

P3 Business Analysis

Welcome to this presentation on the P3 Business Analysis exam.
The presentation considers two main issues.

- 1: Recent performance in examinations.
- 2: An insight into the marking of P3 scripts.

Recent Performance 1

Recent performance has been consistent with previous sittings. However, performance would be improved by:

- Ensuring complete coverage of the syllabus
 - There is recent evidence of significant knowledge gaps. More candidates are omitting complete question parts.
- Ensuring that attention is paid to analysing data in the context of models and frameworks
 - For example: data shows that four dominant companies in an industry are similar sizes. How does this affect the competitive environment?

Recent performance has been consistent with previous sittings, but the March 2017 pass rate reflected a slight improvement in performance.

However, performance would be improved by:

Ensuring complete coverage of the syllabus

There is recent evidence of significant knowledge gaps. The examiner's report for December 2016 identified knowledge gaps in project management, big data, competency frameworks and in the learning organisation. In March 2017 there were knowledge gaps in principles of costing and boundary-less organisations. As a result of these knowledge gaps, more candidates are omitting complete question parts. This significantly reduces their chances of passing the examination.

Ensuring that attention is paid to analysing data in the context of models and frameworks

For example: data shows that four dominant companies in an industry are similar sizes. How does this affect the competitive environment? In another example, data given about market share and market size suggests that a Boston Box analysis is appropriate.

Recent Performance 2

- Ensuring that underpinning skills and techniques are refreshed
 - For example: Financial ratios and their implications, variance analysis and its interpretation.
- Ensuring that ACCA resources on the web site are used
<http://www.accaglobal.com/ubcs/en/student/exam-support-resources/professional-exams-study-resources/p3/technical-articles.html>
 - There is compelling evidence that many candidates have not properly accessed these resources.

Ensuring that underpinning skills and techniques are refreshed

For example: Financial ratios and their implications, variance analysis and its interpretation. Evidence from the March 2017 examination suggests that candidates are not as familiar with these underpinning areas as they should be. Question 2 (on costing) was not particularly popular and many answers were very poor.

Ensuring that ACCA resources on the web site are used

<http://www.accaglobal.com/ubcs/en/student/exam-support-resources/professional-exams-study-resources/p3/technical-articles.html>

There is compelling evidence that many candidates have not properly accessed these resources. The March 2017 examination provided further evidence of this. An article that would have supported question 2 was available in the P3 resources area of the ACCA website, but many candidates chose not to attempt this question and many who did so produced poor answers.

Recent Performance 3

- Ensuring that time management is a strength not a weakness.
 - Time management is more than just allocating time to questions. It is about using that time effectively within the questions.
- Ensuring that candidates continue to be prepared for analysis and not just elicitation.
 - For example: in the contextual features of strategic change, considering 'time' is much more than just defining what 'time' refers to.

Ensuring that time management is a strength not a weakness.

Candidate feedback on P3 usually includes the comments 'time management was an issue'. Often, candidates have brought this on themselves by providing over-elaborate answers to part questions which were only worth a few marks. But, time management is more than just allocating time to questions. It is about using that time effectively within the questions. Too many answers uncritically repeat too much information from the scenario, often in introductions which are too long for the purpose at hand.

Ensuring that candidates continue to be prepared for analysis and not just elicitation.

For example: in the contextual features of strategic change, considering 'time' is much more than just defining what 'time' refers to. A further example; explaining why something is a strength (in a SWOT analysis) rather than just stating that it is a strength.

Recent Performance 4

- Ensuring that answers to classification questions are clear.
 - For example: making sure in a SWOT analysis that threats are explicitly defined as such and are definitely due to external factors. In a PESTEL analysis that technological factors are external and not a reflection of an internal weakness.
- Ensuring that candidates lay out answers to quantitative questions clearly and explain the logic of their calculation
 - Calculated key values need to be prominent, explanation of logic allows markers to easily apply the OFR (own figure rule) and give appropriate credit.

Ensuring that answers to classification questions are clear.

