

FIA ACCA



Examiner reviewed content

FMA PAPER F2

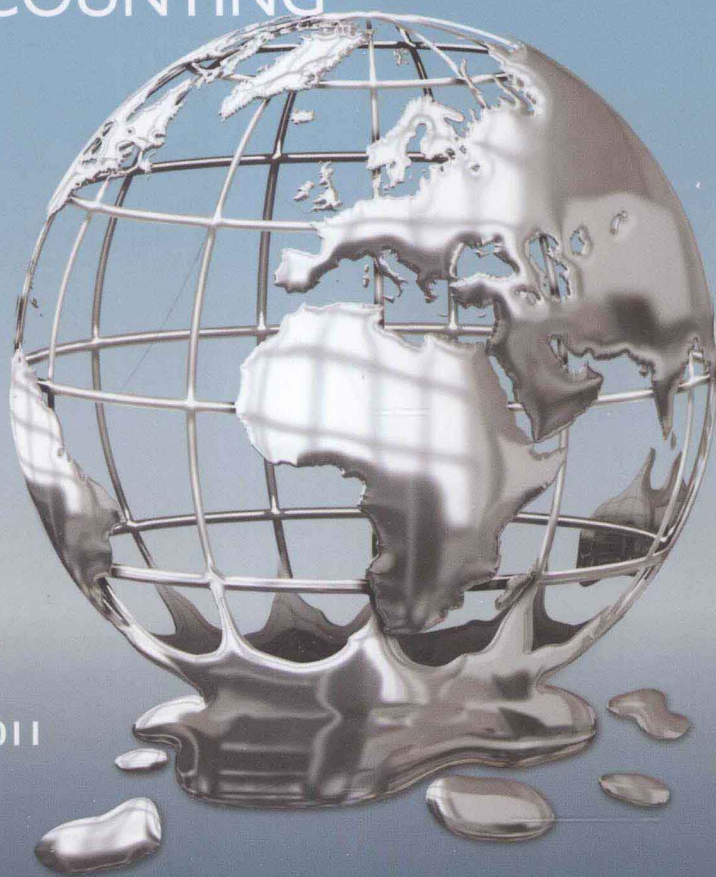
管理会计

MANAGEMENT ACCOUNTING

BPP Learning Media 著

互动式课本
INTERACTIVE TEXT

FOR EXAMS FROM DECEMBER 2011
TO DECEMBER 2012



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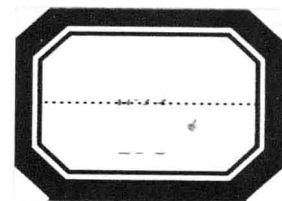
PAPER F2

FMA 管理会计

F2 管理会计

MANAGEMENT ACCOUNTING

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INTERACTIVE
TEXTBOOK

BPP Learning Media is the sole **ACCA Platinum Approved Learning Partner – content** for the FIA and ACCA qualifications. In this, **the only FMA/F2 study text to be reviewed by the examiner:**

- We **highlight** the **most important elements** in the syllabus and the key skills you will need
- We **signpost** how each chapter links to the syllabus and the study guide
- We **provide** lots of **exam focus points** demonstrating what the examiner will want you to do
- We **emphasise key points** in regular **fast forward summaries**
- We **test your knowledge** of what you've studied in **quick quizzes**
- We **examine your understanding** in our **exam question bank**
- We **reference all the important topics** in our full index

BPP's **Practice & Revision Kit** and **i-Pass** products also support this paper.

Note

From December 2011 FIA *FMA* and ACCA *Paper F2* will be examined under the same syllabus and study guide.

