

Examiner's Approach Interview: F1 - Accountant in Business

Interviewer: Welcome to the F1 Examiner's Approach interview.

The following is an Examiner's Approach interview for Paper F1, *Accountant in Business*. The content of this interview has been prepared by the examiner, working with the Qualifications team at ACCA, and is presented by actors representing an interviewer and the examiner in discussion. For more detail on the examiner's approach, please see the article produced by the examiner in the November/December 2006 archive edition of *student accountant*.

The F1 examiner is Bob Souster.

Bob currently runs a successful education and training partnership.

His previous background is in banking and he was divisional manager of a large financial institution.

Bob also has many years of lecturing experience globally, specialising in teaching a variety of law and management subjects.

So, to begin, can you explain how F1 fits within the overall structure of the ACCA Qualification?

Examiner: Certainly. First of all, the Fundamentals level is divided into two modules – Knowledge and Skills.

The Knowledge module introduces students to business in general. This is done through the F1 Accountant in Business module - which sets accounting into a wider business context – and F2 and F3, which cover the core areas of financial and management accounting. This provides the platform from which the other technical accountancy areas will be studied in greater detail in the Skills module.

All Knowledge module exams are two hours long and are available both as computer-based exams (CBEs) – providing automatic marking and immediate results – and as traditional paper-based exams.

Interviewer: From what you have just said, the F1 paper does not sit independently within the new qualification, so are there any links with other papers, or with other components of the ACCA Qualification?

Examiner: Yes, F1 introduces certain key business and accounting concepts which are developed in the other Knowledge papers. The other papers introduce the student to the specific techniques used in financial and management accounting.

Other areas introduced in F1 include ethics, corporate governance and internal control which are explored further in P1, *The Professional Accountant*.

The syllabus also includes systems and people management topics which are further developed from a strategic and operational perspective in P3, *Business Analysis*.

Interviewer: Is any of the knowledge acquired in F1 useful for other papers in the ACCA Qualification?

Examiner: Yes, the paper also introduces some audit knowledge and concepts which will be applied in F8 and P7. In addition, some of the ethics and governance content is also developed in the Professional Ethics Module which students can take once they are eligible to sit P1.

Finally, knowledge and capabilities acquired in F1 will be applied in the Practical Experience Requirements. The relevant Performance Objectives for this paper are all of the Essentials objectives except Performance Objective 3.

Interviewer: Is there an overall concept or theme for F1 as a paper?

Examiner: Yes, it introduces the student, who may not have a business background, to business as a subject area. It also sets business

and its environment in context. It does this by exploring the purpose and objectives of business organisations and their stakeholders; how companies are governed, structured and managed and most specifically, how accounting plays a central role in business operations.

In other words, the F1 paper gives the aspiring accountant, who is aiming to become a technical expert in the specialised aspects of accounting, the bigger picture about how accounting relates to the rest of the business and its environment.

The following phrase sums up this idea:

‘The accountant sees the wood and the trees’

This refers to the fact that accountants need a broad view of the business organization - how it is structured, integrated and managed - to help them focus their specialist skills and decision-making appropriately towards meeting wider organisational goals.

Interviewer: As you explained earlier, there is an overall concept for the paper, but are there any other broad themes which run through the syllabus?

Examiner: Yes, as previously mentioned, F1 is essentially about examining knowledge and comprehension of the business as a whole before student accountants get into the technical detail of the various financial disciplines.

There are, however, several main themes within this overall concept.

Theme 1: how a business is organised, to whom it has obligations and how it is governed effectively and ethically.

Theme 2: how a business is structured and the different functional areas.

Theme 3: the business environment which can affect and is affected by the business.

Theme 4: business accounting, its origins and its specialised functions.

Theme 5: business management, the leadership of individuals and teams and recruitment, learning and development within the business.

Interviewer: I note that the syllabus for F1 is structured into six main sections. Can you explain the main content of these syllabus sections please?

Examiner: The first syllabus section is a fairly large section containing subject areas on organisational structure, culture, stakeholders, IT, committees, corporate governance and ethics.

Section B, which is much smaller, covers the business environment including political and legal, economic, social, technological and competitive factors. These areas will be further developed in P3 at the Professional level.

Section C is a fairly limited section, introducing the student to the origins and role of the accounting system as a core functional area within business.

Section D is a comprehensive section covering the different aspects of accounting such as financial reporting, tax, audit, performance management and finance including treasury. It also focuses on internal control and security within business systems and the prevention and detection of fraud.

Sections E and F cover the people management aspects of the business such as leadership, team and individual behaviour and communication. They also cover the recruitment, training and motivation of employees.

Interviewer: Having explained the main content of the syllabus for us, can you tell us a bit about the exam itself?

Examiner: As with all papers within the Knowledge module, the completion time for this exam is two hours.

F1 is a wholly objective testing paper, so students must answer short questions by selecting the right option from a choice of two, three, or four alternatives. Where there are two or three alternatives, each question will attract one mark; all other questions will attract two marks. In the current format of the exam there are multiple choice questions including true or false, and the CBE version also includes multiple response matching questions.

Interviewer: Can you tell us how many questions there are in the exam and what choice, if any, exists?

Examiner: The paper contains 40 two mark and 10 one mark questions which test knowledge, comprehension and some application where relevant. All questions must be answered and there is no choice available.

Interviewer: What is the difference between 1 and 2 mark questions?

Examiner: The questions which are generally quicker or easier to answer attract one mark. In addition, one mark questions have a higher guess factor where the candidate need only select the correct

answer out of two or three options rather than four, as is the case with two mark questions.

Interviewer: Is the exam available on demand?

