Valid for September 2025,
December 2025, March 2026 and June 2026

ACCA

Strategic Business Reporting (SBR)

Study Text

ISDC
International Skill Development Corporation
Skills for Tomorrow

KAPLAN PUBLISHING

ACCA

SBR

Strategic Business Reporting

Study Text

KAPLAN PUBLISHING'S STATEMENT OF PRINCIPLES

LINGUISTIC DIVERSITY, EQUALITY AND INCLUSION

We are committed to diversity, equality and inclusion and strive to deliver content that all users can relate to.

We are here to make a difference to the success of every learner.

Clarity, accessibility and ease of use for our learners are key to our approach.

We will use contemporary examples that are rich, engaging and representative of a diverse workplace.

We will include a representative mix of race and gender at the various levels of seniority within the businesses in our examples to support all our learners in aspiring to achieve their potential within their chosen careers.

Roles played by characters in our examples will demonstrate richness and diversity by the use of different names, backgrounds, ethnicity and gender, with a mix of sexuality, relationships and beliefs where these are relevant to the syllabus.

It must always be obvious who is being referred to in each stage of any example so that we do not detract from clarity and ease of use for each of our learners.

We will actively seek feedback from our learners on our approach and keep our policy under continuous review. If you would like to provide any feedback on our linguistic approach, please use this form (you will need to enter the link below into your browser).

https://docs.google.com/forms/d/1Vc4mltBPrfViy8AhfyKcJMHQKBmLaLPoa_WPqFNf4MI/edit

We will seek to devise simple measures that can be used by independent assessors to randomly check our success in the implementation of our Linguistic Equality, Diversity and Inclusion Policy.

British Library Cataloguing-in-Publication Data

A catalogue record for this book is available from the British Library.

Published by:
Kaplan Publishing UK
Unit 2 The Business Centre
Molly Millar's Lane
Wokingham
Berkshire
RG41 2QZ

ISBN: 978-1-83996-284-4

Printed and bound in Great Britain.

Acknowledgements

This product contains copyright material and trademarks of the IFRS Foundation®. All rights reserved. Used under licence from the IFRS Foundation®. Reproduction and use rights are strictly limited. For more information about the IFRS Foundation and rights to use its material please visit www.ifrs.org.

Contents

Introduction

This document references IFRS® Accounting Standards, which are authored by the International Accounting Standards Board (the Board), and published in the 2024 IFRS Accounting Standards Red Book.

How to use the Materials

Strategic Business Reporting is an exam at the Strategic Professional level of the ACCA qualification. It assumes knowledge acquired at the Fundamentals level including the core technical capabilities to prepare and analyse financial reports for single and combined entities.

These Kaplan Publishing learning materials have been carefully designed to make your learning experience as easy as possible and to give you the best chances of success in your examinations.

The product range contains a number of features to help you in the study process. They include:

1 Detailed study guide and syllabus objectives

2 Description of the examination

3 Study skills and revision guidance

4 Study text

5 Question practice

The sections on the study guide, the syllabus objectives, the examination and study skills should all be read before you commence your studies. They are designed to familiarise you with the nature and content of the examination and give you tips on how to best to approach your learning.

The **Study Text** comprises the main learning materials and gives guidance as to the importance of topics and where other related resources can be found. Each chapter includes:

- The **learning objectives** contained in each chapter, which have been carefully mapped to the examining body's own syllabus learning objectives or outcomes. You should use these to check you have a clear understanding of all the topics on which you might be assessed in the examination.
- The **chapter diagram** provides a visual reference for the content in the chapter, giving an overview of the topics and how they link together.
- The **content** for each topic area commences with a brief explanation or definition to put the topic into context before covering the topic in detail. You should follow your studying of the content with a review of the illustration/s. These are worked examples which will help you to understand better how to apply the content for the topic.

- **Test your understanding** sections provide an opportunity to assess your understanding of the key topics by applying what you have learned to short questions. Answers can be found at the back of each chapter.
- **Summary diagrams** complete each chapter to show the important links between topics and the overall content of the paper. These diagrams should be used to check that you have covered and understood the core topics before moving on.
- **Question practice** is provided through this text.

