



# Examiner's report

## F1 & FAB papers

For CBE and Paper exams covering January to June 2016

### General Comments

The purpose of this reports are to provide feedback on the performance of candidates in the June 2016 examination and to provide suggestions on best practices for future candidates. The report identifies strengths and weaknesses demonstrated by candidates, and recommends ways in which candidates can maximise their prospects of success.

The examination was divided into two parts. In Part A candidates were asked to answer 46 questions, worth 1 or 2 marks each. In Part B candidates were asked to answer 6 questions worth 4 marks each, some of which were based on scenarios. The questions in Part B related to each of the syllabus areas. The total time permitted was 2 hours, in which all questions should have been attempted. Both question types were objective in that the correct answers had to be selected in order to earn marks. It was not possible to award marks when candidates offered more than the required number of answers or answered the same question more than once which often occurred in the paper-based version.

The overall standard of scripts was good and the pass rate acceptable, suggesting that the majority of students had prepared well for the examination.

### Comments on Part A performance

Syllabus topics on which candidates performed very well included simple contract, communications, Tuckman's team development theory, time management and the training process.

Syllabus topics which candidates found more challenging included fiscal policy, the role of a Secretary to a meeting, substantive tests in the context of different types of audit, performance appraisal and certain aspects of ethics.

Generally, performance on syllabus parts D, E and F polarised, with candidates performing well or badly on some questions. By contrast. For questions drawn from parts A, B and C of the syllabus, there were few topics that were answered either very well or very badly.

Candidates had mixed experiences with questions on ethics. Despite candidates scoring well on some ethics questions, knowledge of basic ethical concepts presented particular difficulties.

A minority of candidates did not answer all of the questions in Part A. This is unwise, as even an educated guess may enhance the overall mark for the paper.

Some candidates clearly completed answers without giving thought to the options. For example, some chose answer D for questions with the only three options being A, B and C.

### Sample questions for discussion

This section of the report discusses three questions with which candidates experienced difficulties.

### Question 1

This question tested the candidates' knowledge of the role of a Secretary to a committee.

**Which of the following is a role of the Secretary of a committee?**

- A** Agreeing the minutes of meetings as a true and accurate record
  - B** Maintaining order at meetings, and ensuring that all members contribute fully to discussions
  - C** Ascertaining whether specific matters fall within the terms of reference of the committee
- (1 mark)**

The correct answer is C.

The minutes of meetings are usually circulated in advance to committee members, and then validated as a true and accurate record of the meeting at the beginning of the next meeting. This responsibility falls to all committee members, and once their assent is given, the Chairman signs the minutes. The Secretary's job is to prepare and circulate the minutes, and sometimes to make copies available at the meeting itself. However, the Secretary does not agree the minutes, and may indeed sometimes not be a committee member at all. Hence, disclaimer A is incorrect.

Disclaimer B is also incorrect because the responsibility of maintaining order at a meeting is that of the Chairman.

The Secretary is responsible for ascertaining whether matters fall within the terms of reference of the committee, and this may be done with reference to the formal brief of the committee.

Only 20% of candidates selected the correct answer. Most candidates chose A, but a significant minority chose B.

### Question 9:

The question tested the candidates' understanding of responses to conflict. It is a good example of a longer-style question drawn from Part A of the paper.

Javed manages a team in which individuals with strong personalities often have heated disagreements, which can lead to open conflict and disruption of work processes. Javed called the team together and explained to them that the outputs of the team should take priority and that every individual team member should try to put their personal feelings aside for the benefit of the company. He persuaded them that they would be better off by modifying their behaviour, as the team's effort was more important in meeting the objectives of the organisation, than the personal agendas of each person in it.

**Which of the following is Javed's approach to addressing conflict?**

- A** Integration
  - B** Compromise
  - C** Denial
  - D** Dominance
- (2 marks)**

The correct answer is A.

The four options from which candidates could select their answer are different ways in which a manager may respond to a conflict situation in a team.