FOR EXAMS FROM DECEMBER 2011 TO DECEMBER 2012



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FMA 管理会计 课本

FMA Management Accounting Studytext

F2 管理会计 课本

F2 Management Accounting Studytext

BPP Learning Media 著

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关于 BPP Learning Media

BPP Learning Media 作为一家职业考试资料的出版商，在市场上一直独占鳌头。从 1977 年开始，我们就出版了很多高质量关于会计、营销和金融服务资格方面的产品。BPP 是全球 150 多个国家的学生、培训提供商、公司和专业机构的最佳选择。

BPP Learning Media 是 ACCA 官方认可的唯一的铂金级学习内容合作伙伴。这项与 ACCA 的伙伴关系确保了，在出卷考官的审订下，我们的教材正确的程度上涵盖了考纲并且符合了考试的要求。这项合作也允许我们在练习册内发布新近的考卷内容，包括考官的答案与评分。您可以信赖 BPP Learning Media 的产品，它们包含最新信息且关注重点，传递给您来自 BPP 作者和讲师们的专业知识和丰富经验。

除了 ACCA 系列外，BPP Learning Media 的课本和资料还涉及课程：

- 清算会计
- 商业税收和税收管理
- 金融营销和市场调查
- 银行业 IT
- 金融英语

FMA/F2（课本）简介

本课本讲述有关基本成本和商业决策所需的定量信息知识，并增进学员对于这些课题的理解。我们的课本设计注重大纲中最重要方面，同时适用于 ACCA 和 FIA 考试，包括：

- 成本与管理会计的性质和目的
- 成本分类、性态和目的
- 商业数学和电子数据表
- 成本会计技术
- 短期商业决策技术

课本经由考官审核，并根据考官的关于考试中如何考察知识点指导，在内容上注重大纲中的重要部分。课本逐步探讨知识点，并提供大量习题供学员练习计算。为了学员便于复习相应知识，课本还用整章篇幅详述电子数据表，同时搭配基础数学附录。

BPP 授权华中科技大学出版社在中国发行的 FIA 及 ACCA 课本:

基础阶段课程

Knowledge Module

知识课程

FAB/F1 Accountant in Business

FAB/F1 会计师与企业

FMA/F2 Management Accounting

FMA/F2 管理会计

FFA/F3 Financial Accounting

FFA/F3 财务会计

Skills Module

技能课程

F4 Corporate and Business Law (ENG)

F4 公司法与商法 (英国版)

F4 Corporate and Business Law (CHN)

F4 公司法与商法 (中国版)

F5 Performance Management

F5 业绩管理

F6 Taxation (UK)

F6 税务 (英国版)

F6 Taxation (CHN)

F6 税务 (中国版)

F7 Financial Reporting (INT&UK)

F7 财务报告 (国际版和英国版)

F8 Audit and Assurance (INT)

F8 审计与认证业务 (国际版)

F9 Financial Management

F9 财务管理

专业阶段课程

Essentials Module

核心课程

P1 Governance, Risk and Ethics

P1 公司治理、风险管理及职业操守

P2 Corporate Reporting (INT&UK)

P2 公司报告 (国际版和英国版)

P3 Business Analysis

P3 商务分析

Options Module

选修课程

P4 Advanced Financial Management

P4 高级财务管理

P5 Advanced Performance Management

P5 高级业绩管理

P6 Advanced Taxation (UK)

P6 高级税务 (英国版)

P7 Advanced Audit and Assurance (INT)

P7 高级审计与认证业务 (国际版)

Helping you to pass – the ONLY FMA/F2 study text reviewed by the examiner!

BPP Learning Media – the sole Platinum Approved Learning Partner - content

As ACCA's **sole Platinum Approved Learning Partner – content**, BPP Learning Media gives you the **unique opportunity** to use **examiner-reviewed** study materials for exams from December 2011 to December 2012. By incorporating the examiner's comments and suggestions regarding the depth and breadth of syllabus coverage, the BPP Learning Media Interactive Text provides excellent, **ACCA-approved** support for your studies.

The PER alert!

To become a Certified Accounting Technician or qualify as an ACCA member, you not only have to pass all your exams but also fulfil a **practical experience requirement** (PER). To help you to recognise areas of the syllabus that you might be able to apply in the workplace to achieve different performance objectives, we have introduced the '**PER alert**' feature. You will find this feature throughout the Interactive Text to remind you that what you are **learning in order to pass** your FIA and ACCA exams is **equally useful to the fulfilment of the PER requirement**.

Tackling studying

Studying can be a daunting prospect, particularly when you have lots of other commitments. The **different features** of the Text, the **purposes** of which are explained fully on the **Chapter features** page, will help you whilst studying and improve your chances of **exam success**.

