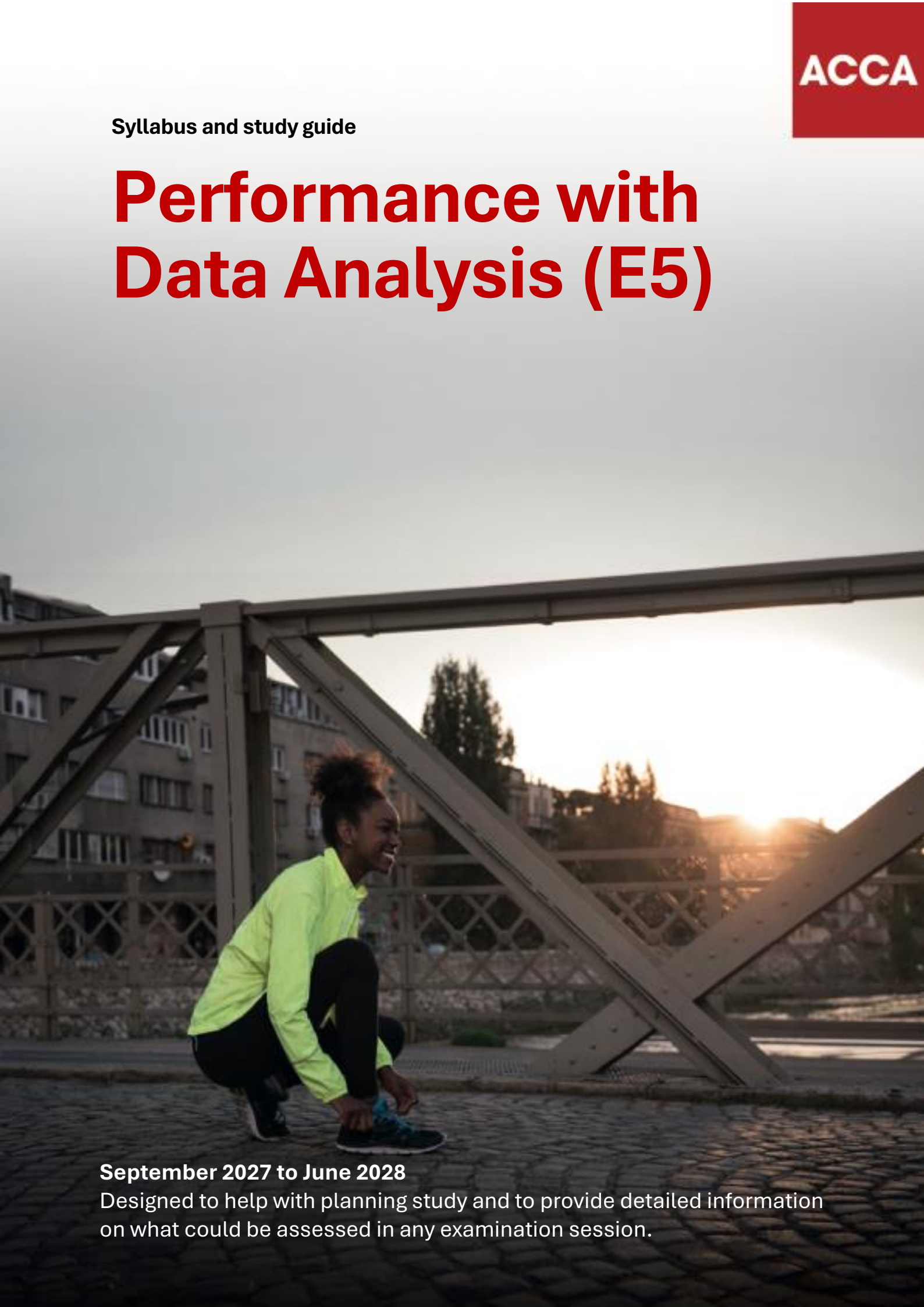
Syllabus and study guide

Performance with Data Analysis (E5)



September 2027 to June 2028

Designed to help with planning study and to provide detailed information on what could be assessed in any examination session.

Contents

1. Overall aim of the syllabus

The overall aim of the syllabus is to develop and enable the application of technical knowledge and skills in the use of management accounting techniques to support an organisation in relation to costing, decision making, planning and control, and performance management.

2. Introduction to the syllabus

The syllabus for E5 Performance with Data Analysis starts by introducing candidates to a number of advanced cost analysis techniques, including a focus on environmental costing and sustainability. This syllabus section builds on knowledge of costing methods from K2 Management Accounting, so candidates will already be assumed to have skills in marginal costing and absorption costing.

The syllabus then moves on to decision making. Candidates need to appreciate the issues surrounding the determination of costs relevant to decisions, the relationship between cost, sales volumes and profit, the optimisation of scarce resources and the choice of pricing strategies available to organisations along with the non-financial considerations for business decision making.