Quality and accuracy are of the utmost importance to us so if you spot an error in any of our products, please send an email to mykaplanreporting@kaplan.com with full details, or follow the link to the feedback form in MyKaplan.

Our Quality Coordinator will work with our technical team to verify the error and take action to ensure it is corrected in future editions.

Icon Explanations

Definition – Key definitions that you will need to learn from the core content.

Key point – Identifies topics that are key to success and are often examined.

New – Identifies topics that are brand new in papers that build on, and therefore also contain, learning covered in earlier papers.

Supplementary reading – These sections will help to provide a deeper understanding of core areas. The supplementary reading is **NOT** optional reading. It is vital to provide you with the breadth of knowledge you will need to address the wide range of topics within your syllabus that could feature in an exam question. **Reference to this text is vital when self-studying.**

Test your understanding – Exercises for you to complete to ensure that you have understood the topics just learned.

Illustration – Worked examples help you understand the core content better.

Tutorial note – Included to explain some of the technical points in more detail.

Footsteps – Helpful tutor tips.

Links to other syllabus areas – This symbol refers to areas of interaction with other parts of your syllabus, either in terms of other ACCA papers that you have studied, or may go on to study, or even further professional qualifications that you may decide to pursue on completion of ACCA.

On-line subscribers

Our on-line resources are designed to increase the flexibility of your learning materials and provide you with immediate feedback on how your studies are progressing.

If you are subscribed to our on-line resources you will find:

1 On-line referenceware: reproduces your Study Text on-line, giving you anytime, anywhere access.

2 On-line testing: provides you with additional on-line objective testing so you can practice what you have learned further.

3 On-line performance management: immediate access to your on-line testing results. Review your performance by key topics and chart your achievement through the course relative to your peer group.

Ask your local customer services staff if you are not already a subscriber and wish to join.

Paper introduction

Paper background

The Strategic Business Reporting (SBR) syllabus requires learners to examine corporate reporting from the perspective of a variety of different stakeholders. The syllabus requires the assessment and evaluation of the reporting decisions made by management and their implications for a range of stakeholders and entities. It also explores the professional and ethical responsibilities of the accountant to these stakeholders.

Objectives of the syllabus

Candidates should be able to:

- Apply fundamental ethical and professional principles to ethical dilemmas and discuss the consequences of unethical behaviour
- Evaluate the appropriateness of the financial reporting framework and critically discuss changes in accounting regulation
- Apply professional judgement in the reporting of the financial performance of a range of entities
- Prepare the financial statements of groups of entities
- Interpret financial statements for different stakeholders
- Communicate the impact of changes and potential changes in accounting regulation on financial reporting
- Demonstrate employability and technology skills.

Syllabus

Core areas of the syllabus

- Fundamental ethical and professional principles
- The financial reporting framework
- Reporting the financial performance of a range of entities
- Financial statements of groups of entities
- Interpret financial and non-financial information for different stakeholders
- The impact of changes and potential changes in accounting regulation.

International (INT) syllabus

The international syllabus has been used as the basis of this Study Text. Please note that from September 2025 there is no longer a separate UK syllabus.

ACCA Performance Objectives

In order to become a member of the ACCA, as a trainee accountant you will need to demonstrate that you have achieved nine performance objectives. Performance objectives are indicators of effective performance and set the minimum standard of work that trainees are expected to achieve and demonstrate in the workplace. They are divided into key areas of knowledge which are closely linked to the exam syllabus.

There are five Essential performance objectives and a choice of fifteen Technical performance objectives which are divided into five areas.

The performance objectives which link to this exam are:

1 Ethics and professionalism (Essential)

2 Stakeholder relationship management (Essential)

3 Record and process transactions and events (Technical)

4 Prepare external financial reports (Technical)

5 Analyse and interpret financial reports (Technical)

The following link provides an in-depth insight into all of the performance objectives:

https://www.accaglobal.com/content/dam/ACCA_Global/Students/per/PER-Performance-objectives-achieve.pdf

