

ACCA SBR Key Facts (SAMPLE)

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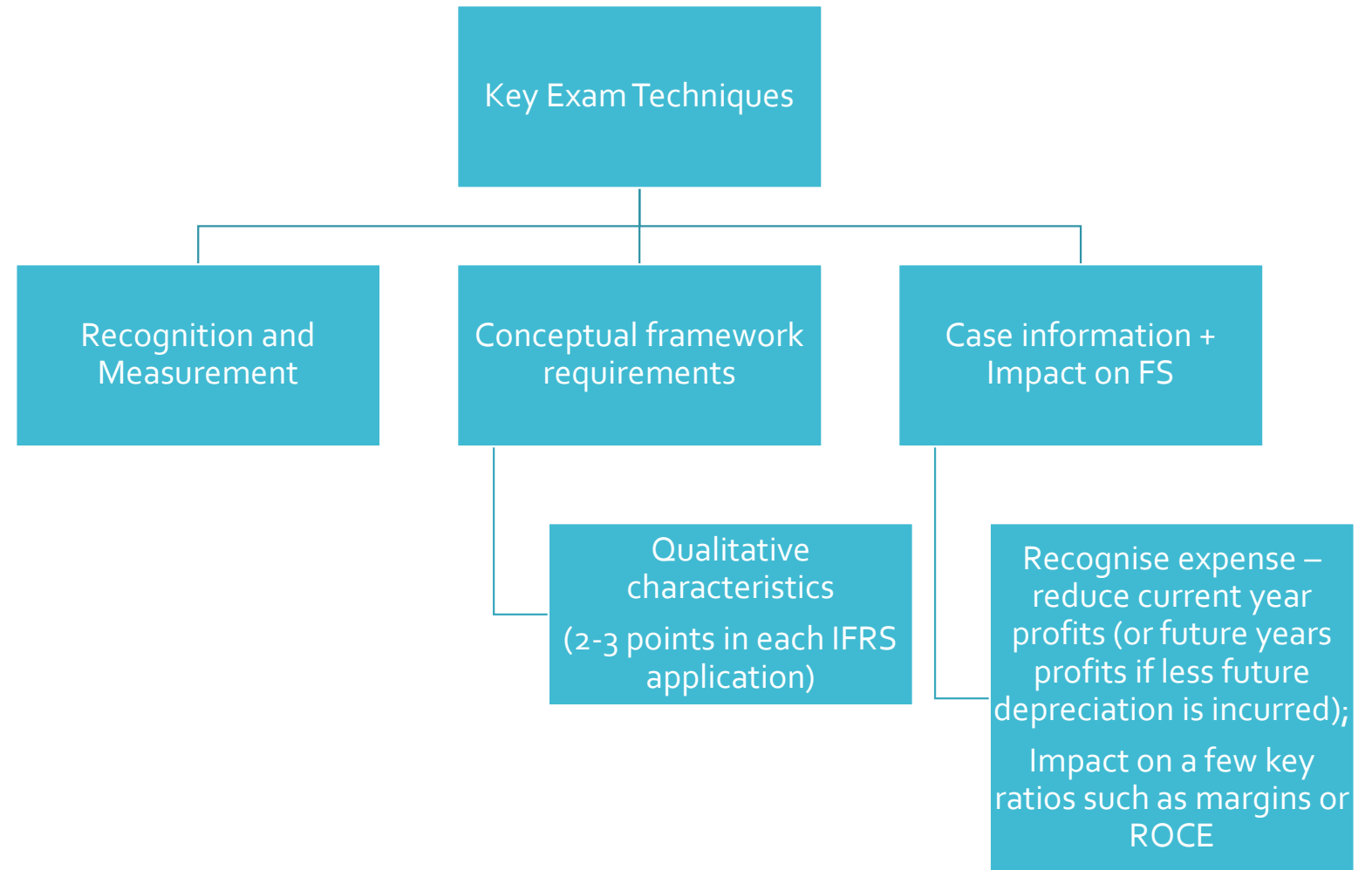
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Accounting Practise Center