Developing exam awareness

Our Texts are completely **focused** on helping you pass your exam.

Our advice on **Studying FMA/F2** outlines the **content** of the paper, the **recommended approach to studying** and any **brought forward knowledge** you are expected to have.

Exam focus points are included within the chapters to highlight when and how specific topics might be examined.

Using the Syllabus and Study Guide

You can find the Syllabus and Study Guide on page ix of this Interactive Text.







Testing what you can do

Testing yourself helps you develop the skills you need to pass the exam and also confirms that you can recall what you have learnt.

We include **Questions** – lots of them – both within chapters and in the **Exam Question Bank**, as well as **Quick Quizzes** at the end of each chapter to test your knowledge of the chapter content.

Chapter features

Each chapter contains a number of helpful features to guide you through each topic.

Topic list		Tells you what you will be studying in this chapter and the relevant section numbers, together with the ACCA syllabus references.
Introduction		Puts the chapter content in the context of the syllabus as a whole.
Study Guide		Links the chapter content with ACCA guidance.
	Fast Forward	Summarises the content of main chapter headings, allowing you to preview and review each section easily.
EXAMPLE		Demonstrates how to apply key knowledge and techniques.
	Key Term	Definitions of important concepts that can often earn you easy marks in exams.
	Exam Focus Point	Tell you how specific topics may be examined.
	Formula	Formulae which have to be learnt.
	PER Alert	This feature gives you a useful indication of syllabus areas that closely relate to performance objectives in your Practical Experience Requirement (PER).
	Question	Gives you essential practice of techniques covered in the chapter.
Chapter Roundup		A full list of the Fast Forwards included in the chapter, providing an easy source of review.
Quick Quiz		A quick test of your knowledge of the main topics in the chapter.
Exam Question Bank		Found at the back of the Interactive Text with more exam-style chapter questions. Cross referenced for easy navigation.

Studying FMA/F2

How to Use this Interactive Text

Aim of this Interactive Text

To provide the knowledge and practice to help you succeed in the examination for Paper FMA/F2 *Management Accounting*.

To pass the examination you need a thorough understanding in all areas covered by the syllabus and teaching guide.

Recommended approach

- (a) To pass you need to be able to answer questions on **everything** specified by the syllabus and teaching guide. Read the Text very carefully and do not skip any of it.
- (b) Learning is an **active** process. Do **all** the questions as you work through the Text so you can be sure you really understand what you have read.
- (c) After you have covered the material in the Interactive Text, work through the **Exam Question Bank**, checking your answers carefully against the **Exam Answer Bank**.
- (d) Before you take the exam, check that you still remember the material using the following quick revision plan.
 - (i) Read through the **chapter topic list** at the beginning of each chapter. Are there any gaps in your knowledge? If so, study the section again.
 - (ii) Read and learn the **key terms**.
 - (iii) Look at the **exam focus points**. These show the ways in which topics might be examined.
 - (iv) Read the **chapter roundups**, which are a summary of the **fast forwards** in each chapter.
 - (v) Do the **quick quizzes** again. If you know what you're doing, they shouldn't take long.

This approach is only a suggestion. You or your college may well adapt it to suit your needs. Remember this is a **practical** course.

- (a) Try to relate the material to your experience in the workplace or any other work experience you may have had.
- (b) Try to make as many links as you can to other papers at the Introductory and Intermediate levels.

For practice and revision use BPP Learning Media's Practice and Revision Kit, iPass and Passcards.

What FMA/F2 is about

The aim of this syllabus is to develop a knowledge and understanding of the principles and techniques used in recording, analysing and reporting costs and revenues for internal management purposes. It covers management information, cost recording, costing techniques, budgeting and performance measurement.

Approach to examining the syllabus

Paper FMA/F2 is a two-hour paper. It can be taken as a written paper or a computer based examination. The questions in the computer based examination are objective test questions – multiple choice, number entry and multiple response. (See page xvi for frequently asked questions about computer based examinations.)

The written examination is structured as follows:

50 compulsory multiple choice questions of two marks each	<i>Number of marks</i> 100
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Syllabus and Study guide

DETAILED SYLLABUS

A The nature, source and purpose of management information

1. Accounting for management
2. Sources of data
3. Cost classification
4. Presenting information

B Cost accounting principles and methods.

