

ADVANCED PERFORMANCE MANAGEMENT (APM)

**Read the mind
of an APM marker
SPECIMEN EXAM Q2**

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Introduction

I am a member of the team who marks Advanced Performance Management. This article is designed to give you, the candidate, an insight into my mind, so that you can better understand what a marker will be looking for when it comes to marking your Advanced Performance Management response.

Insight into a marker's thinking – appreciating what we are trained to look for, what we award marks for, the reasons why marks may not be awarded – will help you fulfil your potential and gain the necessary marks to pass. It will help you appreciate the points that will attract marks so that you can better assess your answers when practicing questions.

This article uses two candidates' answers to Question 2 from the APM specimen exam. To support your reading of this article, you should refer to the specimen exam on the **ACCA Practice Platform**.

You may also find it interesting to refer to the published answers for the specimen exam, noting the differences and comparing the length and style to the candidates' answers seen in this article. It's important to remember that you don't need to replicate the published answer to achieve a pass. You can access the answers on the **ACCA Practice Platform**.

Question 2

Observations on the requirement

APM Specimen – from September 2022 onwards

Symbol Highlight Strikethrough Calculator Scratch Pad Close All Flag for Review 2 of 3

Exhibits

- 1. Company information
- 2. Purchasing and production
- 3. JIT and costs of quality
- 4. Appendix 1

Requirements

- Requirements (25 marks)

Response Options

- Word Processor
- Spreadsheet

Requirements (25 marks)

It is now 1 September 20X5.

Respond to the CEO's request for work on the following areas:

(a) the introduction of a just-in-time (JIT) system; and (13 marks)

(b) costs of quality changes. (7 marks)

Professional marks will be awarded for the demonstration of skill in analysis and evaluation, scepticism and commercial acumen in your answer. (5 marks)

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Question 2 is mainly centred on the evaluation of the impact of a new performance management system, which is a common requirement in APM. The question was specific about which areas of the company were to be focused on. The question also asked about changes to certain costs which could occur, and data was provided to support that analysis. Both of the requirements relate to activities expected of a management accountant.

Specimen exam marked answers

Marks awarded and comments:

Question 2 candidate one

Roll your cursor over each numbered note for the marks awarded and marker's comments to appear in the right side panel:

Word Processor

Paragraph

(a)

Purchasing

Coruisk may need to reduce its suppliers so as to better develop relationships and work with ones who can be relied up to meet high quality material demands.

It should be considered whether the remaining two suppliers provide this need and Coruisk should work closely with them to improve quality and reduce lead time. This is important as the material from the suppliers needs to be the right amount and the right quality because if it isn't this will lead to delays in meeting Ericht's orders. Supplier agreements will need to be detailed, probably include SLAs and be reviewed regularly.

Production

Coruisk needs to consider its flexibility with regards to lead times on production as they will potentially need to speed up to prevent potential stock outages at Ericht on highly popular items.

Small production runs will often be required with a mix of dresses to meet sales demands which change the current process at Coruisk. This might reduce the efficiency of production and Coruisk may have to assess alternative measures so as not to see adverse efficiency ratings compared to budget.

A change to how staff bonuses are awarded will have to be made as the number of dresses per period will vary based on Ericht's needs. A better measure may look at on time production or quality of output.

Staff will need to be more flexible to work overtime during periods of high demand and take time off during low periods downtime. This could be a large culture shock to workers who appear to be used to stable working patterns and regular high bonuses in relation to maximised outputs.

Coruisk currently identifies failures at the final stage before items leave the warehouse and this will be too late under JIT.

Coruisk needs to take a very serious approach to the change as if the needs of Ericht aren't met and they choose to move to a different supplier or they decide to move production inhouse this could lead to the corporate failure of Coruisk.

(b)

TQM looks to reduce the costs of non-conformance, which in the report is extremely high at \$568,000 (12.62% of revenue).

The way to do this is invest in conformance costs, particularly prevention, which is important for JIT as it is too late to establish faults at the end of production or by the customers. Coruisk should focus on prevention particularly around training so that staff are using machinery properly and understand all parts of production. Routine maintenance should be increased as it appears there is a lot of downtime, which can't be afforded under JIT which requires reduced lead times.

Notes on **candidate one's** answer to **Q2**

Summary of marks:

TECHNICAL:	
Part a	13
Part b	4
TOTAL technical marks	17
PROFESSIONAL:	
Analysis and Evaluation	3
Scepticism	0
Commercial Acumen	2
TOTAL professional marks	5
OVERALL TOTAL	22/25



Specimen exam marked answers

Marks awarded and comments:

Question 2 candidate two

Roll your cursor over each numbered note for the marks awarded and marker's comments to appear in the right side panel:

The screenshot shows a Word Processor window with a toolbar and a text area. The text area contains the following content:

(a)
Coruisk must choose suppliers who are reliable and produce on demand, so maybe Coruisk should just choose one supplier to work closely with.
The supplier who despatches in full-load quantities may need to be discarded as Coruisk does not want to have a high inventory of dresses as it may become obsolete.
Quality should be the agenda as priority for Coruisk as Ericht is the only customer therefore has no time to produce faulty products.
JIT offers short production runs, where employees can spot the mistakes instantly and correct them to minimise waste.
Coruisk should perhaps market its own products.

(b)
Prevention costs should be invested in to prevent problems down the line like the costs of non-conformance.
Coruisk should reduce external costs and reducing product recalls would in turn reduce handling complaints.

Notes on **candidate two's** answer to Q2

Summary of marks:

TECHNICAL:	
Part a	4
Part b	2
TOTAL technical marks	6
PROFESSIONAL:	
Analysis and Evaluation	1
Scepticism	0
Commercial Acumen	1
TOTAL professional marks	2
OVERALL TOTAL	8/25

How could this answer have been improved?

1. The scenario clearly identified two areas of focus for part (a). These areas should have been used as headings in the solution to give the answer structure and focus the candidate's thought process on the implication of JIT on each area.
2. More detail needed to be provided for each area, including developing points by relating them to Coruisk's situation. The requirement was worth 13 marks and so a more detailed response was required. This would have helped score more technical marks and more professional marks especially in Analysis and Evaluation for giving a more thorough assessment of the introduction of JIT and in Commercial Acumen by recognising the practical and commercial issues facing Coruisk.
3. Part (b) was light in both volume and application which meant it scored limited technical marks and zero professional marks. The requirement clearly asked how quality costs would change in relation to JIT and gave a quality cost report to help the discussion. To improve this answer, the technical points needed to be developed and linked to JIT with data taken from the quality cost report. If this had been done, it would have scored more technical marks and demonstrated the ability to use the data to support points made, for which Analysis and Evaluation marks would have been awarded.

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