



Business and Technology (FBT/BT) September 2023- August 2024 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.

Contents

General Comments	2
Comments on Section A performance	2
Example 1 – part A of the syllabus	3
Example 2 – part B of the syllabus	3
Example 3 – part C of the syllabus	4
Example 4 – part D of the syllabus	4
Example 5 – part E of the syllabus	5
Example 6 – part F of the syllabus	6
Comments on Section B performance	6
Conclusion	7



General Comments

The Business and Technology (FBT) exam comprises two parts. Part A requires candidates to answer 46 objective test questions drawn from across the whole syllabus. Each of the questions is worth either 1 mark or 2 marks. Questions worth 1 mark have only one correct answer from three choices, while questions worth 2 marks may have one or more correct answers. There are 6 multi-task questions in Part B of the exam, each worth 4 marks. The exam must be completed in 2 hours. The screen informs candidates how many marks each question is worth.

The examination is entirely computer-based, available on an 'on demand' basis. All questions are objective, and answer choices are either correct or incorrect. Candidates are not able to add comments or explanations to justify the answers selected.

As a Foundation exam, FBT requires a basic knowledge and understanding of topics across the six syllabus parts. Many subjects covered in the syllabus require more in-depth study in higher level exams as the student progresses through the ACCA qualification.

There has been a high pass rate for the exam since it was introduced. However, it must be emphasised that in order to achieve pass standard it is necessary to undertake a programme of study, ideally reading an approved study text and practising questions. Candidates are unlikely to pass if they rely only on knowledge and experience accumulated in the workplace.

The syllabus for the exam has evolved over time, ensuring that it is relevant to professional accountants working in a rapidly-changing business environment. The most recent additions to the syllabus reflect the increasing role that advanced technologies have to play in contemporary businesses. While the structure of the syllabus has remained unchanged, Part C of the syllabus now includes not only business functions and regulation but also learning objectives relating to technology, including cloud computing, artificial intelligence, big data, data analytics, blockchain and cyber security.

Comments on Section A performance

The questions in Part A of the exam test the candidates' knowledge or understanding of topics across the entire syllabus. Some of these questions include a brief introductory statement comprising a few lines of narrative followed by the requirement. There are no computational questions, so a calculator is not required.

Generally, most candidates deal with the objective test questions in this part of the exam competently. However, some candidates do not attempt all of the questions. This is unfortunate, as a reasonably well-prepared candidate should be able to make an attempt at all questions. For example, even if they are unsure of the correct response they may be able to eliminate choices they know to be incorrect and then use their judgment to select what they consider to be the most plausible answer.

This section of the report discusses six questions from Part A of the exam that have caused candidates some difficulty. These are examples and will not feature in future examinations. However, all are typical of the style of questions that might be encountered and of the challenges that candidates should expect.

Example 1 – part A of the syllabus

The government of Westland is experiencing high rates of unemployment, no economic growth and zero inflation. It decides that it needs to reduce its budget deficit. The only way that it can achieve this is by increasing the rate of direct taxation by 5%.

What will be the effect on the economy of Westland of raising direct taxation by 5%?

- A A fall in unemployment**
- B A rise in unemployment**
- C A rise in inflation**
- D An increase in economic growth**

The correct answer is B.

From their study of macro-economics, candidates should be aware that an increase in direct taxation (such as income tax or corporation tax) will have a deflationary effect on aggregate demand in the economy which will inhibit economic growth, reduce price inflation and increase unemployment.

Having considered the introductory statement, candidates may have incorrectly eliminated option B as the government was already faced with high unemployment. However, the scenario is very realistic. Historically, many governments have prioritised reducing the level of inflation or pre-empting inflationary tendencies in the economy, and at other times policymakers have decided that reducing the budget deficit must be achieved even if this exacerbates other economic problems.

