



APC
Accounting Practise Center

ACCA Strategic Business Leader (SBL)

MOCK EXAM 1 Tasks

March 2024

Case name: Athletic Transcentral (AT) football club

(SAMPLE)

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Introduction

This exam contains past exam content and indicates how the live exam will be structured and assessed, the likely layout and style of the case study, and the range of response options that could be presented to you in the workspace for each task.

You should use this exam to become familiar with the workspace and the features and functionality contained within the live exam.

The past content exam is reflective of the live exam experience but has some differences:

- The live exam will be timed, however there is no time limit in the past content exam.
- If you want to sit this exam in exam-style conditions you should answer the case study presented within a **3 hour 15 minute time period**.
- Once you have started this past content exam, you are able to leave at any time by closing the browser window. When you return, anything you have entered into the response options will be saved and you can continue sitting the exam.
- In the live exam your answers entered into the workspace response options will be expert-marked. At the end of this exam you should use the solution material provided to assess your performance.
- You will be able to access solution material at the end of this exam when using the Self-Marking resources which include a Marking Guide and Sample Answer for each question. If you wish to access these without completing the questions, click on **End Exam** on the Item Review Screen and navigate to the Marking tab on the Dashboard to Self-Mark.

Instructions (1 of 4)

The instructions displayed below are representative of those displayed in the live exam. Where there are differences between this exam and the live exam these are explained.

General Instructions

- In this exam, the instruction screens are not timed however in the live exam they will be available for a maximum of 10 minutes prior to the exam starting.
- In the live exam, the stated exam time will automatically start once the 10 minute period has passed (or earlier if you choose to start the exam within the 10 minute period).
- A copy of the instruction screens can be accessed at any time during the exam by selecting the Help button provided.

The Workspace

- Your exam consists of one case study. This case study is split into three tasks, each of which have their own workspace. Each workspace will include:
 - Introductory information for the case study.
 - Exhibits – these contain new information relevant to the case study that you will need to answer the task.
 - Pre-seen information - background information on the case study that you will already have familiarised yourself with.
 - The task - this will be the task you are expected to complete in the workspace.
 - Response Options – you will be presented with response options (word processor, spreadsheet and slides) within which to construct your answer.
- When selected, the exhibits, the pre-seen information, the task and the response options will display in windows, which can be moved and resized as required.
- You can close each window individually or close all windows at once by selecting **Close All** on the top toolbar. This minimises the open windows to the left-hand side of the screen. Note that any answers you have entered into the response options will be saved and you can re-open them and change your answers at any time.
- There is a splitter bar which you can move to see more or less of the left or right hand side of the screen as required.
- You can highlight or strikethrough text in the introductory information, PDF exhibits, pre-seen information or tasks by selecting **Highlight** or **Strikethrough**.
- You can copy and paste between exhibits, pre-seen information, the task and response options by using the Ctrl-C (Copy) and Ctrl-V (Paste) shortcuts.

Instructions (2 of 4)

Navigation

- The task number you are viewing is displayed in the top display bar. You can hide or restore this display by selecting **Hide/Show**.
- You can navigate between screens by selecting **Next** or **Previous** or by clicking on a task number from the Navigator or Item Review screens.
- You can revisit tasks and change your answers at any time during the exam.

Flag for Review

- If you wish to revisit/review any of the tasks later in the exam click **Flag for Review**.
- Click the button again to remove the flag.

Help

- Click **Help** to access:
 - A copy of these exam instructions.
 - Help and guidance on workspaces.

Calculator

- You have the option to use the on-screen standard or scientific calculators by selecting **Calculator**.
- Note that in the live exam you are also permitted to use your own calculator providing it does not have the facility to store or display text.

Instructions (3 of 4)

Workings/Scratch Pad

- You may use an on-screen Scratch Pad to make notes/workings by selecting **Scratch Pad**.
- You can cut and copy text from the Scratch Pad and paste into your response options either by using the Ctrl-C (Copy), Ctrl-X (Cut) and Ctrl-V (Paste) shortcuts, or the on-screen buttons.
- The Scratch Pad retains all notes/workings entered for all workspaces and these are available for the duration of the exam. They will not be submitted for marking after your live exam.
- You will also be provided with paper for notes/workings for your live exam, should you prefer to use it. This will not be submitted for marking. It will be collected at the end of the exam and must not be removed from the exam room.
- **Important:**
 - The notes/workings entered onto the Scratch Pad or your workings paper during the live exam will not be marked.
 - If you want the marker to see any notes/workings for tasks in the live exam you must show them within the relevant response options.

