

# **IKAF CPA-F5 Performance Management Syllabus and Study Guide**

*CPA Certified Professional Accountant Qualification Level  
(Based on ACCA Certifications)*

This syllabus and study guide is designed to assist in teaching and learning, also is intended to provide detailed information on the qualification, module and study guide.

## **Qualification Structure**

It explains the content of Certified Accountant Professional Qualification level, which also includes the Performance Management Module. Explains the connection of this module to other levels and modules of qualification; modules included at the specified level as well as membership criteria; as well as the characteristics of lectures that are held during the certification period. Modules and Qualifications are also presented through diagrams.

## **Module**

It explains briefly the reasoning of the module's importance, the general and detailed objectives of the module and, also shows in the widest sense the skills that will be developed during the study of the module. The relation of the module to the other modules is presented through a diagram representing the links between them; in order to be as clear as possible for the reader. Also, topics that belong to the module are described; also, how the module's topics and subthemes are planned. Moreover, the form of examination and evaluation is explained in detail, what the exam will consider and why. In the end, the module's content is attached.

## **Syllabus Structure**

It explains the syllabus content of the module Performance Management, part of the Certified Accountant Professional Qualification Level. This module contains the main reasoning, aim, and capabilities expected to get learned during the course of the study. In addition, the syllabus includes the topics of the modules, the structure of the examination after the successful completion of the module as well as reading and scheduling the time.

## **Study Guide**

This is the main document that students, education 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

# QUALIFICATION STRUCTURE

*CPA Certified Professional Accountant Qualification Level  
(Based on ACCA Certifications)*

The Qualification Program for Certified Accountants particularly emphasises financial reporting skills that have been developed in accordance with International Financial Reporting Standards (IFRS). Certified Accountants will learn the principles and internal control systems for enterprises, audit methods and standards as well as a wide group of business planning, decisions support and performance management skills.

To get Certified Accountant training you must first complete the Qualification for Accounting Technician. Membership for Certified Accountant is open for professional accountants who have completed IKAF Qualification for Accounting Technician.

Certified Accountant Candidates should demonstrate knowledge of Performance Management Module.

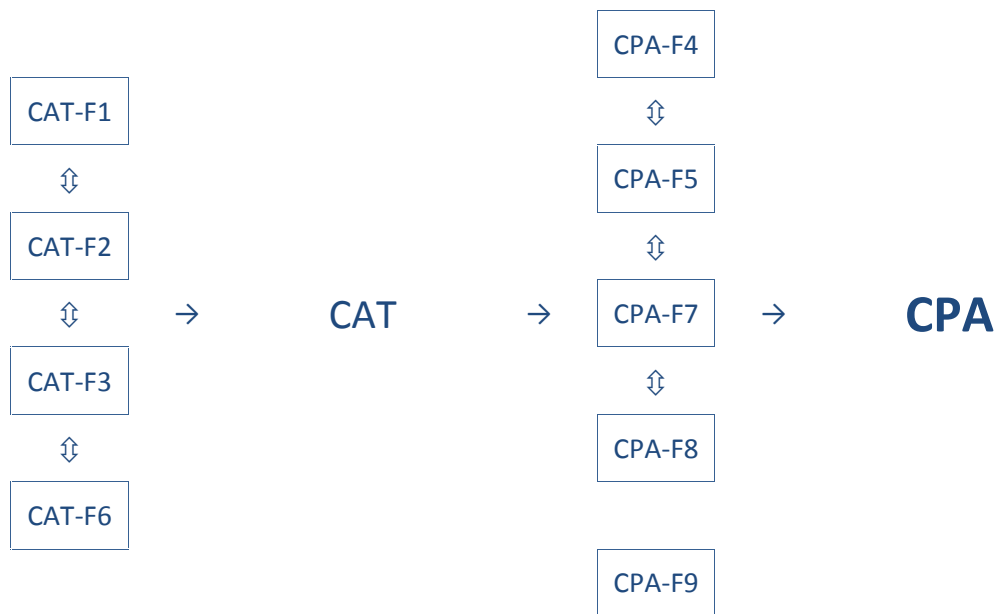


Diagram.1: Certified Accountant Qualification relations with other modules and certified qualifications

## Modules

CPA Certified Professional Accountant Qualification Level Level consists of five modules and is mandatory to pass all five in order to obtain the title:

