

ACCA PERFORMANCE MANAGEMENT (F5) CERTIFICATION PRACTICE EXAM (SAMPLE) STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE

<https://acca-performancemanagement-f5.examzify.com>



Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

SAMPLE

Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

SAMPLE

- 1. What does it mean if a product has high price elasticity?**
 - A. Demand changes little with price fluctuations
 - B. Demand is highly responsive to price changes
 - C. Supply is limited due to high costs
 - D. Demand increases as prices rise
- 2. What should be included for sunk costs in decision-making?**
 - A. Future anticipated profits
 - B. All fixed cost commitments
 - C. None, as they are irrecoverable
 - D. Potential revenue from alternative scenarios
- 3. What aspect differentiates relevant costs from irrelevant costs?**
 - A. All costs that can be altered
 - B. Only cash flows directly associated with a decision
 - C. The sum of all existing expenses
 - D. Projected future earnings
- 4. What is typically NOT included in the estimate of relevant costs for a decision?**
 - A. Future incremental costs
 - B. Past expenditure on non-recoverable assets
 - C. Short-term variable costs
 - D. Change in working capital
- 5. Which research method focuses on collecting information directly from the target audience?**
 - A. Desk (secondary) research
 - B. Field research
 - C. Quantitative research
 - D. Literature review

- 6. Which type of information can be gathered through desk research?**
- A. Qualitative customer feedback
 - B. Economic intelligence regarding market status
 - C. Experiential data from focus groups
 - D. Demographic data through surveys
- 7. What is a significant risk associated with Big Data?**
- A. Increased availability of skilled workers
 - B. Improved security measures
 - C. Data protection challenges
 - D. Enhanced data quality
- 8. What is a primary goal of variance analysis?**
- A. Enhancing customer satisfaction
 - B. Identifying and managing cost discrepancies
 - C. Improving employee productivity
 - D. Streamlining operational processes
- 9. High/low analysis assumes historical costs will do which of the following?**
- A. Accurately predict future costs
 - B. Remain constant over time
 - C. Shift significantly with market changes
 - D. Depend entirely on fixed variables
- 10. Which of the following is an advantage of high/low analysis?**
- A. It guarantees accurate future cost predictions
 - B. It is simple to calculate and understand
 - C. It accommodates variable overhead costs effectively
 - D. It provides a detailed breakdown of all costs

Answers

SAMPLE

1. B
2. C
3. B
4. B
5. B
6. B
7. C
8. B
9. A
10. B

SAMPLE

Explanations

SAMPLE

1. What does it mean if a product has high price elasticity?

- A. Demand changes little with price fluctuations
- B. Demand is highly responsive to price changes**
- C. Supply is limited due to high costs
- D. Demand increases as prices rise

A product with high price elasticity means that demand is highly responsive to changes in price. When the price of a product increases or decreases, the quantity demanded can change significantly, reflecting consumers' sensitivity to price variations. This is often observed with non-essential goods or luxury items, where a small change in price can lead to a substantial change in the quantity that consumers are willing to buy. Understanding price elasticity is crucial for businesses as it informs pricing strategies; for instance, if demand is elastic, a price increase might lead to a decrease in overall revenue, while a decrease in price could lead to increased sales. This responsiveness highlights the importance of pricing decisions and market competition. In contrast, less elastic demand suggests that consumers will continue to purchase relatively stable quantities despite price fluctuations, typically the case for essential goods. Therefore, recognizing high price elasticity helps businesses anticipate consumer behavior in response to price changes.

2. What should be included for sunk costs in decision-making?

- A. Future anticipated profits
- B. All fixed cost commitments
- C. None, as they are irrecoverable**
- D. Potential revenue from alternative scenarios

Sunk costs are expenditures that have already been incurred and cannot be recovered. For effective decision-making, it's essential to focus on costs that will impact future outcomes rather than those that are unrelated to current decisions. Since sunk costs are historical and irrecoverable, they should not influence future decisions. This approach aligns with the principle of relevant costing, which emphasizes considering only future costs and benefits that will change based on the decision at hand. Including sunk costs in decision-making can lead to fallacious reasoning, often resulting in irrational choices based on past investments rather than potential future outcomes. Therefore, recognizing that sunk costs are irrelevant ensures that decisions are based on maximizing future benefits rather than clinging to past losses or expenditures. This understanding of sunk costs is vital for optimization in performance management, as it directs focus to relevant data influencing future performance rather than historical costs that have already been incurred.

