

CIMA–P1 Performance Operations-Area A –Study Planner

Session (duration)	Component Learning Outcomes	Study Guidance/Tips	CIMA Technical Articles
1 (Wk 1, 2 hrs)	“Introduction to P1”	Familiarising yourself with the syllabus and what the exam is all about. Review the certificate level syllabus if exemptions were received to ensure there are no knowledge gaps.	P1-Syllabus detail Video Presentation of P1 exam
SECTION A: COST ACCOUNTING SYSTEMS (30%)- Recommended study time-50 hours over 4-5 weeks			
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2 (Wk 1, 5 hours)	1(a) Compare and contrast marginal (or variable), throughput and absorption accounting methods in respect of profit reporting and stock valuation.	<ol style="list-style-type: none"> 1. Define the various types of costing and understand the differences between the types. 2. Have the ability to compare and contrast different types of costing. 3. Also know advantages and disadvantages of each. 4. Understanding the different methods of stock valuation FIFO, LIFO etc. <p>TOP TIP: Design a chart with all the different types of costing methods and know definitions, calculations, advantages and disadvantages of each.</p>	Understanding marginal costing
<p>1(a) Exam questions:</p> <p>Nov-10-Q3a Mar-11-Q3a May-11-Q1.4 & Q1.5 Sept-11-Q2f May-12-Q3c Sept-12-Q1.2 Nov-12-Q3a(i) Mar-13-Q3a(i)</p>			

CIMA–P1 Performance Operations-Area A –Study Planner

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3 (Wk 1, 5 hours)	1(b) Discuss a report which reconciles budget and actual profit using absorption and/or marginal costing principals	<ol style="list-style-type: none"> 1. Understand the differences in profit reporting that can occur under the two methods in the short term. 2. Have ability to calculate profit under two methods and explain why you may get two different profit figures. <p>TOP TIP: How would you like a report to be displayed if you were comparing actual and budgeted figures? What would your manager look for? Think of the audience when you are developing reports and how they would interpret figures and data.</p>	Difference between absorption cost and marginal cost approaches to variance analysis
1(b) Exam questions:			
Sept-10-Q3a May-11-Q3c Mar-12-Q2e			
4 (Wk 1, 1 hours) (Wk 2, 4 hours)	1(c) Discuss activity-based costing as compared with traditional marginal and absorption costing methods, including its relative advantages and disadvantages as a system of cost accounting	<ol style="list-style-type: none"> 1. Understand what is meant by cost pools and cost drivers. 2. How would you implement and ABC costing system. 3. What are the advantages/disadvantages/limitations of ABC costing? 4. How does it compare to other costing methods. 5. Why would a company switch to ABC costing? <p>TOP TIP: Try finding an industry example where ABC costing is used.</p>	Development of ABC Overhead absorption method in comparison to ABC

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1(c) Exam questions:			
Nov-10 -Q3b & Q3c Mar-11 -Q3b & Q3c Nov-12 -Q3a(ii) & Q3b & Q3c Mar-13 -Q3a(ii) & Q3b & Q3c			
5 (Wk 2, 5 hours)	1(d) Apply standard costing methods, within costing systems, including the reconciliation of budgeted and actual profit margins.	<ol style="list-style-type: none"> 1. Understand what is meant by standard costing and how it would be used. 2. Have the ability to understand the different variances you may have for example, sales variances, material variances, labour variances etc. 3. Be able to develop and calculate and template of these variances and have the ability to explain the relevance of them <p>TOP TIP: Remember variances have lots of different variety, they could be volume or price, do not get confused between the two.</p>	Logic behind variances
1(d) Exam questions:			
May-11 -Q3b & Q3d Sept-11 -Q3a & Q3c Nov-11 -Q3a & Q3d May-12 -Q1.3 & Q3a			

CIMA–P1 Performance Operations-Area A –Study Planner

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6 (Wk 2, 2 hours) (Wk 3, 3 hours)	1(e) Explain why and how standards are set in manufacturing and in service industries with particular reference to the maximization of efficiency and minimisation of waste.	<ol style="list-style-type: none"> 1. Understand the different manufacturing principles and theories and how they may be implemented in a company e.g. Mcdonaldisation and DRG. <p>TOP TIP: Read the article attached in next column for further information on Mcdonaldisation.</p>	How companies are adopting McDonalds business model
1(e) Exam questions:			
May-10-Q3b			
7 (Wk 3, 5 hours)	1(f) Interpret material, labour, variable overhead, fixed overhead and sales variances, distinguishing between planning and operational variances	<ol style="list-style-type: none"> 1. Understand how you would calculate different variances, either production/labour variances etc. 2. Understand how levels of stock and production plans can influence a company's manufacturing plans/methods. Also know how to switch from a manufacturing method of high volumes of stock to JIT and vice versa. 3. Have ability to calculate mix and yield variances and the limitations of mix variances. <p>TOP TIP: Variances and methods of production is one area of P1 that students continually find difficult in exams. Knowing what figures to use, understand opening and closing stock and the difference between production units and labour rates are among the common difficult areas reflected by the examiner.</p>	What do variances mean Understanding production and planning variances Analysing cost variances