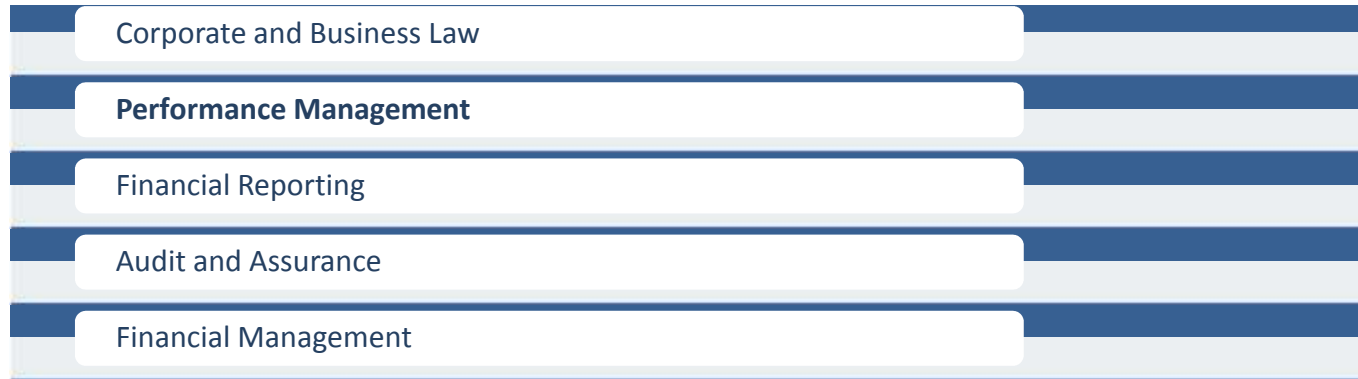


Diagram.2: CPA Certified Professional Accountant Qualification Level Modules

## Qualification and Membership Criteria: Certified Professional Accountant

- University Degree;
- Completion of Accounting Technician Level;
- Proof for at least three (3) years of verified work experience in accounting - which can be acquired during or after the training;
- Have attended and passed five (5) certification exams for this purpose (Exam is passed if 50% of test points are reached) ;
- A person who has been certified in this qualification by IKAF and continues to have a regular membership status of the IKAF has the right to use the title "Certified Accountant" by fulfilling all of the above criteria;
- Regular members of the IKAF to use the title "Certified Accountant" are required to attend Continuing Professional Development (CPD) as defined in the IKAF Regulation.

## Training Features:

- A Comprehensive review of modules and during the training, participants will be provided with case studies, exercises similar to those given in the ACCA exams, and mock exam.
- Trainers are holding professional qualifications, and well experience in their field
- ACCA's materials shall be used in the training
- Upon completion of this course, participants will be able to take the exams of modules at IKAF center.

# **SYLLABUS STRUCTURE**

## **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.

## **Relational diagram linking modules**

This diagram shows direct and indirect links between this exam and other exams preceding or following it. It indicates where you are expected to have underpinning knowledge and where it would be useful to review previous learning before undertaking study.

## **Overall Aim**

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

## **Main Capabilities**

The aim of the syllabus is broken down into several main capabilities which divide the syllabus and study guide into discrete sections.

## **Topics**

Certain topics that module contains and that will be treated during tuitions.

## **Examining Structure**

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

## **Annex: 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.

## MODULE

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

### Rationale

The syllabus for Performance Management (PM), builds on the knowledge gained in Management Accounting (MA). It also prepares candidates for more specialist capabilities which are covered in Advanced Performance Management (APM).



Diagrami.1: Modules relations

The syllabus begins by introducing more specialized management accounting topics. The objective here is to ensure candidates have a broader background in management accounting techniques. The syllabus then considers decision-making, budgeting (different budgeting techniques). Standard costing and variances are then built on. The syllabus concludes with performance management systems, measurement and control.

### Aim

To develop knowledge and skills in the application of management accounting techniques to quantitative and qualitative information for planning, decision-making, performance evaluation, and control.

### Main capabilities

- Explain and apply cost accounting techniques
- Select and appropriately apply decision-making techniques to facilitate business decisions and promote efficient and effective use of scarce business resources, appreciating the risks and uncertainty inherent in business and controlling those risks
- Identify and apply appropriate budgeting techniques and methods for planning and control and use standard costing systems to measure and control business performance and to identify remedial action
- Identify and discuss performance management information and measurement systems and assess the performance of an organization from both a financial and non- financial viewpoint, appreciating the problems of controlling divisionalised businesses and the importance of allowing for external aspects

## Topics

Major topics of Performance Management Module which will be covered over the training:

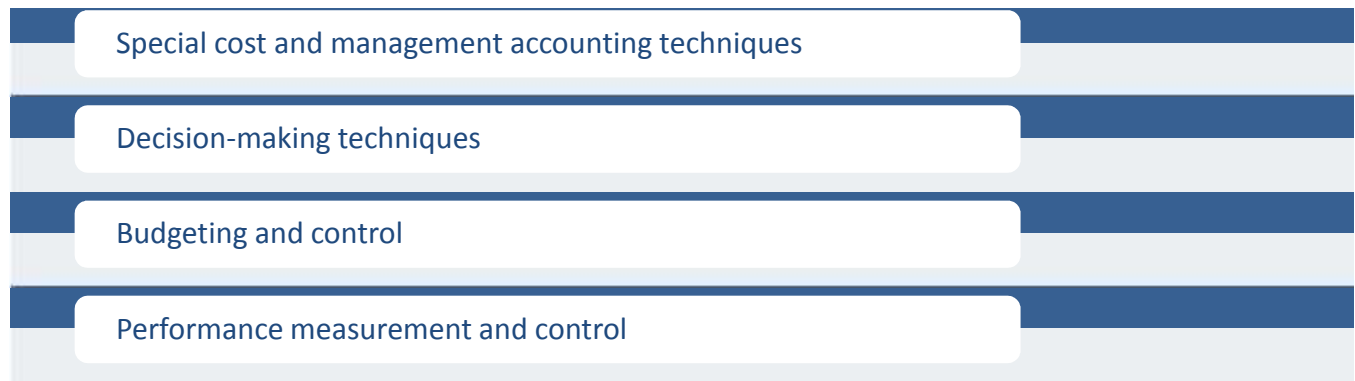


Diagram.2: Topics of Performance Management Module which will be covered over the training

## Examination Structure

The syllabus is assessed by a three-hour examination available in paper-based format. \* All questions are compulsory. Some questions will adopt a scenario/case study approach. Candidates are provided with a formulae sheet.

## Reading and Time Planning

For paper-based exams 15 minutes are added to the three hours to reflect the manual effort required. The total exam time is therefore three hours and 15 minutes. Prior to the start of the exam candidates are given an extra 10 minutes to read the exam instructions.

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

## Annex: Detailed Syllabus

# DETAILED SYLLABUS

## **1 Specialist cost and management accounting techniques**

- 1.1 Activity-based costing
- 1.2 Target costing 3
- 1.3 Life-cycle costing
- 1.4 Throughput accounting
- 1.5 Environmental accounting

## **2 Decision-making techniques**

- 2.1 Relevant cost analysis
- 2.2 Cost volume analysis
- 2.3 Limiting factors
- 2.4 Pricing decisions
- 2.5 Make-or-buy and other short-term decisions
- 2.6 Dealing with risk and uncertainty in decision-making

## **3 Budgeting and control**

- 3.1 Budgetary systems and types of budget

- 3.2 Quantitative analysis in budgeting

## **4 Standard costing**

- 4.1 Material mix and yield variances
- 4.2 Sales mix and quantity variances
- 4.3 Planning and operational variances
- 4.4 Performance analysis

## **5 Performance measurement and control**

- 5.1 Performance management information systems
- 5.2 Sources of management information
- 5.3 Management reports
- 5.4 Performance analysis in private sector organisations
- 5.5 Divisional performance and transfer pricing
- 5.6 Performance analysis in not-forprofit organisations and the public
- 5.7 External considerations and behavioural aspects

# STUDY GUIDE

## A Specialist cost and management accounting techniques

### 1. Activity based costing

- Identify appropriate cost drivers under ABC. [1]
- Calculate costs per driver and per unit using ABC.[2]
- Compare ABC and traditional methods of overhead absorption based on production units, labour hours or machine hours.[2]

### 2. Target costing

- Derive a target cost in manufacturing and service industries.[2]
- Explain the difficulties of using target costing in service industries.[2]
- Suggest how a target cost gap might be closed.[2]

### 3. Life-cycle costing

- Identify the costs involved at different stages of the life-cycle.[2]
- Derive a life cycle cost or profit in manufacturing and service industries.[2]
- Identify the benefits of life cycle costing.[2]

### 4. Throughput accounting

- Discuss and apply the theory of constraints.[2]
- Calculate and interpret a throughput accounting ratio (TPAR).[2]
- Suggest how a TPAR could be improved.[2]
- Apply throughput accounting to a multi-product decision-making problem.[2]

## 5. Environmental accounting

- Discuss the issues business face in the management of environmental costs.[1]
- Describe the different methods a business may use to account for its environmental costs.[1]

## B Decision-making techniques

### 1. Relevant cost analysis

- Explain the concept of relevant costing.[2]
- Identify and calculate relevant costs for a specific decision situations from given data.[2]
- Explain and apply the concept of opportunity costs.[2]

