BPP LEARNING MEDIA

ACCA ERRATA SHEET

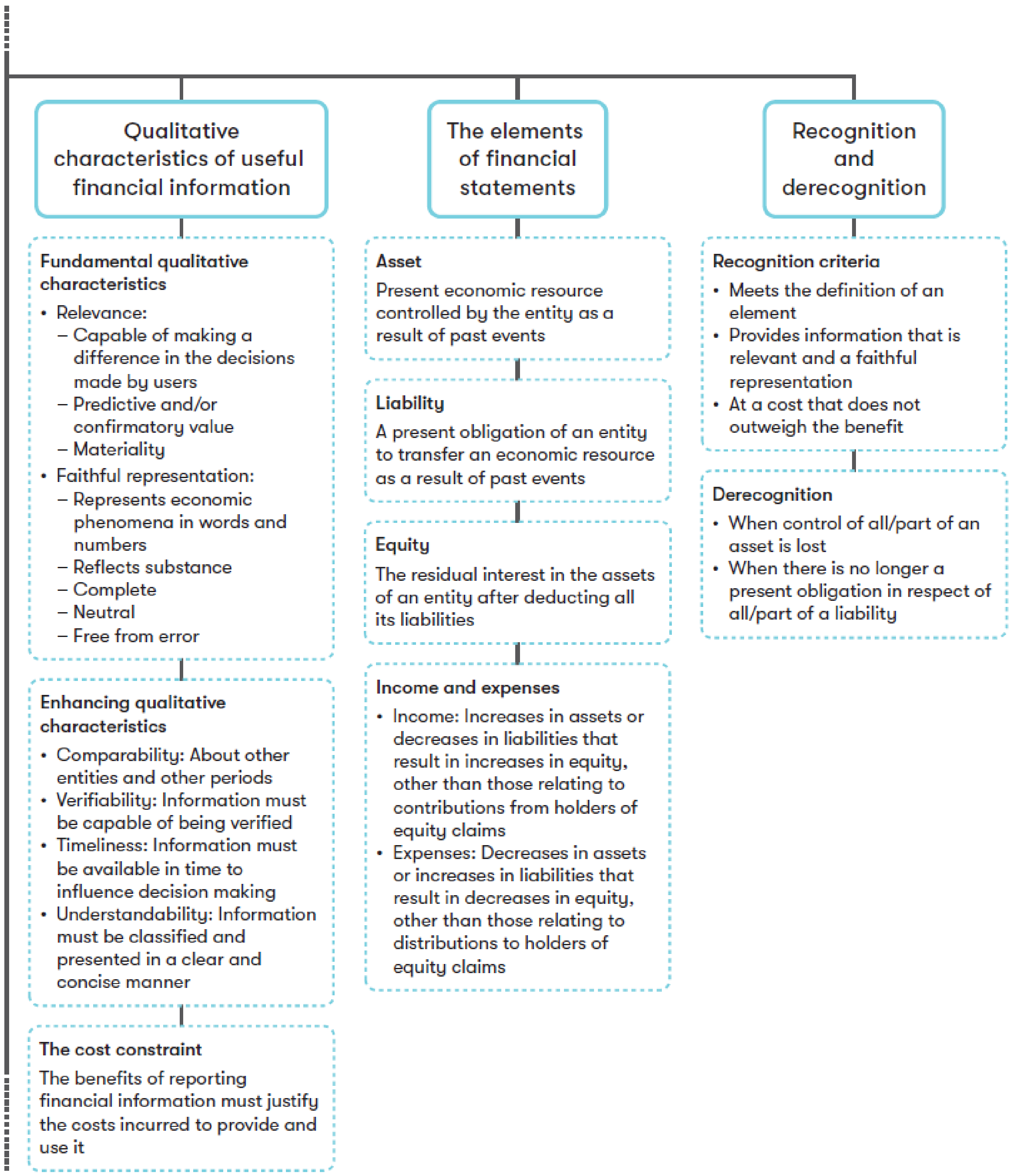
Financial Reporting 2023-24

03/2024

Workbook

Pages 15 and 16, Chapter 1, Chapter summary

There is a diagram missing from the chapter summary which should appear in between the diagrams on pages 15 and 16. The diagram is provided below:



Page 53, Chapter 3, Illustration 5

The calculation is correct ($8,750), however the highlighted text relating to the calculation of the investment income should be on the line above:

2		$	$
3	**Borrowing costs**		
4	To 31 December 20X6 $500,000/$1,000,000 x 9%	45,000	90,000
5	Less investment income	(8,750)	(17,500)
6	To 30 June 20X6 $250,000/$500,000 x 7% x 6/12	36,250	72,500

Pages 144, 147, 148 Skills Checkpoint 2, Q3

The question and distractors for Q3 should say:

Every five years significant expenditure will need to be incurred in order to replace the circuit board within the machine. How should this be accounted for?