Budgetary planning is an important part of the role of management accountants and the syllabus explores different budgeting approaches, including analytical techniques for forecasting purposes. The behavioural implications of budgeting are important for accountants to understand as how management and employees react to a budget can impact its achievability. Similar to the costing analysis section of the syllabus, candidates would be assumed to be able to use standard costing to prepare fixed, flexible and incremental budgets from their previous studies at K2 Management Accounting.

After budgetary planning it is essential to undertake control activity and report results to management and so the syllabus moves to focus on variance analysis and control reporting. All of the variances examined in K2 Management Accounting are assumed knowledge and the E5 Performance with Data Analysis syllabus includes more advanced variances, such as mix and yield variances. It is important for management accountants to be able to calculate variances, analyse their interrelationships and assess their impact for an organisation in terms of its performance and future decision making.

The syllabus concludes with performance management. Management accountants need to recognise the importance of analysing organisational performance using a range of performance measures, both financial and non-financial, and performance management models, such as the Balanced Scorecard. This section also includes the assessment of performance in divisionalised structures and the impact of transfer pricing on divisional management.

Across the whole syllabus there is a focus on the data needs, the data collection and data interpretation requirements to enable management accountants to undertake costing, decision making, budgeting and performance analysis activities.

3. Main capabilities

On successful completion of this course of study, candidates should be able to:

- Apply a range of cost analysis techniques to provide the underpinning information for decision making and control
- Assess different types of business decisions using specific decision-making techniques
- Prepare budgets and forecasts using budgetary techniques and data analysis methods to support the achievement of organisational objectives
- Assess how budgets and operational plans can influence the behaviour and motivation of management and staff
- Apply variance analysis techniques to provide essential control information for management in the form of budgetary control reports
- Analyse the performance of profit-making organisations, including divisionalised businesses and the application of transfer pricing issues
- Assess both financial and non-financial information to arrive at recommendations for management actions
- Assess the data needs, data collection, and data interpretation requirements to support costing, decision making, planning and control and performance management activities

4. Intellectual levels

The ACCA Qualification syllabus is designed to progressively broaden and deepen the technical knowledge, skills and professional values demonstrated by the candidate on their journey through the qualification.

The specific learning outcomes within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

Level 1: Knowledge and comprehension
Level 2: Application and analysis
Level 3: Synthesis and evaluation

Very broadly these intellectual levels relate to the three levels of the ACCA Qualification: Knowledge, Expertise and Strategic Professional.

Each learning outcome included in the detailed study guide is given a 1, 2 or 3 superscript, denoting its intellectual level. This gives an indication of the intellectual depth at which a learning outcome could be assessed within the examination. However, while Level 1 broadly equates with the Knowledge level, Level 2 to the Expertise level and Level 3 to the Strategic Professional level of the ACCA Qualification, some lower-level skills can continue to be assessed as the candidate progresses through each level. This reflects that at each stage of study there will be the requirement to broaden, as well as deepen, capabilities.

5. The syllabus

A Cost analysis techniques

1. Activity-based costing (ABC)
2. Target costing
3. Life-cycle costing
4. Environmental costing and sustainability

B Decision-making techniques

1. Relevant cost analysis
2. Cost-volume-profit (CVP) analysis
3. Limiting factor analysis
4. Pricing decisions
5. Other considerations for decision making

C Planning and budgeting

1. Performance hierarchy
2. Budgeting
3. Data analysis techniques for forecasting
4. Behavioural aspects of budgeting

D Control and reporting

1. Variance analysis
2. Control reporting

E Performance management

1. Performance analysis
2. Balanced scorecard (BSC)
3. Divisional performance and transfer pricing

6. Detailed study guide

A Cost analysis techniques

1. Activity-based costing (ABC)

a) Assess the relevance of traditional absorption costing in business environments and the need for ABC.[2]

b) Apply ABC to products and services.[2]

c) Compare and contrast ABC and traditional methods of overhead absorption.[2]

d) Assess the data collection and interpretation challenges when implementing and utilising ABC.[2]

e) Assess organisational challenges around ABC implementation, including cost, resources and training.[2]

2. Target costing

a) Assess why an organisation would use target costing.[2]

b) Calculate a target cost and a cost gap.[2]

c) Recommend how a cost gap could be closed, including the use of functional and value analysis.[2]

d) Assess the difficulties of using target costing, including data collection and interpretation.[2]

3. Life-cycle costing

a) Assess why an organisation would use life-cycle costing.[2]

b) Assess the costs involved at different stages of the product life cycle.[2]

c) Calculate a life-cycle cost or profit and apply this in business decision making.[2]

d) Assess the difficulties of data collection and cost predictions required for life-cycle costing.[2]

