

Strategic Business Leader (SBL) March/June 2025 Examiner's report

The examining team share their observations from the marking process to highlight strengths and weaknesses in candidates' performance, and to offer constructive advice for those sitting the exam in the future.

Contents

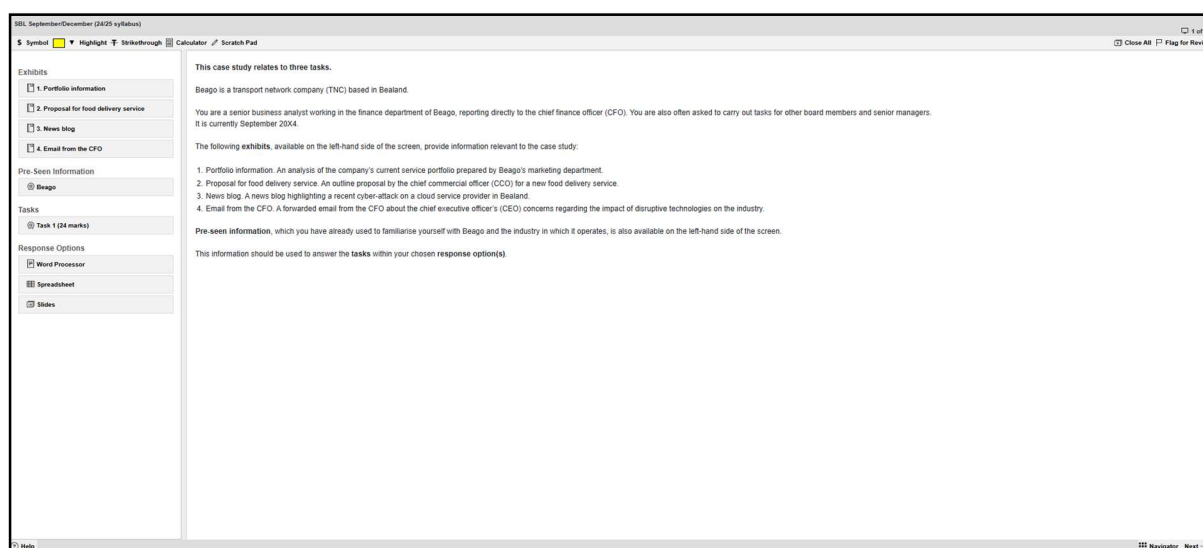
General comments.....	2
Format of the exam.....	2
Analysing the exhibits	5
Time management.....	6
Reasons for exam failure.....	6
Task 1(a)	10
Task 1(b)	11
Task 1(c)	13
Task 2(a)	16
Task 2(b)	17
Task 3	19

General comments

This examiner's report should be used in conjunction with the published March/June 2025 sample exam which can be found on the [ACCA Practice Platform](#).

In this report, the examining team provides constructive guidance on how to answer the various tasks set in the March/June exam, whilst sharing their observations from the marking process, highlighting the strengths and weaknesses of candidates who attempted these tasks. Future candidates can use this examiner's report as part of their exam preparation, attempting the exam tasks on the [ACCA Practice Platform](#) and reviewing the published answers alongside this report.

Format of the exam



The exam consisted of a 3 hours and 15 minutes integrated case study exam, comprising three main tasks, about a fictitious charity called Historic Places (HP), which aims to preserve historical sites in its home country of Eardisia. The candidate's role throughout the exam was a senior consultant leading a team of independent consultants employed by HP to advise on various strategic matters.

The marking scheme included 80 technical marks for the correct use and application of technical knowledge drawn from the Strategic Business Leader (SBL) syllabus. For every requirement, answers needed to be applied to the case context. Repetition of rote learned knowledge attracted few, if any, marks.

In addition, the marking scheme included 20 marks for five professional skills. The specific skill being examined in the requirement should have been evident in how candidates answered the task. Candidates should also have drawn on other relevant skills when answering. When awarding professional skills marks, markers looked primarily at the professional skill being tested in the task requirement, but also considered the general professionalism that candidates demonstrated (which included whether answers answered the task set, were logical and well-presented and avoided unnecessary repetition). Markers also considered whether the tone of answers was professional and appropriate for the recipient.

As candidates take the exam on computer, they are strongly recommended to take mocks on the [ACCA Practice Platform](#) first, to gain experience of dealing with different types of exhibits and to estimate how much they can write in the time allowed. Candidates are strongly advised to assimilate all the guidance published by ACCA for SBL, including the articles, as the guidance can provide invaluable assistance when sitting the exam.

Pre-seen information

This pre-seen was divided into two discrete but integrated sections. The first section provided candidates with an overview of the charitable sector, in particular the heritage charity sub-sector, in the fictional country of Eardisia. The second section provided further background information about Historic Places (HP), an established charity in the heritage charity sub-sector.

The pre-seen is designed specifically to allow candidates to establish a sound understanding of the industry and organisational context in the exam they will be taking. This should help them analyse and understand the exhibit information that is presented to them on the exam day.

