Evaluate** how **risk** and **uncertainty** play an important role in **long term strategic planning and decision-making** that relies upon **forecasts of exogenous variables**.^[3]
- d) **Apply** different **risk analysis techniques** in **assessing business performance** such as **maximin, maximax, minimax regret** and **expected values**.^[3]

2. Impact of external factors on strategy and performance

- a) **Discuss** the need to consider the environment in which an organisation is operating when assessing its performance using models such as **PEST** and **Porter's 5 forces**, including areas:^[2]
- Political climate
 - Market conditions
 - Funding

- b) **Assess** the impact of **governmental regulations and policies** on **performance measurement techniques** used and the **performance levels** achieved (for example, in the case of **utility services** and **former state monopolies**).^[3]

C PERFORMANCE MEASUREMENT SYSTEMS AND DESIGN

1. Performance management information systems

- a) **Discuss**, with reference to performance management, ways in which the information requirements of a **management structure** are affected by the **features of the structure**.^[2]
- b) **Evaluate** the compatibility of **management accounting objectives** and the **management accounting information systems**.^[3]
- c) **Discuss** the integration of management accounting information within an overall information system, for example the use of **enterprise resource planning systems**.^[2] ERP
- d) **Evaluate** whether the **management information systems** are **lean** and **value** of the information that they provide.^[3]
- e) Highlight the ways in which **contingent (internal and external) factors** influence **management accounting** and its design and use.^[3]
- f) **Evaluate** how **anticipated human behaviour** will influence the design of a **management accounting system**.^[3]
- g) **Assess** the impact of **responsibility accounting** on information requirements.^[3]
- ### 2. Sources of management information
- a) **Discuss** the principal internal and external sources of management accounting information, their costs and limitations.^[2]
- b) **Demonstrate** how the information might be used in planning and controlling activities e.g. **benchmarking** against similar activities.^[2]

- c) **Discuss** those factors that need to be considered when determining the **capacity** and **development potential of a system**.^[2]

3. Recording and processing methods

- a) **Demonstrate** how the type of business entity will influence the **recording** and **processing methods**.^[2]
- b) **Discuss** how **IT developments** e.g. unified **corporate databases**, RFIDs and **network technology** may **influence management accounting systems**.^[2]
- c) **Discuss** the **difficulties associated with recording** and **processing** data of a **qualitative nature**.^[2]

4. Management reports

- a) **Evaluate** the output reports of an information system in the light of^[3]
- best practice in presentation;
 - the objectives of the report/organisation;
 - the needs of the readers of the report; and
 - avoiding the problem of information overload

D STRATEGIC PERFORMANCE MEASUREMENT

1. Performance hierarchy

- a) **Discuss** how the purpose, structure and content of a **mission statement** **impacts on business performance**.^[2]
- b) **Discuss** the ways in which high-level corporate performance objectives are developed.^[2]
- c) **Identify strategic objectives** and **discuss** how they may be incorporated into the **business plan**.^[2]
- d) **Discuss** how **strategic objectives** are cascaded down the organisation via the formulation of **subsidiary performance objectives**.^[2]
- e) **Discuss** **social** and **ethical** obligations that should be considered in the pursuit of **corporate performance objectives**.^[2]

- f) **Explain** the **performance 'planning gap'** and **evaluate alternative strategies** to fill that gap.^[3]
- g) **Apply critical success factor analysis** in developing **performance metrics** from **business objectives**.^[3]
- h) **Identify** and **discuss** the characteristics of operational performance.^[2]
- i) **Discuss** the relative significance of planning as against controlling activities at different levels in the **performance hierarchy**.^[3]

2. Strategic performance measures in private sector

- a) **Demonstrate** why the primary objective of financial performance should be primarily concerned with the benefits to shareholders.^[2]
- b) **Justify** the **crucial objectives of survival and business growth**.
- c) **Discuss** the appropriateness of, and **apply** different measures of performance, including:^[3]
- Return on Capital Employed (ROCE)
 - Return on Investment (ROI)
 - Earnings Per Share (EPS)
 - Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)
 - Residual Income (RI)
 - Net Present value (NPV)
 - Internal rate of return and modified internal Rate of Return (IRR, MIRR)
 - Economic Value Added (EVATM)
- d) **Discuss** why indicators of **liquidity** and **gearing** need to be considered in conjunction with **profitability**.^[3]
- e) **Compare** and **contrast short** and **long run financial performance** and the resulting **management issues**.^[3]
- f) **Explore** the traditional relationship between **profits** and **share value** with the **long-term profit expectations** of the **stock market** and **recent financial performance** of **new technology companies**.^[3]