For example: making sure in a SWOT analysis that threats are explicitly defined as such and are definitely due to external factors. Demotivated staff is an internal weakness, not a threat. In the March 2017 examination some candidates wrote a header, such as strengths, and then amongst the strengths, would introduce an opportunity. This produces an unstructured answer which is unnecessarily difficult to mark. As a further example; in a PESTEL analysis ensure that technological factors are external and not a reflection of an internal weakness (such as a website not optimised for mobile phones).

Ensuring that candidates lay out answers to quantitative questions clearly and explain the logic of their calculation

Calculated key values need to be prominent, explanation of logic allows markers to easily apply the OFR (own figure rule) and give appropriate credit. In the March 2017 examination too many answers to question two were messy and the logic of the candidate's answer was difficult to follow as it was often unexplained.

Recent Performance 5

- Ensuring that answers adhere to the rubric.
 - For example: identify and discuss four problem areas in the current process. For each problem area, explain how your proposed solution addresses the problem.
- So in the answer (illustrated with a representative scenario):
 - Identify the problem: Problem area 1: High costs and unnecessary delays in the activity *check scripts*
 - Discuss the problem: For example: Checking costs 30 cents per script. There are, on average 10,000 scripts per session, giving a total checking cost of \$3000 per marking session. It also delays the publication of results by 5 days. Also, not all faults are found as subsequent analysis shows that checkers sometimes fail to spot that markers have exceeded the maximum number of marks for a question or part question.

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Ensuring that answers adhere to the rubric.

For example: identify and discuss four problem areas in the current process. For each problem area, explain how your proposed solution addresses the problem.

So in the answer, illustrated with a representative scenario.

Identify the problem: For example; problem area 1: High costs and unnecessary delays in the activity *check scripts*. Also clearly identify problem areas 2, 3 and 4. Make them stand out.

Discuss the problem: Checking costs 30 cents per script. There are, on average 10,000 scripts per session, giving a total checking cost of \$3000 per marking session. It also delays the publication of results by 5 days. Also, not all faults are found as subsequent analysis shows that checkers sometimes fail to spot that markers have exceeded the maximum number of marks for a question or part question.

Recent Performance 6

- Explain how your solution addresses the problem.
 - The proposed marking software solution automatically adds up marks as markers record them. Thus there is no requirement for checking and so this activity is removed from the process. This leads to a tangible cost saving (\$3000 per session) and an improvement in service efficiency, marks can be released five days earlier.
 - The marking software solution also prevents the marker from allocating more than the maximum marks to a question or part question. Thus this problem is also addressed by the solution.

Explain how your solution addresses the problem.

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The marking software solution also prevents the marker from allocating more than the maximum marks to a question or part question. Thus this problem is also addressed by the solution.

So, the answer must be clearly identified (problem area 1, 2, 3 and 4) and each verb explored; identify, discuss, explain. The message to the script marker is clear!

Insight into marking 1

P: The P in PESTEL analysis stands for political. It concerns the political, governmental pressures that affect or potentially affect a company. For example; the threatened imposition of import taxes on products being imported into Skod.

Political: The government is threatening the imposition of import taxes. This would favour entering the market through the acquisition of a Skod-based company as this would avoid such taxes.

So, we now turn to providing an insight into marking.

Here are two part answers identifying the P element of a PESTEL analysis. Please read these through.

Insight into marking 1 – mark allocation

P: The P in PESTEL analysis stands for political. It concerns the political, governmental pressures that affect or potentially affect a company. **For example; the threatened imposition of import taxes on products being imported into Skod. (34 words)**

0.5 mark allocated. Repetition from the scenario. No explanation of its significance

Political: **The government is threatening the imposition of import taxes. This would favour entering the market through the acquisition of a Skod-based company as this would avoid such taxes. (30 words)**

1.5 marks allocated. The significance of the threat is explained.

Here are the allocated marks to these two answers.

The left hand text represents a poor answer and the right hand answer a good answer.

The left hand side answer is worth half a mark for the text highlighted in red. This is essentially text repeated from the scenario but correctly classified.

