

ACCA

Strategic Professional – Options

Advanced Performance Management (APM)

EXAM KIT

KAPLAN
PUBLISHING

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Versions of some questions in this Exam Kit may also be available on the ACCA Practice Platform on the ACCA website. They are a very useful reference, in particular to attempt using ACCA's exam software. However, you should be aware that ACCA will decide when those questions will be amended ***for syllabus changes*** or replaced, so they may differ slightly from the versions in this ***Exam Kit***.

SECTION A TYPE QUESTIONS

		<i>Page number</i>		
		<i>Question</i>	<i>Answer</i>	<i>Past exam</i>
1	Maddy	1	145	<i>Dec 22</i>
2	Belivat	5	151	<i>Sept 22</i>
3	Calavie	7	158	<i>Mar/Jun 22 (A)</i>
4	Freuchie	10	166	<i>Sept/Dec 21 (A)</i>
5	Fiag	12	174	<i>Mar/Jun 21 (A)</i>
6	Achilty	 15	180	<i>Mar 20 (A)</i>
7	Arkaig Manufacturing	18	186	<i>Sept/Dec 19 (A)</i>
8	Folt Manufacturing	21	193	<i>Mar/Jun 19 (A)</i>
9	Rezillos	23	198	<i>Dec 18 (A)</i>
10	Fearties	27	205	<i>Sept 18 (A)</i>
11	Chiven Stores	30	210	<i>Mar/Jun 18 (A)</i>
12	Thyme	33	217	<i>Sept/Dec 17 (A)</i>
13	Dargeboard Services (DS)	36	223	<i>Mar/Jun 17 (A)</i>
14	Flack	38	228	<i>Mar/Jun 16 (A)</i>
15	Monza	41	233	<i>Sept/Dec 16 (A)</i>
16	Iron Chicken	44	239	<i>Dec 15 (A)</i>
17	Boltzman	47	244	<i>Dec 14 (A)</i>
18	EHAS	50	249	<i>Sept/Dec 23</i>
19	Chairn	53	255	<i>Mar/Jun 23</i>

EXAM SPECIFIC INFORMATION

THE EXAM

FORMAT OF THE EXAM

	Total marks	Technical marks	Professional skills marks
Section A: One compulsory question	50	40	10
Section B: Two compulsory questions	50	40	10
	(25 per question)	(20 per question)	(5 per question)
Overall	100	80	20

Note that:

- The exam is a 3 hour 15 minutes computer based examination (CBE).
- Technical syllabus sections A, B and C (not D) are examinable in Section A.
- Section B will contain one question mainly from technical syllabus section D. The other question will be from any other technical syllabus section(s).
- There will be 10 professional marks (syllabus section E) available in Section A and 5 professional marks in each Section B question.
- Candidates will receive a present value table and annuity table.
- Questions will be based around a scenario. It is important to refer back to this scenario when answering the question.
- There will be a mixture of written requirements and computational requirements.
- Earlier knowledge from previous exams will be drawn on at times.
- Dates will be in the format 20XX, e.g. 20X5. This will make the dates for each exam session generic.

PASS MARK

The pass mark for all ACCA Qualification examinations is 50%.

DETAILED SYLLABUS, STUDY GUIDE AND SPECIMEN EXAM

The detailed syllabus and study guide written by the ACCA, along with the Specimen Exam can be found at:

www.accaglobal.com

Section 1

PRACTICE QUESTIONS – SECTION A

Note: From September 2022, the 50 marks in Section A comprise 40 technical marks and 10 professional skills marks. Any Section A questions from before September 2022 have been amended to reflect this approach.

In addition since September 2020, in all questions the requirements are now fully embedded within an exhibit (i.e a section of information) in the scenario and the requirements are simply a list of the areas which, for example, the CEO is requesting work on. Any Section A questions from before September 2020 have been amended to reflect this approach.

The questions that have been amended to include 10 professional skills marks and the fully embedded requirements are indicated as such next to the question title in both the question and the answers. In addition, the 'Index of questions and answers' in the Exam Kit prelims shows the questions that have been amended in this way.

