ACCA

Advanced Performance Management (APM) September/ December 2025 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 September/December 2025 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 – Neaty

Requirements (50 marks)

It is now 1 September 20X5.

Write a report to the chief executive officer (CEO) of Neaty to respond to her instructions for work on the following areas:

(i) Current reporting system

Note: There will be 5 marks available for the first part of the work required on this area and 14 marks available for the second part of the work required on this area.

(19 marks)

(ii) Balanced scorecard proposal

(15 marks)

(iii) What gets measured gets done

(6 marks)

Professional marks will be awarded for 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 Neaty Manufacturing (Neaty), a listed company which manufactures paint in the country of Zeeland. The industry is rapidly developing and there has been an increase in foreign suppliers offering cheaper products resulting in decreasing margins. Neaty is aware of the issues it is facing and wants to evaluate how its performance reporting system can help it face these challenges and meet its objectives.

The requirements for this question were split into three parts. Part i) was worth 19 marks and asked firstly for calculations of figures which were missing in the provided performance report, and secondly for an evaluation of the current reporting system. In part ii), which was worth 15 marks, Neaty is considering the introduction of the balanced scorecard (BSC) and candidates were asked to evaluate the suggested measures for the customer and the innovation and learning perspectives. In part iii) for 6 marks the requirement asked for an explanation of how the BSC could create a culture of 'what gets measured, gets done' and the challenges which this could bring for Neaty.

Additionally, up to ten professional marks were available in this question. In part i) analysis and evaluation marks were available. In part ii) there were commercial acumen and 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

Overall, the performance on this question was good, with many candidates scoring high marks. However, the performance in part i) regarding the calculations was disappointing with many candidates being unable to attempt all five ratios. In addition, it was common throughout the whole question for candidates to make strategic recommendations to the board of Neaty when this was not asked for in the requirement and is not the focus of APM. For example, some candidates failed to calculate the ratios in part i) but instead suggested what Neaty should do to improve each of them. Candidates must ensure that they specifically answer the question which has been asked.

Part (i)

This part was worth 19 marks and was broken up into two parts. The first part was worth five marks and required candidates to prepare calculations for inventory holding days, return on capital employed (ROCE), residual income, dividend per share, and the current ratio. Performance on this part was mixed. Many candidates scored the full five marks with clear calculations provided in a spreadsheet. However, a number of candidates failed to attempt all five calculations, and those who did attempt them often made very basic calculation errors. For example, ROCE was often calculated using the net asset figures as opposed to capital employed, and/or using year-end figures for these instead of opening or average figures. Worryingly, several candidates were unable to calculate dividend per share despite both the total dividend paid and total number of shares being clearly provided in the appendix.

The examining team would like to remind candidates that knowledge from underpinning exams is examinable at APM and is often essential for deeper evaluation in many questions as well as for direct calculations as was required here. It should also be noted that poor performance on

ROCE has been highlighted in previous examiner's reports and candidates would find it beneficial to review this and other basic calculations before revising for APM.

The second part was worth 14 marks and required candidates to evaluate the current performance reporting system. The question specifically asked candidates NOT to suggest any new performance measures. This should have been a familiar style question for candidates. When evaluating a performance reporting system, it is recommended that candidates identify the objective(s) and aim(s) of the company and then evaluate if the performance report contains relevant and sufficient information for the board to assess the performance of the company in relation to each objective/aim. Those candidates taking this structured approach scored well on this question and naturally scored well on the corresponding professional marks for a clear and systematic approach to their evaluation. It was, however, disappointing that several candidates attempted to evaluate the performance of Neaty as opposed to evaluating the performance report e.g. discussing if revenue/profits had increased or decreased. This issue has been discussed several times in previous examiner's reports. Candidates are advised to read requirements very carefully before answering questions to ensure answers specifically cover what has been asked for. In addition, candidates often suggested alternative measures to be included in the report despite clearly being asked not to.

Part (ii)

This part was worth 15 marks. The requirement was based around an example balanced scorecard (BSC) provided, summarising three measures for each of the customer, and the innovation and learning perspectives, with candidates being asked to evaluate whether Neaty should use these measures. Performance on this question was polarised, with some candidates scoring well by systematically discussing each of the measures with regards to whether they were applicable under each of the perspectives and if they were relevant to Neaty's objective and aims. However, poor performance from candidates was observed regularly by the examining team. Common errors here included candidates suggesting what Neaty could do to improve performance under each measure e.g. how to increase market share, as opposed to whether it is good to measure market share under the customer perspective. Also, similar to part i) several candidates discussed Neaty's performance in relation to each of the measures, with some also suggesting alternative measures despite the requirement stating that new performance measures were not required. Performance on the professional marks was very much in line with the technical marks above. Candidates who specifically answered the question of evaluating the measures and not providing new measures scored well on the commercial acumen marks for considering and understanding the nature of Neaty's business and its environment and also scored well on the analysis and evaluation marks for ensuring their answers were focused on the CEO's request.