- g) **Assess** the relative financial performance of the organisation compared to appropriate benchmarks.^[3]

3. Divisional performance and **transfer pricing** issues

- a) **Describe**, **compute** and **evaluate** performance measures relevant in a divisionalised organisation structure including ROI, RI and Economic value added (EVA).^[3]
- b) **Discuss** the need for separate measures in respect of managerial and divisional performance.^[2]

- c) **Discuss** the circumstances in which a transfer pricing policy may be needed and discuss the necessary criteria for its design.^[2]

- d) **Demonstrate** and **evaluate** the use of alternative bases for transfer pricing.^[3]

- e) **Explain** and **demonstrate** issues that require consideration when setting transfer prices in multinational companies.^[2]

4. Strategic performance measures in not-for-profit organisations

- a) **Highlight** and **discuss** the potential for diversity in objectives depending on organisation type.^[3]

- b) **Discuss** the need to achieve objectives with limited funds that may not be controllable.^[2]

- c) **Identify** and **discuss** ways in which performance may be judged in not-for profit organisations.^[2]

- d) **Discuss** the difficulties in measuring outputs when performance is not judged in terms of money or an easily quantifiable objective.^[2]

- e) **Discuss** how the combination of politics and the desire to measure public sector performance may result in undesirable service outcomes.^[3]

- f) **Assess** 'value for money' service provision as a measure of performance in not-for-profit organisations and the public sector.^[3]

5. Non-financial performance indicators

- a) **Discuss** the interaction of non-financial performance indicators with financial performance indicators.^[2]

- b) **Discuss** the implications of the growing emphasis on non-financial performance indicators.^[3]

- c) **Discuss** the significance of non-financial performance indicators in relation to employees.^[2]

- d) **Identify** and **discuss** the significance of non-financial performance indicators in relation to product/service quality e.g. customer satisfaction reports, repeat business ratings, customer loyalty, access and availability.^[3]

- e) **Discuss** the difficulties in interpreting data on qualitative issues.^[2]

- f) **Discuss** the significance of brand awareness and company profile and their potential impact on business performance.^[3]

6. The **role of quality** in **management information** and **performance measurement systems**

- a) **Discuss** and **evaluate** the application of Japanese business practices and management accounting techniques, including:^[3]
- Kaizen costing,
 - Target costing,
 - Just-in-time, and
 - Total Quality Management.

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- b) **Discriminate** between quality, quality assurance, quality control and quality management.^[2]

- c) **Assess** the relationship of quality management to the performance management strategy of an organisation.^[3]

- d) **Advise** on the structure and benefits of quality management systems and quality certification.^[3]

- e) **Justify** the need and assess the characteristics of quality in management information systems^[3]

- f) **Discuss** and **apply** **Six Sigma** as a **quality improvement method** using tools such as **DMAIC** for implementation. ^[2]

7. Performance measurement and strategic Human Resource Management issues

- a) **Explain** how the **effective recruitment, management** and **motivation of people** are necessary for **enabling strategic and operational success**. ^[3]
- b) **Discuss** the **judgemental** and **developmental roles** of assessment and appraisal and their role in **improving business performance**. ^[3]
- c) **Advise** on the relationship of **performance management** to **performance measurement** (performance rating) and **determine** the implications of performance measurement to **quality initiatives** and **process redesign**. ^[3]

8. Performance measurement and the reward systems

- a) **Explore** the meaning and scope of reward systems. ^[2]
- b) **Discuss** and **evaluate** different methods of reward practices. ^[2]
- c) **Explore** the **principles** and **difficulty** of aligning **reward practices** with **strategy**. ^[2]
- d) **Advise** on the relationship of reward management to **quality initiatives**, process re-design and harnessing of **e-business opportunities**. ^[3]
- e) **Assess** the potential beneficial and adverse consequences of linking reward schemes to performance measurement, for example, how it can affect the **risk appetite of employees**. ^[3]

9 Other behaviour aspects of performance measurement

- a) **Discuss** the **accountability issues** that might arise from **performance measurement systems**. ^[3]
- b) **Evaluate** the ways in which performance measurements systems **may send the wrong**

signals and result in undesirable business consequences. ^[3]

