

Strategic Business Reporting.

Exam techniques for success

Embracing change. Shaping futures.



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Introduction

The examining team for Strategic Business Reporting (SBR) summarise their approach as follows:

> 'Candidates will be examined on concepts, theories, principles and the ability to apply this knowledge to real life scenarios.'

What does a good SBR answer look like? How do I achieve that? These are two questions that will be on your mind as you prepare for the exam.

The answer to the first question is not as elusive as you may think – there are a number of identifiable criteria that make a good SBR answer; the answer to the second question is a resounding cry of 'good exam technique'. In this article we examine these two closely-linked questions in order to provide you with a checklist of factors that contribute towards a good answer and techniques that can be employed to achieve them. Together with good technical knowledge, these techniques will put you at the front of the queue when it comes to gaining a pass in SBR.

Time management and your route through the exam

Like all of the exams within the Strategic Professional, there is no choice of questions in SBR but you still can, and should, make a choice as to where you start.

A good technique when starting the exam is to spend a few minutes scanning the questions to get a feel for them. It's a good approach to start with the 'best' question for you. Getting a first 'good' question under your belt will boost your confidence. Choosing a 'best' question is a personal choice. You might decide that you are well drilled in groups and so want to do question 1 first. You may prefer question 2 on the basis that the specimen exam and the examining team articles seem to suggest that it will have a relatively predictable style.

Having said that, if you feel comfortable with the subject matter of a question, you may be more likely to run over on time. This brings us to a crucial element of exam technique, being time management. In order to have sufficient time to attempt all questions, you must allocate your time based on marks available, be strict with yourself and move on when time is up. It is widely accepted that a student will gain more marks from spending five minutes working on a new question than from continuing to work on a question that they have already spent the allocated time on. In SBR, the risk is often that you will run over time working on calculations and have insufficient time to spend on the narrative parts of answers, which is where the majority of marks tend to lie. This is a particular risk in question 1 on groups.

It really doesn't matter to a marker what order the four questions in the SBR exam are answered in but absolutely key to a good answer is that all parts of all questions are attempted. However, this is not always as straightforward as it may seem. In some SBR questions, sub-requirements are implicit. For example a question may require discussion of financial reporting issues; however there may be more than one action within the requirement, or there may be a number of issues for the candidate to consider, sometimes outlined by bullet points in the requirement.

Good exam technique is therefore to identify these sub-requirements or issues in the first few minutes of a question and then estimate how many marks would be given to them in order that the remaining time can be allocated appropriately. Practising scenario-based questions is the best way to develop this particular technique. You should review your answers carefully and consider what issues should have been identified and how you would have allocated marks to them.



Example: Sep/Dec 2022
Sample Exam Question 2:

Explain the ethical issues for the finance director, Mr Betso, setting out how the issues may be resolved.

(10 marks)

You need to read exhibit 2 in order to identify the ethical issues facing the finance director. These relate to issues of professional competence, integrity and objectivity, and confidentiality.

There are two aspects to the requirement: explaining the ethical issues; and setting out actions to resolve these ethical issues. It is important that you address both of these.

You will typically receive one mark for identifying a relevant ethical principle, and one mark for explaining its relevance using the scenario. Appropriate actions will also receive one mark each.

Format

A good answer is well signposted, in other words the marker is led through the answer to a question so that they can clearly identify that different issues or sub-requirements have been addressed.

As well as labelling parts of questions, good exam technique is to use headings in the answer. For example in the question mentioned above, good practice would be to use separate subheadings for 'ethical issues' and 'actions'.

WHERE AN ANSWER REQUIRES CALCULATIONS, THESE SHOULD BE CLEAR, WELL LAID OUT AND EASY TO FOLLOW.

Where an answer requires calculations, these should be clear, well laid out and easy to follow.

Line items in a calculation should be labelled clearly and any separate workings should be referenced to the main calculation.

It is a feature of the SBR exam, especially in question 1:

'Candidates will be required to discuss the principles behind any calculations they provide and the number of marks allocated to purely numerical answers will be restricted.'

In a good answer, complex calculations should be separate from written answers rather than embedded within the text.

Anything more than simple calculations should be presented in the spreadsheet response option. Good technique is often to produce calculations on the spreadsheet and simultaneously explain them or discuss them using the word processor, having both windows open side by side. This will help you to achieve a better written score as you are more likely to explain each element of the calculation well because you have just performed it.

Remember, some requirements in question 1 will specifically instruct you to use the spreadsheet response option.



Example: Specimen 1 Question 1(c)(ii):

Using exhibit 3, explain how the fair value of the non-current and current assets of Grin Co at 1 April 20X6 (including any deferred tax adjustments) should be calculated.

(6 marks)

The calculations needed to answer this question are relatively simple, and so the workings could be embedded within the answer in the word processor response option.

If the calculations were more involved, such as a goodwill calculation, then it would be preferable to prepare these in the spreadsheet response option.

A good answer to the above requirement would consider the following issues:

Knowledge

- Identifiable net assets are measured at fair value at acquisition.
- Fair value is determined using IFRS 13 *Fair Value Measurement*.
- Deferred tax arises on temporary differences.

Application

- The fair value of the land, inventory and intangible asset.
- The deferred tax adjustments required when measuring the land, inventory and intangible asset at fair value.

A good written answer in SBR is not produced in an essay style; it should be laid out in a way that is clear and easy for the marker to follow.