Section A of the APM exam will only examine technical syllabus sections A, B and C. Some of the questions below (those prior to September 2018) do not reflect this and include requirements from syllabus section D. These have been included since they serve as good revision of real past exam questions or exam standard questions and will also serve as good revision for Section B questions in the exam in which syllabus section D will be included.

1 MADDY (DEC 22)

Exhibit 1 – Company information

Maddy is a fast-food chain which operates restaurants in several locations. It was established by the current board members, who are all shareholders, when they opened the first Maddy restaurant in 20X2. The restaurant quickly gained a good reputation, through positive customer reviews on social media, for the quality and price of its food, for its customer service and for its cleanliness. Since then, Maddy has grown quickly. By August 20X5 it had opened another 12 restaurants under the Maddy brand, with the same overall business model, product range and look and feel as the original restaurant.

Maddy's overall objective is to maximise shareholder wealth. To achieve this overall objective, Maddy has two supporting aims:

- 1 To increase the number of restaurants.

Maddy has ambitious growth objectives to increase the number of restaurants, including franchise restaurants. Though Maddy is a successful business, the lack of available finance has meant that the rate of opening its own new restaurants has recently slowed.

- 2 To achieve like-for-like* revenue growth of at least 15% each year.

The board believes a key factor in achieving this is for Maddy to achieve industry-leading performance across a range of factors relating to quality of service.

*Like-for-like revenue growth is that achieved by means other than the growth due to the opening of new restaurants and excludes growth from other one-off events which may distort the measurement of performance.

In order to help achieve its overall objective, Maddy has recently established eight franchise restaurants consistent with the first supporting aim to increase the number of restaurants, including franchise restaurants. One of these franchise restaurants is located in a neighbouring country, where the Maddy brand is not widely recognised.

Each franchise is owned and managed by a franchisee and is operated as a business which is totally separate from Maddy. The franchisee pays franchise fees to Maddy and in return is able to trade under the Maddy brand. All food items, cooking equipment, fixtures and fittings and marketing materials are provided to the franchisee by Maddy, to the extent that from the customer's point of view, a franchise restaurant is indistinguishable from one owned by Maddy. The franchise fees paid by the franchisee to Maddy have two elements:

- 1 A one-off set-up fee which varies in amount according to the size of a new franchise. This covers the costs of fixtures, fittings and equipment, as well as staff training and the initial marketing of the new restaurant in the local press and online, using social media and pay-per-click advertising. For some of the new franchises, the set-up costs incurred by Maddy have exceeded the set-up fee agreed with the franchisee and the board is keen to ensure that this does not happen in the future.
- 2 An on-going fee of 10% of the franchisee's revenue is paid to Maddy, in return for provision of an extensive IT infrastructure, continuing IT and marketing support, and licence to trade under the Maddy brand.

Note: All food items must be purchased by the franchisee from Maddy and the costs of these are additional to the franchise fees.

Exhibit 2 – Performance reporting

Before Maddy continues with the next phase of its growth plans, the board has asked you for advice relating to performance reporting at Maddy.

The board wants you to evaluate whether the current performance report (Appendix 1), which it uses on a quarterly basis, is fit for purpose. The board has instructed that you are not required to evaluate the performance of any aspect of Maddy's business.

Exhibit 3 – Minimum performance levels

All franchisees are subject to minimum performance levels set by Maddy across a range of financial and qualitative measures. If a franchisee fails to meet these levels, a board member will visit the franchisee to help support them to improve performance. Continued failure could lead to termination of the franchise.

Maddy has only recently started to collect data relating to cleanliness of the franchise restaurants. Cleanliness is one measure subject to minimum performance levels and is measured using customer surveys. Customers fill out a paper form giving just one overall score, between 1 and 5, for cleanliness and some other aspects of the quality of service and place these in a box in exchange for a chance to win a free meal. The franchisee collates these responses onto a spreadsheet at the end of each quarter and sends a summary of the results to Maddy for inclusion in the next performance report.



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