Symbol

- You can add a selection of currency symbols to your answers by selecting **Symbol** on the top toolbar.

Navigator Screen

- Navigator can be accessed at any time during the exam by selecting **Navigator**.
- This screen allows you to jump to any task in the exam.
- It also allows you to see the status of each task and whether it has been viewed, attempted or flagged for review.

Instructions (4 of 4)

Reviewing the Exam

- You can review this case study exam once you have attempted any, or all, of the tasks.
- To do this:
 - Navigate to the **last task** in the exam.
 - Click **Next** → .
- This takes you to the Item Review screen.

Item Review Screen

- This screen gives you a final opportunity to see the flag and attempted status of the tasks and to review your answers before you exit the exam.
- You can select individual tasks you wish to revisit, or quickly access all flagged or unanswered tasks from the Item Review screen.
- During the item review period Navigator is not available however you can navigate to tasks by selecting **Next** →, **← Previous** or **Review Screen**.
- When reviewing tasks you can change your answers and click **Review Screen** to view any updated status on the Item Review screen.

Ending the Exam

- Once you have completed your review of the tasks and wish to finally end the exam click **End Exam** from the Item Review Screen.
- Once you end the exam, you cannot revisit any tasks. Your answers will then be available for marking and review.

Exam Summary

Time allowed: This exam is not timed.

This case study exam consists of three tasks worth **100 marks** in total.

All tasks are compulsory.

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Exhibit 1 – Overview of Player Recruitment and Facility Upgrade Projects

Athletic Transcentral (AT) is considering two significant investments to enhance its competitiveness and fan engagement:

1. recruiting emerging football talent and
2. upgrading its training facilities.

Both investments have been appraised by the finance director over a ten-year period, as directed by the board.

The projections are based on cumulative results for the decade.

Investment Areas	Emerging Football Talent	Training Facility Upgrades
Investment Focus	Recruiting young, promising players	Modernizing and expanding the club's training facilities
Cost Per Investment	Average transfer fee of \$3 million, with additional \$500,000 in development costs per player.	Facility upgrades estimated at \$20 million for comprehensive modernization.
Gross Profit Margin	50%, ... sale profits.	70%,unity program revenues.
Operating Profit Margin	20%, after accounting for training, wages, and agent fees.
Payback Period		
Net Present Value (NPV)		
Initial Investment Required		
First Revenue Reception		
Target Market		
Competition		

Exhibit 2 – Compliance Committee & Staff Reaction

To: Consultant

From: Administration director

Subject: Compliance Committee Proposal and Staff Concerns

Hi,

I seek your insight into my proposal for establishing a Compliance Committee in response to our recent breach of Financial Fair Play Regulations (FFPR) and to evaluate the potential impact of negative staff reactions to the necessary operational changes.

...

Main Roles of the Compliance Committee:

- Developing and overseeing a comprehensive compliance program in alignment with FFPR and other applicable regulations.
- Conducting regular audits of financial transactions and player acquisitions to ensure compliance.
- ...
- Educating and training staff on compliance requirements and best practices.
- Engaging with regulatory bodies to ensure AT's practices meet current standards.
- Recommending compliance-related actions to the board for approval.

The frequency of the committee meetings will be determined based on the evolving regulatory landscape and the club's operational needs.

Benefits and Concerns of the Proposal:

Benefits include a structured approach to managing compliance risks and enhancing AT's reputation. However, challenges may arise from integrating new compliance measures into existing operations and ensuring full staff cooperation and understanding.

- ...

Impact on the Change Process:

Negative staff reactions could hinder the effectiveness of the new compliance measures, impacting morale and potentially causing resistance to necessary changes.

I appreciate your feedback on the Compliance Committee proposal and guidance on addressing staff concerns to facilitate a smooth transition and restore AT's compliance with FFPR.