Candidates should set aside time for careful reading of the pre-seen, so that they have a thorough knowledge of its contents and do not need to keep referring back to it during the exam, which will waste valuable time. Candidates should actively engage with the material in order to gain an understanding of the context in which the organisation operates. Factors to establish could include the following:

- Whether the organisation is recently formed or long-established
- Whether the organisation is small or large
- If the organisation is a company, whether it is listed or unlisted
- Whether the organisation is currently doing well or struggling
- Its place in its sector, including how it is responding to developments in the sector
- The resources available to the organisation and whether these appear to be sufficient
- The ethical and CSR issues the organisation faces and what values it has.

Candidates must appreciate that the pre-seen information should not be used to ‘question spot’, however, as the tasks set in the exam are not based on information in the pre-seen. The pre-seen information is designed to assist candidates’ overall understanding of the sector and the organisation, but it will not itself provide a full source for exam answers. The tasks on exam day will be focused primarily on the information contained in the exam exhibits. Candidates will be expected to use the exhibit information as the primary source for developing their answers.

Of course, some information within the pre-seen will be useful to support points made in answers, but candidates should not copy and paste sections of the pre-seen into their answers. Candidates are expected to develop the information within the pre-seen and explain, for example, its relevance to the task being attempted.

On the exam day, the following four exhibits were presented to candidates, which provided additional information relevant to the case study:

1. Email from the CEO. An email from the chief executive officer (CEO) to the consultant about the introduction of changes which the CEO proposes at HP
2. Summary of sites' performance. A numerical comparison of the financial and non-financial performance of two of HP's sites – Stowater and Thruworth – prepared by a member of HP's finance function
3. Summary of shop operating procedures. A summary of the operating procedures at four of HP's onsite shops, prepared by a member of the independent consultancy team
4. Fundraising blog. A blog about how charity fundraising needs to use up-to-date methods but avoid being too aggressive

Overall, the standard of answers for the March/June 2025 exam was similar to those for previous exams which have used the new pre-seen format and shorter exam time.

A number of issues which have been noted in previous examiner's reports occurred again in this sitting:

- Many candidates failed to answer the question as set. This was seen in various ways, particularly in Task 1(a). Contextual features was the object of the requirement verb and candidates should have organised their answers around contextual features. Instead many answers were focused on the CEO's proposed programme of changes, with contextual features discussed incidentally. Mention of changes in the requirement also resulted in some answers discussing Lewin's change process model, when careful reading of the actual requirements would have made clear that this was not required.
- Some candidates failed to make use of all of the information given in the exhibits. This was sometimes due to a failure to analyse the information systematically. Although candidates performed well generally on Task 2(b), some scripts failed to identify clear risks relating to inventory.
- In many answers there was insufficient application to HP's situation. In Task 1(c) when candidates did discuss the leadership qualities required to introduce the programme of changes successfully, the discussion of leadership qualities was often generic and made little or no reference to the situation at HP.
- Likewise answers often lacked depth of explanation. Although 2 marks were available throughout the exam for developed points, candidates often had few or no such points, meaning that they had to come up with more points earning single marks in order to pass. This was particularly noticeable on Task 2(a) where many candidates failed to go much beyond the numerical data given and consider underlying reasons for differences in performance between the two sites.
- Copying and pasting pre-seen and exam exhibit information into answers with little or no attempt to add value was a problem on occasions. In Task 2(b) candidates reproduced information from Exhibit 3, but failed to derive clearly from it the risks to HP.

Most candidates appeared to have read the pre-seen information. They seemed to have assimilated the important points in it, with the result that they could use detail given in the pre-seen to provide context for their answers.

The best answers demonstrated good understanding of the information available in the exhibits and pre-seen. They used it as the basis for producing well-developed answers that applied to HP's situation. They also demonstrated analysis, evaluation and commercial acumen skills across their scripts, showed scepticism where necessary, and produced answers that were clear and logically structured.

Some candidates did not appear to have read the SBL guidance, articles and other resources on the ACCA Global website. This included failing to consider the article on [Financial analysis in SBL](#), which would have been helpful for Task 2(a), and [Principles and application of e-marketing in SBL](#), which would have been helpful for Task 3. Making use of the resources is an important part of exam preparation.

Analysing the exhibits

The availability of the pre-seen information should mean that candidates are familiar with the context of the industry and organisation before the exam date. Nevertheless, they need to spend sufficient time reading and understanding the additional information given in the exhibits. At the start of the exam, candidates should note the requirements of each task and keep these requirements in mind whilst reading carefully all the information in the exhibits, as this will help them identify which tasks draw on which exhibit material. Candidates need to remember that material from more than one exhibit may be relevant when answering each individual task. Candidates are recommended to spend the first 30 minutes of the exam analysing the exhibit material.

The exhibits:

- Provide the material which underpins the applied points that candidates should be making
- Include necessary background information and explanation to provide context to candidates' answers
- Help candidates to decide how to structure their answers
- Highlight the most important issues that answers should cover.