1. Accounting for material, labour and overheads
2. Absorption and marginal costing
3. Cost accounting methods
4. Alternative cost accounting principles

C Budgeting

1. Nature and purpose of budgeting
2. Statistical techniques
3. Functional budgets
4. Flexible budgets
5. Capital budgeting and discounted cash flow
6. Budgetary control and reporting
7. Behavioural aspects of budgeting

D Standard costing

1. Standard costing system
2. Variance calculations and analysis
3. Reconciliation of budgeted and actual profit

E Performance measurement

1. Performance measurement - overview
2. Performance measurement - application
3. Cost reductions and value enhancement
4. Monitoring performance and reporting

APPROACH TO EXAMINING THE SYLLABUS

The syllabus is assessed by a two hour paper-based or computer-based examination. The examination will consist of 50 two mark questions. ACCA will introduce longer style questions in the future and as such approved learning content materials will contain some of these longer style questions. ACCA will provide sufficient notice on when the longer style questions will be introduced.

Study Guide

A THE NATURE, SOURCE AND PURPOSE OF MANAGEMENT INFORMATION

1. Accounting for management

- a) Describe the purpose and role of cost and management accounting within an organisation.^[k]
- b) Compare and contrast financial accounting with cost and management accounting.^[k]
- c) Outline the managerial processes of planning, decision making and control.^[k]
- d) Explain the difference between strategic, tactical and operational planning.^[k]
- e) Distinguish between data and information.^[k]
- f) Identify and explain the attributes of good information.^[k]
- g) Explain the limitations of management information in providing guidance for managerial decision-making.^[k]

2. Sources of data

- a) Describe sources of information from within and outside the organisation (including government statistics, professional or trade associations, quotations and price list).^[k]
- b) Explain the uses and limitations of published information/data (including information from the internet).^[k]
- c) Describe the impact of general economic environment on costs/revenue.^[k]
- d) Explain sampling techniques (random, systematic, stratified, multistage, cluster and quota).^[k]
- e) choose an appropriate sampling method in a specific situation.^[k]

(Note: Derivation of random samples will not be examined)

- f) Describe sources of information from government, trade associations and the financial press.^[k]

3. Cost classification

- a) Explain and illustrate production and non-production costs.^[k]
- b) Describe the different elements of non production costs- administrative, selling, distribution and finance.^[k]
- c) Describe the different elements of production cost- materials, labour and overheads.^[k]
- d) Explain the importance of the distinction between production and non production costs when valuing output and inventories.^[k]
- e) Explain and illustrate with examples classifications used in the analysis of the product/service costs including by function, direct and indirect, fixed and variable, stepped fixed and semi variable costs.^[k]
- f) Explain and illustrate the use of codes in categorising transaction.^[k]
- g) Describe and illustrate, graphically, different types of cost behaviour.^[k]
- h) Use high/low analysis to separate the fixed and variable elements of total costs including situations involving semi variable and stepped fixed costs and changes in the variable cost per unit.^[k]
- i) Explain the structure of linear functions and equations.^[k]
- j) Explain and illustrate the concept of cost objects, cost units and cost centres.^[k]
- k) Distinguish between cost, profit, investment and revenue centres.^[k]
- l) Describe the differing needs for information of cost, profit, investment and revenue centre managers.^[k]

4. Presenting information

- a) Prepare written reports representing management information in suitable formats according to purpose.^[a]
- b) Present information using tables, charts and graphs (bar charts, line graphs, pie charts and scatter graphs).^[a]
- c) Interpret information (including the above tables, charts and graphs) presented in management reports.^[a]

