Advanced Performance Management (APM) March/June 2026 Examiner's report

The examining team share their observations from the marking process to highlight strengths and weaknesses in candidates' performance, and to offer constructive advice for those sitting the exam in the future.

Contents

General Comments

This examiner's report should be used in conjunction with the published March/June 2026 sample exam which can be found on the ACCA Practice Platform.

In this report, the examining team provide constructive guidance on how to answer the questions whilst sharing their observations from the marking process, highlighting the strengths and weaknesses of candidates who attempted these questions. Future candidates can use this examiner's report as part of their exam preparation, attempting question practice on the ACCA Practice Platform and reviewing the published answers alongside this report.

Format of the exam

The Advanced Performance Management (APM) examination comprised two sections, A and B. Section A consisted of one compulsory question for 50 marks in total. Section B consisted of two compulsory questions for 25 marks each. Ten professional skills marks were available within Section A for communication, analysis and evaluation, scepticism and commercial acumen. In Section B there are five professional skills marks in each question from at least two of analysis and evaluation, scepticism and commercial acumen.

Section A

Question 1 – Yarrow

Requirements (50 marks)

It is now 1 September 20X5.

Write a report to the sales and marketing director (SMD) of Yarrow to respond to her instructions for work in the following areas:

(i) New entrants

(6 marks)

(ii) Introduction of EVA™

Note: There are 11 marks available for the first part of the work on this area and 8 marks available for the second part of the work on this area.

(19 marks)

(iii) Employee response to EVA™

(15 marks)

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

(10 marks)

Format of the question

This 50-mark question was based around Yarrow, a listed company which manufactures gloves in the country of Zedland. The market in which Yarrow operates is competitive and competition has increased due to the government's relaxation of trading regulations which has allowed foreign companies to start operating in Zedland. Advantage in the market can be gained by developing and maintaining a strong brand name.

The requirements for this question were split into three parts. Part (i) was worth 6 marks and asked for two justified key performance indicators which could measure the threat of new entrants. In part (ii), which was worth 19 marks, candidates were asked to firstly calculate EVA™ and then justify why EVA™ is more aligned with the objective of maximising shareholder wealth than traditional profit measures. In part (iii), for 15 marks, candidates were asked to assess various concerns voiced by Yarrow employees on the adoption of EVA™ in the current reward scheme.

Additionally, up to ten professional marks were available in this question. In part i) commercial acumen marks were available. In part ii) there were analysis and evaluation marks available, and scepticism marks were available in part iii). In addition, communication marks were available for the script as a whole.

General Comments

Performance in this question overall was encouraging. Many candidates struggled with suggesting appropriate KPIs in part (i) but most understood how to undertake at least part of an extensive EVA™ calculation in (ii) and most candidates found that they could express some of the qualities within the EVA™ calculation that ensures it is more aligned with maximising shareholder wealth. Performance in part (iii) was poorer as few candidates discussed the implications of the separate concerns in the appropriate depth, though most candidates responded with enough relevant comment here to score approximately half marks.

Part (i)

Part (i) was worth 6 marks and asked candidates to recommend, with justifications, two performance indicators which would help determine if the threat of new entrants was high or low.

The main problem that candidates encountered in this part of the question was that they often treated the question as though it was about the threat presented by companies already in the marketplace. For example, many candidates suggested measures such as market share or relative market share over time. Such measures may give Yarrow an indication of where it is positioned in its market and whether its closest rivals are gaining market share at its expense. However, this measure does not help determine if the threat of new entrants is high or low. In order to measure this threat, it would be necessary to consider measuring the number of barriers to entry that may exist or, perhaps, the strength of those barriers. For example, the strength of brands currently operating in the market may act as a deterrent to a new entrant in the same way that measuring something such as the market growth rate may give an indication of the likelihood of new entrants to enter the market. A quickly growing market would always be more attractive to a potential new entrant than a slow-growing, stagnant or declining one.

This question highlighted the essence of the Advanced Performance Management (APM) paper as being one where the key concepts are management and measurement. Candidates are expected to know that they will not be asked for something such as a full five forces analysis in this exam but instead for the implications around measurement and management that might arise from such an analysis. In the responses to this question, it seemed that many candidates had not considered the areas of management or measurement at the appropriate level for the question asked.

