



Business and Technology (FBT/BT) September 2021- August 2022 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. The first part requires candidates to answer 46 objective test questions drawn from across the whole syllabus. These are 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 from four choices. The second part of the paper is made up of 6 multi-task questions, each worth 4 marks. The paper must be completed in 2 hours.

The examination is computer-based and all questions are deliberately objective: the answer options that the candidate sees are right or wrong. There is no opportunity for candidates to add narrative or explanations to justify the answers selected.

The pass rate for the paper has been consistently high since its inception, with the majority of candidates demonstrating a reasonable command of examined topics. However, as the syllabus is broad, there are inevitably topics which cause more difficulty than others. It must be stressed that while some questions may appear to have 'common sense' answers, it is necessary to undertake a course of study to achieve the appropriate standard.

Comments on Section A performance

The questions in Part A of the paper test the candidates' knowledge or basic understanding of examinable topics. Some of these questions include very brief scenarios. Although most candidates deal with the objective test questions in this part of the paper 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 deduce the correct answer by eliminating incorrect distractors.

This section of the report discusses a number of questions in Part A with which candidates experienced difficulties.

Example 1 – part A of the syllabus

In a national economy an initial increase in expenditure will lead to a much larger final increase in national income.

Which of the following defines this outcome?

- A Multiplier**
- B Aggregate demand**
- C Inflation**
- D Accelerator**

The correct answer is A, the multiplier.

In the Keynesian macro-economic model, aggregate demand refers to the total level of demand in the economy, comprising consumption, investment, government expenditure and the value of exports minus imports. An increase in aggregate demand is commensurate with an increase in national income. Inflation refers to an increase in the general price level. The accelerator is a Keynesian concept related to

the multiplier effect but suggests that an increase in national income will result in an increase in capital investment.

Keynes demonstrated that an increase in a component of aggregate demand (such as investment or government expenditure) would result in a more than proportionate increase in national income.

Example 2 – part B of the syllabus

Which of the following statements defines ‘organisational culture’?

- A The values, norms and practices that shape society**
- B The system by which activities are directed and controlled**
- C Social relationships and informal communication networks**
- D The accepted way of behaving and working**

The correct answer is D.

There is no single, universally agreed definition of organisational culture. However, most of the generally accepted definitions acknowledge that it relates to the norms, values and behaviours exhibited within the organisation. These may be carried over from the founding principles of those who established the enterprise or formed over time by the influences of decision takers, including senior executives and other key influencers. The accepted ways of behaving and working is one way of describing organisational culture.

The values, norms and practices of society defines the culture which may prevail in a particular nation or region but does not relate specifically to an organisation. This may exert strong influence on how a company does its business, but is not a necessary influence for all companies; for example, most countries have foreign companies operating, and their culture may be entirely different to that of domestic businesses.

‘The system by which activities are directed and controlled’ paraphrases the definition of corporate governance set down in the Cadbury Report, 1992. It defines corporate governance but not organisational culture.

Social relationships and informal communication networks are forces that influence the culture of an organisation but also may be influenced by the culture. However, they are just one set of forces upon which organisational culture rests.

Example 3 – part C of the syllabus

Denis is employed as the accounts manager in a company that is trading in a legitimate activity. The company was established to receive funds that were acquired from illegal sources.

Denis may be guilty of which TWO money laundering offences?

- A Assisting another to retain the benefit of crime**
- B Acquisition, possession or use of criminal proceeds**
- C Concealing or transferring proceeds to avoid prosecution**
- D Failure to disclose knowledge or suspicion of money laundering**

The correct answers are A and D.

The theme of this question is money laundering and the offences which may be committed by persons who own and manage a company, or work for it as employees.

Money laundering arises when a company or other legal entity is used as a conduit for disguising, concealing, or converting the proceeds of crime.

One of the most common methods of money laundering is intermingling the proceeds of crime with business receipts from legitimate trading activities. The scenario states that the company was established to facilitate this criminal act. Choices B and C are offences but would have been committed by those who were responsible for directing and controlling the company, not necessarily by its employees.