B COST ACCOUNTING METHODS AND SYSTEMS

1. Accounting for material, labour and overheads

- a) Accounting for materials
 - (i) Describe the different procedures and documents necessary for the ordering, receiving and issuing of materials from inventory.^[a]
 - (ii) Describe the control procedures used to monitor physical and 'book' inventory and to minimise discrepancies and losses.^[a]
 - (iii) Interpret the entries and balances in the material inventory account.^[a]
 - (iv) Identify, explain and calculate the costs of ordering and holding inventory (including buffer inventory).^[a]
 - (v) Calculate and interpret optimal reorder quantities.^[a]
 - (vi) Calculate and interpret optimal reorder quantities when discounts apply.^[a]
 - (vii) Produce calculations to minimise inventory costs when inventory is gradually replenished.^[a]
 - (viii) Describe and apply appropriate methods for establishing reorder levels where demand in the lead time is constant.^[a]
 - (ix) Calculate the value of closing inventory and material issues using LIFO, FIFO and average methods.^[a]
- b) Accounting for labour
 - (i) Calculate direct and indirect costs of labour.^[a]
 - (ii) Explain the methods used to relate input labour costs to work done.^[a]
 - (iii) Prepare the journal and ledger entries to record labour cost inputs and outputs.^[a]

- (iv) Describe different remuneration methods: time-based systems, piecework systems and individual and group incentive schemes.^[a]
- (v) Calculate the level, and analyse the costs and causes of labour turnover.^[a]
- (vi) Explain and calculate labour efficiency, capacity and production volume ratios.^[a]
- (vii) Interpret the entries in the labour account.^[a]

c) Accounting for overheads

- (i) Explain the different treatment of direct and indirect expenses.^[a]
- (ii) Describe the procedures involved in determining production overhead absorption rates.^[a]
- (iii) Allocate and apportion production overheads to cost centres using an appropriate basis.^[a]
- (iv) Reapportion service cost centre costs to production cost centres (using the reciprocal method where service cost centres work for each other).^[a]
- (v) Select, apply and discuss appropriate bases for absorption rates.^[a]
- (vi) Prepare journal and ledger entries for manufacturing overheads incurred and absorbed.^[a]
- (vii) Calculate and explain the under and over absorption of overheads.^[a]

2. Absorption and marginal costing

- a) Explain the importance of, and apply, the concept of contribution.^[a]
- b) Demonstrate and discuss the effect of absorption and marginal costing on inventory valuation and profit determination.^[a]
- c) Calculate profit or loss under absorption and marginal costing.^[a]
- d) Reconcile the profits or losses calculated under absorption and marginal costing.^[a]
- e) Describe the advantages and disadvantages of absorption and marginal costing.^[a]

3. Costing methods

- a) Job and batch costing:

- (i) Describe the characteristics of job and batch costing.^[k]
 - (ii) Describe the situations where the use of job or batch costing would be appropriate.^[k]
 - (iii) Prepare cost records and accounts in job and batch costing situations.^[s]
 - (iv) Establish job and batch costs from given information.^[s]
- b) Process costing
- (i) Describe the characteristics of process costing.^[k]
 - (ii) Describe the situations where the use of process costing would be appropriate.^[s]
 - (iii) Explain the concepts of normal and abnormal losses and abnormal gains.^[k]
 - (iv) Calculate the cost per unit of process outputs.^[s]
 - (v) Prepare process accounts involving normal and abnormal losses and abnormal gains.^[s]
 - (vi) Calculate and explain the concept of equivalent units.^[s]
 - (vii) Apportion process costs between work remaining in process and transfers out of a process using the weighted average and FIFO methods.^[s]
 - (viii) Prepare process accounts in situations where work remains incomplete.^[s]
 - (ix) Prepare process accounts where losses and gains are identified at different stages of the process.^[s]
 - (x) Distinguish between by-products and joint products.^[k]
 - (xi) Value by-products and joint products at the point of separation.^[s]
 - (xii) Prepare process accounts in situations where by-products and/or joint products occur.^[s]
- (Situations involving work-in-process and losses in the same process are excluded).
- c) Service/operation costing
- (i) Identify situations where the use of service/operation costing is appropriate.^[k]
 - (ii) Illustrate suitable unit cost measures that may be used in different service/operation situations.^[s]
 - (iii) Carry out service cost analysis in simple service industry situations.^[s]

4 Alternative costing principles

- a) Explain activity based costing (ABC), target costing, life cycle costing and total quality management (TQM) as alternative cost management techniques.^[k]
- b) Differentiate ABC, Target costing and life cycle costing from the traditional costing techniques (note: calculations are not required).^[k]

