

# Examiner's report

F1 Account in Business

June 2010



## General Comments

The paper comprised 50 objective test questions, of which 40 questions carried 2 marks each and the remaining questions carried 1 mark each. The former asked candidates to choose a key from four possible answers, while the latter asked candidates to choose the key from two or three possible answers.

The pass rate for the paper remained at a satisfactory level, suggesting that the majority of candidates had prepared well for the paper. Unlike previous examinations, there was little evidence of particular areas of the syllabus causing greater difficulty than others. Historically, candidates have performed better on questions relating to Parts B and C of the syllabus, which are the areas most relevant to accountancy. This is no longer the case. Candidates are now better prepared for questions on organisations, human resources management and management theorists, with some questions on these topics demonstrating very high pass rates.

Marks tended to normalise around the average pass rate to a much greater extent than in previous examination sessions. This suggests that candidates are organising their studies well and not ignoring learning objectives that they hope will not appear on the paper. There were very few questions that caused major difficulties.

Candidates scored particularly well on questions relating to Porter's value chain, de-layering, applications of spreadsheets, recruitment, the purchasing function and the Blake and Mouton managerial grid. Areas of greatest difficulty were fiscal policy, data processing controls, types of question used in interviews, corporate governance and the role of the external auditor.

A minority of candidates chose to guess some of the answers. Whilst some guesswork is inevitable in an objective test examination of this nature, some candidates chose option (c) or (d) for questions where no such alternatives were available, or option (d) when there were only three options available.

There was some evidence also of poor time management, as two of the last five questions on the paper resulted in low pass rates, and the last question on the paper was answered by fewer candidates than any other question.

## Specific Comments

### Example 1

Joseph's preferred way of learning is to assimilate information in a logical and systematic manner. He can understand problems most readily when he can apply a pre-determined framework in order to consider real life issues. He dislikes being put on the spot by having to perform tasks as part of his training, as he feels unprepared without first being fully instructed.

**According to the Honey and Mumford learning styles model, which of the following would best describe Joseph's learning style?**

- A Pragmatist
- B Activist
- C Reflector
- D Theorist

The correct answer is D.

The theory put forward by Honey and Mumford proposes four distinctive learning styles that may be preferred by individuals in training situations. The theory enables those responsible for education and training to consider the preferred learning styles of those for whom they are responsible.



The scenario clearly identifies Joseph as a theorist, in that he learns in a logical and systematic manner and prefers to see a framework in which the ideas put forward may be seen. Further evidence of this is his aversion to being 'put on the spot' (which an activist might actually prefer). Only 39% of candidates selected the correct answer.

### Example 2

As a longstanding customer, Walter has been highly critical of Fly Co, an airline which he claims has provided him with bad service and poor value for money for many years. He has written many letters and has made numerous telephone calls, all expressing his concerns. Having now inherited a large block of voting shares in Fly Co, Walter can now voice his complaints at the annual shareholders' meeting for the first time.

**With reference to Mendelow's theory, what is the implication of this development?**

- A Fly Co could previously have expended minimal effort on Walter's concerns, but it must now keep him informed
- B Fly Co should previously have kept Walter informed, but it must now treat him as a key player
- C Fly Co should previously have kept Walter satisfied, but it must now regard him as a key player

The correct answer is B.

Mendelow's grid considers the relationship between the level of power and the level of interest that stakeholders may hold. The grid identifies four situations, trading off high/low power and high/low interest. By using Mendelow's grid, companies can map the positions of various stakeholders and formulate their strategies for dealing with the interests of each.

In this scenario question it is clear that Walter had a high level of interest but little power. Mendelow suggests that such stakeholders should be kept informed. By inheriting a large block of shares in the company, his power has increased and he must be regarded as a key player. Only 39% of candidates selected the correct answer.

### Example 3

HIJ Co is a large company whose shares are listed on the national stock exchange. The company is compliant with generally accepted standards of corporate governance. The finance department of HIJ Co has completed the preparation of the draft financial statements.

**To which of the following will these statements be submitted initially for scrutiny?**

- A The external auditors
- B The audit committee
- C The board of directors
- D The internal auditors

The correct answer is B.

It is an established principle of corporate governance that the directors of listed companies should appoint an audit committee comprising independent non-executive directors. The most important word in the question is 'initially'. Although external auditors have a statutory verification role and the board of directors is ultimately accountable for the company's financial statements, the audit committee has a vital initial scrutiny role with respect to the draft financial statements.

At this level of the ACCA qualification, candidates are not expected to have a detailed knowledge of standing committees, but it is important that they understand the broad roles of such committees.



Most candidates chose options C or D, with only 20% selecting the correct answer.

**Conclusions:**

It is heartening to see a levelling out of performance across the six parts of the syllabus. Success in this paper is dependent on having reasonable knowledge across several disciplines, though not necessarily any great depth of knowledge for individual parts. Candidates can therefore maximise their prospects of success by adopting a systematic approach, apportioning the study time available to take account of all of the learning objectives.

It is important to read all of the parts of every question carefully, and not to select an answer before all choices have been fully considered. Under examination pressure it is easy to miss an important word or phrase that may result in choosing the wrong answer. This is especially important in scenario questions, where there is more information to be absorbed. Although there is no evidence that scenario questions are more difficult than shorter questions, this will inevitably be a problem for some candidates.

Single mark questions should not be under-estimated. The pass rate for these questions does not differ significantly from two mark questions.