You could use an extended bullet point style in narrative SBR answers, working on the basis that a well-developed point will score one mark.

You must write sufficient points to score at least a pass in a given requirement. Therefore, for example, in a six mark written question, you should aim to make at least six separate points. This does not, however, mean that quantity is more important than quality – the content of the points must be good or else there is little point in writing them down.

Example: Specimen 1 Question 1(c)(iii):

Using the pre-populated spreadsheet response option with exhibit 3 and your previous answers, adjust the spreadsheet prepared by the directors of Chuckle Co in order to prepare a corrected consolidated statement of financial position at 1 April 20X6.

(12 marks)

The spreadsheet response option will always be pre-populated with the draft financial statement. A good approach is to use a separate column for each adjustment and to label these accordingly, ie 'Equity method (W1)'. If a working is needed, this should be presented below the draft financial statement and, again, clearly labelled. Although workings can be shown within a cell, these can be harder for the marker to follow, particularly if incorrect.

The requirement(s) to adjust the pre-populated spreadsheet will be worth between 10–14 marks. Generally, there will be one mark awarded per adjustment. Own figure rule applies, so you can score highly even if you have made mistakes in earlier parts.



Content

So far we have concentrated on the format and structure of a good answer to an SBR question, but of course the content is the most important element.

In general the content of a good answer responds to the specific question asked, whether it be to appraise, analyse, discuss, explain or evaluate.

Good technique is developed here through practice; you should familiarise yourself with the 'question words' used in course questions, revision question banks and practice exams and identify how the model answers provided vary accordingly. Get into the habit of focussing on the 'question word' within the requirement. You should be prepared to calculate amounts, explain their calculations, analyse a situation to identify relevant points for discussion, discuss reasons for measurement or recognition decisions, explain accounting principles and empathise with stakeholders among other things.

GET INTO THE HABIT OF FOCUSSING ON THE 'QUESTION WORD' WITHIN THE REQUIREMENT.

Where a numerical answer is required, a good answer shows workings in full.

Therefore if you need to multiply share price by the number of shares issued in order to calculate acquisition consideration you should write this calculation out in full rather than simply do it in your head or on your calculator. This ensures that marks can be awarded even where a final answer has been miscalculated. To save time, bracket shorter workings within the main discussion and show longer workings separately.

In a written question, a good answer is easy to read, has a logical flow and leads the reader through your thought process to show how a conclusion or recommendation has been reached.

Plain English and short sentences is the key to a good written answer in SBR. Avoid overly complex words and sentence construction – this often results in the message you want to convey being lost.

It is good exam technique to get into the habit of briefly planning the content of a longer written answer. This will help you avoid the pitfall of repetition – writing the same point twice loses valuable time and certainly will not score twice.

A planning (and writing) approach that fits many SBR questions is the 'state, apply, conclude' approach – in other words:

1. *State the requirements of relevant accounting standards or other pronouncements*
2. *Apply these requirements to the facts of the scenario*
3. *Conclude with a recommendation (which may be the accounting treatment or an action to be taken) and, as required, an impact assessment (on identified stakeholders).*

As indicated above, in the SBR exam, you are likely to have to consider the effect on given stakeholder groups. For example, an exhibit may provide an extract from a disclosure note and then ask for a discussion of its usefulness to investors. If you find it difficult to think from the perspective of certain stakeholder groups, a good technique is to ask what types of information are needed by these groups and why.

You could try the following approach:

1. *Explain the information needs of the primary financial statement users, according to the Conceptual Framework*
2. *Identify aspects of the disclosure note that satisfy (or do not satisfy) these needs.*

Remember that investors will be interested in information that helps them to assess the timing or amount of future cash flows, and management's stewardship of the entity's assets.



A good answer does not regurgitate the contents of an accounting standard or the answer to a similar revision question; a good answer is specific to the scenario presented in the question.

This is a pitfall that many students fall into; you will score very little if you simply memorise technical material and then 'brain dump' it in your answer. Discursive answers ***must*** *be relevant to the given scenario.*

A good answer includes the correct balance of discursive and numerical work in response to the question asked.

Calculation and discursive parts of a requirement will not always show the split of marks allocated to each separately. Students must therefore do this themselves as part of planning the answer to a question. Most students will naturally be drawn to the numbers, however in SBR the majority of marks are almost always allocated to discursive points. Where it is unclear from the requirement, a good approach is to allocate at least half of the marks to discursive elements of a question.

Preparation

A final contributing factor to a good answer is good preparation for the exam. Although there are a number of 'in exam' techniques referred to in this article, the very best way to achieve a good pass in SBR is to practise exam-style questions from the earliest opportunity, and in due course, full mock exams. This will help you to embed those exam techniques that work for you and help you develop good time management before your exam. Even if you don't have time to work all available questions in full, planning answers is often sufficient to understand whether they are on the right lines in terms of identification of issues, the split of marks and points to cover. Of course practising questions and preparing answer plans is only useful if you review your work against a model answer. Or, even better, benefit from tutor feedback, so you can learn what you could do better next time.

Further reading

For more insight into the detail of exactly how SBR answers are marked, you should also read the article 'Read the Mind of the Marker' for SBR, where you will see example marked answers to parts of one of the specimen exams.

A FINAL CONTRIBUTING FACTOR TO A GOOD ANSWER IS GOOD PREPARATION FOR THE EXAM.

ACCA

More SBR resources
for students **here**

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