

Examiner's report

MA1 Management Information

For CBE and Paper exams covering July to December 2016

The ACCA logo is a black square with the letters 'ACCA' in white, bold, sans-serif font.

General Comments

The intention of this report is that, when considered in conjunction with previous reports, candidates at future sittings will have a resource which maximises their chance of success. The most effective way to use these reports is to consider both the technical content of each question, and the approach to answering the question – noting that different question types will require slightly different approaches.

In considering the technical content, candidates should make sure that they have a clear understanding of that content. While not every candidate will use exactly the same approach, it is important to ensure that a logical and sequential approach is applied, based on relevant technical knowledge.

The examination consists of 50 objective test questions, each worth 2 marks. The purpose of this report is to provide illustrations of questions which have especially posed problems for candidates.

The three sample multiple-choice questions below cover different aspects of the syllabus. The approach to correctly answering each question is explained and the common incorrect approaches, along with the misunderstandings which they indicate, are highlighted. Answering objective test questions requires candidates to have both a clear understanding of the subject matter being examined and a logical approach.

Sample Questions for Discussion

Example 1

Which of the following statements, about filling a range of spreadsheet cells, is/are TRUE?

- (1) Type Jan in cell A1. Select cell A1 and fill down to cell A3. The result is Feb in cell A2 and Mar in cell A3
- (2) Type the number 1 in cell A1. Select A1 and fill down to cell A4. The result is 2 in cell A2, 3 in cell A3 and 4 in cell A4
- (3) Type the number 2 in cell A1 and 4 in cell A2. Select A1 and A2 and fill down to cell A4. The result is 2 in cell A3 and 4 in cell A4

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

Correct answer is A but candidates obviously struggled with this question as many selected answer B

Most candidates knew the first statement was correct but were thrown by thinking either statement (2) or (3) or both were correct.

Statement (2)

actually just copies the number 1 into cell A2, A3 and A4 as it cannot recognise a pattern as there isn't one.

Statement (3) will actually give 6 in A3 and 8 in cell A4 as there is a pattern of increasing by 2.

Example 2

Which of the following methods can be used to prevent spreadsheet users from making changes to formulae in a worksheet while still allowing data to be entered in other cells?

- (1) Protect the worksheet, then select and lock the cells containing formulae
- (2) Select the cells where data is to be entered and unlock these cells, then protect the worksheet
- (3) Protect the worksheet, then select and unlock the cells where data is to be entered

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

Only a minority of candidates answered this question correctly as B and the rest were fairly even spread over the other 3 options.

The statement to select the cells and unlock these cells and then protect the worksheet sounds like it may be the wrong way around and thus a lot of candidates excluded this as incorrect and chose to protect the worksheet as the first action resulting in choosing either statement (1) or (3) or both as correct.

However by default, the locked option is turned on for all cells on any Excel worksheet, whether an existing or a new one. So, if you want to lock cells with formulas, you have to unlock all cells on the worksheet first.

So the correct answer is to unlock all cells in the worksheet, then select the formulas you want to lock and lock cells with formulas and then protect the worksheet (answer B).

Example 3

Which of the following situations will result in overhead under-absorption?

- (1) Actual overhead less than budgeted overhead
- (2) Budgeted overhead less than absorbed overhead
- (3) Absorbed overhead less than actual overhead

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

Correct answer is C but majority chose A or D.

Generally, absorption rates will be calculated in advance of an accounting period (predetermined) and then applied throughout the period. As a consequence, overhead absorbed during a period into the cost of products manufactured may differ from overhead actually incurred. This is over or under absorption: an adjustment is required in the determination of profit or loss.

If overhead is under absorbed, this means that more actual overhead costs were incurred than expected. Thus absorbed (estimated) is less than the actual incurred.

Many candidates struggle to understand the difference between budget, absorbed and actual data and the concept of under and over absorption.

Summary

Based on the performance of candidates in these questions, it can be observed that there were two major reasons for incorrect choices being made. The first is that there was a lack of awareness / understanding of fundamental issues in the syllabus such as the use of spreadsheets. The second is that the questions were not read carefully enough, which led to confused thinking.

Candidates preparing for future sittings are strongly encouraged to ensure that they have developed a clear understanding of the key points of each area of the syllabus and that they read carefully and think logically when attempting questions.