Examiner: The exam is available as a computer-based exam on demand at designated ACCA CBE centres, or as paper-based examinations held in both June and December sittings.

The pass mark is 45 out of 90 or 50%.

For more information about the exam itself and how it is structured, there is a pilot paper available on the website.

Interviewer: Should students be aware of time allocation per question when doing objective testing exams?

Examiner: Yes, time allocation is important in any exam. A one mark question has an average time allocation of 1.33 minutes and a two mark question 2.66 minutes. It is important to remember, however, that not every question will take the same amount of time to answer. Particularly with the two mark questions, candidates will find that some take a little longer than the average time but equally some will take less.

Interviewer: So, why is there no choice of questions offered at the Fundamentals level?

Examiner: This is because, as the name of the level implies, all subject areas and main capabilities within these papers are 'fundamental' to having a sound grasp and technical proficiency in all these topics.

Interviewer: Should students guess the answers to questions?

Examiner: Normally I would say no, in a conventional paper-based exam where calculations or workings are visible and given credit for. However, in an objective test, nothing is gained by leaving any question unanswered. Therefore, if the student does not know the answer, or they find themselves running out of time, I would recommend strongly that they guess and select one option rather than skipping any question.

Interviewer: Is there any advice to give about revising effectively for, and passing, F1?

Examiner: Firstly, there are the main exam strategies, focusing on key areas and then there are some specific tips for F1 candidates during their revision, and for the examination itself.

I would recommend the best strategy to adopt in the revision phase is to focus only on areas of the syllabus that a student may not be too sure of, but more importantly, it is essential to complete lots of practice questions from the official study text for F1 and from the pilot samples available on the ACCA website.

As far as a revision approach is concerned, it is best to ensure that the student understands the business from the top down – in the order that the syllabus is laid out. Key areas to focus on, therefore, are how the business is structured, organised and governed and who its stakeholders are. The student needs to have some understanding of environmental influences on a business such as legal, political, economic, technical and social. There needs to be some focus on the origins of accounting, but most emphasis should be placed on understanding how accounting systems work and link together and of the differences between accounting disciplines such as financial reporting, audit, tax, performance management and finance or treasury. Finally, a significant part of the syllabus concentrates on people management from leadership and team behaviour, to business communication and motivation, including the recruitment and development of staff.

The following are my three main revision and exam tips:

My first tip is for the student to gain an understanding of the business as an overall entity, which is interacting with its environment and responsible to its stakeholders. Students should also understand that businesses are structured in many different ways to suit their environments and have an accounting department with several key functions, the aim of which is to support, manage and control the business as a whole. Finally, students must know the named theories about people management and leadership, including communication and group and team behavioural theories.

My second tip is to advise students not to learn sections or subject areas of the syllabus in too much depth to the exclusion of other areas. The philosophy in the Fundamentals knowledge module is about breadth rather than depth. This means that it is important to be familiar at a general level with all the sections and subject areas of the syllabus, but always in the context of business as a whole.

My final tip is to practice questions as much as possible. There is no substitute for actually attempting exam style questions or for experiencing the computerised exam simulation if taking the computer-based version.

Interviewer: Can you tell us what you believe to be the main potential pitfalls in preparing for and taking the F1 exam?

Examiner: The main pitfalls I have seen students fall into are the following:

Many students come into the exam unprepared, without a sufficient knowledge or understanding of certain areas of the syllabus or of how the syllabus links together. Students need to ensure that they, or their tutors, cover the whole syllabus to avoid this problem and ensure that links between sections are explained and understood.

The second main pitfall is rushing through questions through fear of not completing all 50 in the allotted time. This can be a temptation for nervous students who are fearful of the relatively high number of questions to complete. In practice most students will have plenty of time to complete the exam, so students should take care to read and fully understand the question, including the question statement where relevant, to give themselves the best chance of answering questions correctly.

The final pitfall is leaving questions unanswered through lack of time or knowledge. To avoid this, effective time management is important, but remember not all questions will take the standard

time allowed. If lack of time or knowledge becomes a factor, students should ensure that they always make a reasonable guess and that they have answered all the questions on the paper.

Interviewer: It is clearly important to follow the tips and avoid any common pitfalls in exam revision and performance, but is there other information that can help students prepare?

Examiner: Students should be aware that F1 is a global paper. As a result, any knowledge of law, regulation or codes, such as with corporate governance for example, will not be examined specifically. Tuition providers covering these areas are, therefore, welcome to refer to any legislation or regulation, either locally or in another jurisdiction, for illustration purposes and to put them into context. They should concentrate on the broad principles within such legislation and the purpose served. Everyone must be aware that detailed knowledge of law, regulation or codes from any jurisdiction is not required.

Interviewer: Is there a way that students can find out what common errors have been made in the past?

Examiner: Yes, there is. After each exam session an examiner's report will be produced which will highlight two or three questions which many students answered incorrectly, outlining the common problems.

Interviewer: Do you have any concluding advice about the F1 examination paper?

Examiner: I believe there are some key summary points to mention about the exam questions themselves.

Students must always read the question and, where relevant, the accompanying statement as carefully as possible, and make sure they have understood them.

Where there are statements included in an objective test question, a student is usually expected to think about and apply some knowledge to a specific situation in a particular context.

Students must also remember not to dwell for too long on any question that they are not sure about, don't understand or simply don't know the answer to. As there are 50 questions to get through, think about each question carefully, but briefly, and if the answer isn't sufficiently clear, move on and return to it later. As I mentioned earlier it is important to ensure that by the end of the examination all questions have been answered even if some are just guesses!

Interviewer: Thank you very much for sharing your insight into this exam paper.

I'm sure it has given the students and tutors lots of useful information.

Examiner: Thank you.