The right hand side answer is worth 1.5 marks. Again the text in red is worth half a mark (but more succinctly stated than the left hand side) and the text in blue is worth a full mark, explaining the significance of the threat.


Notice that the right hand side answer is shorter than the left hand side answer!

Insight into marking 2

The data shows that the market sector is in decline, it has dropped from \$90m in 2008 to \$88.2m in 2011, a fall of \$1.8m which is 2%. In the same time, Neach Glass revenue has increased from \$6.3m to \$7.94, so it is doing quite well. However, at one point, revenue did fall, between 2009 and 2010, so growth might be volatile and this has to be taken into consideration when deciding the future of Neach Glass.

The data shows that although Neach has increased its market share from 7% to 9%, it remains a relatively small player in a declining market (falling 2% from 2008 to 2011). In Boston Box terms it is a dog and so should be divested from the portfolio. However, as a key supplier to POTS, there is a case for it to be retained within the group.

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Here is a part answer to a question asking whether a company (Neach Glass) should be retained in a corporate portfolio.

Again, please read both answers

Insight into marking 2 – mark allocation

The data shows that the market sector is in decline, it has dropped from \$90m in 2008 to \$88.2m in 2011, a fall of \$1.8m which is 2%. In the same time, Neach Glass revenue has increased from \$6.3m to \$7.94, so it is doing quite well. However, at one point, revenue did fall, between 2009 and 2010, so growth might be volatile and this has to be taken into consideration when deciding the future of Neach Glass. 78 words – a generous 2 marks

The data shows that although Neach has increased its market share from 7% to 9%, it remains a relatively small player in a declining market (falling 2% from 2008 to 2011). In Boston Box terms it is a dog and so should be divested from the portfolio. However, as a key supplier to POTS, there is a case for it to be retained within the group. 66 words – 5 marks

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A similar message to example 1 is given here. The left hand side answer is longer but only worth a generous 2 marks. One mark for the text in blue and two half marks for the text shown in red. Calculating percentage rises and falls in data without comment rarely scores very well.

The right hand side answer scores 5 marks, with each mark represented as blue text. Notice how marks can be gained quite quickly. It is a dog (1 mark) and the advice is usually to divest it from the portfolio (1 mark). Again, the better answer is the shorter answer.

Insight into marking 3

The gearing ratio is 40.1%, compared to an industry average of 39.73%, so it is much the same.

Liquidity is higher than the industry average, 3.33 (current ratio) and 1.83 (acid test ratio). The comparative average figures are 2.69 and 1.74. Flick has a significant amount of money in cash or cash equivalents. Ling could spend some of this on investments in new factory technology.

Here are two answers giving ratio calculations.

Again, please read them through. Here the better answer is not the shorter answer!

Insight into marking 3 – mark allocation

The gearing ratio is 40.1%, compared to an industry average of 39.73%, so it is much the same

Zero marks and no credit has been given as the basis for the calculation is not explained.

Liquidity is higher than the industry average, 3.33 (current ratio) and 1.83 (acid test ratio). The comparative average figures are 2.69 and 1.74. Flick has a significant amount of money in cash or cash equivalents. Ling could spend some of this on investments in new factory technology.

3 marks - correctly calculated ratios and reasonable statement about liquidity, linking it to case study scenario

And here is the marking of these two answers.

The left hand side answer is worth nothing. The calculated figures are wrong as per the marking scheme and there is no explanation of how they have been calculated and so no credit can be given.

The right hand side answer is worth 3 marks for correctly calculated ratios and a reasonable statement about liquidity, linking it to the case study scenario.



Any
questions?

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I hope this presentation has given you an insight into how P3 scripts are marked and how candidate performance might be improved.

P1/P3 Learning Support and Resources

This presentation is intended to highlight the key resources and support ACCA with its partners have available for P1 and P3 students and which it is essential for you to direct them towards and encourage them to use as essential preparation for the remaining examinations.