- Write off the cost of the circuit board as maintenance costs in profit or loss in the year it is incurred
- Capitalise the cost of the circuit board when it is incurred in year 5 and depreciate this cost over five years
- Capitalise the cost of the circuit board when it is incurred in year 5 and depreciate this cost over the remaining useful life of the machine
- Recognise a provision for the cost of the new circuit board at the date of acquisition

The solution advice should read as follows:

The correct answer is: Capitalise the cost of the circuit board when it is incurred in year 5 and depreciate this cost over five years.

The cost of the circuit board relates to asset expenditure as it is capital in nature and so should not be written off in the statement of profit or loss as this will understate both assets and profit.

The cost of the circuit board should therefore be capitalised when it is incurred. Given that the cost relates to a specific component (ie the circuit board) it will be depreciated over the useful life of the circuit board (five years).

A provision cannot be recognised because an obligation does not exist independently of the entity's future actions, for example, the entity could sell the machine and avoid having replace the circuit board and therefore incur the associated costs. Provisions are covered later in the course.

Page 596, Chapter 6 Activity 6

The solution incorrectly allocates the impairment to goodwill first, but since an asset was destroyed it should be allocated to that asset first then goodwill.

The solution should read:

There has been an impairment loss of $1.4 million ($4.5m – $3.1m).

The impairment loss will be recognised in profit or loss. The loss would normally be allocated between the assets in the cash-generating unit as follows.

1. A loss of $0.5 million should be allocated to goodwill in the first instance.
2. The remaining loss of $0.9 million will then be attributed directly to the uninsured asset that has been destroyed.

However, as an uninsured asset was destroyed this needs to be impaired to nil first. The loss will therefore be allocated:

1. A loss of $1m should be allocated to the destroyed asset
2. The remaining loss of $0.4m will then be attributed to the goodwill.

The carrying amount of the non-current assets will now be $3m and goodwill will be $0.4m.

Page 247, Chapter 10, Illustration 1

In the table below the total comprehensive income for Mart does not cast. The figure in yellow below should read 110.

	Mart	Oat	Pipe
	$m	$m	$m
Revenue	800	140	230
Cost of sales and expenses	(680)	(90)	(170)
Profit before tax	120	50	60
Income tax expense	(30)	(15)	(20)
Profit for the year	90	35	40
Other comprehensive income for the year (net of tax)			
Gains on property revaluation	20	5	10
Total comprehensive income for the year	95	40	50

Pages 373, Chapter 15, Illustration

Product C's NRV doesn't cast - it should be 22 - 8 - 2 = 12. Then the cost is the same as the NRV so the valuation is 12.

Spreadsheet

Edit Format

100%

F6=SUM(F3:F5)

	A	B	C	D	E	F
1	*Product*	*Cost*	*NRV*	*Valuation*	*Quantity*	*Total Value*
2		$	$	$	Units	$
3	A	20	30 - 7 = 23	20	200	4,000
4	B	9	12 - 2 - 2 = 8	8	150	1,200
5	C	12	22 - 8 - 2 = ~~10~~ 12	12	300	3,600
6						8,800

Further Question Practice

The end of each chapter in the Workbook lists Question Practice to attempt in the Further Question Practice (FQP) bank. The following question numbers are incorrect.

Chapter number	FQP question number per Chapter Question practice	Corrected FQP question number
1, p18	Section C Q23 Conceptual Framework	Section C Q35 Conceptual Framework
2, p35	Section C Q24 Regulators Section C Q25(a) Standard setters	Section C Q36 Regulators Section C Q37(a) Standard setters
3, p59	Section B Q22(a) Section C Q27 Gains Co	Section B Q30 Section C Q39 Gains Co
4, p79	Section C Q28 Biogenics	Section C Q40 Biogenics
5, p96	Section B Q22 Section C Q29 Multiplex Co	Section B Q32, Q33 Section C Q41 Multiplex Co
6, p136	Section C Q42 Jenson Co Section C Q43 Trontacc Co	Section C Q54 Jenson Co Section C Q55 Trontacc Co
8, p207	Section C Q31 Barcelona Co and Madrid Co Section C Q32 Reprise Group Section C Q36 Highveldt Co Section C Q56 Armstrong Co	Section C Q43 Barcelona Co and Madrid Co Section C Q44 Reprise Group Section C Q48 Highveldt Co Section C Q68 Armstrong Co
9, p238	Section C Q33 Fallowfield Co and Rusholme Co Section C Q34 Panther Group	Section C Q45 Fallowfield Co and Rusholme Co Section C Q46 Panther Group
11, p276	Section C Q35 Hever Co	Section C Q47 Hever Co
12, p313	Section C Q40 Financial assets and liabilities	Section C Q52 Financial assets and liabilities
13, p333	Section B Q21 Section C Q45 Bulwell Aggregates Co Section C Q46 Lis Co	Section B Q25 to 29 Section C Q57 Bulwell Aggregates Co Section C Q58 Lis Co
14, p364	Section B Q20 Section C Q39 Provisions	Section B Q20 to 24 Section C Q51 Provisions
15, p380	Section C Q37 Villandry Co Section C Q38 Biological assets	Section C Q49 Villandry Co Section C Q50 Biological assets
16, p402	Section B Q22(b) Section C Q44 Telenorth Co Section C Q47 Carpati Co	Section B Q31 Section C Q56 Telenorth Co Section C Q59 Carpati Co
17, p428	Section C Q26 Polymer Co Section C Q44(a)(b) Telenorth Co	Section C Q38 Polymer Co Section C Q56(a)(b) Telenorth Co
18, p453	Section B Q22(e) Section C Q30 Hewlett Co	Section B Q34 Section C Q42 Hewlett Co
19, p489	Section C Q41 Alpha Co Section C Q44 Telenorth Co Section C Q48 Pilum Co	Section C Q53 Alpha Co Section C Q56 Telenorth Co Section C Q60 Pilum Co
20, p520	Section C Q35 Hever Co Section C Q49 Biggerbuys Co Section C Q50 Webster Co Section C Q51 Xpand Co	Section C Q47 Hever Co Section C Q61 Biggerbuys Co Section C Q62 Webster Co Section C Q63 Xpand Co
21, p535	Section C Q41 Alpha Co	Section C Q53 Alpha Co
22, p564	Section C Q52 Dundee Co Section C Q53 Elmgrove Co	Section C Q64 Dundee Co Section C Q65 Elmgrove Co
23, p576	Section C Q25 Standard setters Section C Q54 Measurement Section C Q55 Not for profit	Section C Q37 Standard setters Section C Q66 Measurement Section C Q67 Not for profit