As already suggested, some answers failed to make enough use of the material in the exhibits. However, candidates must do more than reproduce or restate material in the exhibits. To score marks, they must comment on the information or develop further the points raised.

Task requirements may refer directly to exhibits, meaning that the exhibits define what answers should cover, no more and no less. The requirements of Task 3 referred to addressing concerns raised in the blog (Exhibit 4) about unethical fundraising and these concerns were clearly identified in the section of the blog titled 'Raising funds ethically'. However, candidates often did not address all the concerns raised, for example not considering what to do about the use of third party fundraisers. On the other hand, some answers wasted time, and gained no marks for, making suggestions about addressing concerns that were not raised in the blog, particularly threats to data from external hacking or HP wasting funds donated.

Planning

Candidates must spend sufficient time on planning, to ensure that their answers are:

- Structured logically, in line with the precise requirement of the task.

- Balanced in terms of the depth of discussion required with the breadth of different points to be made
- Covering the most important points relevant to the task's requirements
- Not padded out with material that does not address the task's requirements
- Not making the same point two (or more) times.

When sitting the exam, candidates may find it useful to copy and paste the task requirements into the word processor answer area. They then do not need to keep looking at the task tabs. This may help them to remain more focused on the tasks as they answer them. Any copied requirements should be deleted after the task is answered or clearly separated from the answer, however, to ensure that they do not impact on the professionalism of the candidate's answer.

Time management

Most candidates were able to answer all three tasks. There was no significant indication that many had run out of time or stamina during this exam. This suggests many candidates are managing their time carefully. Candidates are strongly recommended to attempt mock exams under full exam conditions before the actual exam, to get used to the demands on concentration, effective reading, planning, thinking, and writing that the SBL exam requires.

If candidates use the first 30 minutes of the exam time to read and assimilate the exam exhibits and tasks and produce an outline plan, this leaves 165 minutes (2 3/4 hours) to produce answers to all three tasks. On this basis, the 2 3/4 hours should have been allocated in relation to the marks assigned to each task (including professional skills marks) as follows:

Task 1(a)	18 marks	30 minutes
Task 1(b)	16 marks	26 minutes
Task 1(c)	8 marks	13 minutes
Task 2(a)	22 marks	36 minutes
Task 2(b)	18 marks	30 minutes
Task 3	18 marks	30 minutes

Adopting this approach ensures candidates have sufficient time to attempt every part of every task, thereby giving them the best chance of passing the exam.

Candidates should also be aware of how time can be poorly used in the SBL exam:

- Wasting time by including material not asked for the actual task requirements. For example in Task 3, discussion of the concerns raised about fundraising when the requirements asked for recommendations of how the concerns could be addressed
- Writing elaborate and lengthy plans, resulting in too little time to produce meaningful and complete answers
- Making the same point more than once in slightly different ways. Markers will not give additional marks for points which are repeated or re-stated, even if they are slightly reworded.

Reasons for exam failure

In most cases, those candidates who failed this exam did so because of:

- Not answering the task that has been asked
- Wasting time by including irrelevant content
- Not applying the HP case scenario information to the points made
- Failing to develop points made (that is, not fully explaining why a point made was relevant/important in the context of the task requirements)
- Copying and pasting exhibit and pre-seen information into their answer, or paraphrasing it, but then failing to comment on this information or develop it to answer the task requirement
- Demonstrating poor analysis skills (that is, an inability to select, and then appropriately use, relevant information to answer task requirements)
- Demonstrating a poor level of technical knowledge. Candidates should appreciate that any area of the SBL syllabus could be examined
- Failing to provide everything that the requirements specified
- Failing to respond to the requirements in a professional manner
- Demonstrating poor time allocation.

The application of answers to the context of HP varied and was particularly disappointing in relation to Task 1(c). Although candidates have access to the pre-seen information in advance of the exam, some did not demonstrate understanding of the case context and produce answers that were well applied to HP's situation.

When candidates did address the requirements of a task, they generally answered the whole requirement. However, there were too many examples across the exam of candidates not focusing on answering the requirement which had been asked. This demonstrates poor exam technique and should not be expected of candidates at Strategic Professional level. In a professional workplace, candidates would be expected to perform the specific task required by their manager, and so would have to listen carefully to, or read thoroughly, any instructions given. The same attention should therefore be applied to task requirements in the SBL exam.

Technical marks

Demonstration of technical knowledge or explanation of theory does not score marks in the SBL exam. To gain each technical mark, candidates need to:

- Make points that directly address the requirement(s) of the task, considering the scope of answer required and what the task verb indicated should be provided
- Show the marker why the points being made are significant/relevant in the context of HP
- Consider issues that were specific to the points, choices or decisions detailed in the task requirement.

Generally, up to two marks are available for a well-developed point made. However, candidates are reminded that two marks will only be awarded when the candidate successfully identifies/explains a relevant point and then develops this point by:

- Evaluating how significant the point is
- Using the information provided that relates the point directly to the organisation
- Explaining the consequences for the organisation
- Supporting the point made with relevant examples from the case material.