Progression

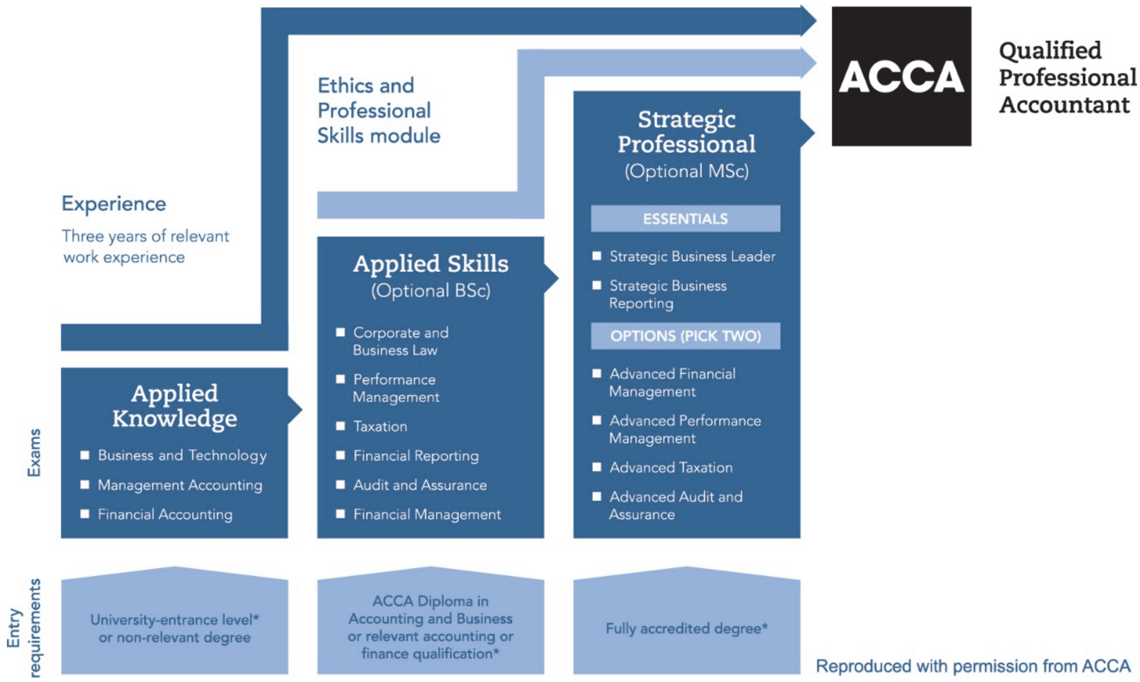
There are two elements of progression that we can measure: first how quickly learners move through individual topics within a subject; and second how quickly they move from one course to the next. We know that there is an optimum for both, but it can vary from subject to subject and from learner to learner. However, using data and our experience of learner performance over many years, we can make some generalisations.

A fixed period of study set out at the start of a course with key milestones is important. This can be within a subject, for example 'I will finish this topic by 30 June', or for overall achievement, such as 'I want to be qualified by the end of next year'.

Your qualification is cumulative, as earlier papers provide a foundation for your subsequent studies, so do not allow there to be too big a gap between one subject and another. We know that exams encourage techniques that lead to some degree of short-term retention, the result being that you will simply forget much of what you have already learned unless it is refreshed (look up Ebbinghaus Forgetting Curve for more details on this). This makes it more difficult as you move from one subject to another: not only will you have to learn the new subject, you will also have to relearn all the underpinning knowledge as well. This is very inefficient and slows down your overall progression which makes it more likely you may not succeed at all.

In addition, delaying your studies slows your path to qualification which can have negative impacts on your career, postponing the opportunity to apply for higher level positions and therefore higher pay.

You can use the following diagram showing the whole structure of your qualification to help you keep track of your progress.



Reproduced with permission from ACCA

Syllabus objectives

We have reproduced the ACCA's syllabus below:

A FUNDAMENTAL ETHICAL AND PROFESSIONAL PRINCIPLES

1 Professional and ethical behaviour in corporate reporting

(a) Appraise and discuss the importance of ethical and professional behaviour in complying with accounting and sustainability standards and corporate reporting requirements in contemporary business scenarios.[3]

(b) Assess and discuss the consequences of unethical behaviour by management in carrying out their responsibility for the preparation of corporate reports.[3]

B THE FINANCIAL REPORTING FRAMEWORK

1 The applications, strengths and weaknesses of an accounting framework

(a) Discuss the importance of the *Conceptual Framework for Financial Reporting* in underpinning the production of accounting standards.[3]