Part (ii)

Part (ii) was split into two parts. The first part, worth 11 marks, asked candidates to undertake an extended EVA™ calculation and the second part, worth 8 marks, asked candidates to justify why EVA™ is a performance management metric that is more aligned with maximising shareholder wealth than traditional profit-based measures.

Initially, it is worth noting that very few candidates actually calculated EVA™ correctly at every stage. There are several areas where candidates could have improved their performance here.

Firstly, it is always best to start an EVA™ calculation with the operating profit (OP) figure. It is not a mistake to start with, for example, the 'profit for the period' (PFP) figure but most teaching materials do not start from here and it clearly created confusion with some candidates as to which figures should be added back and which should be subtracted. In particular, several candidates that had started with the PFP figure were deducting some costs which had already been deducted. As a general rule of thumb, candidates are best to start the calculation with the OP figure.

Most candidates tended to be awarded the marks available for the treatment of accounting and economic depreciation, research and development and advertising. These marks are usually the more straightforward ones with an EVA™ calculation as they tend to represent the first parts of adding back figures to the Statement of profit or loss (and deducting, in the case of economic profit).

Several candidates did not achieve the mark available for the lost relief on interest. This figure was 22% of $151 and represents the value of the tax shield to debt financing as opposed to the lack of tax advantage to equity financing. This figure is deducted as EVA™ is an after-tax charge. Many candidates did not include this figure in their EVA™ calculations.

Several candidates made an error in not adding the previous year's advertising and the previous year's R&D to the capital employed figure. An important part of the EVA™ calculation is that it capitalises expenses that are likely to contribute to enhancing future shareholder value and this seems to be an area that many candidates were not aware of. The straightforward rule is that the previous year's expenses in these areas are added to the company's capital employed to emphasise both the value-enhancing nature of the expense and the fact that the entity should be earning a return on these expenses.

Another area where candidates could have performed better was in the calculation of the weighted average cost of capital (WACC). Most candidates recognised the correct weightings of each of the components of debt and equity but the calculation of the WACC is an area where EVA™ recognises there is a tax advantage to debt. In this case, the cost of debt is calculated at 6.24% (0.08 x (1-0.22)).

Many candidates could have improved how they set out their responses to this question. It is important that all calculations are presented in a manner that makes them easy for a marker to see how the different steps of the calculation have progressed. This is good professional practice and all candidates should try to ensure that they present their calculations in an exam in the same manner that they might present calculations to a client.

The second part of part (ii) was generally quite well done but candidates tended to offer more description than analysis. For example, some responses would indicate: "EVA™ is a technique that measures economic profit and which is more aligned with shareholder value than traditional techniques. It capitalises many areas that accounting treats as expenses and is much nearer a cash-based measure of performance. Traditional accounting-based measures are based on international standards and are not measures of economic value." Such comments offer a description and some narrative around the two techniques but do not take the response closer to actually addressing the requirement. Candidates would be better saying: "A significant difference between EVA™ and traditional accounting-based measures of performance is that EVA™ includes the cost of capital in its calculation. This cost is an accurate indication of the return the investors in the business are seeking and achieving this cost ensures that Yarrow is focused on achieving as much as it can in terms of a return for these investors. The management team of Yarrow understand that the more the EVA™ figure has exceeded the cost of capital, the closer Yarrow has come to maximising shareholder value."

Many candidates produced quite brief responses to this part of the question. Though what was said was usually accurate, it was clear that candidates did not have enough knowledge about EVA™ to develop their responses further. Candidates are advised to study the model response to this question which will clarify the range of areas that can be addressed in a question of this sort.

The main area where candidates could improve in this part of the question, however, is to be aware what they are being asked and to respond accordingly. In this part of the question, the verb used is "justify" and candidates should try to check their response against this verb as much as they can and ask, simply, if the response they are writing is offering a justification, or if it is predominantly descriptive.

Part (iii)

Part (iii) was worth 15 marks. It asked candidates to assess four comments from members of Yarrow's staff that expressed concerns about the introduction and use of EVA™. Candidates should have recognised that most of the comments made about EVA™ by the Yarrow staff were either incorrect or could have been explained as being reactions based on a lack of a full understanding about the operation of EVA™.

