

Think Ahead

ACCA

Strategic Business Reporting

Marking Insight

Vicky XU
SBR China Tutor Guru

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Webinar agenda

1. General principles of SBR marking
2. Overview of the marking of Mock Exam
3. Tips

1. General principles of SBR marking (1/2)

- The examiner's published model answers are extremely detailed, and are intended as a **reference tool**.
- Credit is given for any **valid, relevant and specific** answers
- Own figure rule (**OFR**)
- No negative marking
- No marks lost for poor spelling or grammar

1. General principles of SBR marking (2/2)

- Generally **1 or 2 marks per relevant point**
- Marking will reflect the **intellectual level** demanded by the task requirements
- Technical knowledge **in context** of the given scenario – not theory
- Candidates are expected to **apply concepts and principles to complex real-life events** which invariably extend beyond a single principle

2. Overview of the marking of Mock Exam

Pre-December 2023 Mock Exams

Q1 (a)

Adjustment to Goodwill

Consideration transferred

FV adjustment – PPE/ Inventory/ Contingent liability

Q1 (b)

Financial asset (Debt/ AMC)

Expected credit loss model

Q1 (c)

Adjustment to SOFP

2. Overview of the marking of the mock exam

2.1 Spreadsheet response option

2.2 Do not omit anything

2.3 Applying your knowledge of accounting standards

2.4 Study the whole syllabus

2.1 Spreadsheet response option

Use the pre-populated spreadsheet response option:

- Workings
- **Journal entries**

2.2 Do not omit anything – Q1a

Required:

(a) Using Exhibit 1 explain the impact of the information provided on the measurement of the goodwill and the net assets of Hennops in the consolidated financial statements of Laudium for the year ended 31 December 20X6.

Also Laudium capitalised diligence costs of \$700,000 when acquiring Hennops. Cost should be capitalized if it is directly to obtain subsidiary. The diligence costs is irrelevant about obtain Hennops Co. So the costs should be expensed. This would increased goodwill by 0.7m and overstated profits.

2.3 Applying your knowledge of accounting standards

- ❑ **Accounting standards only is clearly insufficient. However, defining technical terms is still necessary – don't expect to pass on it**
- ❑ **Justification is more important than the opinion**
- ❑ **Use supporting evidence – from the scenario!**

2.3 Applying your knowledge of accounting standards – Q1b

If the requirement is to explain the accounting treatment in a given scenario, answers are best structured such that the **standard or treatment is first explained** (an expression of the candidate's knowledge), and **then arrive at a recommended treatment** (application of the standard to the scenario).

Weaker answers may skip the 'knowledge' aspects, and jump to a conclusion, or even demand compliance with a standard without any discussion of the scenario.

2.3 Applying your knowledge of accounting standards – Q1b

on the basis of assumption that the final repayment will be made, the present value of the final repayment at the end of 20x6 is measured at \$9.07million, discounted at effective annual rate of interest implicit in this loan 5%. considering the interest received \$0.4million and the arrangement cost \$0.2million, the value of this bond totals at a negative amount, -\$0.73million, which means it becomes for laudium actually a loss to be charged, taking time value into account.

Dr financial asset \$9.07m

Dr loss \$0.73m

Cr cash \$10m

Examples - 2020/3 Q2a iii

Mrs Shaw

Mrs Shaw is the wife of Mr Shaw, the head accountant of Bagshot Co. She is not an employee of Bagshot Co and does not know about the proposed restructure. However, Mrs Shaw recently acquired 5% of the equity shares in Bagshot Co. Mr Shaw is considering informing his wife of the proposed restructure so that she can make an informed decision as to whether to divest her shareholding or not. Mr Shaw is concerned that, in the short term at least, the inclusion of any restructuring costs would be harmful to the profitability of Bagshot Co. It is also uncertain as to how the market may react should the restructure take place. It is, however, anticipated that in the long term, shareholder value would be enhanced.

Required:

- (a) (i) **Discuss the appropriate accounting treatment of the restructuring costs in the financial statements of Bagshot Co for the year ended 31 December 20X5.** (6 marks)
- (ii) **Discuss what is meant by good stewardship of a company and whether the restructure and the recognition of a restructuring provision in the financial statements are examples of good stewardship.** (4 marks)
- (iii) **Discuss briefly whether Mrs Shaw's acquisition of the equity shares in Bagshot Co should be disclosed as a related party transaction.** (3 marks)

Examples - 2020/3 Q2a iii

(iii) According to IAS 24 Related party, a related party is a person or entity that is related to the entity that is preparing its financial statements. A person or a close member of the that person's family is related to a reporting entity if that person is a member of the key management personnel of the reporting entity. Mr. Shaw is the head accountant of Bagshot Co and he is not a member of the board of directors. So Mr. Shaw is not the key management personnel. ←

And IAS24 also states that a person or a close member of that person's family is related to a reporting entity if that person has control or joint control or has significant influence over the reporting entity. Mrs Shaw holds 5% of the equity shares in Bagshot Co. It seems like a financial instrument. The associate usually hold at least 20%-50% of the equity and the subsidiary usually holds more than 50% of the equity. So the Mrs Shaw's acquisition of the equity shares in Bagshot Co should not disclosed as a related party transaction.←



Windows 用户

1 分, 论述 Mrs. Shaw 不是主要管理层的 close member。←



Windows 用户

2 分, 论述 Mrs. Shaw 对公司不具有控制或者重大影响。并得出结论。←

2.4 Study the whole syllabus

- The Sustainable Development Goals
- Sustainability reporting
- Integrated reporting
- Management Commentary
- Climate-related disclosures and investor focus
- Substantial modification to Financial liability
- IFRS 9, Financial Instruments, part 1 | part 2

[SBR Technical articles | ACCA Global](#)

3. Tips

Volume and format of writing

- Driven by the number of marks available or allocated
- 1 good, well developed point = 1 mark
- Identify each distinct point
- Use headings

Style of writing

- Avoid long, complex, hard to read sentences
- Short, succinct points
- Avoid rambling and repetition

3. Tips

- **Presentation**
- **Logical flow of the answer**
- **Clarity of the justification and explanations provided**
- It is the application of the information that will gain the marks as well as the implications for the investor or entity. Rote learned information will not gain the marks. The marker has to **judge whether the answer could be presented to a client (question mark?)** and whether there is real understanding of the issues.

- **Practice exam question TO TIME is essential!**



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Thank you!