A failure to develop points was sometimes apparent in this exam. This particularly applied to:

- Task 1(c), where even answers that discussed relevant leadership qualities failed to apply them to the CEO's proposed programme of changes
- Task 2(a), where many comments on the figures provided were superficial and did not explain the underlying reasons for the level of, and changes in, the figures.

There appeared to be less copying and pasting of exhibit information into answers with little or no attempt to add further value to the information this sitting. Copying and pasting was most evident on:

- Task 2(b), where candidates reproduced information about the conditions resulting in risks, but did not go on to identify what the risks were.
- Task 3, where candidates copied in the detail about the concerns raised in the blog, which was not necessary to discuss how to address the concerns.

Candidates who presented purely generic answers were awarded limited marks. This sometimes occurred in answers to Task 3, where e-marketing methods were described without showing how they would improve relations with stakeholders. Candidates must avoid producing answers that merely repeat SBL syllabus knowledge or theory without making any attempt to apply this knowledge to the exam context. They must focus instead on answering the specific task set.

Professional skills marks

Many candidates had clearly thought about how to earn professional skills marks and attempted to present their answers in the appropriate format, as requested in each task requirement.

Whatever the format required by the task, the recipient will be helped by an answer that is presented and structured clearly, with headers throughout the answer. Candidates should remember that they are carrying out a professional task that has a particular purpose, and in this exam acting as a senior business analyst, serving the needs of HP's management.

Candidates must read the technical and professional requirements together, as this will assist them in producing their answers as asked, in the correct style and tone and with the correct level of professionalism. This was particularly important for Task 1(b), where the professional skill emphasised the need to challenge, in an appropriate manner, the CEO's proposals. This showed that there would be plenty of technical marks for giving reasons why the proposals would be inappropriate as well as scoring professional marks.

Task 1

HP's newly-appointed Chief Executive Officer (CEO) has sent you an email about a number of areas which she wants you to discuss.

Firstly she is keen to implement a programme of changes that focuses on maximising HP's income, but realises that she will only be able to do so successfully if she understands the organisational issues which affect the implementation of change.

- (a) Prepare a report for HP's CEO which discusses the contextual features of HP which she needs to consider when implementing her proposed programme of changes.**

(14 marks)

Professional skills marks are available for demonstrating **communication** skills by clarifying to the CEO, the contextual features she needs to consider for successful implementation of her programme of changes.

(4 marks)

Secondly, the CEO has asked for your views on her proposals about the remuneration and employment contracts of executive board of directors before she discusses them with the trustees.

- (b) Prepare an email to HP's CEO which discusses her proposals relating to the determination of the executive directors' remuneration and their employment contracts.**

(12 marks)

Professional skills marks are available for demonstrating **scepticism** skills by challenging, in an appropriate manner, the proposals made by HP's CEO concerning the executive directors' remuneration and their employment contracts.

(4 marks)

Finally, the CEO would like you to assist her in preparing a presentation for the executive directors about how leadership by the executive board can help in promoting her programme of changes.

- (c) Prepare ONE slide and supporting notes for the CEO to present to HP's executive directors which advise on the qualities of leadership they need to show in order to introduce her proposed programme of changes successfully.**

(8 marks)

Total Task 1 = 42 marks

Task 1(a)

Technical marks

Contextual features were the object of the requirement verb, suggesting that the answer should be structured around the contextual features and not around the proposed programme of changes. The term contextual features is given in the study guide for SBL, linked to the Balogun and Hope Hailey model. Using this model would have helped to generate ideas and a significant number of candidates structured their answers using the model. The preamble to the requirement reinforced the need for candidates to focus on discussing organisational (contextual) issues. A few candidates did not use the model but categorised the internal features in other ways and some scored good marks doing this.

Where the Balogun and Hope Hailey model was used to generate ideas, some aspects were covered much more often than others. Many candidates stressed the need for continued adherence to the charity's objectives, particularly the conservation of buildings. A lot of scripts discussed the capability of employees and volunteers to adopt to change and their readiness to do so. Whether HP had the financial resources to implement change was also covered frequently.

Other aspects were discussed less often. Factors affecting the scope of the changes other than HP's constitution and charity law were rarely mentioned. Few candidates considered whether diversity of previous experience of employees would facilitate change, or whether HP or its employees had previous experience of change. There was also little consideration of the timescale of change. The proposed programme would not be fully implemented instantaneously, so the CEO would need to decide which aspects should be implemented first.

Power was also not discussed often. Whilst candidates may have assumed that the CEO had the ability to implement changes as part of the remit of her role, in practice the trustees would also be significant figures, providing necessary support for the CEO if changes were unpopular. Likewise the power of opposition from stakeholders would need to be considered if changes were expected to be unpopular.

For all categories of the model, candidates often limited the marks they could gain for developing points by describing the features but saying little or nothing about how they would impact upon the implementation of the CEO's programme of change.

Many answers were not organised around the contextual features. It is likely that some candidates failed to recognise contextual features as part of Section H of the syllabus. Candidates are reminded that topics from Section H are tested regularly and they must give themselves sufficient time to learn and revise this part of the syllabus. The failure to focus on contextual elements may also often have been due to failing to read the question preamble and requirements carefully enough and therefore not understanding what was wanted.

