

# Examiners Report

Exam Name and Code:	<b>Financial Accounting and Reporting IFRS December 2023</b>
Paper performance overview, what worked well with candidates and areas that they were weak on, how they responded.	
<p>Candidates were strong on basic consolidation adjustments, explaining the accounting treatment for single entity financial statements together with calculations and most scored well on written aspects across the examination, particularly where this tested core areas.</p> <p>At the time candidates were weak at applying their knowledge to the scenario and knowledge on areas of the syllabus that would not be tested at every sitting was weak.</p>	
Question 1 performance (include each syllabus area covered)	
<p><i>Syllabus areas covered 1b, 1d, 2b, 2c.</i></p> <p>Presentation on this question was done well and workings referenced, the main weakness however was the presentation of the NCA Held for Sale, with many omitting it, despite having done the correct calculations in their workings or including it within NCA rather than CA.</p> <p>The technical elements on this question, overall, were well attempted. Calculations of the PPE elements were strong, however there was a bit of confusion regarding borrowing costs and how to calculate the weighted average cost of borrowing.</p> <p>Provision workings were often well attempted, however candidates' as in previous sittings, did struggle to post the 'adjusting' entries required.</p> <p>Weaker areas: Intangibles, with a majority not appreciating that the brand could not be revalued.</p> <p>Tax - disappointingly a lot were unable to deal with the b/f underprovision, which is brought forward knowledge from Accounting.</p> <p>The answers to a provision note disclosure and how it produces useful information</p>	

were weak with most students looking like they were completely unfamiliar with the layout and lots of students unable to make comments beyond it tells users about the provision.

#### Question 2 performance (include each syllabus area covered)

*Syllabus areas covered 1i, 2b, 2d, 2e*

Lease calculations and discussions were generally excellent, with many scoring close to full marks for that element. A few weaker candidates deducted the initial payment from the ROUA, but still scored well on the liability element.

Revenue recognition was also discussed well in the context of a slightly unusual scenario which was pleasing to see. There were still a minority who churned out the 5 steps with little application which will not score well.

The related party element was well identified and appropriate disclosures discussed.

Financial instruments were weaker with lots of learners muddling up financial liabilities and financial assets.

Ethics answers were probably not as strong as in previous sittings and the principles must be applied to the scenario. Good marks overall though were still achieved by many candidates.

UK GAAP discussions were very weak with evidence that they simply hadn't been learned by the candidates.

#### Question 3 performance (include each syllabus area covered)

*Syllabus areas covered 2c, 3d, 3e*

Closing inventory calculations were performed well on the whole, with the main weakness being that candidates did not always know what costs should be included or excluded from the cost of inventory.

Despite cash flow statements often being disliked by candidates, this part of the question was attempted well by many candidates. Weaker candidates failed to attempt it at all.

The main area of confusion often lay with calculation of the Sales Proceeds from the disposal of the subsidiary, however good attempts at the required workings were made (especially regarding Goodwill at disposal for example).

Those candidates who adopted a methodical approach, such as T account workings, did well.

## Question 4 performance (include each syllabus area covered)

### *Syllabus areas covered 3 d, 3e*

Again, presentation of the final statement and workings were well done here by the majority, which was pleasing to see.

Again, this was on the whole, well attempted.

A few areas that challenged candidates were:

-Calculations of the FV Depn - some messing up date calculations

-Inventory PURP on JV - forgetting to multiply by P's % invt in JV and/or incorrectly including it in the share of A's profit as opposed to P's COS.

-A couple of weaker candidates omitted to take P's % of S's dividend from investment income, however most did.

Candidates, overall, struggled with recalculating the closing value of NCA.

Most failed to appreciate the difference between which NCA would be included in group financial statements as opposed to individual financial statements.

Those who at least spent a few minutes thinking about the NCA's to include and had a go at the workings scored well even if very few calculations were completely accurate.

Some either ran out of time or simply didn't know what to include in their answers.

### Summary and helpful hints

There was some evidence that time management may have been an issue with too long spent on q1 to the detriment of questions 3 and 4.

Students must read what accounting treatment has been adopted in the question and ensure that their adjustments are correcting any errors from the initial accounting treatment.

Written elements often score good marks but use the number of marks available to consider the length of your answer.

UK GAAP adjustments are easy marks if they've been learned but will never be a significant number of marks.

Attempt all parts of each question however brief your attempt may be. It is important that candidates get to grips with at least the basics of statement of cashflows as they will be on every examination