(b) Discuss the objectives, principles and limitations of financial reporting including presentation and disclosure of information.[3]

(c) Discuss the qualitative characteristics of useful financial information including disclosure.[3]

(d) Evaluate the principles of recognition, derecognition and measurement, including measurement uncertainty and materiality.[3]

(e) Critically discuss and apply the definitions of the elements of financial statements and the reporting of items in the statement of profit or loss and other comprehensive income.[3]

C REPORTING THE FINANCIAL PERFORMANCE OF A RANGE OF ENTITIES

1 Revenue

(a) Discuss and apply the criteria that must be met before an entity can recognise revenue.[3]

(b) Discuss and apply the criteria for recognition of contract revenue and contract costs including contract modifications.[3]

(c) Evaluate and apply the recognition and measurement of revenue including performance obligations satisfied over time, sale with a right of return, repurchase agreements, consignment arrangements, warranties, variable consideration, principal versus agent considerations and non-refundable up-front fees.[3]

2 Non-current assets

(a) Evaluate and apply the recognition, derecognition and measurement of non-current assets including impairments and revaluations.[3]

(b) Evaluate and apply the accounting requirements for the classification and measurement of non-current assets held for sale.[3]

(c) Evaluate and apply the accounting treatment of investment properties including classification, recognition, measurement and change of use.[3]

(d) Evaluate and apply the accounting treatment of intangible assets including the criteria for recognition and measurement subsequent to acquisition.[3]

(e) Evaluate and apply the accounting treatment for borrowing costs.[2]

3 Financial instruments

(a) Evaluate and apply the initial recognition and measurement of financial instruments including the business model test.[3]

(b) Explain and apply the subsequent measurement of financial assets and financial liabilities including the fair value option and financial liability modifications.[3]

(c) Discuss and apply the derecognition of financial assets and financial liabilities.[2]

(d) Discuss and apply the reclassification of financial assets.[2]

(e) Account for derivative financial instruments.[2]

(f) Explain and apply the qualifying criteria for hedge accounting and account for fair value hedges and cash flow hedges including hedge effectiveness.[2]

(g) Discuss and apply the general approach to impairment of financial instruments including the basis for estimating expected credit losses.[2]

(h) Discuss the implications of a significant increase in credit risk.[2]

(i) Discuss and apply the treatment of purchased or originated credit impaired financial assets.[2]

4 Leases

(a) Evaluate and apply the lessee accounting requirements for leases including the identification of a lease and the measurement of the right-of-use asset and liability.[3]

(b) Evaluate and apply the accounting for leases by lessors including accounting for subleases.[3]

(c) Evaluate and apply the circumstances where there may be re-measurement of the lease liability.[3]

(d) Justify and apply the separation of the components of a lease contract into lease and non-lease elements.[3]

(e) Evaluate and apply the recognition exemptions under the current leasing standard.[3]

(f) Discuss and apply the accounting for sale and leaseback transactions.[3]

5 Employee benefits

(a) Evaluate and apply the accounting treatment of short-term and long-term employee benefits, termination benefits and defined contribution and defined benefit plans.[3]

(b) Account for gains and losses on settlements and curtailments.[2]

(c) Account for the 'Asset Ceiling' test and the reporting of actuarial gains and losses.[2]

6 Income taxes

(a) Evaluate and apply the recognition and measurement of current and deferred tax liabilities and assets.[3]

(b) Discuss and apply the treatment of deferred taxation on a business combination.[2]

7 Provisions, contingencies and events after the reporting period

(a) Evaluate and apply the recognition, derecognition and measurement of provisions, contingent liabilities and contingent assets including onerous contracts, environmental provisions and restructuring provisions.[3]

(b) Evaluate and apply the accounting for events after the reporting period.[3]

8 Share-based payment

(a) Evaluate and apply the recognition and measurement of share-based payment transactions.[3]

9 Fair value measurement

(a) Evaluate and apply the principles of 'fair value' measurement and 'active market'.[3]

(b) Evaluate and apply the 'fair value hierarchy' including valuation techniques.[3]

(c) Justify and apply the principles of highest and best use, most advantageous and principal market.[3]

10 Presentation and disclosure in financial statements

(a) Discuss and apply the principles relating to the format, content and presentation of the statement of profit or loss and other comprehensive income.[3]