Rather than organise their answers round contextual features, some answers focused on the proposed programme of changes, including its outcomes and its benefits and drawbacks. Other answers focused on the process and implementation of change, often bringing in Lewin's model. Some candidates appear to assume that Lewin must be mentioned whenever a question has anything to do with change – this is not so.

A number of other models were used on occasions to structure answers. The cultural web provided some useful ideas, but other models – SAF, Porter’s Five Forces and Diamond – were of limited use. Some candidates used PESTEL, which was not helpful as it meant they focused on external environmental features rather than internal (contextual) features. With all these approaches, marks were awarded when contextual features were discussed, but marks were often low as the contextual features were not the main focus of the answer and candidates wasted time in producing content that was not required.

Some candidates also spent time discussing topics which were the subject of other requirements, particularly directors’ remuneration (Task 1(b)) and e-marketing (Task 3). Before they start answering any requirements, candidates should be clear on what each requirement covers.

The main weaknesses in answers to Task 1(a) were:

- Failing to focus on contextual (internal, organisational) factors affecting change.
- Providing discussion which was not required, for example benefits and drawbacks of the programme of changes, or external features.
- Lacking depth in discussion of contextual factors, in particular not being clear on their significance for the introduction of the CEO’s programme of changes.
- Concentrating on a small number of contextual factors (in particular employees and staff) and repeating material in relation to them.

Professional skills marks

Marks often depended on how candidates had structured their answers. If answers were structured round the contextual features, the information was generally presented clearly and candidates could obtain higher marks. If candidates structured their answer in other ways, they often only obtained 1.33 marks, as their answer did not clearly present the CEO with the information needed on contextual features to make effective decisions.

Most candidates produced answers in the appropriate report format.

Task 1(b)

Technical marks

Answers to this requirement were often quite good. Candidates generally covered issues relating to all of the CEO’s proposals, although a few answers missed out one of the proposals. Scepticism was the rewarded professional skill, indicating that candidates would be expected to make criticisms. However, the question verb was discuss, indicating that candidates should cover positive as well as negative aspects of the proposals, but some candidates limited their marks by only criticising them.

Many candidates commented that comparisons of directors’ salaries with the commercial sector were inappropriate, but did not always go on to explain why. Few candidates suggested salary levels at other charities as being a more appropriate benchmark. Many answers did not consider the implications of increasing directors’ salaries to commercial levels but not increasing employees’ salaries. Some candidates raised the issue of increased costs, but did

not develop the discussion further to consider increased costs in the content of HP's financial situation.

A lot of answers queried whether a bonus should be paid as there were other, more important, calls on HP's funds. Few candidates considered the motivational impacts of the bonus. Some stronger answers questioned whether the bonus should be based on the financial criteria stated, although few answers then considered alternative methods of determining the bonus that were more aligned with HP's mission and objectives and were based on longer-term performance. Many answers identified the equal split of the bonus between directors as a potential problem, but did not always explain its implications, and few gave details of alternative ways of determining the bonus for individual directors.

Disappointingly few candidates queried whether the CEO should be proposing her own bonus. Some candidates mistakenly thought that the nomination committee would determine the bonus. Also, some candidates failed to remember that HP was a charity and suggested shares or share options as an alternative to a financial bonus.

Candidates said more about the positive aspects of extending the length of directors' contracts than the other proposals, identifying continuity and encouragement of a longer-term outlook as possible benefits. Many candidates said something about the problem of under-performing directors having their employment guaranteed for some time.

However, some of the criticisms were rather exaggerated, the suggestion often being made that directors would become lazy or complacent if they had longer contracts and, worse, that longer-term contracts would encourage fraud. Some candidates also mistakenly thought that directors having one year contracts meant that they would only be board members for a year, when in fact the contracts would generally be renewed. Disappointingly few candidates raised the issue that a one year contract period for directors is generally regarded as corporate governance best practice. Candidates often also did not consider the implications of giving directors longer contracts and more security when employees were not being given better terms, particularly as employee numbers were falling (perhaps deliberately being reduced) at some sites (Stowater per Exhibit 2).

The main weaknesses in answers to Task 1(b) were:

- Posing questions to the CEO rather than making clear statements
- Not discussing any positive points about the proposals
- Not clearly developing criticisms to show clearly what the problems were with the proposals
- Repetition of points between the proposals, for example impacts on donors' views of HP.

Professional skills marks

Many candidates scored higher marks for scepticism, as they made a number of challenges to the proposals that were clearly justified in relation to HP's situation. A few candidates largely or wholly ignored scepticism being the professional skill and focused on benefits, but generally most answers made some criticisms.

A more significant problem with answers was the way in which scepticism was expressed. Although candidates should adopt a questioning approach to demonstrate scepticism, that

does NOT mean that criticisms should be expressed in the form of questions, for example ‘Don’t you think that donors will react poorly?’ or ‘Why do you think that directors will leave?’ Criticisms should be expressed in the form of statements, not questions.