Regards,

Administration director

Exhibit 3 – Risk Mitigating Activities for Athletic Transcentral

Potential Risk	Risk Level	Risk Mitigating Activities
FFPR Non-Compliance	Critical	<ul style="list-style-type: none"> - Regular audits and financial reviews - Education and training on FFPR for staff - Establishing a compliance committee
Injury to Key Players	..	
Cybersecurity Threats		..
Reputation Risk from Negative Publicity
Market Competition and Player Retention	Moderate	<ul style="list-style-type: none"> - Strategic player recruitment and retention plans - Competitive salary structures and bonuses - Investment in youth academy to develop in-house talent
Stadium Safety and Security	Moderate	<ul style="list-style-type: none"> - Regular safety audits and drills - Collaboration with local authorities for match day security - Installation of state-of-the-art surveillance and emergency response systems

Exhibit 4 – Board Meeting on Athletic Transcentral's Marketing Strategy

Chief Executive Officer: I'm concerned our engagement tactics might seem outdated. We're not fully leveraging modern platforms to connect with our fans, potentially falling behind in how we interact compared to our competitors.

Chair: Historically, we've excelled in creating a community feel around our club, treating fans not just as spectators but as part of the Athletic Transcentral family. This has been one of our strengths, but we need to adapt and extend this approach into the digital age.

Finance Director: While I support the push towards digital communities, it's crucial we don't lose sight of the individual fan in the process. Our current marketing efforts feel scattergun; we haven't fully ...

Marketing and ... that our marketing strategies align with and promote the areas where we're investing heavily, such as youth development and community engagement programs. With the search for a new marketing director ongoing, we need interim solutions that allow us to pivot our marketing efforts more towards digital engagement without losing the personal touch that has defined our club's relationship with its supporters.

Chief Executive Officer: Ultimately, our marketing needs to reflect and promote the innovative steps we're ...tegies that leverage digital platforms to enhance our club's visibility and connection with fans globally.

Task 1:

Athletic Transcentral (AT) football club is deliberating on two major investment opportunities to enhance its competitive edge and fan engagement:

1. the ... and
2. the

These strategic investments, analyzed by the finance director, are crucial for the club's long-term success but require substantial initial outlay, with the club facing budget constraints that necessitate a choice between the two.

The Chief ... position over the next decade. Your insights are sought to guide the board's decision-making process.

Prepare a report to the board that:

- Evaluates the ...tential impact on AT's competitiveness, fan base growth, and alignment with the club's long-term vision.
- Recommends which ...ers both financial returns and the broader strategic benefits to Athletic Transcentral.

(26 marks)

*Professional skills marks are available for demonstrating **evaluation skills** by making justified recommendations which are based on a balanced assessment of both options.*

(4 Marks)

Task 2:

The board of Athletic Transcentral (AT) is navigating through the aftermath of a breach of Financial ... aligns with the club's commitment to uphold governance best practices in the sports industry.

The Chief ... enforcing AT's governance framework and restoring its reputation.

(a) Draft a letter to the Chief Executive, providing a critical assessment of the Compliance Committee proposal.

Your letter should ..., and suggest improvements. The evaluation should also cover any aspects not considered in the initial proposal.

(14 marks)

Professional skills marks are available for demonstrating *communication skills* in demonstrating effective communication in articulating the advantages and potential pitfalls associated with the Compliance Committee proposal to the Chief Executive.

(4 marks)

Following the FFPR breach, the and execute strategic transformations.

(b) Compile ... change.

Your analysis should explore the implications of staff resistance across different stages of the change process, offering insights into managing and mitigating these challenges to facilitate a smooth transition.

(10 marks)

Professional skills marks are available for demonstrating *analysis skills* in evaluating the consequences of employee dissatisfaction on AT's change management strategies, particularly in the context of enhancing governance and compliance practices.

(4 marks)

Task 3:

Athletic Transcentral's (AT) ... Regulations (FFPR).

The CEO has ...ied by the club.

The CEO seeks your expertise to scrutinize and enhance these risk management strategies.

(a) Draft a report for the Chief Executive Officer that:

- Assesses the ...irector for each identified risk.
- Proposes ...e.

(16 marks)

Professional skills marks are awarded for *scepticism skills* demonstrating a critical approach in evaluating the ... practices.

(4 marks)

With the absence ...d market presence, the Chief Executive Officer is exploring the potential of e-marketing strategies.

This initiative ...es to better connect with fans and stakeholders.

(b) Compile briefing notes for the board that:

- Highlight .. current marketing challenges and objectives.
- Link the ... as enhancing fan engagement, leveraging digital platforms for broader reach, and personalizing marketing communications.

(14 marks)

Professional marks are allocated for demonstrating *commercial acumen skills* by effectively connecting the advantages of e-marketing strategies to Athletic Transcentral's strategic marketing needs and board-level discussions.