### 2. Cost volume profit analysis

- Explain the nature of CVP analysis.[2]
- Calculate and interpret the breakeven point and margin of safety.[2]
- Calculate the contribution to sales ratio, in single and multi-product situations, and demonstrate an understanding of its use.[2]
- Calculate target profit or revenue in single and multi-product situations, and demonstrate an understanding of its use.[2]
- Prepare break even charts and profit volume charts and interpret the information contained within each, including multi-product situations.[2]
- Discuss the limitations of CVP analysis for planning and decision making.[2]



### 3. Limiting factors

- Identify limiting factors in a scarce resource situation and select an appropriate technique.[2]
- Determine the optimal production plan where an organisation is restricted by a single limiting factor, including within the context of “make” or “buy” decisions.[2] .
- Formulate and solve multiple scarce resource problem both graphically and using simultaneous equations as appropriate.[2]
- Explain and calculate shadow prices (dual prices) and discuss their implications on decision-making and performance management. [2]
- Calculate slack and explain the implications of the existence of slack for decision-making and performance management.[2] (Excluding simplex and sensitivity to changes in objective functions)

### 4. Pricing decisions

- Explain the factors that influence the pricing of a product or service.[2]
- Explain the price elasticity of demand.[1]
- Derive and manipulate a straight line demand equation. Derive an equation for the total cost function(including volume-based discounts).[2]
- Calculate the optimum selling price and quantity for an organisation, equating marginal cost and marginal revenue[2]
- Evaluate a decision to increase production and sales levels, considering incremental costs, incremental revenues and other factors.[2]
- Determine prices and output levels for profit maximisation using the demand based approach to pricing (both tabular and algebraic methods) .[1]

- Explain different price strategies, including:[2]
- All forms of cost-plus ii) Skimming
- Penetration iv) Complementary product
- Product-line
- Volume discounting
- Discrimination viii) Relevant cost
- Calculate a price from a given strategy using cost-plus and relevant cost.[2]

### 5. Make-or-buy and other short-term decisions

- Explain the issues surrounding make vs. buy and outsourcing decisions.[2]
- Calculate and compare “make” costs with “buy-in” costs.[2]
- Compare in-house costs and outsource costs of completing tasks and consider other issues surrounding this decision.[2]
- Apply relevant costing principles in situations involving shut down, oneoff contracts and the further processing of joint products.[2]

### 6. Dealing with risk and uncertainty in decision-making

- Suggest research techniques to reduce uncertainty e.g. Focus groups, market research.[2]
- Explain the use of simulation, expected values and sensitivity.[1]
- Apply expected values and sensitivity to decision-making problems.[2]
- Apply the techniques of maximax, maximin, and minimax regret to decision-making problems including the production of profit tables.[2]
- Draw a decision tree and use it to solve a multi-stage decision problem
- Calculate the value of perfect and imperfect information.

## **C Budgeting and control**

### **1. Budgetary systems and types of budget**

- Explain how budgetary systems fit within the performance hierarchy.[2]
- Select and explain appropriate budgetary systems for an organisation, including top-down, bottom-up, rolling, zero-base, activity- base, incremental and feedforward control.[2]
- Describe the information used in budget systems and the sources of the information needed.[2]
- Indicate the usefulness and problems with different budget types (including fixed, flexible, zero-based, activity- based, incremental, rolling, top-down, bottom up, master, functional).[2]
- Prepare flexed budgets, rolling budgets and activity based budgets.[2]
- Explain the beyond budgeting model, including the benefits and problems that may be faced if it is adopted in an organisation. [2]
- Discuss the issues surrounding setting the difficulty level for a budget.[2]
- Explain the benefits and difficulties of the participation of employees in the negotiation of targets.[2]
- Explain the difficulties of changing a budgetary system or type of budget used.[2]
- Explain how budget systems can deal with uncertainty in the environment.[2]

### **2. Quantitative analysis in budgeting**

- Analyse fixed and variable cost elements from total cost data using high/low method.
- Estimate the learning rate and learning effect[2] Apply the learning curve to a

budgetary problem, including calculations on steady states [2]

- Discuss the reservations with the learning curve.[2]
- Apply expected values and explain the problems and benefits.[2]
- Explain the benefits and dangers inherent in using spreadsheets in budgeting. [2]

### **3. Standard costing**

- Explain the use of standard costs.[2]
- Outline the methods used to derive standard costs and discuss the different types of cost possible.[2]
- Explain and illustrate the importance of flexing budgets in performance management.[2]
- Explain and apply the principle of controllability in the performance management system.[2]