Another problem was the lack of tact demonstrated in some answers. Sometimes this was shown by the way questions were phrased: ‘Don’t you think this is a ridiculous idea?’. In other instances, the conduct of the board (including the CEO to whom the email was addressed) was questioned in blunt terms, for example bonuses meaning that the directors had an incentive to manipulate financial results. As a general comment, not just on questions where scepticism is the professional skill, candidates should be careful in how they phrase comments about the board, aiming to make clear issues or shortcomings but without using a tone or wording that would antagonise the directors.

Task 1(c)

Technical marks

It seemed that more candidates failed to answer Task 1(c) than any other task part in the exam. Possibly some candidates did not think they could say much and felt that they could miss it out without doing too much damage to their chances of passing, as it was for only 8 marks.

When candidates attempted the task, it was very often answered poorly. Some candidates did not discuss qualities of leadership but roles and responsibilities of leaders, what actions leaders should be taking and the skills and knowledge leaders should have. Some described different theoretical types of leadership. A number described management skills, such as ability to organise and control resources, rather than leadership skills. Some candidates provided a general discussion of leadership styles which was not linked to change.

Candidates need to understand that leadership means influencing and directing an organisation towards achieving its objectives. This means the ability to define and communicate clearly what the objectives are, and to inspire employees to work towards those objectives. Real-life complexities in the internal and external environment, also initial plans for change not working as expected, may mean that directors also need to be flexible in implementing their plans to achieve their objectives.

When candidates did discuss qualities of leadership, there was sometimes no reference at all to change. When these qualities would have been relevant to introducing changes, for example communication, limited credit was given, but vague general qualities were not rewarded. Communication was most often discussed, adaptability/flexibility sometimes but less was said about the need of persuasiveness, which was particularly important given the potential threat to motivation of employees and volunteers if they disagreed with the proposed changes. Few candidates discussed the need for the directors to have a clear strategic focus, which would underpin development of the programme of changes.

Even when leadership qualities were discussed in the context of change, discussion was often generic and said little about how the qualities would address issues arising from HP’s circumstances. Failure to refer HP’s situation meant that candidates could not gain additional marks for developing their points, limiting their overall mark for this part.

Many candidates used the slides and notes format well.

The main weaknesses in answers to Task 1(c) were:

- Failing to provide what the requirements asked.
- Lacking knowledge of what leadership qualities were.
- Not discussing leadership qualities in the context of introducing change.
- Failing to refer to HP's circumstances and show how leadership qualities could address issues arising at HP.

Task 2

The Chief Executive Officer (CEO) would like a comparison of the performance of two of HP's most important sites, Stowater and Thruworth. Both sites are castles which are around 400 years old and have almost identical characteristics. Their cafes are the same size and both sites' shops stock the same items.

The CEO has provided you with performance information about the two sites and wants you to make a detailed comparison of the two sites' recent performance. She does not want you to carry out any further calculations. Income allocated to the sites from membership fees and donations has been ignored.

(a) Prepare a report for HP's executive board which compares the financial and non-financial performance of the two sites and discusses the reasons for, and implications of, the results of the comparisons between them.

(18 marks)

Professional skills marks are available for demonstrating **analysis** skills by considering relevant information relating to the financial and non-financial performance of the two sites and the reasons for, and implications of, the differences in performance between them.

(4 marks)

The chair of HP's audit committee has asked your firm to undertake work relating to aspects of HP's operations which are covered in its annual report on internal control and risk management. One of your team has produced a summary of his recent visits to review operating procedures at four of HP's shops.

(b) Prepare briefing notes for HP's audit committee which assess the risks relating to shop operations and recommend actions which address the risks identified.

(14 marks)

Professional skills marks are available for demonstrating **evaluation** skills by assessing objectively the risks identified relating to shop operations and making appropriate recommendations for addressing these risks.

(4 marks)

Total Task 2 = 40 marks

Task 2(a)

Technical marks

This task was a strong differentiator between candidates and the standard of analysis varied significantly.

There were a number of poor answers where candidates just reproduced the numbers given in Exhibit 2, or merely said that one site was doing better or worse than the other or figures were up or down compared with the previous year. A few candidates said a number of times that further information was required rather than commenting on the information given.

A regular weakness in poor answers was failure to make comparisons between the two sites. Although a majority of answers were structured on a figure by figure basis, some candidates organised their answers into two sections, with one section covering one site, the other the other site. If answers were organised in this way, credit was only given where particular figures were discussed for both sites. Where answers were organised on a figure by figure basis, sometimes a figure for only one of the sites was discussed, for example the number of employees at Stowater but not Thruworth. Candidates also spent time discussing points that applied equally to both sites, for example the impact of inflation on demand or the impact of the weather on site maintenance.