Candidates tended not to score very well in this area, with one of the main reasons being that responses were often underdeveloped. Many candidates wrote too little to address either the implications of each of the staff comments or, in some cases, candidates simply did not attempt to address all four comments. This was disappointing as all the comments address areas of EVA™ that are either common areas of discussion, or which should have been identifiable as being incorrect.

The first comment concerns what EVA™ is and how the individual worker might know if they are doing anything to add to it. This comment allowed candidates the opportunity to show their understanding of what EVA™ is and to then highlight that the key to making a successful economic return is identifying Yarrow's value drivers. Some candidates responded in this way, but most did not and a common response was to say something like: "positive EVA™ means the company has created shareholder value and negative EVA™ means that it has destroyed it." Such comments are descriptive and can address the first part of the comment, but responses should also address how people know what they can do to enhance EVA™. A suitable response might be: "The key to the individual employees in Yarrow understanding what they can do to enhance EVA™ is for Yarrow to undertake work to determine its value drivers. These are the activities of the company that determine Yarrow's success and ultimately reflect what Yarrow does that the customer is prepared to pay for. These areas may not always be easy to detect but establishing exactly what and where they are in Yarrow is key to ensuring that individual employees know what they can do to help enhance shareholder value."

The second comment concerned the EVA™ calculation, both in terms of how it operates and whether it would be easy to see the EVA™ for each individual product. This comment offered candidates an opportunity to discuss the importance of training for the introduction of EVA™ and also gave candidates the opportunity to discuss one of the significant weaknesses of EVA™ in that it is very difficult to calculate EVA™ at the level of an individual product.

Most candidates addressed the first part well here as candidates tend to be consistently good at highlighting the importance of training. However, responses for this comment tended to either stop after this part or to simply highlight that EVA™ tended to be calculated at a departmental or company level. This was disappointing as the question is typical of the application that is characteristic of the APM exam. In this case, the requirement was for candidates to apply their knowledge of EVA™ to consider how it might be calculated at a product level. It should have become clear quite quickly that such application would necessitate determining capital employed for each individual product, which would be a very difficult and time-consuming task.

The main lesson that candidates can take from this is to appreciate the emphasis that the APM exam has on application. There are very few marks available for definitions or explanations, and this comment is quite typical in expecting candidates to understand the course material/techniques and then apply it to the specific scenario in the question.

The third comment concerned the use of EVA™ necessitating that a quick return had to be earned on any investment in assets and that this would therefore prevent investment. Ultimately, the commentator was concerned that they would have to spend too much time fixing old machines that probably should have been scrapped as managers were not willing to invest.

This was an area where candidates should have performed better. The comment made was a standard criticism that is made concerning return on capital employed (ROCE) but which EVA™ should overcome by its capitalisation of certain expenses (if relevant), its use of economic rather than accounting depreciation and its focus on the longer term. Unfortunately, however, many responses to this comment were underdeveloped. Some responses indicated: "EVA™ helps investment through capitalising some expenses and this helps with management focus on the longer term. The commentator should not therefore worry about the lack of investment as this will not be the case." Such a response offers a very basic description of how EVA™ operates but does not show a depth of understanding. A better response would indicate: "EVA™ is governed by exactly the same principles as net present value (NPV), in that an investment should be undertaken if it can return at least its cost of capital. The use of economic deprecation, rather than accounting depreciation, helps with the application of the EVA™ calculation after the investment in a practical sense. It will always be the case, therefore, that EVA™ would approve any value-enhancing asset, such as a machine, and that it would not lead to a mentality where investment is seen as undesirable because it is likely to lead to a reduction in the company's ROCE. Such dysfunctional behaviour is not part of the basis of EVA™ and the comment is flawed in its assumption of the operation of EVA™."

The fourth comment concerns the commentors fear that their bonus will be based on EVA™ even though they have no control over Yarrow's EVA™ figure. Most candidates responded to this comment quite briefly and did not address the question's requirement. Many mentioned the competitive environment in Zedland and perhaps viewed the comment as an opportunity to discuss bonuses in a more general sense. The comment, however, was clearly focused around using specifically EVA™ as part of an overall scheme.

Many candidates did not realise that the activity the commentator was engaging in (quality assurance and the reduction of waste) was in itself very likely to be a value-enhancing activity and that the commentator's fears were unfounded. Most candidates did not also take the opportunity here to highlight and address that EVA™, at core, emphasises the importance of the fundamentals of a successful business. Minimising waste and producing things right first time is clearly a part of that, and candidates could have emphasised more how the commentator had much more to be appreciative of EVA™ for than apprehensive about it.