The correct answer is implied in the scenario, in that the manager is urging team members to put their feelings aside for the benefit of the team. In other words, Javed is seeking greater integration in relation to their goals and objectives.

The other choices can be dismissed: compromise suggests a consensus approach, which will clearly not work with strong personalities who may be unprepared to give way to one another. Denial is not dealing with conflict at all, but hoping it will go away. Dominance is more assertive, but goes further than Javed's approach.

The correct answer was selected by 38% of candidates.

#### **Question 14**

The question relates to the financial statements and disclosures of companies.

**Legally binding rules relating to the disclosure and presentation of financial statements are set down in which of the following?**

- A National legislation
  - B International financial reporting standards
  - C Generally agreed accounting principles
  - D Rule books of professional accountancy bodies
- (2 marks)**

The phrase 'legally binding' included in the prompt for this question should have indicated that A is the correct answer.

The question was answered correctly by 21% of candidates. This relatively low percentage pass was surprising in that similar past questions have seen much higher pass rates. Of the choices offered, only national legislation is entirely legally binding, though elements of all of the distractors may be accepted and incorporated in legislation subsequent to the publication of the standards and principles.

Only 28% of candidates selected the correct answer.

#### **Comments on Part B performance**

Candidates struggled with some concepts relating to types of unemployment. The main confusions arose from a misunderstanding of the features of frictional and structural unemployment, and crucial differences between them. Structural unemployment was highlighted

as a major feature of the depression in the 1930s and was characterised by a fall in demand for goods produced by labour-intensive industries, such as steel and textiles. Those unemployed have no jobs to go to in the short-term. By contrast, frictional unemployment arises when there are unfilled vacancies in the economy. Unfortunately, the workers may not be of the right type, or in the right location, or available at the right time, to fill those vacancies.

On a similar question candidates had problems in identifying an example of supply-side policy.

The performance on a question relating to Charles Handy's cultural typologies was answered somewhat better, but few candidates were able to match four descriptions to the appropriate typology. Candidates scored some marks, but few selected four correct responses.

Candidates were generally very competent in identifying the departments which are responsible for various business activities, though the procurement function caused most problems.

Candidates experienced some problems with identifying the originators of some motivation theories, often confusing Herberg, Maslow and McGregor. Knowledge of Vroom's expectancy theory was also disappointing.

An ethics scenario caused considerable difficulty. Candidates did not understand the threats to independence, suggesting that this important topic requires more study.

## **Conclusions**

The F1/FAB paper is broad-based, requiring a fairly rudimentary knowledge of many theories and concepts. The paper is intended to be introductory, serving as a gateway to more detailed study for other examination papers. Candidates are urged to cover the full syllabus in preparation for the examination. It is fully acknowledged that it is probably impossible to remember every fact or principle encountered, but the relatively high pass rates demonstrate that most candidates are capable of passing with an appropriate level of study.

Candidates should attempt all of the questions on the paper. While it is recognised that few individuals will be fully prepared to deal with every question, it should be possible to make a reasonable attempt at every requirement. Distractors can often be eliminated by a process of deduction, and the prospect of selecting the correct answer is enhanced if at least some distractors can be eliminated.

Candidates should read the questions carefully. The questions are deliberately worded to minimise the amount of time that has to be taken to understand the main issues, so it is risky to skim read a question or to 'jump' at a seemingly obvious answer.

A particular problem in the paper-based examination was that far too many candidates wrote out their selections in words instead of indicating the letter (or letters) to represent in their answer as required. In one question candidates were required to consider a business activity described in a scenario and then decide if it related to marketing, procurement or production. The correct answer was therefore only one option from A, B or C. In some cases, candidates either selected more than one option (or all available options) or for some reason wrote quite long essays, which is

totally futile for an examination assessed by objective test questions, and specifically for a question worth a single mark

There was some evidence of guesswork on some questions, with some candidates resorting to selecting A, B, C and D for successive questions and some choosing the same distractor repeatedly. While guessing is to be advised when time is short or when a candidate simply doesn't know the answers, using a fixed pattern to guess a range of questions is not to be advised.