3. What aspect differentiates relevant costs from irrelevant costs?

- A. All costs that can be altered
- B. Only cash flows directly associated with a decision**
- C. The sum of all existing expenses
- D. Projected future earnings

Relevant costs are those that directly affect decision-making and are future costs that can be avoided or changed based on specific choices. The defining feature of relevant costs is that they include only those cash flows that will occur as a result of the decision at hand. This means that they are directly associated with the decision-making process, providing a clear link between the choices made and their financial implications. For example, if a company is considering whether to accept a new project, only the costs that will change as a result of that decision—such as new material costs, labor costs, and any additional overheads incurred specifically for the project—are considered relevant. These costs are future-oriented and can be influenced by the decision to undertake the project. In contrast, options that include all costs or existing expenses, like the sum of all current expenses or projected future earnings, do not align with the nature of relevant costs. These may include sunk costs or unrelated historical costs that cannot be altered and thus do not contribute to the decision-making process. By focusing only on the cash flows that are directly impacted by the decision, relevant costs provide the necessary information for making informed business choices.

4. What is typically NOT included in the estimate of relevant costs for a decision?

- A. Future incremental costs
- B. Past expenditure on non-recoverable assets**
- C. Short-term variable costs
- D. Change in working capital

In the context of decision-making, relevant costs are those costs that will be directly affected by the decision at hand. These costs are future-oriented and impact the financial outcomes of alternatives being considered. In this case, past expenditure on non-recoverable assets is not included in the estimate of relevant costs. This is because relevant costs only consider future costs that will change as a result of the decision, while sunk costs, such as past expenditures on non-recoverable assets, have already been incurred and cannot be changed or recovered regardless of the decision. Therefore, they should not influence the decision-making process as they do not affect future cash flows. On the other hand, future incremental costs, short-term variable costs, and changes in working capital are all directly related to the decision being made. Future incremental costs represent additional expenses that will occur if a particular alternative is chosen. Short-term variable costs will matter since they fluctuate based on the level of production or activity. Changes in working capital affect cash flow and should be considered in projections of future financial performance.

5. Which research method focuses on collecting information directly from the target audience?

- A. Desk (secondary) research
- B. Field research**
- C. Quantitative research
- D. Literature review

Field research is fundamentally about gathering information directly from the target audience. This method often involves techniques such as surveys, interviews, or observations, where researchers interact with the subjects of their study to collect firsthand data. Such direct engagement allows for the collection of current, relevant information that is specific to the needs and preferences of the audience being studied. In contrast, desk (secondary) research involves analyzing already existing data and studies, providing insights from pre-collected information rather than gathering new data. Quantitative research pertains to numerical data analysis, often derived from field research methods but may not explicitly indicate direct interaction with the audience. A literature review is a synthesis of existing research and theories on a particular topic and does not involve collecting new data from respondents. Thus, field research stands out as the method specifically focused on obtaining direct input from the target audience.

6. Which type of information can be gathered through desk research?

- A. Qualitative customer feedback
- B. Economic intelligence regarding market status**
- C. Experiential data from focus groups
- D. Demographic data through surveys

Desk research refers to the process of gathering existing information from secondary sources rather than conducting primary research. This involves reviewing already published materials such as reports, studies, articles, and other documents that provide insight into a particular topic or market. Economic intelligence regarding market status is a type of information that is often readily available through desk research. This includes analysis of economic trends, market reports, and relevant statistical data that can help businesses understand the current market landscape. Such information is typically derived from reputable sources like government publications, industry analysis, and financial reports. In contrast, qualitative customer feedback, experiential data from focus groups, and demographic data through surveys often require primary research methods. These forms of data involve direct engagement with customers or participants and are gathered specifically for a research initiative rather than being pulled from existing resources. Thus, they do not align with the concept of desk research, which focuses on analyzing pre-existing information.