Denis may have committed the offences of assisting others (in this case the owners) to launder money and failure to report any suspicions he may have had in relation to these activities.

The test applied in most jurisdictions is whether the individual had suspicion, or reasonable grounds for suspicion, that money laundering was taking place.

Example 4 – part D of the syllabus

Learning activities are sometimes categorised as education, training and development.

How should the following be categorised?

	Education	Training	Development
As a newly appointed team leader, Sanjay is attending a two-day event to increase his awareness of leadership skills.			
Tanya works abroad. She is learning the language in order to do her job better, and at the end of the programme her skills will be assessed by examination and a certificate awarded.			
Veronique is an experienced manager. She has been selected to attend a management programme at a prestigious business school. The programme is open to those with high potential for career advancement. There is no examination.			
Yves is a teller in a foreign exchange bureau and is learning about new anti-money laundering legislation which requires him to pass a multiple choice assessment.			

This is an example of a multiple response question, with 0.5 marks for selecting each correct answer.

Sanjay's leadership course is training, as it is intended to equip him with new skills, or increase his existing skills, in order to enhance his ability to perform in his specific job.

Tanya's course is education as she is learning a new language and her competence will be tested at the end of the programme. This is conceptually similar to any professional education programme, such as the ACCA professional qualification. Veronique's executive programme is development, as it seeks to enhance her long-term potential by building high level skills such as analysis, synthesis, problem solving and decision taking. Such programmes provide a platform for continuous learning. A vital element is the opportunity to interact with other individuals with a promising career path.

Yves is a teller in a foreign exchange bureau, so in learning about new anti-money laundering legislation he may appear to be undergoing training for the job. However,

the legislation will be detailed, with some provisions relevant to the job while others are not. For this reason, the learning is best categorized as education. His training for the job that he does will comprise the specific processes that he has to follow in dealing with the everyday demands of his work.

Example 5 – part E of the syllabus

Which TWO of the following are direct benefits of using information technology as a means of improving personal effectiveness?

- A Minimising routine work**
- B Performing routine tasks more quickly**
- C Prioritising tasks**
- D Eliminating input errors**

The correct answers are A and B.

Information technology can improve effectiveness by automating tasks that were previously carried out manually. This enables the individual to spend more time on tasks that require human judgement or intervention. In a similar way, information technology can be deployed to perform some tasks much more quickly and accurately than by humans. Examples include calculations involving vast quantities of data and advanced techniques such as data mining through which relationships between variables can be identified and analysed.

Information technology cannot yet prioritise tasks, as it is usually up to employees to decide on the most urgent jobs to be done. Priorities may be determined by factors outside the scope of the job itself, such as the views of managers, colleagues and third parties, such as customers and suppliers. Developments in artificial intelligence may eventually facilitate prioritisation of tasks through automated means.

Information technology cannot eliminate input errors, as these may rely partially or wholly on human effort. Although applications of technology may help to reduce input errors (such as the use of check digits), errors cannot be eliminated altogether.

Example 6 – part F of the syllabus

Which of the following actions reflect professional competence and due care in the IFAC (IESBA) code of ethics?

- 1) Ensuring all staff attend professional update training
- 2) Keeping due client confidentiality when asked to reveal client information
- 3) Ensuring that only duly qualified staff work on projects

- A 1 and 2 only**
- B 1, 2 and 3**
- C 1 and 3 only**
- D 2 and 3 only**

The correct answer is C.

The code of ethics sets down five fundamental ethical principles: integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Professional competence and due care means carrying out the duties of a professional accountant in a manner that does not result in poor outcomes to others, including clients, colleagues and third parties. If staff do not attend professional update training there is a possibility that the staff will make errors, overlook statutory or procedural implications or fail to devote sufficient attention to relevant matters. Similarly, if staff are not appropriately qualified to work on projects, the outcomes of these projects may be compromised, or it may take longer to deliver the necessary outcomes.