4. Environmental costing and sustainability

a) Assess why an organisation would use environmental management accounting.[2]

b) Analyse costs into environmental cost categories: conventional, hidden, contingent and reputational.[2]

c) Analyse costs into quality cost categories: prevention, detection, internal failure and external failure.[2]

d) Apply the environmental management accounting techniques of activity-based costing (ABC) and life-cycle costing.[2]

e) Explain the use of the environmental management accounting techniques of input-output analysis and flow cost accounting.[1]

f) Assess the difficulties of data collection and measurement in environmental costing.[2]

g) Assess the issues organisations face when costing for sustainability initiatives.[2]

B Decision-making techniques

1. Relevant cost analysis

a) Explain the concept of relevant costing.[1]

b) Calculate relevant costs for business decisions, including situations involving opportunity costs.[2]

c) Apply relevant costing principles in situations involving make-or-buy, shut down, one-off contracts and the further processing of joint products.[2]

2. Cost-volume-profit (CVP) analysis

a) Analyse single and multi-product situations utilising CVP analysis.[2]

b) Interpret information contained within break-even charts and profit-volume charts, including for multi-product situations.[2]

c) Assess the limitations of CVP analysis for planning and decision making.[2]

3. Limiting factor analysis

a) Explain Goldratt and Cox's Theory of Constraints and its impact on business decision making.[1]

b) Prepare the optimal production plan where an organisation is restricted by a single limiting factor.[2]

c) Prepare the input data necessary to apply simplex linear programming to solve multiple scarce resource problems.[2]

d) Interpret the output results from simplex linear programming packages.[2]

e) Calculate shadow prices (dual prices) and interpret their implications for decision making.[2]

f) Calculate slack and surplus resources and interpret their implications for decision making (excluding sensitivity to changes in objective functions).[2]

4. Pricing decisions

a) Assess the factors which influence the pricing of a product or service.[2]

b) Calculate and interpret the price elasticity of demand.[2]

c) Calculate and interpret a straight line demand equation.[2]

d) Calculate the optimum selling price and quantity for a product, equating marginal cost and marginal revenue (algebraic method).[2]

e) Apply the tabular method to determine price and output levels for profit maximisation.[2]

f) Calculate a price using cost-plus and relevant cost approaches.[2]

g) Assess the use of different pricing strategies to reflect the business environment.[2]

5. Other considerations for decision making

a) Assess non-financial considerations for business decision making.[2]

b) Assess the impact of sustainability factors on business decision-making processes.[2]

c) Apply expected values to decision-making problems.[2]

d) Assess the impact of risk attitudes on business decision making and recommend suitable decision-making techniques (maximax, maximin, minimax regret).[2]
Note: preparation of profit tables is not required.

e) Assess the data collection and interpretation challenges faced in business decision making.[2]

C Planning and budgeting

1. Performance hierarchy

a) Explain the performance hierarchy for an organisation.[1]

b) Analyse critical success factors to develop key performance indicators to

c) Explain how budgetary systems fit within the performance hierarchy.[1]

2. Budgeting

a) Explain the use of standard costing in budgeting and control, including the different types of standard costs.[1]

b) Analyse the data sources commonly used to derive standard costs.[2]

c) Prepare and analyse fixed, flexed and flexible budgets.[2]

d) Prepare and analyse budgets under the following approaches:[2]

(i) incremental budgeting
(ii) zero-based budgeting (ZBB)
(iii) rolling budgeting
(iv) activity-based budgeting (ABB)

e) Assess the suitability of the budgetary approaches for an organisation's situation, for example where the business environment is uncertain or volatile.[2]

f) Explain how green budgeting may aid the incorporation of sustainability goals into budgeting.[1]

3. Data analysis techniques for forecasting

a) Analyse fixed and variable cost elements from total cost data using the high-low method to produce cost forecasts.[2]

b) Apply data analysis techniques for forecasting, including correlation, regression and time series.[2]

c) Apply the learning curve model, including calculations on steady states.[2]

d) Assess the benefits and limitations of data analysis techniques for forecasting.[2]

4. Behavioural aspects of budgeting

a) Assess the impact of imposed and participatory styles of budget preparation.[2]

b) Assess the problems in setting the difficulty level for a budget and the resultant impact on motivation.[2]

c) Analyse how budgetary targets may drive unethical behaviour.[2]

D Control and reporting

1. Variance analysis

a) Calculate and interpret standard cost variances under marginal and absorption costing:[2]

(i) sales (price, volume, mix and quantity)
(ii) material (price, usage, mix and yield)
(iii) labour (rate and efficiency)
(iv) variable overheads (expenditure and efficiency)
(v) fixed overheads (expenditure and volume)

b) Analyse the interrelationships between variances and the impact on business performance.[2]