Overall, most candidates scored half marks or close to it in part (iii) but it was disappointing how underdeveloped most of the responses were. This part gave candidates a good opportunity to apply their knowledge of EVA™ to four slightly different, but broadly interconnected, comments. Candidates may therefore benefit from spending more revision time in thinking about the techniques they are learning and reflecting upon how these techniques might apply in different scenarios and different types of organisations.

Professional marks

Candidates who specifically answered the questions asked tended to score well on the professional marks.

In part i) commercial acumen marks were available for recommending KPIs which were practical and related to Yarrow's market. Most candidates achieved some professional marks here, but these marks could have been higher.

In part ii) analysis and evaluation marks were available for the clear and logical presentation of the EVA™ calculation and for a structured and logical evaluation of EVA™ compared to traditional profit-based measures. Most candidates scored poorly for the presentation of the EVA™ calculation in part (ii). This was disappointing as the marks for the EVA™ calculation, as indicated above, are awarded on the basis of presentation and professional layout rather than on the basis of accuracy. Most candidates picked up at least some analysis and evaluation marks for the second part of part (ii) with many scoring maximum professional marks. This was the best part of the exam for candidate performance in the professional skills marks.

In part iii) there were scepticism marks available for being critical and effectively challenging the employee comments. Very brief responses clearly did not respond to the requirement fully and did not achieve many scepticism marks.

With regard to the overall communication marks, many candidates did not write an introduction to their report. The introduction does not need to be extensive; it only needs to address the main areas that will be covered and can be brief and succinct. However, it should be present, and candidates should be undertaking an introduction to the 50-mark question as a matter of course. Most candidates scored some communication marks for expression. Those that did not score on the communication marks tended to present badly structured responses.

Section B

Question 2 – Hallan

Requirements (25 marks)

It is now 1 September 20X5.

Respond to the board of Hallan's instructions for work on the following areas:

(a) Benchmarking

(10 marks)

(b) Draft press release

(10 marks)

Professional marks will be awarded for the demonstration of skill in analysis and evaluation and scepticism.

(5 marks)

Format of the question

This 25-mark question was based around Hallan, a passenger airline based in Emland. Hallan has experienced negative media coverage on issues such as poor customer service and the pricing and quality of in-flight meals. This has led to lower passenger numbers and a general deterioration in performance.

The requirements for this question were split into two parts, both worth 10 marks. Part (a) asked for advice on the drawbacks for Hallan of benchmarking its performance against other Emland airlines. In part (b), candidates were asked to evaluate whether a press statement released by Hallan was misleading.

Additionally, up to five professional skills marks were available in the question. These marks were available in part (a) for scepticism and in part (b) for analysis and evaluation.

General Comments

Overall, performance on this question was in line with most section B questions on Advanced Performance Management (APM) from recent diets, with most candidates attempting all parts of the requirements and demonstrating good application of knowledge.

As mentioned in previous examiners' reports, candidates often failed to maximise their mark potential by not focusing on the specific requirements in the question. For example, part (a) specifically asked for the drawbacks of benchmarking, but many candidates spent time discussing the advantage (and in some cases in quite some detail) with a large minority also attempting to perform a full benchmarking exercise. Candidates must appreciate that in the scenario they have been allocated a specific task, and other work, although potentially important, is not required and will therefore score no marks.

The advice to all candidates, which is consistent to that in previous diets, is to take time planning answers at the start of each requirement and specifically answer the question asked. The candidates that did this in parts (a) and (b) scored well.

Part (a)

Part (a) was worth ten marks. In the scenario the board wished to compare the occupancy of Hallan's flights to that of other airlines in Emland. The question required candidates to advise on the drawbacks of performing such a benchmarking exercise.

Many candidates successfully identified and discussed the fact that the main airline Hallan was being compared to operated a different business model, specifically operating fewer flights than Hallan but flying to large hub-airports in major cities, whereas Hallan only flies to smaller airports away from major cities. Better candidates developed this point to explain how filling flights to several destinations may be much harder than on fewer flights to fewer destinations, and appropriate credit was awarded accordingly.

