

Think Ahead **ACCA**

F9
Financial
Management

Structure of presentation

- F9 exam structure
- Recent performance
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F9 exam structure

- Section A: 15 objective test (OT) questions
- Section B: 15 OT questions from 3 OT Cases
- Section C: 2 constructed response (CR) questions
- Formula sheet
- Present value and annuity tables

Looking at the exam structure, sections A and B together offer thirty OT questions worth 2 marks each, so a total of 60 marks out of the total of 100 marks. In section A the questions are all single items, while in section B the questions are in 3 sets of 5, with each set linked to common information in a case scenario. Each question can be answered independently. These questions are all marked automatically.

Section C contains 2 constructed response questions worth 20 marks each, which are expertly marked. These questions allow candidates to articulate their understanding in their own words, while undertaking more complex calculations.

Candidates should never forget that the exam also offers a formulae sheet and annuity tables, which should be used where necessary.

An essential point is that this exam structure allows the whole syllabus to be examined, so question spotting offers no benefit.

Recent performance

- September 2016: 47%
- December 2016: 45%
- March 2017: 40%
- Results combine PBE and CBE

Recent performance has been good, although the March 2017 pass rate was lower than expected. On average, the transition to the new structure has led to an improvement in the pass rate, with no loss of academic rigour.

Observations from marking

- Computer-based and paper-based CR marking
- Random, anonymous
- Standardisation
- Maintaining marking quality
- Reviewing marker performance

The F9 marking team – the expert markers – mark computer-based and paper-based CR questions, the section C questions. The marking is computer-based using dedicated software and so much easier than marking stacks of physical answer booklets.

As always, the marking is random and anonymous. No marker knows whose script he or she is marking. This is best practice.

Markers go through a standardisation process at the start of each marking session before being approved to mark. Marking quality is maintained throughout the marking process by team leader review of seeded scripts and provision of feedback. Markers are required to follow detailed marking guidelines in their work.

Observations from marking

- Study the whole syllabus
- Master the basic FM techniques you will need
- Study theory
- Relate theory to techniques
- Use the ACCA Study Guide

My observations from marking come from the hundreds of scripts I review in marking sessions where I have the lead. I review the marking of both markers and team leaders within my remit of maintaining marking quality.

It is evident that a number of candidates are not prepared, as their answers show they have not studied the whole syllabus.

Some answers show that basic FM techniques have not been adequately mastered, for example when undiscounted cash flows are added up and called an NPV. Make sure each candidate has a properly stocked FM toolkit.

Candidates should understand enough theory to support a critical discussion and they should understand how theory underpins the techniques they use.

Candidates should be encouraged to study the Study Guide – this can show the limits of what is known as well as indicate where further study is needed.

Observations from marking

- How marks are awarded
- Marks and verbs
- Calculate, critically discuss, discuss, briefly discuss
- Own figure rule (OFR)
- Quantified requirements

It is no secret that marks are awarded in accordance with the detailed marking guidelines. Marks for calculations are nailed down by their solution, discussion answers may call for some professional judgement, however the topics to be discussed can be clearly indicated.

Answers should relate to the verbs used in the question requirement – for example calculate, critically discuss, discuss, briefly discuss – while using the marks available as a guide to how much work to do.

The own figure rule (OFR) is rigorously enforced so that errors are penalised once only.

If a requirement quantifies what is needed – for example, discuss THREE ways of doing something. There is no point offering more than the requirement.

Observations from marking

- Examiner report
- Calculation errors and mathematical errors
- Errors of principle
- Lack of knowledge
- Time allocation

Although a lot of time is spent preparing the F9 examiner reports, many candidates appear never to have read any of them, since we see in marking that the same mistakes occur again and again.

Calculation errors and mathematical errors can lose half a mark, while errors of principle can lose a whole mark.

Errors of principle are usually linked to a lack of knowledge of some parts of the F9 syllabus, for example using the equity risk premium as the risk-free rate in a CAPM calculation.

Candidates do need to be aware of the importance of time allocation, both between sections and between questions.

Looking to the future

- Same marking team for CBE as PBE
- Question-setting process well-established
- Rigorous quality control of marking

The same people that mark PBE questions also mark CBE questions, so there is continuity of expertise with in the F9 marking team.

The question-setting process is now well-established and involves several subject-specialists and rigorous controls.

The quality of the marking is checked and maintained throughout the marking process, as the marking is taking place. Any issues arising can be dealt with quickly and effectively.



Questions

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