By contrast, keeping due client confidentiality relates to the specific duty of confidentiality set down as a dedicate fundamental principle.

Comments on Section B performance

There are six questions in Part B of the paper, each taken from one part of the syllabus. There is no overlap between different parts of the syllabus within any individual question. For example, a question focused on syllabus outcomes in Part A of the syllabus will not test topics in other parts of the syllabus.

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.

Many, but not all, of the multi-task questions are based on scenarios. For these questions it is necessary to read the scenario carefully in order to arrive at the correct answers.

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

Questions in this part of the paper should pose no greater difficulty than those in part A of the paper, but for a typical candidate the part B questions will take longer to answer than part A questions due to more reading being necessary.

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

- types of organisation and matching organisational types to descriptions;
- characteristics of different types of organisation;
- SWOT analysis, distinguishing between strengths and opportunities, and between weaknesses and threats;
- identifying elements of the marketing mix relevant to activities and functions;
- content of financial statements such as the statement of financial position and the statement of profit or loss.

Candidates who have undertaken previous study of certain topics may find some of the questions relating to Part A of the syllabus relatively straightforward. Examples include micro-economics, macro-economics and marketing. However, these questions do not feature in every examination, so candidates are advised to study across all syllabus areas.

Part B of the syllabus includes business organisations and basic principles of governance. As such these topics are 'gateway' studies at quite a shallow level which are then encountered again at higher levels of the professional qualification. However, there is a broad range of theories and concepts, any of which may be tested, so a wide-ranging approach to study is recommended.

Part C multi-task questions test candidates' knowledge and understanding of accounting and reporting systems, compliance, control, technology and security. Some of the topics overlap with other examination papers at this level of the ACCA qualification and for this reason candidates perform well on certain types of question. Part D of the syllabus relates to leading and managing individuals and teams. The syllabus includes many theories and concepts, so candidates can commit some of these to memory but must take care not to confuse the theories or the lessons they offer. It is useful to practice questions using an approved practice or examination kit in order to be able to apply the theories correctly.

Part E of the syllabus relates to personal effectiveness and communications. It is here that candidates may be tempted to rely on their own personal experience and judgement, such as on topics such as time management and effective communications, but it must be stressed that a formal study of such subjects is very important.

Part F of the syllabus concerns professional ethics, with particular emphasis on the relevance of ethics to the professional accountant. The subject matter is essential to any individual aspiring to be a professional, and as members of ACCA candidates are already obliged to be familiar with the provisions of the ACCA code.

Conclusion

'Business and Technology' is an introductory paper, testing many diverse subject topics. The most effective approach is to achieve a broad but relatively shallow knowledge and understanding of as many topics within the syllabus as possible. None of the subjects that are examined require detailed knowledge, so it is better to have a basic knowledge and understanding of many subjects rather than seeking to be an expert in just a few areas.

The paper is deliberately designed to enable a well-prepared candidate to pass. However, the paper does require formal study, and candidates should expect few of the questions to have obvious or easy answers.

It is essential to read every question carefully, and to read a question more than once if there is any uncertainty about the requirement. Clearly, this must be balanced with the need to attempt all questions in the available time. A typical candidate who has undertaken a course of study will know some of the correct answers immediately and will be able to secure some of the available marks quite quickly. Candidates are

assured that there are no 'trick' questions, so if the candidate is quite sure of an answer there is no reason to spend too much time on it.

In preparing for the examination candidates should plan their time in advance, dividing their time equally between the six parts of the syllabus, but devoting more time to the theories and concepts that are harder to memorise or understand.

For most candidates, time management is not a problem when sitting this paper, but time management is nonetheless important. It is possible for a candidate to move through the questions quickly, answering those for which the answer is known, returning later to questions which require more time and consideration. If a question is especially difficult, it may be possible to eliminate the least likely choices, leaving less alternatives from which to decide on the most plausible answer.