Examiner's report
P3 Business Analysis
September 2015

ACCA

General Comments

The examination consisted of two sections. Section A contained one question for 50 marks and Section B contained three questions of 25 marks each, from which candidates had to answer two questions. There is a significant cost in terms of time and discipline in order to obtain the level of knowledge and application required to pass this examination. There was some evidence that a number of candidates are reliant on covering a few key topics in their preparation for the examination and then attempting to fit these topics to the question rather than providing what the question actually requires.

Time management remains an issue for some candidates. This could be resolved by avoiding quoting lengthy detail from the case study scenario, instead focusing on responding to the question requirements. Additionally, lengthy explanations of theoretical models rarely add value It is the application of such models which is likely to enhance the candidate's response. Hence, the time pressure is not caused by the examination itself. It is usually the result of the candidate's unfocused response.

Specific Comments

Question One
This question required the candidates to read a scenario relating to a public sector organisation and answer questions relating to its strategic choices and stakeholder management. No prior knowledge of the type of organization was required as all necessary information was included within the scenario.

Part (a) required candidates to use a template provided to analyse two different process areas of the organization. Some candidates failed to answer this question, but those who did tended to score well if they used the template. Some candidates, as part of their response, exactly recreated theoretical models provided within the scenario. This added no value to their responses and contributed towards time pressure. However, a number of responses were very good, displaying the ability to apply their knowledge to a given situation.

Part (b) required some quantitative analysis for a given outsourcing strategy, as well as an evaluation of an insourcing option. Some candidates obtained full marks on this element, but others were unable to produce basic figures. Business analysis requires the manipulation of data, which will not always be presented in a specific format. To maximise their performance in this examination, candidates need to become more accustomed to such techniques. This examination has long moved on from simply the analysis of basic ratios, as is evident from the syllabus content.   A number of candidates omitted to answer this question in its entirety, both the quantitative and qualitative elements, and therefore were unable to obtain the 20 marks available in total across the different elements of part (b).

Part (c) was well answered and showed candidates' ability to apply stakeholder analysis to a given scenario. Most responses used the Mendelow power/interest grid, which provided a good template, but candidates were able to obtain full marks without using this.

Question Two
This question provided candidates with a scenario whereby a procurement and implementation process had been poorly managed.

Part (a) required candidates to suggest a better process and discuss how it would resolve the ensuing problems. A majority of candidates provided good responses, scoring highly on this question. However, some candidates

failed to respond to the requirements given; instead discussing what was wrong with the given process.

Part (b) of the question required knowledge of a customer relationship management system (CRM). Whilst many candidates were able to answer this question theoretically, a number of candidates failed to obtain the marks available for application to the scenario provided. Candidates need to ensure that they understand the meaning of 'extension' in a CRM context.

Question Three
Question 3 was a case study question which displayed a company's mission, Critical Success Factors (CSFs) and Key Performance Indicators (KPIs).

Part (a) required the evaluation of the above. A number of candidates provided a good answer to this question, showing a clear understanding of what was required. The majority of candidates showed some knowledge of the qualities of a good mission statement and were able to apply this knowledge. Some candidates, however, drifted from the requirements of the question and went on to discuss how the CSFs could be achieved and the how to gather the data to measure the KPIs rather than respond to the question asked.

Part (b) concerned benchmarking. The majority of candidates scored well on this question. Some candidates failed to obtain the marks for applying their knowledge to the scenario in question.

Part (c) was poorly answered and, indeed, not answered by a significant number of candidates. Integrated reporting has been embedded into the ACCA syllabus and candidates need to be aware of the principles and its application across the different areas of the qualification. There have also been a couple of articles in the *Student Accountant* on the subject, one specific to P3 and published shortly before the examination.

Question Four
This was the least popular optional question on the paper, displaying some candidates' unwillingness to attempt those questions requiring quantitative analysis.

Part (a) included budgetary and actual data and expected candidates to produce a flexed budget and variance analysis in order to determine whether performance was positive or not in the current situation. It was necessary to discuss the variances found to suggest reasons for the favourable or adverse performance.. A minority of candidates scored very highly on this part, showing a clear understanding of variances. Some candidates did not calculate variances, and therefore were unable to obtain marks for doing so, simply calculating profit margins instead. Although there were marks to be obtained for this, it would be impossible to obtain the full 15 marks available by discussing this element alone. Other candidates failed to flex the budget, showing a lack of understanding of this area. However, these candidates were often able to obtain some marks for discussing the reasons, if they had done so. An acceptable alternative was for candidates to break down the figures into budget and actual figures per unit, rather than to flex the budget, as this would lead to equivalent analysis.

Part (b) required the discussion of a specific costing technique. The majority of candidates were able to describe this, but as with previous questions, many failed to get the marks for applying their answer to the scenario provided.