(b) Discuss and apply the principles relating to the format, content and presentation of the statement of financial position, including requirements for classifying items as current or non-current.[3]

(c) Discuss and apply the principles relating to the format, content and presentation of the statement of cash flows.[3]

(d) Evaluate and apply the principles relating to aggregation, disaggregation and offsetting when preparing financial statements and disclosure notes.[3]

(e) Discuss and apply the principles which maximise the usefulness of disclosure notes.[3]

(f) Discuss and apply the principles relating to the disclosure of management-defined performance measures.[3]

11 Other reporting issues

(a) Evaluate and apply the accounting for, and disclosure of, government grants and other forms of government assistance.[3]

(b) Appraise and apply the judgements made in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors.[3]

(c) Discuss and apply the principles relating to going concern.[3]

(d) Identify related parties and assess the implications of related party relationships in the preparation of corporate reports.[2]

(e) Discuss the key differences in accounting treatment between full IFRS Accounting Standards and the IFRS for SMEs Standard®, including the simplifications introduced by the IFRS for SMEs Standard.[2]

D FINANCIAL STATEMENTS OF GROUPS OF ENTITIES

1 Group accounting including statements of cash flows

(a) Evaluate and apply the principles behind determining whether a business combination has occurred including the control principle.[3]

(b) Evaluate and apply the acquisition method of accounting for a business combination including identifying an acquirer and the principles in determining the cost of a business combination.[3]

(c) Justify the recognition and measurement criteria used for identifying acquired assets and liabilities including contingent amounts and intangible assets.[3]

(d) Evaluate and apply the accounting for goodwill and non-controlling interests.[3]

(e) Evaluate and apply the accounting principles relating to a business combination achieved in stages.[3]

(f) Determine and apply appropriate procedures to be used in preparing consolidated financial statements.[3]

(g) Evaluate and apply the implications of changes in ownership interest and loss of control or significant influence.[3]

(h) Appraise the impact on group financial statements where activities have been discontinued.[3]

(i) Discuss and apply the treatment of a subsidiary which has been acquired exclusively with a view to subsequent disposal.[2]

(j) Discuss and apply accounting for group companies in the separate financial statements of the parent company.[2]

(k) Identify and explain when a subsidiary can apply reduced disclosures in its separate financial statements.[1]

(l) Identify and explain the circumstances when a group may claim an exemption from the preparation of consolidated financial statements.[2]

(m) Discuss and apply the principles relating to the format, content and presentation of the consolidated statement of cash flows.[3]

2 Associates and joint arrangements

(a) Discuss and apply the principle of significant influence and apply the equity method of accounting for associates.[3]

(b) Discuss and apply the application of the joint control principle and apply to the classification of joint arrangements.[3]

3 Foreign transactions and entities

(a) Evaluate and apply the translation of foreign currency amounts and transactions into the functional currency and the presentational currency.[3]

(b) Evaluate and apply the principles relating to the consolidation of foreign operations, including subsidiaries, associates and joint arrangements, and their disposal.[3]

E INTERPRET FINANCIAL AND NON-FINANCIAL INFORMATION FOR DIFFERENT STAKEHOLDERS

1 Analysis and interpretation of financial and non-financial information and measurement of performance

(a) Evaluate the relevant indicators of financial and non-financial performance from a range of stakeholder perspectives. Indicators include earnings per share, management-defined performance measures and other additional performance measures.[3]

(b) Evaluate and apply the principles relating to the disclosure of reportable segments and discuss the usefulness of operating segment disclosures to stakeholders.[3]

(c) Appraise the factors which affect the quality of financial and non-financial information for investors, including management commentary and disclosures produced in accordance with IFRS Accounting Standards and IFRS Sustainability Disclosure Standards.[3]

F THE IMPACT OF CHANGES AND POTENTIAL CHANGES IN ACCOUNTING REGULATION

1 Discussion of issues in financial reporting

(a) Appraise the accounting implications of the adoption of new accounting standards.[2]

(b) Evaluate and apply one or more existing accounting standards to contemporary issues such as:

- – digital assets
- – natural disasters
- – climate change
- – global events.[3]

(c) Regarding the IFRS Sustainability Disclosure Standards:

- outline the scope, conceptual foundations, objectives, core content, general requirements and principles in relation to judgements, uncertainties and errors
- assess the usefulness of corporate disclosures of climate-related risks and opportunities, and
- discuss the key differences between the IFRS Sustainability Disclosure Standards and the European Sustainability Reporting Standards.[2]

G EMPLOYABILITY AND TECHNOLOGY SKILLS

1 Use computer technology to efficiently access and manipulate relevant information.

2 Work on relevant response options, using available functions and technology, as would be required in the workplace.

3 Navigate windows and computer screens to create and amend responses to exam requirements using the appropriate tools.

4 Present data and information effectively, using the appropriate tools.

The superscript numbers in square brackets indicate the intellectual depth at which the subject area could be assessed within the examination. Level 1 (knowledge and comprehension) broadly equates with the Knowledge module, Level 2 (application and analysis) with the Skills module and Level 3 (synthesis and evaluation) to the Professional level. However, lower-level skills can continue to be assessed as you progress through each module and level.

The examination

Examination format

The syllabus is assessed by a three-hour fifteen minute examination. It examines professional competences within the business reporting environment.

Learners will be examined on concepts, theories, and principles, and on their ability to question and comment on accounting treatments. Learners will also be required to use a spreadsheet to adjust consolidated financial statements.

Learners should be capable of relating professional issues to relevant concepts and practical situations. The evaluation of accounting practices and the identification of issues will be a key element of the exam. Professional and ethical judgement will need to be exercised, together with the integration of technical knowledge when addressing business reporting issues in a business context.

Learners will be required to adopt either a stakeholder or an external focus in answering questions and to demonstrate personal skills such as problem solving, dealing with information and decision making. Learners will have to demonstrate communication skills appropriate to the scenario.

The paper also deals with specific professional knowledge appropriate to the preparation and presentation of consolidated and other financial statements from accounting data, to conform with accounting standards.

The paper will comprise two sections:

Section A consists of two scenario-based questions that will total 50 marks. The first question, worth 30 marks, will be based on the financial statements of group entities, or extracts thereof, and is also likely to require consideration of some financial reporting issues. This question will include a pre-populated spreadsheet that contains a draft consolidated financial statement. One of the requirements will be to correct this spreadsheet for a range of issues, which will be worth between 10–14 marks. Candidates should understand that, in addition to the spreadsheet requirement, a discussion and explanation of these numbers will also be required. The second question, worth 20 marks, will require candidates to consider (i) the reporting implications and (ii) the ethical implications of specific events in a given scenario.

Two professional marks will be awarded in the ethical issues question in Section A. Guidance will be given within the question to specify how the two professional marks will be awarded.

Section B consists of two questions, which will be scenario-based and will contain both discursive and computational elements. Section B could deal with any aspect of the syllabus but will always include either a full question, or part of a question, which tests the analysis part of the syllabus.

Two professional marks will be awarded in the Section B question that requires analysis. Guidance will again be provided.

	Number of marks
Section A	
Two compulsory questions worth 30 and 20 marks	50
Section B	
Two compulsory questions of 25 marks each	50
	——
Total time allowed: 3 hours and 15 minutes	100

Please note that there is no longer a UK variant of the SBR exam.

Strategic Professional CBE

It is essential that learners who will be sitting the CBE become familiar with the CBE environment as part of their exam preparation. For additional support please refer to the ACCA Global website.

Study skills and revision guidance

This section aims to give guidance on how to study for your ACCA exams and to give ideas on how to improve your existing study techniques.

Preparing to study

Set your objectives

Before starting to study decide what you want to achieve – the type of pass you wish to obtain. This will decide the level of commitment and time you need to dedicate to your studies.

Devise a study plan

Determine which times of the week you will study.

Split these times into sessions of at least one hour for study of new material. Any shorter periods could be used for revision or practice.

Put the times you plan to study onto a study plan for the weeks from now until the exam and set yourself targets for each period of study – in your sessions make sure you cover the course, course assignments and revision.

If you are studying for more than one paper at a time, try to vary your subjects as this can help you to keep interested and see subjects as part of wider knowledge.

When working through your course, compare your progress with your plan and, if necessary, re-plan your work (perhaps including extra sessions) or, if you are ahead, do some extra revision/practice questions.