The shorthand way of dealing with questions of this type is to understand whether government policy measure will increase or reduce the level of aggregate demand. For example, expansionary policies such as reducing personal taxation or increasing government spending may increase inflation and economic growth and reduce unemployment, while contractionary policies will do the opposite.

Example 2 – part B of the syllabus

Bol Company is a large company that employs people across different functions and locations.

Are each of the following statements in relation to the impact of the organisation on Bol Company true or false?

- A The grapevine can often convey inaccurate information**
- B Informal networks have lengthy communication channels**
- C The grapevine can carry morale-damaging rumours**
- D Informal work practices may cause health and safety problems**

Options A, C and D are correct, while option B is false.

The grapevine is a generic term for the informal network of communications within any organisation. While this was once attributable to colleagues speaking to one

another, it can now be driven across many communication channels, including the organisation's intranet, social media, messaging and so on.

The grapevine is characterised by rapid transmission of information, equally capable of disseminating positive or negative messages. The information may be true, false, or questionable, sometimes with no definite original source known. Hence, options A and C must be correct. Option D is also correct, as informal work practices often compromise health and safety. For example, removing personal protective equipment may enable an operative to finish a task more quickly endanger the well-being of themselves or others.

Option B has to be incorrect as the grapevine is one of the most direct channels of communication from person to person, or from person to a group of persons.

Example 3 – part C of the syllabus

Which TWO of the following are prerequisites for a company's published financial statements to be regarded as giving a true and fair view?

- A They follow all appropriate accounting standards**
- B They follow generally accepted accounting practice**
- C They are free from all errors**
- D They contain all information relevant to the company's performance**

The correct answer is statements A and B.

The phrase 'true and fair view' should be familiar to those working in audit and assurance. While the exact words used in an auditor's declaration vary from country to country, it is usual for the auditor to state that in arriving at their opinion they are satisfied that the client is compliant with all relevant laws and accounting standards.

The duty of auditors is not to require absolute assurance that the financial statements are totally accurate and free from error. The level of care expected of auditors is best described using the term 'reasonable assurance'.

The financial statements rarely contain all information relevant to the company's performance. In addition to the figures set down in the financial statements, a company's performance can only be judged holistically by considering a broader range of information, including both quantitative and qualitative information. For example, many companies now publish integrated reports, the content of which may comment on their performance in relation to social and environmental objectives that may be difficult or even impossible to quantify.

Example 4 – part D of the syllabus

Which TWO of the following are consistent with McGregor's Theory X?

- A People must be directed to work to the required standard**
- B People feel that achievement at work is irrelevant**
- C Money is only one benefit from work**
- D Work is as natural to people as rest**

The correct answer is A and B.

Douglas McGregor was an industrial psychologist whose work in the 1950s built on earlier research by Abraham Maslow. While Maslow focussed on the needs of individuals at work, McGregor considered the inherent drivers that underpin the motivation of employees. His model introduced two extreme typologies, which he labelled 'theory X' and 'theory Y'. The theory X worker is characterised by negative attributes, such as unwillingness to work, reluctance to follow rules, resentment of authority and the need to be controlled if tasks were to be completed properly. By contrast, the theory Y worker has more positive attributes, such as being creative, capable of self-direction and ability to derive satisfaction by working hard and achieving work goals.

McGregor offered the two typologies as extremes, knowing that the majority of workers will display some features of both. However, the factors behind how individuals are motivated have implications for how leaders should manage them.

The question asks candidates to decide which of the four statements are most consistent with theory X. The phrases 'must be directed' and 'achievement at work is irrelevant' point clearly to theory X. By contrast, options C and D are indicative of theory Y.

A threat arising from this type of question is that a candidate may know the theory and be able to understand it, yet get the two typologies the wrong way round, thereby choosing options C and D.

Example 5 – part E of the syllabus

Which TWO of the following are principles of effective time management?

- A Reliability**
- B Focus**
- C Organisation**
- D Coordination**

The correct answers are B and C.