Part (iii)

The final part of this question was worth six marks and asked candidates to explain specifically how the use of the BSC could create an attitude of 'what gets measured, gets done' (WGMGD) and the challenges which this could bring for Neaty. Performance on this part was generally very good. Candidates were able to successfully explain the term WGMGD and how the BSC could create this attitude, although many went a step further and discussed how bonuses could be linked to the measures. Candidates should take note of the marks available and ensure that they plan and allocate marks correctly. It is acceptable to develop points in more detail but only if there is sufficient time to do so and sufficient marks on offer. The second part of this question was not so well attempted by all candidates, with some unfortunately discussing the challenges of using the BSC as opposed to the challenges of creating a WGMGD attitude. This is a similar point to the comments made on the previous parts in that candidates should take time to carefully read the question and answer specifically what has been asked. Many candidates appeared to be very competent in this area but unfortunately did not answer the question asked and therefore did not gain the marks on offer. Candidates who successfully answered the second part of this question also performed well on the scepticism marks.

Professional skills marks

As mentioned, candidates who specifically answered the questions asked tended to score well on the professional marks.

In part i) analysis and evaluation marks were available for demonstrating a clear and systematic approach to the evaluation of the current performance report in relation to the overall objective and supporting activities listed in the scenario.

In part ii) commercial acumen marks were available for the evaluation of the BSC measures demonstrating consideration and understanding of the nature of Neaty's business and environment. Analysis and evaluation marks were also available for ensuring the evaluation specifically adhered to the CEO's request.

In part iii) there were scepticism marks available for considering a wide range of issues when explaining the challenges of utilising the BSC.

Performance on the overall communication marks was good and continues a trend that has been seen over recent diets. Most candidates used a suitable report format, utilising relevant headings throughout, and writing in a professional manner, scoring well on the communication marks. Candidates should always ensure that their answers are structured in such a way that they follow the order of the requirement, use the spreadsheet provided for necessary calculations, and sentences and paragraphs are easy to follow using suitable professional language.

Section B

Question 2 – Assynt

Requirements (25 marks)

It is now 1 September 20X5.

Respond to the CFO of Assynt's instructions for work on the following:

(a) Kaizen costing

(12 marks)

(b) Process automation

(8 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 Assynt, a car manufacturing company that manufactures cars in the country of Ceeland. Assynt wanted to improve profitability through changes in management processes and by making capital investments.

The requirements for this question were split into two parts. Part a) was worth 12 marks and asked for an evaluation of introducing Kaizen costing into the manufacturing process, along with an explanation of the problems in implementing such an approach given it will involve the introduction of quality circles. In part b), which was worth 8 marks, candidates were asked to assess the profit implications of introducing robotic manufacturing at Assynt.

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

General Comments

Overall, the performance on this question was below that which is normally expected for an APM Section B question. The main concern was that candidates did not specifically answer the requirement asked. APM is an application paper, and there are few, if any, marks available for demonstrating knowledge. Therefore, candidates should read each requirement carefully and ensure they understand what is being asked. If candidates believe they need to explain topics this should be done briefly and then applied to the scenario, demonstrated with appropriate examples relating the situation given in the scenario.

Part (a)

Part a) was worth 12 marks and required candidates to evaluate the impact of introducing the Kaizen approach, specifically on the performance management system at Assynt, followed by an explanation of the problems in implementing such an approach which would require the creation of quality circles. The examining team would like to remind candidates that APM builds up on the knowledge and skills developed at the lower levels, namely Performance Management, and as such a solid awareness of these topics is still required.

When a question asks for an evaluation of an impact it is important to realise that this involves a move away from a current position and thus answers should focus on what will change as a result of such an introduction. Unfortunately, although some candidates scored very well on this question, a significant minority did not appear to be aware of the concept of Kaizen costing and instead simply discussed the general problems Assynt was now facing due to the political changes in the country.

Out of these candidates that were aware of Kaizen costing many did not evaluate the impact of the approach on the performance management system. A recommended approach, which was generally taken by candidates who performed well, would be to very briefly explain the concept of Kaizen costing, consider what aspects of performance management it could impact e.g. standard costs, target setting, rewards, motivation, culture and leadership etc., and then evaluate how these would be affected.

A significant number of candidates also spent time discussing the benefits of Kaizen costing. Although some credit could be awarded to this within the impact on performance management part of the question, the emphasis of the requirement was on the problems, and as such candidates should aim to spend the majority of their time on addressing this area.

Unfortunately, very few candidates mentioned quality circles which were specifically mentioned in the requirement. As stated above, it is essential that candidates read the requirement carefully and ensure they answer each part.