### **4. Material mix and yield variances**

- Calculate, identify the cause of, and explain material mix and yield variances.[2]
- Explain the wider issues involved in changing material mix e.g. cost, quality and performance measurement issues.[2]
- Identify and explain the relationship of the material usage variance with the material mix and yield variances.[2]
- Suggest and justify alternative methods of controlling production processes.[2]

### **5. Sales mix and quantity variances**

- Calculate, identify the cause of, and explain sales mix and quantity variances.[2]
- Identify and explain the relationship of the sales volume variances with the sales mix and quantity variances.[2]

## **6. Planning and operational variances**

- Calculate a revised budget.[2]
- Identify and explain those factors that could and could not be allowed to revise an original budget.[2]
- Calculate, identify the cause of and explain planning and operational variances for:
  - sales, including market size and market share;
  - materials;
  - labour, including the effect of the learning curve.[2]
- Explain and discuss the manipulation issues involved in revising budgets.[2]

## **7. Performance analysis**

- Analyse and evaluate past performance using the results of variance analysis.[2]
- Use variance analysis to assess how future performance of an organisation or business can be improved.[2] c)
- Identify the factors which influence behaviour.[2]
- Discuss the effect that variances have on staff motivation and action.[2]
- Describe the dysfunctional nature of some variances in the modern environment of JIT and TQM.[2]
- Discuss the behavioural problems resulting from using standard costs in rapidly changing environments.[2]
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## **D. Performance measurement and control**

### **1. Performance management information systems**

- Identify the accounting information requirements and describe the different types of information systems used for strategic planning, management control and operational control and decisionmaking.[2]
- Define and identify the main characteristics of transaction processing systems; management information systems; executive information systems; and enterprise resource planning systems.[2]
- Define and discuss the merits of, and potential problems with, open and closed systems with regard to the needs of performance management.[2]

### **2. Sources of management information**

- Identify the principal internal and external sources of management accounting information.[2]
- Demonstrate how these principal sources of management information might be used for control purposes.[2]
- Identify and discuss the direct data capture and process costs of management accounting information.[2]
- Identify and discuss the indirect costs of producing information.[2]
- Discuss the limitations of using externally generated information.[2]

### **3. Management reports**

- Discuss the principal controls required in generating and distributing internal information.[2]

- Discuss the procedures that may be necessary to ensure security of highly confidential information that is not for external consumption.[2]

#### **4. Performance analysis in private sector organisations**

- Describe, calculate and interpret financial performance indicators (FPis) for profitability, liquidity and risk in both manufacturing and service businesses. Suggest methods to improve these measures.[2]
- Describe, calculate and interpret non-financial performance indicators (NFPIs) and suggest methods to improve the performance indicated.[2]
- Analyse past performance and suggest ways for improving financial and non-financial performance.[2] Explain the causes and problems created by short-termism and financial manipulation of results and suggest methods to encourage a long term view.[2]
- Explain and interpret the Balanced Scorecard, and the Building Block model proposed by Fitzgerald and Moon.[2]
- Discuss the difficulties of target setting in qualitative areas.[2]

#### **5. Divisional performance and transfer pricing**

- Explain and illustrate the basis for setting a transfer price using variable cost, full cost and the principles behind allowing for intermediate markets.[2]
- Explain how transfer prices can distort the performance assessment of divisions and decisions made.[2]
- Explain the meaning of, and calculate, Return on Investment (ROI) and Residual

Income (RI), and discuss their shortcomings.[2]

- Compare divisional performance and recognise the problems of doing so.[2]

#### **6. Performance analysis in not for profit organisations and the public sector**

- Comment on the problems of having non-quantifiable objectives in performance management.[2]
- Comment on the problems of having multiple objectives in this sector.[2]
- Explain how performance could be measured in this sector.[2]
- Outline Value for Money (VFM) as a public sector objective.[1]
- Describe, calculate and interpret non-financial performance indicators (NFPIs) and suggest methods to improve the performance indicated.[2]
- Discuss the difficulties of target setting in qualitative areas.[2]
- Analyse past performance and suggest ways for improving financial and non-financial performance.[2]
- Explain the causes and problems created by short-termism and financial manipulation of results and suggest methods to encourage a long term view.[2]

#### **7. External considerations and behavioural aspects**

- Explain the need to allow for external considerations in performance management, including stakeholders, market conditions and allowance for competitors.[2]
- Suggest ways in which external considerations could be allowed for in performance management.[2]

- Interpret performance in the light of external considerations.[2]

- Identify and explain the behaviour aspects of performance management.[2]