All jobs consist of a task or series of tasks to be achieved. Therefore, a focus on objectives must be a core principle of time management. Many programmes that promote effective time management consider it important for individuals to identify their objectives (which relate to the overarching aim of their role) and then prioritise the objectives, ranking them in order of importance.

Insofar that an organised individual will achieve their objectives in a more time efficient manner than a disorganised individual, organisation must be a correct response.

Reliability and coordination are not unrelated to effective time management. However, both should be achieved as a consequence of effective time management rather than being regarded as principles of effective time management.

Example 6 – part F of the syllabus

Indicate whether the following situations are threats to the accountant's ethical behaviour.

- A** The accountant speaks on behalf of an assurance client in a court case
- B** The accountant audits a client's non-current asset register when they prepared the register for the previous financial year

The correct answer is that both A and B are threats to the accountant's ethical behaviour.

The FBT learning objectives refer explicitly to the ACCA Code of Ethics. Knowledge of the code and the ACCA rule book should guide candidates to the correct response to this question.

ACCA identifies five threats to independence, with independence in this context referring to acting in a manner that is free from bias, undue influence or conflict of interest. This relates closely to the concept of objectivity.

The five threats are self-interest, self-review, advocacy, familiarity and intimidation.

Choice A is an example of advocacy, which is therefore a threat to ethical behaviour.

Choice B relates to the self-review threat, which can arise if the accountant's judgment is influenced by experiences from the past. If the accountant prepared the register in the previous year, it may be difficult to form an entirely objective view.

Comments on Section B performance

There are six questions in Part B of the exam, each taken from one part of the syllabus. None of the Part B questions cross over syllabus boundaries. For example, a question on Part A topics will not include requirements relating to other parts of the syllabus, and so on.

Part B may ask candidates to:

- choose several correct responses, such as two or more correct answers from up to six options;
- match definitions or descriptions to descriptors (words or phrases) by 'dragging and dropping';
- click on the correct field on a graph or in a diagram;
- select the correct words, phrases or sentences from a drop-down list.

Many Part B questions are based on scenarios. For these questions it is necessary to read the scenario carefully in order to arrive at the correct answers. Candidates should read the requirement first and then proceed to look for the answers in the given scenario; this saves time, as it means that the scenario will be read with the questions already in mind.

Even though Part B questions are not set at a higher level than the Part A questions, a typical candidate may need to spend longer on them as there is more reading involved.

Historically, candidates have performed well on several topics, including:

- types of organisation and their characteristics;
- stakeholders;
- SWOT analysis;
- the marketing mix;
- the respective activities relating to financial and management accounting;
- financial statements.

Candidates may already be familiar with some topics examined in FBT. For example, an individual who has already studied economics or marketing in the past should need less study time on these disciplines. However, as the syllabus is broad with many learning objectives not every topic included in the study guide will be examined on every exam.

Conclusion

In common with all ACCA exams, candidates should adopt a systematic approach to their study, ensuring that all subject areas are given appropriate attention. The best approach is to know and understand something about all topics, without necessarily seeking an in-depth understanding of individual topics. The questions on the Business and Technology exam never require detailed knowledge, so it is better to have a basic grasp of many areas rather than trying to be expert in just a few.

Candidates should avoid question spotting or going into the examination with pre-conceived ideas of what questions will be asked. Question spotting is unlikely to be a productive use of study or revision time.

Nearly all candidates complete a full set of answers, so for most people the examination is not time pressured. However, time management is important to ensure that the last few questions to be attempted are not hurried or answered too hastily.

It is essential to read every question carefully, and to read a question more than once if there is any uncertainty about the requirement. Most candidates who have undertaken a formal course of study should know many of the answers immediately and will be able to earn marks quite quickly.

Candidates are assured that the exam never includes 'trick' questions. If a candidate is sure of an answer, they do not have to dive deeply into the wording to look for hidden meanings.