Many candidates did attempt to link different figures and got some credit for doing so. Links were often made between the number of visitors and catering and shop income, satisfaction levels and the number of visitors, the number of employee/volunteers and satisfaction levels and the number of visitors and maintenance expenditure. However, a significant number of candidates did not progress far beyond linking figures, with little explanation of underlying reasons for changes. Sometimes explanations of reasons or consequences were unclear, for example saying that the fall in the number of employees at Stowater would have adverse impacts on operations, but not specifying what the adverse impacts were. Quite commonly also the analysis for one site was merely the reverse of the analysis for the other site, for example saying that catering income had fallen at Stowater because of the fall in the number of visitors, but it had risen at Thruworth due to the rise in the number of visitors.

The best answers explored the factors underlying the differences between the performance of sites, for example considering what might have caused employee unhappiness at Stowater with a consequent fall in employee numbers, or whether better marketing at Thruworth could explain stronger café and shop performance. They also examined the consequences or implications for both sites, for example different levels of maintenance expenditure resulting Thruworth attracting more visitors.

Many answers had reasonable coverage of both financial and non-financial factors, although there was a tendency for answers to be stronger on financial factors, with operating costs generally covered well. As regards the financial aspects, some candidates failed to appreciate that the sites were partly being funded by donations and these were not shown in the figures given. Many answers did not consider the level of educational visits, which was important from the viewpoint of HP fulfilling its objectives. Sometimes answers focused overmuch on one

aspect, for example staffing levels, which was brought into the discussion multiple times while other factors were not considered.

Candidates sometimes wasted time by carrying out additional calculations, which they were specifically told not to do. Candidates also made recommendations for improvements, which again they were not asked to provide. A very small number of candidates mixed up the years so that performance that should have been interpreted as improving was seen as getting worse. Some credit was given for analysis that was consistent with how candidates had interpreted the figures, but candidates must make sure they read the information sufficiently carefully to avoid mistakes like this.

The main weaknesses in answers to Task 2(a) were:

- Describing how figures had changed rather than providing explanations for changes.
- Not considering underlying factors impacting upon the figures given.
- Excessively focusing on a single reason as an explanation for most of the differences.

Professional skills marks

Professional skills marks were linked to technical marks and often depended on the depth of analysis shown. In some instances they were limited by not adopting a systematic approach and failing to discuss important aspects of performance, particularly non-financial performance. Candidates who mostly discussed the sites separately instead of comparing their performance also scored lower marks.

Task 2(b)

Technical marks

This task was generally answered well, with a number of candidates scoring full technical and professional marks. Candidates appeared to be using well what they had previously learnt for the Audit and Assurance exam.

Many candidates used a tabular format, which was acceptable here and meant that risks and suggested improvements were generally clearly linked. The danger with using a tabular format is that not enough detail is included and candidates just use single line bullet points, but this was not a particular problem with this task. A minority of weaker candidates failed to structure their answers well, which resulted in risks and recommendations being repeated and answers not being specific enough about which actions would mitigate which risks.

The most significant factor limiting marks was failure to define risks clearly. Some candidates reproduced material from Exhibit 3 about factors that contributed to risks but did not state what the impact or consequence would be for HP. Saying, for example, that only one volunteer was on duty in the shops was insufficient, the answer needed to explore what the risk consequences of this would be, such as risk of loss of inventory through theft. Sometimes candidates stated a general risk but did not define clearly enough what the issue was for HP. A common example was answers saying there was a risk of fraud but not explaining what the fraud would be.

Likewise some recommendations were too vague, for example stating money should be banked regularly but not saying precisely how often. Some recommendations were impractical or too expensive for what would often have been small shops, for example having a 24 hour security guard presence. Sometimes, candidates recommended actions that were, or should be, already happening, for example banking cash weekly or reviewing the condition of inventory, perhaps indicating that they had not read Exhibit 3 thoroughly enough.

Generally candidates worked through the information systematically. Risks and recommendations relating to cash payments were generally covered well. However, issues relating to inventory were missed on occasions. Disappointingly few candidates recommended shops having a periodic inventory count by staff who were not working in the shop. Candidates sometimes failed to suggest that discrepancies in the inventory count should be followed up and that inventory records should include the age of inventory, enabling review of slow-moving inventory. Answers sometimes were too concerned with delays in central procurement – there was no evidence these were occurring and the bigger problem with inventory ordering was likely to be the reliance on shops ordering inventory in good time, which was not guaranteed.

Some candidates gave the impression that they regarded all volunteers as potential thieves. Whilst theft by volunteers was a potential risk, it could be reduced by carrying out checks on volunteers who would work in the shop and the controls currently in place would mean that some indication would be given of possible problems at individual shops. Some answers raised the possibility of volunteers stealing cash, but did not cover the more significant risk of thieves breaking in and taking cash held insecurely in tills. Some candidates also recommended that every shop should be staffed by at least one employee on the grounds that volunteers' work would inevitably be poor, but the quality of volunteers working in the shops was not raised as an issue in Exhibit 3.

A few candidates used the TARA framework. This could be used successfully provided answers were specific about how risks could be mitigated. However, a number of candidates who used the framework just stated how the risk would be managed in general terms (Reduce, Transfer). A small number of candidates misinterpreted the requirements and discussed the risks relating to Stowater and Thruworth, the two sites featured in Task 2(a).