- c) **Demonstrate** how **management style** needs to be considered when designing an effective performance measurement system. ^[3]

E PERFORMANCE EVALUATION AND CORPORATE FAILURE

1. Alternative views of performance measurement and management

- a) **Apply** and **evaluate** the **'balanced scorecard'** approach as a way in which to improve the range and **linkage between performance measures**. ^[3] 12/15 q3a,b
- b) **Apply** and **evaluate** the **'performance pyramid'** as a way in which to link strategy, operations and performance. ^[3]
- c) **Apply** and **evaluate** the work of **Fitzgerald and Moon** that considers performance measurement in business services using **building blocks** for **dimensions, standards and rewards**. ^[3]
- d) **Discuss** and **apply** the **Performance Prism**. ^[2]
- e) **Discuss** and **evaluate** the application of activity-based management. ^[3]
- f) **Evaluate** and **apply** the **value-based management** approaches to performance management. ^[3]

2. Strategic performance issues in complex business structures

- a) **Evaluate** the use and the application of strategic models in assessing the business performance of an entity, such as , Boston Consulting Group and Porter. ^[3]
- b) **Discuss** the problems encountered in planning, controlling and measuring performance levels, e.g. productivity, profitability, quality and service levels, in complex business structures. ^[3]
- c) **Discuss** the impact on performance management of the use of business models

involving **strategic alliances**, **joint ventures** and complex **supply chain structures**.^[3]

3. Predicting and preventing corporate failure

- a) **Assess** the potential likelihood of **corporate failure**, utilising **quantitative** and **qualitative performance measures** and **models (such as Z-scores and Argenti)**.^[3]
- b) **Assess** and **critique quantitative and qualitative corporate failure prediction models**.^[3]
- c) **Identify** and **discuss performance improvement strategies** that may be adopted in order to prevent **corporate failure**.^[3]
- d) **Discuss** how **long-term survival** necessitates consideration of **life-cycle issues**.^[3]
- e) **Identify** and **discuss** operational changes to performance management systems required to implement the **performance improvement strategies**.^[3]

F. CURRENT DEVELOPMENTS AND EMERGING ISSUES IN PERFORMANCE MANAGEMENT

1. Current developments in management accounting techniques

- a) **Discuss** the ways through which **management accounting practitioners** are made aware of **new techniques** and how they **evaluate** them.^[3]
- b) **Discuss**, **evaluate** and **apply environmental management accounting** using for example lifecycle costing, **input/output analysis** and **activity-based costing**.^[3]
- c) **Discuss** the use of **benchmarking** in public sector **performance (league tables)** and its effects on **operational and strategic management** and **client behaviour**.^[3]
- d) **Discuss** the **issues** surrounding the use of **targets** in **public sector organisations**.^[3]

2. Current issues and trends in performance management

- a) **Assess** the changing role of the **management accountant** in today's business environment as outlined by **Burns and Scapens**.^[3]
- b) **Discuss** contemporary issues in performance management.^[2]
- c) **Discuss** how **changing organisation's structure, culture** and **strategy** will influence the adoption of new **performance measurement methods** and **techniques**.^[3]
- d) **Explore** the **role of the management accountant** in providing key performance information for **integrated reporting to stakeholders**.^[2] 12/15 q4b

SUMMARY OF CHANGES TO P5

ACCA periodically reviews its qualification syllabuses so that they fully meet the needs of stakeholders such as employers, students, regulatory and advisory bodies and learning providers.

There are changes to the syllabus to reflect the latest business and educational developments affecting this paper. These are summarised in the table below.

Section and subject area	Syllabus content
A1 Strategic planning and control	A1g amended to; Apply and evaluate the methods of benchmarking performance
C1 Performance management information systems	C1b amended to; Evaluate the compatibility of management accounting objectives and the management accounting information systems
E1 Alternative views of performance measurement and management	E1a amended to; Apply and evaluate the 'balanced scorecard' approach as a way in which to improve the range and linkage between performance measures E1b amended to; Apply and evaluate the 'performance pyramid' as a way in which to link strategy, operations and performance E1c amended to; Apply and evaluate the work of Fitzgerald and Moon that considers performance measurement in business services using building blocks for dimensions, standards and rewards
E2 Strategic performance issues in complex business structures	E2a; Ansoff has been deleted