

Tutors' marking guide for Business Planning: Banking December 2018

Marking documents

The tutors' marking guide set out below is for the exclusive use of tutors as guidance to how marks are awarded.

The marking information was that used to mark the questions. Markers used discretion and awarded partial marks where a point was either not explained fully or made by implication. More marks are available than the maximum that can be awarded for some requirements. This is indicated by the headroom column.

Question 1 – Bonelli Bank

Question	Max	Head-Room	Mark Analysis	Marks
1.1 Key risks from FICC strategy	12	15	1-2 marks per risk depending on explanation of risk and use of scenario in the question	
1.2 Impact of divestment on profitability and regulatory capital	12	13	1-2 marks per point depending on explanation and use of scenario in the question	
1.3 Audit committee treatment of issues in the skilled person report extract	8	10	1 mark per relevant point	
1.4 Ethical issues, actions and safeguards	8	10	1 mark for each explained ethical issue 1 mark for each <u>relevant</u> action ½ - 1 mark for each <u>relevant</u> safeguard	
Total Marks	40	48		

Question 2 – Flatfive Bank

Question	Max	Head-Room	Mark Analysis	Marks
2.1 Analysis of the loan to Papsak	15	18	1-2 marks per comment depending on the explanation and use of scenario in the question	
2.2 Loan to Lekker: a) Appropriateness of forbearance b) FR treatment	8	9	a) 1 mark per relevant comment b) 6% is the correct discount rate Calculation of recoverable amount Calculation and treatment of impairment Further impairment may be required Security may reduce the impairment allowance	4 1 1 1 1 1
2.3 Internal audit approach	7	8	1 mark per relevant point	
Total Marks	30	35		

Question 3 – Mozza Bank

Question	Max	Head-Room	Mark Analysis	Marks
3.1 Financial reporting treatment of three issues	9	14	Early adoption of IFRS 9 for own credit Repurchase agreement - Journal entries Currency swap - Journal entries <i>Note: limited marks were awarded if candidates considered hedge accounting</i>	6 3 1 3 1
3.2 Calculate and evaluate LCR	4	6	Explanation of LCR Calculation of HQLA Calculation of net cash outflows Conclusion and evaluation	1 1½ 1 2½
3.3 Key audit risks and procedures	17	20	1-2 marks per risk depending on explanation of risk and use of scenario in the question ½ - 1 mark per procedure depending on explanation	
Total Marks	30	40		