Now we will look at the timeline for future P1/P3 exam sessions and the transition rules which will apply

Remaining sessions and transition rules

- After this conference – *Only five more P1/P3 exam sessions*
- June, Sept and Dec 17 and March and June 18
- First *Strategic Business Leader (SBL)* Exam in Sept 2018
- P1 and P3 must be successfully completed to gain a converted pass in SBL
- If P1 and/or P3 not successfully completed by Sept 18, students must take SBL
- *Worst scenario* – being left holding a pass for P1 or P3, but still having to take *SBL*

As there are only 5 more opportunities to pass P1 and P3 it is likely that many students will be keen to clear both exams at or before June 2018. For them, the scenario they wish to avoid is holding a pass for either P1 or P3 after June 18, but not both, meaning that the student would have to take SBL in the future.



Focus on
Learning
Resources

The ACCA Global website contains a number of key resources to help teaching and learning for all exams. Encourage your students to click in the **students** tab and then select **exam support resources**, which includes the syllabus and study guide, past exams, FAQs and **examining team guidance**. This section includes the examiner reports and approach articles and a 5 minute video giving valuable advice.

It is this key list of resources which I will now focus on.

Learning and support resources

- Approved Content Provider materials (texts and revision question and answer banks)
- Examiners Reports and guides to examiner reports
- Technical articles
- Past examinations
- Videos
- English language resources (where English is a 2nd language)

As we heard from the examining teams in their presentations, there are key recurring themes contained in the examiner's reports which highlight key and common failings demonstrated by the weaker students. Many of these failings are connected to exam tactics, but some of them are due to lack of preparedness. The list in this slide sets out the key resources we would encourage you as learning providers to focus on when directing your students to additional learning resources.

We will focus on these, one by one, in the following slides:

Approved study texts and revision question and answer banks

Using the up to date versions of the Approved Content Provider study texts and question and answer banks is highly recommended.

- Ensure students pre-read relevant chapters as preparation before classes
- Direct students to specific material and activities within study texts to read and work on after classes to consolidate learning
- Use question and answer banks intensively during the practice and revision phase to simulate exam taking
- Set at least 2 mock exams

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You may want to encourage your student to cover the reading material before the lectures associated with that material – this gives students a context and some background before they apply their learning in class and for homework.

Direct students to specific aspects of the texts during face-to-face if the material directly supports the learning being undertaken.

Use question and answer banks as part of the practice and revision phase of learning – to give students as much exam style practice as is possible

Give them mock exams to practice sitting an exam in timed exam conditions.

Examiner's Reports – more than just ACCA administration

Examiner's Reports:

'The highlights and lowlights of candidate performance'

Examiner's Reports are vital to appreciate lessons learned from past mistakes and failings and to highlight good practice.

- Ensure students read the last four reports
- Ask them to summarise the key recurring issues in those reports, both positive and negative.
- Ask students to recommend revision and exam tactics and strategies to maximise their chances of success.

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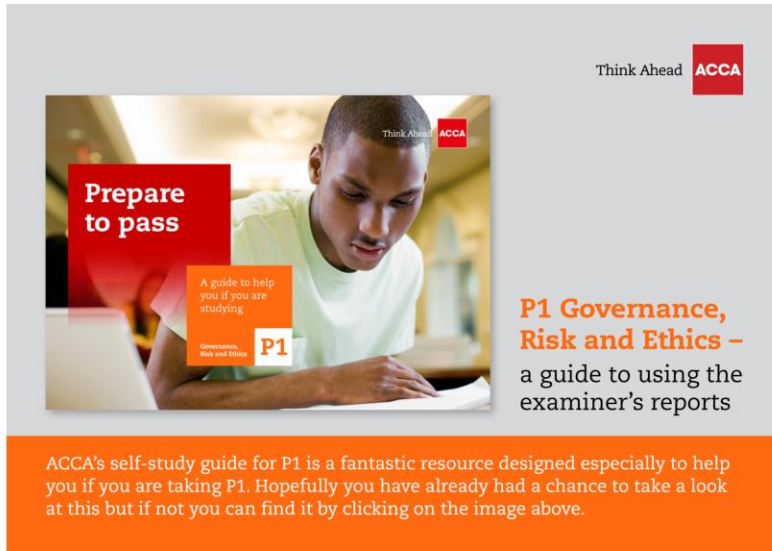
It is surprising to hear that many candidates do not read examiner's reports. Perhaps by their title they might be perceived as boring or an administration requirement of ACCA. They are far more than that. The examiner reports give the student an insight into the mind and concerns of the examiner – what delights and what frustrates them and the marking team.