Effective studying

Active reading

You are not expected to learn the text by rote, rather, you must understand what you are reading and be able to use it to pass the exam and develop good practice. A good technique to use is SQ3Rs – Survey, Question, Read, Recall, Review:

1 **Survey the chapter** – look at the headings and read the introduction, summary and objectives, so as to get an overview of what the chapter deals with.

2 **Question** – whilst undertaking the survey, ask yourself the questions that you hope the chapter will answer for you.

3 **Read** through the chapter thoroughly, answering the questions and making sure you can meet the objectives. Attempt the exercises and activities in the text, and work through all the examples.

4 **Recall** – at the end of each section and at the end of the chapter, try to recall the main ideas of the section/chapter without referring to the text. This is best done after a short break of a couple of minutes after the reading stage.

5 **Review** – check that your recall notes are correct.

You may also find it helpful to re-read the chapter to try to see the topic(s) it deals with as a whole.

Note-taking

Taking notes is a useful way of learning, but do not simply copy out the text. The notes must:

- be in your own words
- be concise
- cover the key points
- be well-organised
- be modified as you study further chapters in this text or in related ones.

Trying to summarise a chapter without referring to the text can be a useful way of determining which areas you know and which you don't.

Three ways of taking notes:

Summarise the key points of a chapter.

Make linear notes – a list of headings, divided up with subheadings listing the key points. If you use linear notes, you can use different colours to highlight key points and keep topic areas together. Use plenty of space to make your notes easy to use.

Try a diagrammatic form – the most common of which is a mind-map. To make a mind-map, put the main heading in the centre of the paper and put a circle around it. Then draw short lines radiating from this to the main sub-headings, which again have circles around them. Then continue the process from the sub-headings to sub-sub-headings, advantages, disadvantages, etc.

Highlighting and underlining – you may find it useful to underline or highlight key points in your study text, but do be selective. You may also wish to make notes in the margins.

Revision

The best approach to revision is to revise the course as you work through it. Also try to leave four to six weeks before the exam for final revision. Make sure you cover the whole syllabus and pay special attention to those areas where your knowledge is weak. Here are some recommendations:

Read through the text and your notes again and condense your notes into key phrases. It may help to put key revision points onto index cards to look at when you have a few minutes to spare.

Review any assignments you have completed and look at where you lost marks – put more work into those areas where you were weak. The SBR examining team produce detailed marking guides at the end of the solutions to past exam questions. These are available in the Exam Kit.

Practise exam standard questions under timed conditions. If you are short of time, list the points that you would cover in your answer and then read the model answer, but do try to complete at least a few questions under exam conditions.

Make sure that you read the ACCA article, 'What is the Examiner Asking?' This will help you to ensure that you fully understand what is required of you in the exam. It can be found here:

https://www.accaglobal.com/uk/en/student/sa/study-skills/questions.html

Also practise producing answer plans and comparing them to the model answer.

If you are stuck on a topic find somebody (a tutor) to explain it to you.

Read good newspapers and professional journals, especially ACCA's Student Accountant – this can give you an advantage in the exam.

Ensure you know the structure of the exam – how many questions there are, what types of question you will be expected to answer, and the time you will spend on each question. During your revision attempt all the different styles of questions you may be asked.

Further reading

The examining team have stated the need for learners to read widely.

Technical articles relevant to SBR can be found on the ACCA website at the following address:

https://www.accaglobal.com/uk/en/student/exam-support-resources/professional-exams-study-resources/strategic-business-reporting/technical-articles.html

Please be aware that ACCA update their list of examinable documents annually. You should refer to this before undertaking any further reading.

