

Advanced Performance Management

Level CPA Final Subject Code FD303 Exam Marks 100

Assessment Level: Advanced/Conceptual/Practical/Expert/Professional

Assessment Strategy

Section A: MCQ's 05(5Marks)	Competency Questions 3 (13Marks)	Case Studies/Scenario base Question 1 (7Marks)
Section B: MCQ's 05(5Marks)	Competency Questions 3 (13Marks)	Case Studies/Scenario base Question 1(7Marks)
Section C: MCQ's 05(5Marks)	Competency Questions 3 (13Marks)	Case Studies/Scenario base Question 1(7Marks)
Section D: MCQ's 05(5Marks)	Competency Questions 3 (13Marks)	Case Studies/Scenario base Question 1(7Marks)

Syllabus

Section	Lead Topics	Indicative Syllabus
Section A: 25%	Pricing and Product Decisions	<p>Relevant cash flows and their use in short-term decisions, typically concerning acceptance/rejection of contracts, pricing and cost/benefit comparisons</p> <p>The importance of strategic, intangible and non-financial judgments in decision-making</p> <p>Relevant costs and revenues in decision-making and their relation to accounting concepts</p> <p>Marginal and full cost recovery as bases for pricing decisions in the short and long-term</p> <p>Simple product mix analysis in situations where there are limitations on product/service demand and one other production constraint.</p> <p>Multi-product break-even analysis, including break-even and profit/volume charts, contribution/sales ratio, margin of safety etc.</p> <p>Linear programming for more complex situations involving multiple constraints. Solution by graphical methods of two variable problems,</p> <p>Sensitivity analysis of CVP-based decision models.</p> <p>Pricing decisions for profit maximizing in imperfect markets.</p> <p>Pricing strategies and the financial consequences of market skimming, premium pricing, penetration pricing, loss leaders, product bundling/optional extras and product differentiation to appeal to different market segments.</p>

		The allocation of joint costs and decisions concerning process and product viability.
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Section	Lead Topics	Indicative Syllabus
Section B: 25%	Cost Planning and Analysis for Competitive Advantage	<p>Value analysis and quality function deployment.</p> <p>The benefits of just-in-time production, total quality management and theory of constraints and the implications of these methods for decision-making in the 'new manufacturing environment'.</p> <p>Kaizen costing, continuous improvement and cost of quality reporting.</p> <p>Learning curves and their use in predicting product/service costs, including derivation of the learning rate and the learning index.</p> <p>Activity-based management in the analysis of overhead and its use in improving the efficiency of repetitive overhead activities.</p> <p>Target costing.</p> <p>Life cycle costing and implications for marketing strategies.</p> <p>The value chain and supply chain management, including the trend to outsource manufacturing operations to transition and developing economies.</p> <p>The use of direct and activity-based cost methods in tracing costs to 'cost objects', such as customers or distribution channels, and the comparison of such costs with appropriate revenues to establish 'tiered' contribution levels, as in the activity-based cost hierarchy.</p> <p>Pareto analysis.</p>

Section	Lead Topics	Indicative Syllabus
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Section C: 25%	Budgeting and Management Control	<p>Control system concepts.</p> <p>The use of budgets in planning: 'rolling budgets' for adaptive planning.</p> <p>Responsibility accounting and the use of budgets for control: controllable costs and; treatment of uncontrollable costs; the conceptual link between standard costing and budget flexing.</p> <p>Assessing the financial consequences of projected performance through key metrics including profitability, liquidity and asset turnover ratios.</p> <p>What-if analysis based on alternate projections of volumes, prices and cost structures and the use of spreadsheets in facilitating these analyses.</p> <p>The evaluation of out-turn performance using variances based on 'fixed' and 'flexed' budgets.</p> <p>Behavioural issues in budgeting: participation in budgeting and its possible beneficial consequences for ownership and motivation; participation in budgeting and its possible adverse consequences for 'budget padding' and manipulation; setting budget targets for motivation; implications of setting standard costs etc.</p> <p>Non-financial performance indicators.</p> <p>Criticisms of budgeting and the recommendations of the advocates of the balanced scorecard and 'beyond budgeting'.</p>
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Section	Lead Topics	Indicative Syllabus
Section D: 25%	Control and Performance Measurement of Responsibility Centres	<p>Organisation structure and its implications for responsibility accounting.</p> <p>Presentation of financial information representing performance and recognizing issues of controllable/uncontrollable costs, variable/fixed costs and tracing revenues and costs to particular cost objects.</p> <p>Return on investment and its deficiencies; the emergence of residual income and economic value added to address these.</p> <p>The behavioural consequences of performance management and control.</p> <p>The theory of transfer pricing, including perfect, imperfect and no market for the intermediate good.</p>