Part (b)

Part b) was worth 8 marks and was based around six benefits of robot manufacturing that had been identified by the CFO, namely ‘greater throughput, higher quality, improved safety, reduced variability, a reduction in waste and higher customer satisfaction’. Candidates were required to assess the profit impact of each of these benefits in relation to robotic manufacturing.

Several candidates scored very well on Part b) by simply explaining how robotic manufacturing would lead to the above listed benefits and then on to explain the profit implications of each. However, many candidates failed to give complete answers by either not specifically referring to robotic manufacturing or not discussing the profit implications. Although some credit was awarded to such answers candidates who did this missed the opportunity to score well.

Similar to part a), many candidates did not fully answer the question. They discussed the potential problems of introducing robotic manufacturing, such as redundancies, initial cost etc., but the question asked for the profit implications from the benefits, as opposed to profit implications in general.

Professional skills marks

In part a) analysis and evaluation marks were available for providing a clear and logical approach to evaluating the impact of Kaizen costing, and scepticism marks were available for critically assessing the problems of creating quality circles. Many candidates could not be awarded the scepticism marks as they failed to discuss quality circles.

In part b) commercial acumen marks were available for clearly assessing the implications on profit of the introduction of robotic manufacturing. Candidates who specifically answered the requirement and who clearly attempted to discuss the profit implications of the above benefits scored well here.

Question 3 – Barscobe

Requirements (25 marks)

It is now 1 September 20X5.

Respond to the MP of Barscobe's request for work on the following areas:

(a) Building block model

(13 marks)

(b) Cloud computing

(7 marks)

Professional skills 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 Barscobe Legal Services which was a practice of patent lawyers with eight offices located in major cities in the country of Zeeland. In the scenario the practice offered advice to businesses on registering intellectual property, purchasing and selling intellectual property rights, and defending those rights against infringement.

The requirements for this question were split into two parts. Part a) was worth 13 marks and asked for an assessment of how the dimensions of the building block model are measured in the existing performance report and for suggested improvements to the report. In part b), which was worth 7 marks, candidates were asked to provide an explanation of cloud computing and an assessment of the financial advantages it could bring to Barscobe.

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

General Comments

Overall, the performance on this question was good, and slightly better than other Section B questions in recent diets, with performance in part a) being significantly better than that in part b). In part b) a number of candidates were unsure of what cloud computing entailed. It is recommended that candidates are comfortable with all areas of the syllabus before attempting the APM examination and also that they review questions and answers from past diets.

Part (a)

This part was worth 13 marks and required candidates to assess how the dimensions of the building block model were measured in the existing performance report used by Barscobe and for suggested improvements. The dimensions of the building block model (competitiveness, financial performance, quality of service, flexibility, resource utilisation and innovation) were provided in the scenario.

Performance on this part of the question was generally very good, with most candidates systematically discussing each of the six dimensions listed. It is recommended that candidates take this approach as opposed to systematically discussing the content of the report. Credit could be given to the latter approach; however, candidates who did this often failed to discuss each of the dimensions. The candidates which scored very well on this question not only addressed whether the dimension were covered but also assessed if they were adequately covered e.g. the report appeared unbalanced with a focus on the financial performance.

The majority of candidates did try to make suggestions as to how the report could be improved. However, the examining team would like to remind candidates that an improvement cannot be a long list of new measures that could be included. It would only be appropriate to have new measures if it can be shown that the existing measures did not address the dimension(s) or were inadequate.

Part (b)

This part, which was worth 7 marks, required candidates to prepare a brief explanation of cloud computing and an assessment of the financial advantages which it could bring to Barscobe. The performance on this part was generally below what was expected by the examining team.

Many candidates discussed remote access within their answers as opposed to specifically discussing cloud computing. Although some credit could be awarded for this, as an organisation using cloud computing would gain the ability to access files etc. remotely if they did not have that capability previously, it limited the scope as to what could be discussed e.g. software as a service (SaaS).

Additionally, a common error on this part was a failure to discuss financial advantages and not just operational advantages. Although candidates mentioned operational advantages, such as being able to access files quickly, or maintenance being managed by the cloud computing provider, they needed to explicitly explain the financial implications of these (increased revenues or decreased costs).

Those candidates who were familiar with cloud computing and specifically answered the question scored well, often scoring full marks. Unfortunately, a significant minority of candidates appeared unfamiliar with the concept of cloud computing, some confusing it with artificial intelligence, and thus scored very poorly.

Professional skills marks

In part a) analysis and evaluation marks were available for identifying that the market share could be calculated from the information provided, scepticism marks were available for identifying weaknesses and missing information in the report and commercial acumen marks were available for making practical and relevant recommendations. Adopting a systematic approach to answering this part of the question, along with sensible suggestions for improvements, led to many candidates scoring well on the professional marks.

In part b) analysis and evaluation marks were available for providing a clear assessment of the financial advantages of cloud computing that covered a range of effects for Barscobe. Those candidates who were able to discuss the financial advantages of cloud computing generally scored well on the professional marks available.