Chapter

1

Frameworks

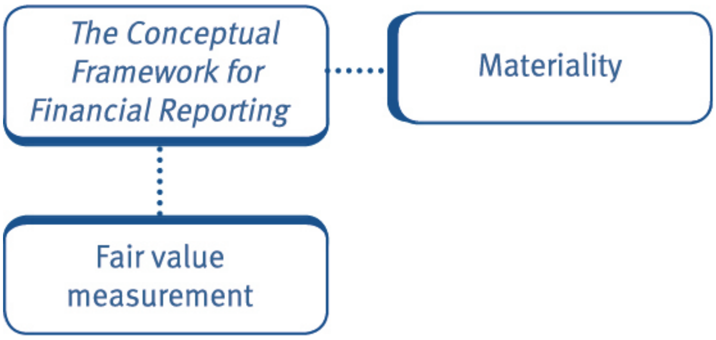
Chapter learning objectives

Upon completion of this chapter you will be able to:

- discuss the importance of a conceptual framework in underpinning the production of accounting standards
- discuss the objectives, principles and limitations of financial reporting including presentation and disclosure of information
- discuss the qualitative characteristics of useful financial information including disclosure
- evaluate the principles of recognition, derecognition and measurement, including measurement uncertainty and materiality
- critically discuss and apply the definitions of the elements of financial statements and the reporting of items in the statement of profit or loss and other comprehensive income
- evaluate and apply the principles of 'fair value' measurement and 'active market'
- evaluate and apply the 'fair value hierarchy' including valuation techniques
- justify and apply the principles of highest and best use, most advantageous and principal market.

PER

One of the PER performance objectives (PO7) is to prepare external financial reports. You take part in preparing and reviewing financial statements – and all accompanying information – and you do it in accordance with legal and regulatory requirements. Working through this chapter should help you understand how to demonstrate that objective.



1 Introduction

This chapter considers two documents issued by the International Accounting Standards Board (the Board) that underpin a range of IFRS Accounting Standards:

- The *Conceptual Framework for Financial Reporting* – used by the Board when developing or revising an IFRS Accounting Standard, and by preparers of financial statements when no relevant IFRS Accounting Standard exists, and
- IFRS 13 *Fair Value Measurement* – used by preparers of financial statements when an IFRS Accounting Standard requires or allows the use of a fair value measurement (with some exceptions).

Progression

You will have seen the content of this chapter in your prior studies. However, the ACCA SBR exam will test it at a much higher level.

2 *Conceptual Framework for Financial Reporting*

Introduction

The importance of a conceptual framework

A conceptual framework is a set of theoretical principles and concepts that underlie the preparation and presentation of financial statements.

If no conceptual framework existed, then accounting standards would be produced on a haphazard basis as particular issues and circumstances arose. These accounting standards might be inconsistent with one another, or perhaps even contradictory.

A strong conceptual framework means that there are principles in place from which all future accounting standards draw. It also acts as a reference point for the preparers of financial statements if no accounting standard governs a particular transaction (although this will be extremely rare).

This section of the text considers the contents of the *Conceptual Framework for Financial Reporting* (*Conceptual Framework*) in more detail.

Background

The *Framework for the Presentation and Preparation of Financial Statements* was issued in 1989.

In 2004 the Board and the US Financial Accounting Standards Board (FASB) started a joint project to revise their respective frameworks. As a result of this project the Board issued the *Conceptual Framework for Financial Reporting* in 2010. Most of the text from the 1989 *Framework* was simply rolled over but two chapters were revised. These covered:

- the objective of financial reporting
- the qualitative characteristics of useful financial information.

The Board and the FASB subsequently suspended work on this joint project.

Several criticisms emerged of the 2010 *Conceptual Framework, such as:*

- it did not cover certain areas, such as derecognition, and presentation and disclosure
- guidance in some areas was unclear e.g. concerning measurement uncertainty
- some aspects were out of date, such as recognition criteria for assets and liabilities.

As a result of this criticism, the *Conceptual Framework* was identified as a priority project so, in 2012, the Board restarted this project without the FASB. A discussion paper outlining the Board's thinking was published in 2013 and an exposure draft of the proposed amendments was published in 2015. Feedback from these documents informed the revised *Conceptual Framework*, which was published in 2018.

The purpose of the *Conceptual Framework*

The purpose of the *Conceptual Framework* is to assist:

(a) **the Board** when developing new IFRS Accounting Standards, helping to ensure that these are based on consistent concepts

(b) **preparers of financial statements** when no IFRS Accounting Standard applies to a particular transaction, or when an IFRS Accounting Standard offers a choice of accounting policy

(c) **all parties** when understanding and interpreting IFRS Accounting Standards.

The *Conceptual Framework* is not an accounting standard. It does not override the requirements in a particular IFRS Accounting Standard.