It is well worth encouraging your students to read and summarise these reports and by doing so it will become obvious to them what the key things are that they should do and avoid doing in examinations. Following the examiner's advice based on the evidence of the team marking thousands of scripts is a great insight into student behaviours (both good and bad).

Two of the key things that almost all examiner reports in most examinations not just P1 and P3 advise and which candidates tend to repeatedly ignore are:

- *Answering the question asked, not just 'dumping' information triggered by key words in the requirement – **to avoid needless waffle***
- *Writing only as many points as the marks available would indicate was necessary to gain full marks – **to help manage time***

Guide to using the Examiner Reports:



The graphic features a central image of a young man in a white shirt looking at a laptop. Overlaid on the image are several text elements: 'Think Ahead ACCA' in the top right, 'Prepare to pass' in a red box on the left, and 'A guide to help you if you are studying' in an orange box. Below the image, the text reads: 'P1 Governance, Risk and Ethics – a guide to using the examiner's reports'. At the bottom of the graphic, a red box contains the text: 'ACCA's self-study guide for P1 is a fantastic resource designed especially to help you if you are taking P1. Hopefully you have already had a chance to take a look at this but if not you can find it by clicking on the image above.'

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ACCA produced these guides to using examiner reports initially to help self-study students, but you can help your students to make the best of all of the constructive guidance in the examiner's reports by directing them to these guides which are in the support resources for each exam on the ACCA website. The guide includes getting started and then goes through three key steps in using the reports in a productive and helpful way.

These can be found on the ACCA website at the following links:

P1-

http://www.accaglobal.com/content/dam/ACCA_Global/Learning%20Providers/exam-reflection/Reflections-1st-P1-Governance-Risk-and-Ethics-FORM.PDF

P3 -

http://www.accaglobal.com/content/dam/ACCA_Global/Learning%20Providers/exam-reflection/Reflections-1st-P3-Business-Analysis-FORM.PDF

Retake Guide: Guide for re-sitting exams



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Also available, mainly for self study students are these retake guides. But again, you will find useful advice in these to pass on to any retake students in your classes. These are useful resources for those students who failed the exam and are planning for resits. They provide tips for how they can successfully pass the exam this time round and signpost them to the other resources available for the exam.

Links:

P1 -

http://www.accaglobal.com/content/dam/ACCA_Global/Learning%20Providers/retake-guides/4923_Study_Guide_Retakes_P1_interactive_AW.pdf

P3 -

http://www.accaglobal.com/content/dam/ACCA_Global/Learning%20Providers/retake-guides/4923_Study_Guide_Retakes_P3_interactive_AW.pdf

Read all technical articles

Technical articles

Technical articles supplement the knowledge from texts and kits.

- Ensure students read ALL technical articles
- If an article is still there it is useful. Don't read recently added articles only.

It is essential that all your students take time to read the technical articles and make their own notes of what each article is about so as to consolidate their learning.

Tutors should point students to the existing articles listed on the website for each exam, as and when they cover relevant areas in their face-to-face learning. This helps students gain a greater insight and understanding of these areas as they progress through their studies

There is evidence of only looking at most recent articles. The list of technical articles builds up over time and the older articles are as just as important as the new ones.

P1 technical articles

- 'Corporate governance - from the inside out'
- Public sector governance – parts 1 and 2 (Also available as podcasts on iTunes)
- CSR strategy and strategic CSR
- The Integrated Report framework
- Diversifying the board – a step towards better governance
- Environmental accounting and reporting
- COSO's enterprise risk management framework
- Internal audit

A particularly comprehensive one is the first in this slide on governance which is an overview of the whole of Section A and well worth reading to understand how all the themes within the governance section fit together.

