Examiner's report
F1 Accounting in Business
December 2010

General Comments

The December 2010 examination saw a more even performance by candidates across all syllabus areas than in previous sessions. It appears that candidates are now preparing for questions on as many subject areas as possible, and this has resulted in few questions having very low pass rates. This is in contrast to earlier papers, when candidates scored higher pass rates on accounting and finance questions than those relating to organisations and human resources management. While pass rates on the latter were generally high, candidates also performed well on topics that have presented major difficulties in the past.

The highest pass rates were on questions relating to the relative advantages of computerised systems and manual systems, the use of spreadsheets at work, time management, purchase ledger, organisational concepts (scalar chain and span of control) and the Blake and Mouton managerial grid.

Lower pass rates were achieved on questions relating to control, International Accounting Standards, training assessment, the contribution of the accounting function to marketing activities, data protection, security and Belbin's team roles theory. It should be noted that some of these questions were worth a single mark, confirming that such questions can still present as many problems to some candidates as those worth two marks.

Over 70% of candidates answered questions on job description, selection, outsourcing and leadership styles successfully, which is encouraging given the historically lower pass rates on questions relating to human resources management. The majority of candidates also answered questions on leadership theory, organisational culture, Honey and Mumford's learning styles and multi-skilling successfully.

Inevitably, some candidates guessed the answers to certain questions, witnessed by the choice of option D for questions with only A, B and C as available answers, and option C or D for questions with two choices of A or B.

Sample Questions for Discussion

Example 1
Question 23 required an understanding of the contribution of the accounting function to the activities of the marketing department.

Analysis of costs and revenues of different products would assist the marketing department in respect of which activity?

A Differentiating the technical features of products from those of competitors
B Calculating the maximum discounts that sales personnel are permitted to offer
C Targeting sales efforts towards the most appropriate socio-economic groups
D Determining production bonuses to be paid

The correct answer is B. By analysing costs and revenues through the use of marginal costing or related techniques, the marketing department will know the extent to which discounts will erode profit margin or contribution.

Analysis of costs and revenues cannot help the marketing department to differentiate the technical features of products from those of competitors, as the accounting information provided does not identify such information either for competitors or the company itself. Likewise, analysis of costs and revenues serves little purpose in

relation to targeting socio-economic groups, as this requires qualitative assessment of customer needs and buyer motivation. Production bonuses are not ordinarily decided by the marketing department.

Only 36% of candidates answered this question correctly.

Question 24 related to data protection.

Which of the following principles is usually recommended for inclusion in legislation on data protection?

A The data user should provide the data subject with regular and detailed information on the data held
B All personal data held by data users should be updated by checking this data with the subject at regular intervals
C All personal data held by data users should be adequate for the purposes of the data user but not excessive
D All personal data held by data users should be reviewed regularly and automatically deleted after a specified period of time

The correct answer is C. It is a generally accepted principle that organisations should hold only data that is necessary for operational purposes, and should not store data that goes beyond such purposes.

It is impractical for most organisations to provide regular detail updates on personal data held, and arguably of little importance to most data subjects, who in many jurisdictions have a statutory right of access if they wish to obtain such information from a data user. It is also impractical for data users to enter into regular dialogue with data subjects in order to check and update the data, though many organisations do so for the purpose of marketing. It is undesirable for organisations to automatically delete all data after a specified period of time, as it is usually appropriate that some data is held for long periods while other many be retained for just a single transaction.

36% of candidates answered this question correctly.

Question 45 related to different types of control in relation to management of accounting information.

DEF Co has decided to include in each customer's account number a check digit which will have an arithmetical relationship to other digits in the account number.

This is an example of which of the following types of control?

A Input control
B Back-up control
C Output control
D Contingency control

The correct answer is A.

Most candidates eliminated distractor C, but responses were evenly spread across the other three choices.

In this context, a check digit is usually a number included in an account number that is calculated from the other numbers in it. For example, it could be digit 2 plus digit 5 divided by digit 3. If an operative makes a transcribing error, the check digit helps to identify the input error.

Check digits are not used for the other three purposes.

36% of candidates answered this question correctly.

Conclusions:

The ability of many candidates to answer questions across all areas of the syllabus confirms that prospects of success in F1 are enhanced by a sound knowledge and good understanding across all areas of the syllabus. The questions ask candidates to demonstrate their knowledge and apply knowledge at a basic level. None of the learning objectives are examined in great depth, so it is unnecessary to spend many hours on each topic.

There is no evidence to suggest that this paper is time pressured, so candidates will always benefit from reading the requirement carefully in order to arrive at the right answer. In order to maximise use of the time available, candidates should avoid selecting answers too quickly or spending too long persuading themselves that their choice is appropriate.

It is especially important to give due consideration to all answer options, as the distractors are all usually quite plausible, but incorrect alternatives. Candidates may sometimes under-estimate the amount of thought they should give to a question, and this seems to be backed up by performance on certain questions in December, where the pass rate was comparatively low on topics that previously caused little difficulty. Examples include Porter's value chain, procurement and assessment of the effectiveness of training.

Candidates are encouraged to answer every question on the paper. Even if the correct answer is not known, it may be possible to arrive at it by ruling out the distractors as incorrect. This process of deduction can be practised using the pilot paper and materials produced by learning providers.