The main weaknesses in answers to Task 2(b) were:

- Failing to define what the risks were.
- Failing to suggest actions that were clearly required in relation to inventory.
- Over-focus on the possibility of fraud by volunteers.

Professional skills marks

Often high technical marks were reflected in high professional skills marks. Professional skills marks were limited if candidates were not clear on what the risks were and what consequences the risks would have. Recommendations were generally appropriate for addressing the risks.

Task 3

The chief executive officer (CEO) wants HP to make use of e-marketing to raise funds, as part of her programme of changes. She would like you to recommend how e-marketing can be used effectively in fundraising. However, she is also aware of recent concerns raised in the media about methods used by charities to raise funds. She has supplied you with a link to a blog which covers these issues.

Prepare briefing notes for HP's executive board which recommend how HP can effectively use e-marketing to attract and retain supporters and advise how HP can address the concerns raised in the blog about unethical fundraising.

(14 marks)

Professional skills marks are available for demonstrating **commercial acumen** skills by showing awareness of how e-marketing can be used effectively by HP to attract and retain supporters and how the concerns raised in the blog about unethical fundraising can be addressed.

(4 marks)

Total Task 3 = 18 marks

Task 3

Technical marks

The first part of the task, about using e-marketing methods to attract and retain supporters, was generally answered quite well. Candidates structured their answers around different e-marketing methods or around general considerations and both approaches could score good marks. Sometimes the 6Is were used to structure answers. Some candidates applied the 6Is well to HP's circumstances, but, as is usual with e-marketing questions, weaker candidates just listed the 6Is with little or mention of HP.

Many answers covered a variety of methods, with social media, use of influencers and search engine optimisation often being covered well, although there was less about using mobile apps to inform supporters. A lot of candidates discussed personalisation in detail, although answers would have benefited from discussing personalisation as a clear process. Candidates sometimes focused too much on the charity's website – undoubtedly it was important that it was clear and well-organised, but users would expect the website to be easy to use and this would not of itself enhance relationships.

However, answers included material that could not be given marks. This was most often due to failure to fulfil the task's requirements. Some candidates discussed e-marketing methods but without explaining how the methods would attract and retain supporters. In other instances suggestions about improving relations were too vague – for example saying use social media to enhance relations with younger supporters without explaining how. Candidates also wasted

time by providing material that was not required, discussing benefits of e-marketing other than improving relationships with supporters (for example lower marketing costs), or discussing marketing methods that were not e-marketing (such as advertising on television). A number of candidates spent some time discussing selling goods on-line rather than marketing.

The second part of the requirement, addressing concerns about unethical fundraising was not answered as well. Many candidates seemed surprised by the question.

The most significant weaknesses in answer to the second part were including material that did not address the requirements and making recommendations about concerns that were not covered in the blog in Exhibit 4. The requirements asked about how the concerns should be addressed, it did not ask what the concerns were. Nevertheless, many candidates copied, or expanded on, the material in Exhibit 4 about the concerns, which did not gain marks. The exhibit raised concerns about how HP or the third party employed by HP were using data. It did not raise concerns about threats to data security from hackers and so the security controls which many candidates mentioned did not score marks. Likewise, the blog did not raise concerns about how charities were using the money donated, so suggestions of how HP should demonstrate that money it had received was being well-spent were not rewarded.

When candidates did address the concerns raised in the blog, they often did not do so systematically. Few candidates said much about face-to-face fundraising or using third parties to raise funds, not querying whether these methods should be used at all. Candidates also often failed to recommend an effective complaints procedure. Coverage of conduct when contacting donors by telephone, asking donors about use of their personal information and publicising the charity's fundraising guidelines was better.

Some candidates limited their marks by proposing the same solution for all the issues raised, often this was training. Some candidates just said use of e-marketing methods would help resolve the problems.

The main weaknesses in answers to Task 3 were:

- Discussing e-marketing methods without showing how they would improve relationships with supporters.
- Wasting time discussing benefits of e-marketing other than improving relationships or marketing methods that were not specifically e-marketing.
- Discussing in detail concerns raised about marketing by charities when the requirement asked about how to address the concerns.
- Wasting time recommending actions that would address concerns that had not been raised.
- Failing to cover the concerns raised in the exhibit in a systematic manner, so that some obvious recommendations were missed.

Briefing notes were the prescribed format for the answer, meaning that long paragraphs should be avoided and candidates should aim to make points succinctly. However, some candidates took this too far and their answers consisted of a number of single-line points which were not developed at all.

Some answers were very brief, possibly indicating time pressure or maybe a failure to generate ideas. Most answers, however, appeared to be reasonably enough for the marks available.

Professional skills marks

Marks often followed technical marks. Marks were limited sometimes by failing to show for the first part of the task how the methods described would enhance relationships with supporters or because a limited range of methods were discussed, with generally too much focus on the website. In the second part, professional marks were restricted by the failure to fulfil the requirements and the inclusion of irrelevant content.