Introduction to the SBR Exam



- **Section A (All compulsory questions):**
- **Q1:** Consolidation and other IFRS questions – 30 marks
 - Calculative and comment style question
- **Q2:** Accounting and ethical issues – 20 marks with 2 professional marks for ethics
 - IFRS and ethics analysis
- **Section B (All compulsory questions):**
- **Q3:** IFRS questions – 25 marks
 - Mixture of different IFRSs
- **Q4:** IFRS questions and performance measurement (such as ratios) – 25 marks (2 professional marks here)
 - Mixture of different IFRSs

Key Techniques



Relevance



- Learned paragraph:

This meets relevance concept because it helps investors make different economic decisions, ie

- Fair value confirms the current market conditions of the asset (applied to (IAS 16 PP&E Revaluation model, IAS 40 Investment property Fair value model, IFRS 9 Financial instruments where instruments are carried at fair value));
- The disclosure helps confirm business transactions with third parties (applied to IAS 24 Related party disclosures) ;
- The disclosure helps confirm operating results (applied to IFRS 8 Operating segments) ;
- The recognition of deferred tax liability helps predict the true value of the business (applied to IAS 12 Income Taxes).

Faithful representation:

1. Completeness
2. Substance over form
3. Prudence



- **Completeness:**

Learned paragraph: This meet with completeness concept in faithful representation because disclosures made/Recognition of liability provide a complete picture of the business to investors.

- **Substance over form:**

- Classification of preference shares into debts and equity per IAS 32
- Sale and leaseback transaction accounting if there is not a sale per IFRS 15 and 16
- Defined benefit pension scheme accounting showing pension assets and liabilities per IAS 19

- **Prudence:**


Learned paragraph: This meets with prudence concept because ___(following situations)___, liabilities (expenses) will not be understated.

- Recognise proceeds from government as liability when it is received per IAS 20
- Showing deferred tax implications per IAS 12
- Showing impairment losses of non-current assets per ISA 36 and for financial assets per IFRS 9
- Showing share-based payment expenses per IFRS 2

Very popular IFRS/IAS in the SBR exam



Popular IFRS	Areas to be tested	Key points	Key questions
Non-current assets (Part one)	<ul style="list-style-type: none"> Calculation – separate depreciation for different PP&E; new depreciation after revaluation 	<ul style="list-style-type: none"> Focus on calculation 	Page 35 - Ashanti (June 2010 Q1 (VI)) Page 42 - Rose (June 2011 Q1 (5))
	<ul style="list-style-type: none"> Capitalised provision in PP&E per IAS 16 PP&E (and IAS 37 Provisions, Contingent liabilities and contingent assets) 	<ul style="list-style-type: none"> Capitalised items: Difference between capital and revenue expenditure; Provision (POR) criteria. 	Page 45 Fill (Dec 2018 (b))
	<ul style="list-style-type: none"> Borrowing costs to be capitalised per IAS 23 Borrowing Costs 	<ul style="list-style-type: none"> Asset – substantial time to complete; Interest – effective interest; Interest – directly attributed to the asset construction, ie could be avoided if the construction does not take place; Capitalisation rate – weighted average borrowing costs to be used. 	Page 58 Emcee – June 2016 Q3 (a)

Popular IFRS	Areas to be tested	Key points	Key questions
<h1 data-bbox="25 542 598 699">Non-current assets (Part two)</h1> 	<ul style="list-style-type: none"> • IAS 36 Impairment of assets 	<ul style="list-style-type: none"> • Impairment indicator – internal and external • Conceptual framework – Prudence; Completeness; Relevance. 	<p>Page 78 Fill (b) (Dec 2018): Whether decrease in mine prices is an impairment indicator? (short term price fluctuation – may not be; longer term price reduction - yes). But prudent to test for impairment.</p>
		<ul style="list-style-type: none"> • Cash generating units (CGU) – Order for impairment: 1. Specific assets; 2. Allocated goodwill; 3. Pro-rata to other non-current assets. 	
	<ul style="list-style-type: none"> • IAS 38 Intangible assets 	<ul style="list-style-type: none"> • Definition – identifiable non-monetary asset without physical substance. • If part of business combination – at fair value • Goodwill, and trademark – impairment tested (indefinite useful lives). If finite useful lives – amortisation • R&D – expensed; Capitalisation criteria • Sale of intangible – not revenue. 	<p>Page 104 - Calendar (SBR Specimen Paper 2 (a) (i)) Page 105 - Skizer (Sept 2018)</p>