C BUDGETING

1. Nature and purpose of budgeting

- a) Explain why organisations use budgeting.^[k]
- b) Describe the planning and control cycle in an organisation.^[k]
- c) Explain the administrative procedures used in the budgeting process.^[k]
- d) Describe the stages in the budgeting process (including sources of relevant data, planning and agreeing draft budgets and purpose of forecasts and how they link to budgeting).^[k]

2. Statistical techniques

- a) Explain the advantages and disadvantages of using high low method to estimate the fixed and variable element of costing.^[k]
- b) Construct scatter diagrams and lines of best fit.^[s]
- c) Analysis of cost data.
 - (i) Explain the concept of correlation coefficient and coefficient of determination.^[k]
 - (ii) Calculate and interpret correlation coefficient and coefficient of determination.^[s]
 - (iii) Establish a linear function using regression analysis and interpret the results.^[s]
- d) Use linear regression coefficients to make forecasts of costs and revenues.^[s]

- e) Adjust historical and forecast data for price movements.^[s]
- f) Explain the advantages and disadvantages of linear regression analysis.^[k]
- g) Describe the product life cycle and explain its importance in forecasting.^[k]
- h) Explain the principles of time series analysis (cyclical, trend, seasonal variation and random elements).^[k]
- i) Calculate moving averages.^[s]
- j) calculation of trend, including the use of regression coefficients.^[s]
- k) Use trend and seasonal variation (additive and multiplicative) to make budget forecasts.^[s]
- l) Explain the advantages and disadvantages of time series analysis.^[k]
- m) Explain the purpose of index numbers.^[k]
- n) Calculate simple index numbers for one or more variables.^[s]
- o) Explain the role and features of a computer spreadsheet system.^[k]
- p) Identify applications for computer spreadsheets and their use in cost and management accounting.^[s]

3. Budget preparation

- a) Explain the importance of principal budget factor in constructing the budget.^[k]
- b) Prepare sales budgets.^[s]
- c) Prepare functional budgets (production, raw materials usage and purchases, labour, variable and fixed overheads).^[s]
- d) Prepare cash budgets.^[s]

- e) Prepare master budgets (Income statement and statement of financial position).^[s]
- f) Explain and illustrate 'what if' analysis and scenario planning.^[s]

4. Flexible budgets

- a) Explain the importance of flexible budgets in control.^[k]
- b) Explain the disadvantages of fixed budgets in control.^[k]
- c) Identify situations where fixed or flexible budgetary control would be appropriate.^[s]
- d) Flex a budget to a given level of volume.^[s]

5. Capital budgeting and discounted cash flows

- a) Discuss the importance of capital investment planning and control.^[k]
- b) Define and distinguish between capital and revenue expenditure.^[k]
- c) Outline the issues to consider and the steps involved in the preparation of a capital expenditure budget.^[k]
- d) Explain and illustrate the difference between simple and compound interest, and between nominal and effective interest rates.^[s]
- e) Explain and illustrate compounding and discounting.^[s]
- f) Explain the distinction between cash flow and profit and the relevance of cash flow to capital investment appraisal.^[k]
- g) Identify and evaluate relevant cash flows for individual investment decisions.^[s]
- h) Explain and illustrate the net present value (NPV) and internal rate of return (IRR) methods of discounted cash flow.^[s]
- i) Calculate present value using annuity and perpetuity formulae.^[s]

- j) Calculate NPV, IRR and payback (discounted and non-discounted)^[a]
- k) Interpret the results of NPV, IRR and payback calculations of investment viability^[a]

6. Budgetary control and reporting

- a) Calculate simple variances between flexed budget, fixed budget and actual sales, costs and profits^[a]
- b) Discuss the relative significance of variances^[k]
- c) Explain potential action to eliminate variances^[k]
- d) Define the concept of responsibility accounting and its significance in control^[k]
- e) Explain the concept of controllable and uncontrollable costs^[k]
- f) Prepare control reports suitable for presentation to management. (to include recommendation of appropriate control action)^[a]

