



Think Ahead

Business and Technology (FBT/BT) September 2020- August 2021 Examiner's report

The examining team share their observations from the marking process to highlight strengths and weaknesses in candidates' performance, and to offer constructive advice for those sitting the exam in the future.

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General Comments

The examination comprises two parts.

Part A of the examination requires candidates to answer 46 objective test questions drawn from across the syllabus. These are worth either one mark or two marks. Questions worth one mark have only one correct answer from three choices, while questions worth two marks have only one correct answer from four choices.

Part B of the examination is made up of six multi-task questions, each worth four marks. There is one multi-task question on each area of the syllabus. Some, but not all, of these questions are based on short scenarios.

The examination is two hours duration and all questions should be answered.

The pass rate for the BT/FBT examination has been consistently high since its inception, with the majority of candidates demonstrating a reasonable command of examinable topics. However, as the syllabus is broad, there are inevitably some areas of the syllabus which cause more difficulty than others.

Comments on Section A performance

Section A questions test knowledge or basic application of knowledge. Some of the two-mark questions include brief scenarios. Although candidates generally deal with the objective test questions in this part of the examination very well, a minority of candidates do not attempt all of the questions. This is counterproductive, as a reasonably well-prepared candidate should be able to make some attempt or arrive at the answer by a process of elimination.

Historically, candidates have performed well on questions drawn from sections C and D of the syllabus. Section C has some topics which overlap with other foundation examinations on financial accounting and management accounting and questions may touch upon subject matter already studied. Section D includes topics such as time management and teams, on which candidates may have undertaken training within their organisations.

Syllabus areas which have posed greatest difficulty include some of the more complex theories of management and organisations as well as micro-economics, macro-economics, corporate governance and approaches to ethics.

This section includes examples of Section A questions selected from each of the six parts of the syllabus. The pass rates for these sample questions have been lower than average and are discussed in order to assist candidates preparing for their BT/FBT examination.

Example 1

In relation to micro-economic theory, which TWO of the following statements are correct?

1. In the short-term, the marginal cost curve is horizontal
2. In the short-term, the supply curve is the upward-sloping section of the average cost curve
3. In the long-term, the marginal cost curve will rise less steeply than the short-term marginal cost curve
4. At equilibrium, the marginal cost curve intersects the average cost curve at its lowest point

The correct answers are 3 and 4.

This question tests the candidate's understanding of the theory of micro-economics. Though not complex, studying this topic requires some knowledge of the various revenue and cost diagrams, and equilibrium positions for the various models, including perfect competition and imperfect competition. Candidates should be aware that both the marginal cost curve and the average cost curve are U-shaped, with the former intersecting the latter at its lowest point. The long-term marginal cost curve should rise less steeply than the short-term marginal cost curve due to economies of scale.

Example 2

What is the primary role of a public oversight board?

1. To conduct a review of internal controls
2. To approve the appointment of board members
3. To regulate the auditing profession
4. To scrutinise the performance of management

The correct answer is 3.

Public oversight boards came to prominence after the collapse of several major companies including Enron and Worldcom in the first two years of the twenty-first century. In both cases, the subsequent investigations revealed shortcomings in auditing. In the USA, the Public Company Accounting Oversight Board was established under the provisions of the Sarbanes-Oxley Act 2002 in order to oversee the auditing practices of large public companies.

Candidates may arrive at the correct answer by elimination. Reviews of internal controls are conducted by the internal audit function. In large companies, appointments of board members are undertaken by the Nominations Committee. Scrutiny of the performance of management is the responsibility of the board of directors.

Example 3

Sarah is the internal auditor of a retailer with a chain of clothing stores.

Which of the following tasks is/are Sarah's responsibility?

- 1) Preparing financial statements which give a true and fair view**
- 2) Testing financial controls over cash sales to ensure they are effective**
- 3) Ensuring that the statement of financial position is an accurate reflection of the company's assets, liabilities and equity**
- 4) Producing budgets of sales by store for planning purposes**

Choices:

- 1. 2 and 4**
- 2. 2 and 3**
- 3. 1 and 4**
- 4. 2 only**

The correct answer is 4.

Testing of controls is one of the duties of an internal auditor in order to establish whether there is reasonable assurance that the controls are effective in pursuit of the organisation's objectives.

All of the other tasks are either responsibilities of the financial accounting function or the management accounting function, though arguably 3) could also be regarded as a function of the Audit Committee.

Example 4

Fatina has applied for a job and as part of the selection process she must complete a written test. The test is designed to predict her potential for learning new skills looking at reasoning and perceptual speed.

What type of test has Fatina been asked to complete?

- 1. Aptitude**
- 2. Personality**
- 3. Intelligence**
- 4. Proficiency**

The correct answer is 1.

Various tests can be used during the selection process to test various attributes or qualities of potential recruits.

