



Examiners' report

F1 Accounting in Business December 2008

General comments:

Although the pass rate for this paper was lower than that in June 2008, it remains satisfactory, with approximately 70% of candidates achieving the required standard.

Unlike in the previous examination session, there was no significant difference in the standard of performance between different sections on the syllabus. This indicates that trainers and students are focusing more on the areas that present greater difficulty in order to prepare themselves for the topics they find more challenging. In the previous session candidates had performed better on sections C and D than on sections E and F of the syllabus, suggesting a greater need to prepare more thoroughly on the human resource management topics. This appears to have been addressed.

High pass rates were achieved on questions relating to marketing, stakeholders, the role of managers in the accounting function, audit and some human resource management subjects. Questions on the purposes of specific legislation, interpersonal relations, certain aspects of IT/IS and some management theories presented comparatively greater difficulty.

The style of the questions had little significance in terms of pass rates across the full range of questions presented. There was no meaningful correlation between the length of the statement or prompt and the performance of candidates. This suggests that the majority of candidates are reading each question carefully before selecting the answer, and are not unduly panicked when faced with a mini case study rather than a shorter style question.

There was no indication that candidates found questions worth 1 mark any easier than questions worth 2 marks.

Sample questions for discussion:

Question 9 related to codes of practice on corporate governance:

In most countries, what is the usual purpose of codes of practice on corporate governance?

- A To establish legally binding requirements to which all companies must adhere
- B To set down detailed rules to regulate the ways in which companies must operate
- C To provide guidance on the standards of best practice that companies should adopt
- D To provide a comprehensive framework for management and administration

The correct answer is C. Only 47% of candidates correctly identified the key.

Distractors A and B should have been eliminated by the references to 'legally binding', 'must adhere' and 'detailed rules'. Distractor D suggests that corporate governance relates to management and administration at the operational level, where in fact corporate governance is about ensuring standards are set at the highest levels of an organisation through appropriate mechanisms, which can filter down to operations. Codes of practice are usually associated with a principles-based approach rather than a rules-based approach, so successful candidates were directed to the correct response by the words 'guidance' and 'should adopt'.

Question 20 related to the cultural typologies researched by Geert Hofstede.

Research has indicated that workers in country A display characteristics such as toughness and the desire for material wealth and possessions, while workers in country B value personal relationships, belonging and the quality of life.

According to Hofstede's theory, these distinctions relate to which of the following cultural dimensions?

- A Masculinity-femininity
- B Power-distance
- C Individualism-collectivism
- D Uncertainty avoidance

Only 27% of candidates chose A as the correct answer.

It is probable that candidates studying at this level are more comfortable with the relatively less complex culture theories, such as the four stereotypes identified by Charles Handy. Hofstede's theory focuses specifically on international perspectives. The terms used in his model do not offer obvious clues on their meanings.

This is clearly a theoretical question on which the typical candidate will memorise a few characteristics relating to each and hopefully have sufficient understanding to select the key. It should be noted, however, that this was one of ten questions on the paper that referred to management theories, or had to be answered using a knowledge of management theories. However, the general performance on these areas does not indicate that questions on theories are dealt with less proficiently than other types of question.

Question 49 was a scenario question requiring knowledge of Michael Porter's value chain model.

BCD Co is a large trading company. Steve is the administration manager and is also responsible for legal and compliance functions. Sheila is responsible for after sales service and has responsibility for ensuring that customers who have purchased goods from BCD Co are fully satisfied. Sunny deals with suppliers and negotiates on the price and quality of inventory. He is also responsible for identifying the most appropriate suppliers of plant and machinery for the factory. Sam is the information technology manager and is responsible for all information systems within the company.

According to Porter's value chain, which of the managers is involved in a primary activity as opposed to a support activity?

- A Steve
- B Sheila
- C Sunny
- D Sam

The correct answer is B. After sales service is one of the five primary activities in Porter's model.

Only 31% of candidates chose the correct answer.

The term 'administration' should have immediately indicated that Steve's role is a support activity, as this term is used in the model. The description of his role could only reinforce this conclusion. Likewise, 'information technology' indicates that Sam performs a support role. Finally, although Porter's term 'procurement' is not included in the statement, Sunny's responsibilities for dealing with suppliers of inventory and capital equipment are sufficient to conclude that Sunny also occupies a support role.

Instead of applying this process of elimination, candidates could have considered the essential differences between primary and support activities, which would have led them to the correct conclusion.

Conclusions:

The paper is introductory, and as such it examines candidates across a wide range of subjects relevant to an individual preparing for a career in the accountancy profession. Success is dependent on acquiring a broad but not a deep level of knowledge, and some ability to apply this knowledge to given problems. Inevitably, candidates cannot know everything about every subject area, so success will always be dependent on whether the candidate has invested an appropriate amount of time across the full range of examinable topics.

The key to success in the paper appears to be to balance knowledge-based learning with question practice. Acquiring the critical mass of knowledge required to pass the examination can only be achieved by reading and assimilating the information. However, it is unlikely that candidate will be fully prepared without undertaking some work on questions. The pilot paper and materials published by official learning providers offer access to practice materials that address the whole syllabus and the full range of question styles. Generally, a typical candidate will benefit by interspersing reading and lessons with practical work on questions, with more emphasis on practice as the course of study progresses.

Finally, some general points may be of value in order to ensure that study time is allocated efficiently.

The examination will never include questions that require specific knowledge of legislation or business conditions in a particular country or region. Learning providers quite correctly use examples of UK and other legislation as well as describing environmental conditions and business scenarios specific to certain countries and companies. These examples reinforce learning and enable students to apply the concepts to practical situations. However, it is not necessary to invest too much valuable time in learning country-specific information that will not be tested.

The examination paper will not use negative questions that reduce the prospect of the candidate understanding the requirement. So a question will never ask 'Which of the following is NOT...'. However, such questions may be used in practice materials and as such, although not of an ideal format educationally, they are nevertheless useful in helping candidates to advance their knowledge and understanding.

Questions will only test the learning objectives contained in the official ACCA syllabus and study guide. Students should be mindful that if a topic is included in the study guide it may be examined. If it is not in the study guide, it will not be examined. A focused approach is therefore highly recommended.