Essential reading, Chapter 13

Page 647, Activity 7 Sidcup Co

The activity requirement is incorrect, the requirement should state:

What is the amount of the gain in respect of the leased building that should be recognised on 1 January 20X6 in the financial statements of Sidcup Co?

Activity 7: Sidcup Co

On 1 January 20X6, Sidcup Co sold its head office building to Eltham Co for $3 million and immediately leased it back on a 10-year lease. On that date, the carrying amount of the building was $2.6 million and its fair value was $3 million. The present value of the lease payments was calculated as $2.1 million. The remaining useful life of the building to Sidcup Co at 1 January 20X6 was 9 years. The transaction constituted a sale in accordance with IFRS 15.

Required

~~A right-of-use asset must be recognised in respect of the leased building. At what amount should this right-of-use asset be recognised on 1 January 20X6 in the financial statements of Sidcup Co?~~

- $2,100,000
- $1,820,000
- $3,000,000
- $280,000
- $400,000
- Nil
- $280,000
- $120,000

Essential reading, Chapter 18

Page 686, Activity 6 Tabby Co

The activity is missing the inventory figures, it should state that the opening inventory is $122, and closing is $143.

Page 802, Solution to Q46 Panther Co

The calculation of non-controlling interest should **not** include the $20,000 intra-group interest charge between Panther Co and Sabre Co. Therefore the profit for the year attributable to NCI should be $116,000 and the total comprehensive income for the year should be $152,000.

The solution should show as follows:

	$'000	
Finance costs (200 + (70 × 6/12) – (W3) 20 cancellation)	(215)	
Finance income (50 – (W3) 20 cancellation)	30	
Profit before tax	4,750	
Income tax expense (1,300 + (220 × 6/12))	(1,410)	
Profit for the year	3,340	
Other comprehensive income for the year, net of tax (1,600 + (180 × 6/12))	1,690	
Total comprehensive income for the year	5,030	
Profit attributable to:		
Owners of the parent (3,340 – 124)	~~3,216~~	3,224
Non-controlling interests (W1)	~~124~~	116
	3,340	
Total comprehensive income attributable to:		
Owners of the parent (5,030 – 160)	~~4,870~~	4,878
Non-controlling interests (W1)	~~160~~	152
	5,030	

Workings

1 ***Non-controlling interests***

		PFY	TCI	
		$'000	$'000	
Profit/TCI for the year (610 × 6/12) / (790 × 6/12)		305	395	
Less PUP (W2)		(10)	(10)	
~~Add back intragroup interest (W3)~~		~~20~~	~~20~~	
Additional depreciation on fair value adjustment (W4)		(5)	(5)	
	290	~~310~~	~~400~~	380
NCI share (× 40%)	116	~~124~~	~~160~~	152

Page 819, Solution to Q57 Bulwell Aggregates

The depreciation is correctly calculated as $12,500, but this is incorrectly shown in the PL in each year, and the SFP extract in 20X1.

	20X1	20X2	20X3	20X4
	$	$	$	$
Finance cost	11,250	8,063	4,078	
Depreciation on lorries	~~13,500~~	~~13,500~~	~~13,500~~	~~13,500~~

Correct figures:

PL extract	20X1	20X2	20X3	20X4
	$	$	$	$
Finance cost	11,250	8,063	4,078	-
Depreciatin on lorries	12,500	12,500	12,500	12,500

In the SFP extract the depreciation for 20X1 should be 12,500.