Marks were also available for discussing the problems of obtaining the data from competitive airlines and as such benchmarking on information that is incomplete or inaccurate limits its benefits. Additionally, a few marks were available for generic problems of benchmarking, such as overly focusing on the areas being benchmarked and potentially ignoring other important areas of the business. However, candidates are reminded that APM is an application paper, and these generic marks need to be related back to the scenario to be awarded marks. For example, candidates could have explained that focusing on the occupancy level (and thus trying to increase it) may reduce the quality of services offered in order to sell the flights at a lower price - this lower quality may deter more passengers.

A logical approach to this part would be to briefly describe the benchmarking approach being considered (competitive), advise on specific difficulties that may make the exercise inaccurate, and then suggest possible alternatives/adjustments to these to improve it. Finally, discuss generic issues with this type of benchmarking as discussed previously. Scoring just one mark on each of the above points would give 4 out of 10 very quickly. Candidates could then supplement their answers with additional advice on the drawbacks, thus scoring a pass on this part of the question very easily.

Candidates unfortunately wasted a lot of time discussing areas that were not required. The main one being the benefits of benchmarking. The requirement was very clear in asking for the drawbacks. Although candidates are not penalised directly for this, no marks are awarded and as such wastes valuable time in the examination.

Additionally, some candidates attempted to perform a benchmarking exercise between Hallan and its main competitor. It is advised that candidates take time to carefully read and understand the requirements – if a benchmarking exercise were required it would be specifically asked for.

Part (b)

This part was also worth ten marks. The scenario contained a draft press release discussing the performance of Hallan compared to the competitor Duich, along with summary performance data for both companies. The requirement asked candidates to evaluate whether each of the claims made in the draft press release were consistent with the available performance data. A logical approach to answering this question would have been to systematically address each of the four claims made in the press release, specifically identifying if the performance data backed up these claims. Those candidates who followed this approach scored very highly. There were several comments that could have been made regarding each claim and the relevant data. It is a useful thing to remember that to score well in the examination candidates do not need to discuss everything that may be relevant. For a ten-mark question, five valid points discussed well and applied to the question will often score full, or near full, marks. Candidates who attempt to make 15 or more very brief statements that are not well explained or discussed are unlikely to score as well.

The key to this question was to understand that the press release may be making claims that do not logically flow from the data provided. For example, assuming customers prefer Hallan to Duich simply because Hallan met the expectations of customers – it may simply be that customers have a very low expectation of Hallan. The other area for candidates to try and identify is if the performance data is accurate and/or fair. For example, the brand recognition percentages were provided, however, these were obtained from customers at a small airport where Duich does not operate, and therefore the survey is likely to generate low recognition for Duich.

The average marks on part (b) were relatively high, with candidates generally attempting to discuss all four claims. Where marks were lower it was often caused by candidates misunderstanding the additional performance data. For example, data on punctuality was provided which detailed both the average flight time in hours along with the scheduled flight time in hours. Many candidates compared the two and stated that as the actual flight times were shorter than the scheduled times then flights were relatively punctual. However, this data does not make any reference to whether the flight actually took off and/or landed on time, which is what is a more likely interpretation of punctuality.

Professional skills marks

In part (a), performance on the professional marks was predominantly in line with the technical marks. Those candidates that advised on the drawbacks of benchmarking occupancy generally approached the answer in a clear and logical manner and covered a range of issues that were relevant to Hallen.

Candidates are advised to carefully assess the information given and be sceptical of it. It is important that an accountant does not assume that data provided is accurate and appropriate.

In part (b), like part (a), candidates scored well on the professional marks in line with their performance on the technical marks. Analysis and evaluation marks were available for a clear and systematic evaluation of each of the four claims in the press release. A sensible approach was to take each one in turn, discussing the claim and the relevant data, and then evaluating the consistency of the two. This approach would have scored well on the professional skills marks.

Question 3 – Barean

Requirements (25 marks)

It is now 1 September 20X5.

Respond to the CEO of Barean's request for work in the following areas:

(a) Service level agreement

(10 marks)

(b) Management of game developers

(10 marks)

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

(5 marks)

Format of the question

This 25-mark question was based around Barean, a company that sought to provide an interactive gaming experience on a global scale. Barean's games are popular and the company has grown significantly, but it is facing increased competition as new companies have entered the market. Barean subcontracts the maintenance and systems updates to UGC, and it employs its games developers on contracts for specific activities, allowing them to also work for competitors.