P1 technical articles (continued)

- Independence as a concept in corporate governance
- 'Non-corporate' corporate governance
- Corporate governance – external and internal actors
- Risk and environmental auditing
- Strategic and operational risks
- Rules, principles and Sarbanes-Oxley
- Ethical decision making
- All about stakeholders – parts 1 and 2

P3 technical articles

- Costing for decision making
- Big data
- Performance indicators
- Information technology.
- Job design.
- Integrated reporting
- The learning organisation
- Value chains, value networks and supply chain management
- The strategic planning process - parts 1 and 2.

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There is a long list of technical articles for P3. Again, don't only look at the most recently added articles as the older ones are still relevant and questions can be asked based on them.

P3 technical articles (continued)

- Culture and configuration.
- Benchmarking
Strategic planning in an age of turbulence .
- Communicating core values and mission
- Knowledge management
- Outsourcing
- Strategic planning
- Strategy and people
- Business strategy and pricing

Practice past exams

Past Exams

Reading and practicing the more recent past examinations is an essential part of effective practice and revision.

- Ensure students access the most recent exams and practice specific questions
- Use the answers as tutorial aids not as model answers
- Give the students time constrained practice apportioning the time (including reading time to the marks allocated)

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Past exams are published on the ACCA website under the students/exam resources section relating to each exam. Approved content providers also have the rights to publish the most recent exams. But all past exams are useful to review.

It is important that students practice the relevant questions as they are learning about the subject areas concerned and are not given access to the answers before they attempt them. This helps consolidate their learning in a way in which they will have to demonstrate this in the exam.

Please use the answers to de-brief candidates or as part of teaching or learning, but do emphasise that these answers are far more comprehensive than the answers, even the best candidates, would ever be able to produce.

If students attempt questions as part of formal tuition they should be time constrained. A good guide to organising this is to allow the students so much per minute to attempt the question so tackling a 25 mark question from Section B of a past P1/P3 exam should take $(195/100) \times 25 =$ approximately 50 minutes, including the reading time that would be allocated.

Other useful resources

Videos

Listening to and following the advice of experienced teaching practitioners for P1/P3 is invaluable to gaining insights into effective examination performance.

- Ensure students access all relevant videos relating to P1 or P3
- Ask students to summarise the main themes in these resources to consolidate key messages

ACCA spends a lot of time and resources in commissioning experts from the field of accountancy tuition and learning to share their wisdom from years of successful experience as teachers.

Encourage your students to listen to them carefully.

To ensure this is done it may be worth asking them to listen to a video and ask them to summarise the key points that are being made by the tutor.

This way the learning and most important issues are highlighted in the mind of the student – hopefully to prepare them better for the forthcoming exam

BPP University
English language
support for ACCA

For students who do not have English as their first language, P1 and P3 can be quite challenging and any deficiency in English language skills will reduce the potential of an otherwise able candidate to perform well. They are also helpful even for English speaking students, for example how to structure a report. This can help in gaining professional marks.

With this in mind ACCA, working with BPP University, have designed English language resources, including a diagnostic test to understand at what level to begin any English instruction.

They are designed to support students through each stage of the ACCA Qualification.

There are 70 one hour modules, covering aspects specific to each exam in the ACCA Qualification and they are online to access at any time on any device - so very flexible.

Free, online learning provided by BPP University, designed specifically for ACCA students

P1

English language training modules available for P1:

- Writing introductions
- Writing conclusions
- Writing press releases
- Proofreading your work

Free, online learning provided by BPP University, designed specifically for ACCA students

P3

English language training modules available for P3:

- Briefing papers
- Case studies one
- Formal language
- Proofreading two

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You could also advise students to also look at some of the modules in other exams for example training modules in P5 includes Organising a report , Organising writing - problem/solution ,Supporting an argument and Writing an evaluation, all skills needed in P1 and P3



Any
questions?

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