CIMA–P1 Performance Operations-Area A –Study Planner

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1(f) Exam questions: Sept-10 -Q3b & Q3c Nov-10 -Q1.4 & Q1.5 Mar-11 -Q1.3 & Q1.4 May-11 -Q3e Sept-11 -Q3b & Q3d Nov-11 -Q3a & Q3b Mar-12 -Q2f & Q3b & Q3c & Q3d May-12 -Q2a(iii) Sept-12 -Q1.4 & Q1.6 & Q1.8 & Q3b Nov-12 -Q2c Mar-13 -Q2c			
8 (Wk 3, 3 hours) (Wk 4, 2 hours)	1(g) Prepare reports using a range of internal and external benchmarks and interpret the results	<ol style="list-style-type: none"> 1. Understand the definition of benchmarking and the different types. 2. Know how to implement a benchmarking process and the benefits and problems associated with it. <p>TOP TIP: Have a few examples of some internal benchmarking companies could use to assess their performance.</p>	
9 (Wk 4, 5 hours)	1(h) Explain the impact of just-in-time manufacturing methods on cost accounting and the use of “back-flush accounting” when work-in-progress stock is minimal.	<ol style="list-style-type: none"> 1. Understand the different techniques associated with modern production environments for e.g. TQM, JIT, MRP, MRPII, ERP and back-flush accounting. 2. Know the definitions of all above methods. 3. Understand how a back-flush accounting system can be implemented. 4. Know the advantages and disadvantages of back-flush accounting. 	Explanation of the JIT method Limitations of back-flush accounting
1(h) Exam questions: Sept-10 -Q2c Nov-11 -Q3d Sept-12 -Q3c			

CIMA–P1 Performance Operations-Area A –Study Planner

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10 (Wk 4, 4 hours) (Wk 5, 1 hour)	2(a) Explain the role of MRP and ERP systems in supporting standard costing systems, calculating variances and facilitating the posting of ledger entries	<ol style="list-style-type: none"> 1. Know definitions of both these systems. 2. Know their relevance to an organisation. 3. Know the level of integration with other systems. 4. Be able to give advantages/disadvantages of each. 	
2(a) Exam questions:			
May-10-Q2c			
11 (Wk 5, 5 hours)	3(a) Apply principles of environment costing in identifying relevant internalised costs and externalized environmental impacts of the organisations activities.	<ol style="list-style-type: none"> 1. Understand what is environmental costing. 2. Benefits to internal/external stakeholders. 3. Why would a company introduce this? 4. What are the internal/external costs relating to the environment? 5. What are the advantages/disadvantages to the company? <p>TOP TIP: Read BP’s annual review to research their environmental policies and the impact this has on operations.</p>	
3(a) Exam questions:			
Nov-11-Q2d Mar-12-Q2d			

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Quiz Days:

1. Attempt at least two mock papers to timed conditions before the exam including reading time of 20 minutes (Total 3 hrs and 20 minutes to complete). Review the examiners answers and post exam guides after you have finished the mock exam.

[Nov-12 exam](#) [Examiners answers](#) Post exam guide-available February 2013

[May-12 exam](#) [Examiners answers](#) [Post exam guide](#)

2. There are areas of the syllabus where students tend to do worse in from reviewing the post exam guides. One of these is calculating and explaining variances. Attempt these specific questions below to test your knowledge and review the examiners answers after. If you practice under timed conditions it is 1.8 minutes per mark (18 minutes for 10 mark, 45 minutes for 25 marks).

[May-10 exam](#)-Q3a (19 marks) [Examiners answers](#)

[Sept-12 exam](#)-Q3a (17 marks) [Examiners answers](#)

[Mar-12 exam](#)-Q3a (10 marks) [Examiners answers](#)

[An exam approach to answering P1 questions](#)

[Using your 20 minutes reading time](#)

[Explanation of CIMA verbs](#)

[Resources available on business English](#)

CIMA–P1 Performance Operations-Area A –Study Planner

OTHER STUDY RESOURCES:

[Find all examiners suggested answers here](#)

[Post exam guides](#)

[CIMA Publishing](#)

[Velocity-Student e-magazine](#) [Financial Management magazine](#)

[Chat to other students on CIMAsphere-discussion boards for operational level](#)

Please note that the session duration time given for each area is a rough guide based on % of P1 syllabus weightings. Research has shown that students who study at **minimum of 11 hours** per week are more likely to pass. These timings must be taken into account with other personal commitments such as work, family time, recreation etc.

Obviously the more hours students can dedicate to studying the higher their chance of success.

Please use this as guidance rather than as an exact science of how to study, and please feel free to change it to suit your requirements.