7. What is a significant risk associated with Big Data?

- A. Increased availability of skilled workers
- B. Improved security measures
- C. Data protection challenges**
- D. Enhanced data quality

The significant risk associated with Big Data is indeed data protection challenges. As the volume, variety, and velocity of data increase, organizations face profound difficulties in ensuring that this data is protected against unauthorized access, breaches, and misuse. The vast amounts of data collected often include sensitive personal information, which must be handled with care to comply with regulations and safeguard individuals' privacy. Moreover, managing the security of data across various platforms and systems becomes complex due to the sheer scale of the information being processed. With the proliferation of data sources, organizations must adapt their data governance strategies and implement robust security measures to mitigate the risks of losing data confidentiality and integrity. Other options presented may appear advantageous, such as enhanced availability of skilled workers or improved security measures, but these do not highlight the inherent risks that come with handling large datasets. Enhanced data quality may stem from better analytics and processing capabilities, yet it does not negate the fundamental challenges surrounding data protection in the context of Big Data.

8. What is a primary goal of variance analysis?

- A. Enhancing customer satisfaction
- B. Identifying and managing cost discrepancies**
- C. Improving employee productivity
- D. Streamlining operational processes

Variance analysis is primarily focused on identifying and managing cost discrepancies, which plays a crucial role in financial management and operational efficiency. By analyzing variances between budgeted and actual performance, organizations can pinpoint specific areas where costs are higher or lower than expected. This allows management to understand the reasons behind these discrepancies, whether they stem from inefficiencies, unexpected changes in market conditions, or variations in production levels. The insights gained from variance analysis enable organizations to take corrective action, optimize resource allocation, and improve their budgeting processes. Ultimately, the goal is to enhance overall financial performance and ensure that the business operates within its financial constraints. In contrast, while enhancing customer satisfaction, improving employee productivity, and streamlining operational processes are important objectives for any organization, they do not directly define the primary goal of variance analysis. Variance analysis serves as a tool to delve into cost management specifically, making it instrumental for organizations seeking to enhance their financial control and strategic planning.

9. High/low analysis assumes historical costs will do which of the following?

- A. Accurately predict future costs**
- B. Remain constant over time
- C. Shift significantly with market changes
- D. Depend entirely on fixed variables

High/low analysis is a method used to estimate variable and fixed costs based on historical data. By examining the highest and lowest levels of activity, this technique helps identify the behavior of costs in relation to changes in activity levels. The correct answer highlights that historical costs serve as indicators for predicting future costs. This assumption is crucial because it relies on the premise that past data can provide insights into how costs will behave moving forward, especially under similar operating conditions. Assuming that historical costs will accurately predict future costs allows businesses to create budgets, forecasts, and make informed decisions based on previous trends. While this approach is not infallible, as it does not account for unforeseen market changes or shifts in production processes, it provides a foundational perspective that can be built upon with additional analysis and context. The other options detail aspects that do not align with the fundamental nature of high/low analysis. The approach does not assume that costs will remain constant over time, nor does it suggest that costs will fluctuate significantly with market changes or depend entirely on fixed variables. Instead, it focuses on capturing the relationship between variable costs and activity levels using past data as a reference for future projections.

10. Which of the following is an advantage of high/low analysis?

- A. It guarantees accurate future cost predictions
- B. It is simple to calculate and understand**
- C. It accommodates variable overhead costs effectively
- D. It provides a detailed breakdown of all costs

High/low analysis is a cost estimation method that allows organizations to analyze variable and fixed costs by examining the highest and lowest levels of activity within a given period. The primary advantage of this method is its simplicity in calculation and understanding, which makes it accessible for many managers and analysts. Using high/low analysis involves just a few straightforward calculations. You identify the highest and lowest levels of activity within a specific time period, compare the total costs at these levels, and isolate the variable costs per unit. This simplistic approach is particularly useful for those who may not have extensive training in statistical or financial analysis, allowing them to easily grasp cost behavior and make informed decisions. Other options provided do not align closely with the nature of high/low analysis. For instance, it does not guarantee highly accurate future cost predictions, as it relies on a limited dataset of two points and may not account for other factors influencing costs at different activity levels. Additionally, while it can highlight costs, it does not effectively accommodate variable overhead costs in a nuanced way. Finally, high/low analysis does not provide a detailed breakdown of all costs; instead, it simplifies the cost structure into fixed and variable components without capturing the complexity of all cost elements. This fundamental simplicity is what makes high/

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://acca-performancemanagement-f5.examzify.com>

We wish you the very best on your exam journey. You've got this!

SAMPLE