The requirements for this question were split into two parts. Part (a) was worth 10 marks and had two distinct sections. The first asked candidates to advise why a service level agreement (SLA) with UGC would be beneficial for Barean. The second then asked candidates to assess how each of the three areas mentioned in the scenario (maintenance, system availability and repair) would relate to Barean's SLA with UGC and to recommend one justified performance measure for each of the three areas.

Part (b) was also worth 10 marks and also had two distinct sections. The first asked candidates to assess a proposal that had been made by the CEO of Barean to monitor the game developers. The second part asked candidates to assess the proposed change to the bonus system using the criteria of clarity, controllability and motivation and to provide a justified recommendation as to whether the new bonus scheme should be adopted.

Additionally, up to five professional skills marks were available in the question. These marks were available in part (a) for analysis and evaluation and commercial acumen and in part (b), scepticism marks were available.

General Comments

Overall candidates performed quite well in this question. There seemed to be a widespread understanding of the operation of an SLA and on how it might apply in this scenario. Candidates also seemed aware of how to apply the criteria of clarity, controllability and motivation in part (b). The main areas where candidates might have performed better were, in part (a), on determining and justifying relevant performance measures that related to Barean's specific scenario. Often measures suggested were quite generic. In part (b), candidates could have improved their responses by structuring them around the criteria of clarity, controllability and motivation specified in the requirement. The criteria are taken directly from Fitzgerald and Moon's building block model, which is part of the APM syllabus.

Part (a)

This part was worth 10 marks and, as has been detailed above, was split into two requirements. Surprisingly, candidates tended not to perform well on the first part, which asked for straightforward advice on why an SLA would be beneficial for Barean. Many candidates offered lengthy definitions of an SLA here, indicating what it was in generic terms but not specifying why it might be of benefit to Barean. Additionally, many candidates offered some analysis on why it would benefit both organisations, with some candidates choosing to focus on the benefits to UGC. These responses did not directly address the requirement of why the SLA would benefit Barean and scored either no, or very few, marks. It is always worthwhile, especially under examination conditions, to take a minute or two with each requirement and to ask – what, specifically, is this question asking me to do? Such time is rarely wasted and can be of great benefit to candidates in clarifying exactly what they have been asked to do.

Some candidates also offered very generic responses here, such as: "having an SLA with UGC would help Barean increase sales and improve its market share." To address the requirements of the scenario, responses have to be related much more closely to the situation that the company finds itself in. In this case, Barean was facing problems with its software system not being maintained, with too many glitches in the software and with clear misunderstanding between Barean and UGC as to what maintenance actually meant. Candidates have to direct their responses to addressing these specific situations rather than to offer generic and perhaps pre-learned responses that do not apply to this situation. The essence of the APM paper is application and candidates should be aware that every question will ask them to address the specifics of a situation rather than to repeat a pre-learned and generic response.

The second requirement asked candidates to assess how each of the three areas mentioned in the scenario (maintenance, system availability and repair) would relate to Barean's SLA with UGC and to recommend one justified performance measure for each of the three areas. Candidates tended to undertake the relation of the area to the SLA quite well overall. Responses in this part were good at indicating how each of these three areas were important things to address in an SLA. Candidates who did not score well in this part tended to offer very brief responses or no response at all. Candidates who addressed this part fully tended to score well.

Where candidates could have performed better, however, was in the part that asked for a justified performance measure in each area. These performance areas related to the SLA with UGC, and some candidates did not address this, instead assuming that the performance measures related to Barean's provision itself. These candidates tended to offer generic responses such as "customer satisfaction", "growth in number of gamers" or "number of gamers suggesting Barean's games to a friend." The performance measures being requested in this part of the question were for Barean to ensure that UGC was performing to a level and standard that Barean required. The performance measures, therefore, had to be focused on UGC's performance and not on Barean's overall provision.

Another area where candidates could have improved their responses was in the overall justification of the performance measures. Often, candidates would offer an explanation as to why an area such as system availability was important and then briefly suggest a performance measure without any justification as to why that measure might be appropriate in this situation. Another of the main skills being tested in APM is candidates' ability to justify why something is relevant to a company in a specific situation. This is the essence of the idea of contingency that is at the core of the management accounting discipline: companies do not really need to undertake any management accounting practices so the practices they do undertake have to be justified in terms of the benefit that they will bring to the company. The justification being asked for here is a reflection of that and the examining team need to know what benefit the suggested measure will bring to Barean.