A recruiter can test the potential for learning new skills, reasoning and perceptual speed through an aptitude test. Aptitude can be physical, such as completing manual tasks, or mental, involving reasoning and applications of logic to a problem scenario.

Personality tests are used to assess characteristics such as whether a person is outgoing or introverted, confident, or lacking in confidence etc.

Intelligence tests are sometimes used to assess speed of reasoning but not for learning new skills. Most intelligence tests are based on intelligence quotients or similar.

Proficiency is the ability to do something, such as completing a task or solving a problem. These tests are sometimes used to verify whether a person has the skills necessary to do a job.

Example 5

Suresh is a trainee manager with his company. In the medium-term, he plans to remain with the company and develop his knowledge and skills as much as possible.

Is each of the following statements true or false?

- 1. The short-term objectives in Suresh's personal development plan should be consistent with those in his performance appraisal report. True/false**
- 2. Suresh's personal development plan should be confined to objectives that are achievable in his current role. True/false**

Statement 1 is true. Statement 2 is false.

This question tests the candidate's understanding of the purposes of a personal development plan. These plans are usually used to map an individual's projected progression in their career over time. However, they should typically reflect short, medium and long-term goals. Therefore, while Suresh should complete his plan in a manner that is consistent with outputs from his performance appraisal report, the plan should not be confined to performance in his current role. Even if Suresh has no aspiration to progress beyond his current role, his development plans may reflect changing demands over time, including the spectrum of knowledge and skills he made need.

Example 6

Which TWO of the following are attributes which a professional accountant should demonstrate in all situations?

- 1. Respect**
- 2. Timeliness**
- 3. Transparency**
- 4. Confidence**

The correct answers are 1 and 2.

Respect for colleagues and other counterparties is a pre-requisite for professional behaviour, and the platform upon which trust is built. Conversely, lack of respect creates mistrust and contempt by others.

Timeliness is an essential attribute and is especially relevant when processing and disseminating information.

Transparency refers to openness. While this is an important characteristic of organisations, especially large public companies, the duty of transparency is not absolute, as there are situations in which it may be improper or even illegal to disclose information. For example, an individual working in a financial institution may not be free to disclose information if the consequence would be to 'tip off' a possible money launderer.

Confidence is a personal attribute that may or may not be present in accountancy professionals. A young, inexperienced accountant is likely to be less confident when undertaking a task for the first time than an experienced mature accountant. Confidence should not be confused with confidentiality, which is one of the five fundamental principles in the ACCA Rulebook.

Comments on Section B performance

Each of the multi-task questions is taken from one part of the syllabus, with no overlap between different parts of the syllabus within any individual question.

Part B requirements may be set out in different ways, including:

- choosing more than one correct response, such as selecting two correct answers from up to six options
- matching definitions or descriptions to the words or phrases that they represent
- clicking on the correct response in a graph or diagram
- selecting the correct words or phrases from a drop-down list.

Some of the multi-task questions are based on scenarios.

Some requirements test knowledge of specific topics, while others ask candidates to apply their understanding to arrive at the correct answers.

For a typical candidate, the part B questions take longer to answer than part A questions due to more reading being necessary. However, they are set at a similar level to part A questions and should not pose greater difficulty.

As the examination is not time pressured, candidates are advised to read scenarios carefully, and perhaps several times, in order to gather the facts necessary to address the requirements.

Conclusion

FBT/BT is an introductory examination, testing many diverse but interrelated subjects.

The most effective approach is to acquire a broad knowledge and understanding of as many subjects as possible. The topics examined do not require detailed knowledge of any single topic, so it is best practice to pursue a general, but not necessarily deep, understanding of as many subject areas as possible. One purpose of the FBT/BT examination is to serve as a gateway for examinations encountered later in the student

journey, where candidates have the opportunity to study a range of topics in greater depth.

Candidates should be aware that the examination is designed to enable a well-prepared candidate to pass. However, it should also be understood that the examination does require formal study, and it must be stressed that few of the answers to the questions will be obvious without undertaking formal study.

Candidates should read each question very carefully, and to read a question more than once if there is any uncertainty about the requirement. This must be balanced against the need to attempt all questions in the available time. If a candidate is well prepared, they will know at least some of the correct answers almost immediately, in which case they will be able to secure a good proportion of the available marks relatively quickly. Some candidates attempt the examination in a series of 'sweeps' by dealing with all of the questions on which they instantly know the answer, before conducting further 'sweeps' of questions that require more deliberation.

Candidates are assured that there are no misleading or 'trick' questions.

In preparing to take this examination, the best practice is to apportion time equally between the six parts of the syllabus, but perhaps to devote a little more time to the theories and concepts that are more difficult to memorise or understand. Other factors may influence the time spent on each subject. For example, some candidates have already studied economics prior to attempting this examination and should therefore need to spend less time on this than a candidate with no previous study of the discipline.

Practising specimen questions can be extremely useful in preparing for the examination. A timed specimen examination and other learning resources [here](#).