(4 marks)



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MOCK EXAM 1 Answers

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Case name: Athletic Transcentral (AT) football club

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Task 1 Answer

Report to board of AT

Introduction:

This report meticulously assesses Athletic Transcentral (AT) football club's two pivotal investment ...ambitions for competitiveness and fan engagement.

(a) Evaluation

Recruitment of Emerging Football Talent:

1. The recruitment of emerging football talent requires an average investment of \$3.5 ...financial commitment for AT.
2. With a projected gross profit margin of 50%, this investment banks on the development and potential sale of players, promising substantial future revenues if talents mature as anticipated.
3. The operating profit margin of 20% accounts for essential expenses like training, wages, and agent fees, highlighting the cost-efficiency of nurturing young talent compared to purchasing established stars.
4. A four-year payback period is ambitious, relying heavily on players' performance and market value appreciation, which introduces a degree of financial risk.
5. The net present value (NPV) of \$15 million suggests a lucrative long-term return, affirming the strategic merit in investing in youth for sustainable club growth.
6. This investment aligns with AT's vision of building a competitive team grounded in talent development, potentially enhancing the club's appeal to fans and sponsors alike by showcasing a commitment to fostering young stars.

Upgrade of Training Facilities:

1. Upgrading the training facilities demands a \$20 million outlay for comprehensive modernization, a substantial investment reflecting AT's commitment to excellence both on and off the pitch.
2. The projected 70% gross profit margin, stemming from increased sponsorship deals and community program revenues, indicates a strategic investment that extends beyond immediate football operations.
3. With a 40% operating profit margin, the upgraded facilities are expected to significantly bolster AT's operational efficiency and enhance the club's reputation as a premier football institution.
4. The five-year payback period underscores the long-term nature of this investment, positioning the club for sustained success through improved player performance and fan engagement.

5. An NPV of \$25 million validates the strategic foresight of enhancing the club's infrastructure, promising considerable returns through better training environments and increased commercial opportunities.
6. This initiative directly supports AT's strategic goal of expanding its fan base and fostering community ties, offering state-of-the-art facilities that can attract top talents and host community events, further solidifying the club's position in the heart of its community.

(b) Recommendation

1. The training facility upgrade, with a higher Net Present Value (NPV) of \$25 million compared to \$15 million for recruiting emerging talent, suggests a greater potential for long-term financial returns, crucial for AT's sustainability.
2.legacy in a manner that recruiting emerging talent alone cannot match.

Conclusion:

After careful consideration of the financial and strategic implications, this report recommends prioritizing the investment that aligns most closely with AT's overarching goals for sustainable growth and enhanced fan base connection.

Marking scheme for Task 1:

For each investment opportunity:

- 1 mark for identifying each financial implication relevant to the project (Up to a maximum of 7 marks).
 - Points can include for Emerging Football Talent:
 - Positive NPV, indicating financial viability.
 - Short payback period enhancing liquidity.
 - High gross profit margin from potential player sales.
 - Points can include for Training Facility Upgrades:
 - Higher NPV reflecting long-term strategic benefits.
 - Extended payback period justified by broader strategic advantages.
 - Substantial operating profit margin from increased sponsorships and community engagement.
- 1 mark for identifying each strategic or non-financial implication relevant to the project (Up to a maximum of 7 marks).
 - Points can include for Emerging Football Talent:
 - Enhances team competitiveness and potential for success.
 - Attracts fan base growth through exciting new talent.
 - Aligns with club's vision for long-term player development.
 - Points can include for Training Facility Upgrades:
 - Strengthens the club's community ties and engagement.
 - Boosts the club's brand and appeal to sponsors.
 - Supports the holistic development of players, enhancing club reputation.

Recommendation:

- 1 mark for a clear and reasonable recommendation on which investment option should be prioritized.
- 1 mark for justification, linking the recommendation directly to the financial returns and broader strategic benefits for Athletic Transcentral, drawing from analysis provided in the report.

(Up to a maximum of 26 marks in total)

Professional Skills Marks:

Evaluation Skills - Making justified recommendations based on a balanced assessment of both projects.

- The candidate demonstrates a comprehensive evaluation of both investment opportunities, considering both financial and strategic dimensions, reflecting a deep understanding of AT's goals and the football industry landscape.
- The recommendation is well-articulated, directly tied to the analysis conducted, ...decisions for AT's benefit.
- The report format is adhered to, with clear, professional communication enhancing the clarity of the evaluation and recommendation.

(Up to a maximum of 4 marks)

Task 2 Answer:

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