Part (b)

Part (b) was also worth 10 marks and, as detailed above, also had two distinct sections. The first asked candidates to assess a proposal that had been made by the CEO of Barean to monitor the game developers. This part was generally well done although it was another area where many candidates would have benefited from having a better understanding of what they were being asked to do.

The specific requirement asked about monitoring the game developers. Many candidates responded to this part of the question by highlighting the benefits to Barean of the suggested new contracts they were offering to the game developers. These responses were often developed into a cost-benefit analysis without the actual figures to undertake any calculation. Some responses also addressed this question from the financial perspective of the game developers, highlighting the increased security they might have with a full-time contract and the financial stability that the new contracts could offer them. Such responses, however, failed to address the main requirement which was asking about the techniques that Barean was proposing to introduce to monitor the work of the game developers. As such, the core of the question was about behavioural issues around the introduction of certain measures and monitoring measures and not about the financial viability of a proposal.

The second part of part b) asked candidates to assess the proposed change to the bonus system using the criteria of clarity, controllability and motivation and to provide a justified recommendation as to whether the new bonus scheme should be adopted.

This was generally well done although a significant minority of candidates did not use the criteria of clarity, controllability and motivation to answer the question. This was a specific requirement of the question and, as mentioned above, these criteria are part of the Fitzgerald and Moon building block model which is a well-established part of the syllabus. With a requirement such as this, candidates have to structure their response in the manner in which the requirement is detailing as it is clear that it is the candidate's ability to apply the criteria of the model to Barean's situation that is being tested here. Candidates that did not use the specified criteria scored very few marks in this area.

Most candidates were able to relate areas in the scenario to the three criteria. In general, however, a significant minority of candidates could have been clearer when it came to offering detailed explanation. For example, many candidates offered generic responses such as "bonuses need to be clear and the new proposal lacks the clarity that the old proposal has." Such a response is of no merit as the marking team needs to know exactly what it is about the new scheme that is not clear and exactly what it was about the old scheme that was clear. Better responses would highlight: "the 5% of salary per quarter that is to be awarded as a bonus for collaborative work is clear, though the salary itself and exactly what Barean means by collaboration are, at this stage, not clear. This is in direct contrast to the old bonus scheme, which was clearer in that a bonus would be awarded on a recognised number of global gamers being achieved." This is another example which highlights that good responses show understanding of the area that is being examined (in this case, clarity) and relate the response itself back to the scenario.

Another area where candidates could have improved their responses was in offering a justified recommendation. Too often candidates simply said something along the lines of: "therefore, Barean should not adopt the proposal." A justified recommendation means that candidates have to assess what they have written in their response so far and, from that information, draw a logical conclusion as to what Barean should do. The conclusion has to be based, logically, on what has preceded and should not include new information. For example, if candidates have highlighted that the new bonus scheme is not clear and is neither controllable nor motivating then it would not make logical sense to suggest that Barean should adopt the new scheme. Offering a good response here involves focusing on the areas that candidates feel are the most important: for example, if candidates have highlighted that the new scheme is unclear and not controllable yet has the potential to be motivating, given certain conditions, then it would make sense to focus on these initial two areas of clarity and controllability and suggest that the bonus scheme should not be adopted. The last area of motivation, it would appear, is a matter of chance and it would be unwise to suggest a bonus be adopted based on this possibility.

Professional skills marks

Performance by candidates with regards to the professional marks was mixed. In part (a) most candidates scored some analysis and evaluation marks as most candidates adopted a logical approach to evaluating the three areas. Most candidates tried to address all three areas which made it easier to score the professional marks on offer here. Most candidates also scored at least one commercial acumen marks that were on offer in part (a) as they could link, in part, the performance measures to Barean's situation. As mentioned above, one of the main concerns in part (a) was that candidates did not introduce performance measures that directly related to Barean's situation which explains why fewer candidates scored the full marks here.

In part (b), candidates tended to score some scepticism marks for effectively challenging the CEO of Barean's proposals for monitoring and for the new bonus scheme. An effective challenge, in this case, was to produce a response that was focused on the effects of monitoring (which were predominantly negative) and on addressing, in specific detail, the three areas of the building block model.