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Strategic Business Reporting
– Examiner's approach



Examiner's approach

The Strategic Business Reporting (SBR) exam tests professional competences within the corporate reporting environment. Candidates will be examined on concepts, theories, principles and the ability to apply this knowledge to real life scenarios.

Candidates should use their answers to demonstrate their ability to make strategic business reporting decisions. The study guide outlines the level of understanding required by students and the verbs used in this document imply a high level of understanding of the subject matter. They include the ability to appraise, assess, critically discuss, apply knowledge and evaluate. In addition, verbs such as prepare and explain are also used. Thus, the examination requires some calculation and explanation of accounting

standards but the majority of the examination requires the application of that knowledge and understanding. Questions will be based upon corporate reports, of which a deep understanding is required. Therefore, candidates will not be able to successfully answer SBR questions by rote learning and reproducing textbook answers. Thus, candidates who read around the subject, think critically about the information and relate it to practical examples will be rewarded in this examination.

The structure of the exam is as follows:

Section A	Total marks: 50
	Section A will include two compulsory scenario-based questions, totalling 50 marks.
Question 1	Question 1 will be based on the financial statements of group entities, or extracts thereof and, in addition, may require consideration of financial reporting issues. It is important to note that 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. The question will require candidates to prepare a calculation from any aspect of group accounting (including statements of cash flow) and discuss or explain the accounting principles behind their calculations. From September 2018, this will be a significant change in approach. It is extremely important for candidates to read the requirements of the question and not just simply prepare extracts from group financial statements. The preparation of a full set of group financial statements or group statement of cash flows will not be required. Candidates are unlikely to obtain a pass mark on question 1 by simply preparing a numerical solution – a discussion of that calculation will also be required.
Question 2	Question 2 will involve the consideration of the reporting and ethical implications of some accounting issues presented in a specific scenario. Students must demonstrate their understanding of the fact that ethics and integrity are central to the accounting profession and be able to exercise sensitive professional and moral judgments. Ethics will feature in every exam, and it is essential that candidates understand the implications of these ethical issues. Two professional marks will be awarded to this question and these marks relate to the discussion of the ethical issues set out in the question.
Section B	Total marks: 50
Two 25-mark questions	Section B will contain two compulsory 25-mark questions, which may be based on a short scenario, or a case study which has several parts, or an essay. They will contain both discursive and computational elements and could deal with any aspect of the syllabus. The section will always contain either a full or part question that requires the understanding of financial and/or non-financial information from the perspective of a preparer of financial statements or another stakeholder's perspective. Two professional marks will be awarded to the question that relates to the performance of the entity or the appraisal of information from a stakeholder's perspective. It should be noted that the current issues element of the syllabus may be examined in Section A or B but will not be a full question. It is more likely to form part of another question.

Overall, candidates will have to demonstrate a range of skills and abilities, which include relating accounting issues to relevant concepts and practical situations. Besides the specific technical knowledge relating to group financial statements, the examination will require candidates to exercise professional and ethical judgement. There will be a requirement to adopt a stakeholder/investor focus in answering some questions, which may involve the discussion of specific aspects of the financial statements or the supplementary information disclosed by entities or issues faced by investors in the understanding of those corporate reports.

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To pass this exam, candidates require an in-depth knowledge of the Conceptual Framework which sets out the concepts upon which International Financial Reporting Standards (IFRS) are based. Therefore candidates should be able to discuss the consistency of the Framework (and the proposed Framework) with each IFRS that is examined. IFRSs can be understood by comparing their principles with those set out in the Conceptual Framework and this approach should be used to answer SBR questions. The integrated reporting framework also creates the foundations for a new reporting model and questions will be asked on its contribution to corporate reporting.

Candidates should be able to produce reports relating to corporate performance and to evaluate proposed changes to reporting financial performance. Within the question that examines current issues, it is likely that Exposure Drafts may be examined in terms of the key areas of change. However, there will not be a complete question on a single Exposure Draft. Any Discussion Papers that are deemed to be a current issue will be examined on a principles basis only, and detailed knowledge of Discussion Papers will not be required. Candidates should be prepared to identify any issues or deficiencies which have led to the proposed changes in the accounting standard.

The principles of group accounting could be examined in either section A or B. For example, Section B could include a question on control or whether the acquisition of an entity meets the definition of a business combination. Detailed knowledge of an industry, or specialised accounting knowledge, will not be required but candidates should be prepared to apply their knowledge to the scenario provided in the question. Environmental, social, and cultural considerations are important, although questions on these issues will not be as frequent as those on other topics.

Candidates should be aware that the same topic can appear in more than one question. For example, impairment of assets or financial instruments can be issues to consider in several questions in the exam. Questions will also be based on specific subjects or particular themes. Candidates should also be aware that, if an area is consistently generating poor answers then the examining team may wish to reassess it from a different perspective. In this context, it is important to look at examiner's reports and articles and to understand the examiner's views on these issues.

The new SBR syllabus does not require different knowledge to that which was required in P2 Corporate Reporting. However, there has been a change in how the examining team expects the candidate to apply that knowledge; for example, the requirement to look at corporate reports from the view of investors. For SBR, there will be significantly more marks allocated to written answers than numerical answers. Simply practising numerical questions will not result in success in this examination and the written answers should be in sufficient depth to answer the question that is being asked. Brief narrative answers are unlikely to meet the requirement of the question even though the numerical content may be correct. This means that a thorough analysis of the question requirements is imperative.

The style and content of the exam is exemplified in the specimen examination.

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