7. Behavioural aspects of budgeting

- a) Explain the importance of motivation in performance management^[k]
- b) Identify factors in a budgetary planning and control system that influence motivation^[a]
- c) Explain the impact of targets upon motivation^[k]
- d) Discuss managerial incentive schemes^[k]
- e) Discuss the advantages and disadvantages of a participative approach to budgeting^[k]
- f) Explain top down, bottom up approaches to budgeting^[k]

D STANDARD COSTING

1. Standard costing systems

- a) Explain the purpose and principles of standard costing.^[k]

- b) Explain and illustrate the difference between standard, marginal and absorption costing^[k]
- c) Establish the standard cost per unit under absorption and marginal costing^[a]

2 Variance calculations and analysis

- a) Calculate sales price and volume variance.^[a]
- b) Calculate materials total, price and usage variance.^[a]
- c) Calculate labour total, rate and efficiency variance.^[a]
- d) Calculate variable overhead total, expenditure and efficiency variance^[a]
- e) Calculate fixed overhead total, expenditure and, where appropriate, volume, capacity and efficiency variance.^[a]
- f) Interpret the variances.^[a]
- g) Explain factors to consider before investigating variances, explain possible causes of the variances and recommend control action.^[a]
- h) Explain the interrelationships between the variances.^[k]
- i) Calculate actual or standard figures where the variances are given.^[k]

3 Reconciliation of budgeted and actual profit

- a) Reconcile budgeted profit with actual profit under standard absorption costing.^[a]
- b) Reconcile budgeted profit or contribution with actual profit or contribution under standard marginal costing.^[a]

E PERFORMANCE MEASUREMENT

1. Performance measurement overview

- a) Discuss the purpose of mission statements and their role in performance measurement^[k]

- b) Discuss the purpose of strategic and operational and tactical objectives and their role in performance measurement^[k]
- c) Discuss the impact of economic and market conditions on performance measurement^[k]
- d) Explain the impact of government regulation on performance measurement^[k]

2 Performance measurement - application

- a) Discuss and calculate measures of financial performance (profitability, liquidity, activity and gearing) and non financial measures^[s]
- b) Perspectives of the balanced scorecard
 - (i) discuss the advantages and limitations of the balanced scorecard^[k]
 - (ii) describe performance indicators for financial success, customer satisfaction, process efficiency and growth^[k]
 - (iii) discuss critical success factors and key performance indicators and their link to objectives and mission statements^[k]
 - (iv) establish critical success factors and key performance indicators in a specific situation^[s]
- c) Economy, efficiency and effectiveness
 - (i) explain the concepts of economy, efficiency and effectiveness^[k]
 - (ii) describe performance indicators for economy, efficiency and effectiveness^[k]
 - (iii) establish performance indicators for economy, efficiency and effectiveness in a specific situation^[s]
 - (iv) discuss the meaning of each of the efficiency, capacity and activity ratios^[k]
 - (v) calculate the efficiency, capacity and activity ratios in a specific situation^[s]
- d) Unit costs
 - (i) describe performance measures which would be suitable in contract and process costing environments^[k]
- e) Resource utilisation
 - (i) describe measures of performance utilisation in service and manufacturing environments^[k]
 - (ii) establish measures of resource utilisation in a specific situation^[s]

- f) Profitability
 - (i) calculate return on investment and residual income^[s]
 - (ii) explain the advantages and limitations of return on investment and residual income^[k]
- g) Quality of service
 - (i) distinguish performance measurement issues in service and manufacturing industries^[k]
 - (ii) describe performance measures appropriate for service industries^[k]

3. Cost reductions and value enhancement

- a) Compare cost control and cost reduction^[k]
- b) Describe and evaluate cost reduction methods^[s]
- c) Describe and evaluate value analysis^[s]

4 Monitoring performance and reporting

- a) Discuss the importance of non-financial performance measures^[k]
- b) Discuss the relationship between short-term and long-term performance^[k]
- c) Discuss the measurement of performance in service industry situations^[k]
- d) Discuss the measurement of performance in non-profit seeking and public sector organisations^[k]
- e) Discuss measures that may be used to assess managerial performance and the practical problems involved^[k]
- f) Discuss the role of benchmarking in performance measurement^[k]
- g) Produce reports highlighting key areas for management attention and recommendations for improvement^[s]