2. Control reporting

a) Explain the purpose of budgetary control reports in performance management.[1]

b) Apply the principle of controllability in performance management and assess its impact on motivation.[2]

c) Explain the use of planning and operational variances in situations where the budget (standard) has been revised.[1]

d) Analyse data in the control report and recommend how future performance can be improved.[2]

e) Assess the limitation of variance analysis in taking account of non-financial and

external factors such as quality, customer, sustainability and competition.[2]

E Performance management

1. Performance analysis

a) Explain the purpose of financial and non-financial performance indicators (leading and lagging) to avoid short termism.[1]

b) Assess the need for consideration of external factors in performance analysis, including stakeholders, market conditions, competitors and regulations.[2]

c) Calculate and interpret suitable financial performance indicators (FPIs) for profitability, liquidity, efficiency and operational gearing. [2]

d) Calculate and interpret suitable non-financial performance indicators (NFPIs). [2]

e) Assess the interrelationships between the results of FPIs and NFPIs. [2]

f) Interpret overall performance, taking account of external considerations, and recommend ways to improve future performance. [2]

g) Assess the challenges of data collection for NFPIs. [2]

h) Assess the issues organisations face by favouring short-term financial gain over long-term sustainability. [2]

2. Balanced Scorecard (BSC)

a) Explain the purpose and the benefits of Kaplan and Norton's Balanced Scorecard (BSC) as a performance management tool.[1]

b) Recommend goals and performance indicators for each of the perspectives of the BSC.[2]

c) Analyse organisational performance using the BSC.[2]

d) Assess the challenges of data analysis and data overload when using the BSC.[2]

3. Divisional performance and transfer pricing

a) Calculate and interpret return on investment (ROI) and residual income (RI) in comparing divisional performance.[2]

b) Compare and contrast ROI and RI as divisional performance measure and their impact on decision making.[2]

c) Analyse the objectives of a transfer pricing system.[2]

d) Calculate a transfer price utilising cost-based or market-based approaches.[2]

e) Analyse the impact of transfer prices on the assessment of performance and decision making at both divisional and organisational level and recommend an appropriate transfer price.[2]

f) Explain the issues which require consideration when setting transfer prices in multinational companies.[1]

7. Approach to examining the syllabus

The syllabus for E5 Performance with Data Analysis is assessed by a three-hour computer-based examination.

The examination will consist of three sections:

Section A will contain 15 two-mark objective test questions (OTs).

Section B will contain three 10-mark case questions, each comprising of five two-mark OTs which are based around a common scenario.

Section C will contain two 20-mark constructed response questions. These questions will be scenario based and will have a number of requirements.

Section A will test across the whole syllabus. The case questions in Section B and the constructed response questions in Section C will each focus specifically on one of the five sections of the E5 Performance with Data Analysis syllabus.

8. Guide to ACCA examination structure and delivery mode

The structure of examinations varies, depending on the level of the qualification.

The Expertise examinations contain 100% compulsory questions to encourage candidates to study across the breadth of each syllabus.

All Expertise examinations are assessed by three-hour computer-based examinations.

The pass mark for all Expertise examinations is 50%.

9. Guide to ACCA examination assessment

ACCA reserves the right to examine anything contained within the study guide at any examination session. This includes knowledge, techniques, principles, theories, and concepts as specified.

For specified financial accounting, audit and tax examinations, except if indicated otherwise, ACCA will publish examinable documents once a year to indicate exactly what regulations and legislation could potentially be assessed within identified examination sessions. Regulation issued, or legislation passed on or before 31 August annually, will be assessed from 1 September of the following year to 31 August of the year after. Please refer to the examinable documents for the examination (where relevant) for further information.

Regulations issued or legislation passed in accordance with the above dates may be examinable if the effective date is in the future, unless explicitly stated otherwise in the syllabus and study

guide or examinable documents. The terms ‘issued’ or ‘passed’ relate to when regulation or legislation has been formally approved.

The term ‘effective’ relates to when regulation or legislation must be applied to entity transactions and business practices.

The study guide offers more detailed guidance on the depth and level at which the examinable documents will be examined. The study guide should therefore be read in conjunction with the examinable documents list, where applicable.

10. Learning hours and education recognition

The ACCA Qualification does not prescribe or recommend any particular number of learning hours for examinations because study and learning patterns and styles vary greatly between people and organisations. This also recognises the wide diversity of personal, professional and educational circumstances in which ACCA candidates find themselves.

As a member of the International Federation of Accountants, ACCA seeks to enhance the education recognition of its qualification on both national and international education frameworks, and with educational authorities and partners globally. In doing so, ACCA aims to ensure that its qualifications are recognised and valued by governments and regulatory authorities and employers across all sectors. To this end, ACCA qualifications are currently recognised on the educational frameworks in several countries. Please refer to your national education framework regulator for further information about recognition.