# ACCA STRATEGIC BUSINESS REPORTING (SBR) PRACTICE EXAM (SAMPLE)

## STUDY GUIDE



## SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

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# How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

### 1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

### 2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

### 3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

### 4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

### 5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

### 6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

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# Questions

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**1. In the context of timing differences, what is being compared?**

A. Taxable profits and total comprehensive income

B. Income and expense vs. capital gains

C. Profit before tax and net profit

D. Revenue and cash receipts

**2. How is control generally defined in terms of an investee?**

A. The ability to make decisions independently

B. Power over the investee and effects on returns

C. Ownership interest greater than 50%

D. Influence through significant shareholding

**3. What is cryptocurrency?**

A. An intangible digital asset used as a physical currency

B. A tangible asset with specialized applications in finance

C. An intangible digital token recorded using a distributed ledger infrastructure

D. A type of traditional currency reformulated in a digital manner

**4. What is required under IFRS 2 when a company receives goods or services?**

A. Recognition of a liability only

B. Recognition of an expense and equity

C. Recognition of an asset only

D. Recognition of equity or liability depending on the settlement type

**5. What are the criteria for classifying discontinued operations under IFRS 5?**

A. Temporary closure of operations only

B. Represents a separate major line of business or geographic area

C. Simple profitability analysis

D. Only subsidiaries with significant losses

**6. Under what condition is a change in accounting policy permitted?**

A. When approved by shareholders

B. At the discretion of management

C. When required by an IFRS or to provide more reliable and relevant information

D. Only during the annual audit process

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**7. How are grants relating to income treated under IAS 20?**

A. As a liability on the balance sheet

B. Recognized directly as revenue

C. Recognized as an expense when repaid

D. Deferred for future periods

**8. How are monetary items measured in foreign exchange transactions?**

A. At historical exchange rates

B. At current market value only

C. Retranslated at closing exchange rates at year-end

D. Using a fixed exchange rate

**9. What defines a joint arrangement?**

A. An arrangement requiring majority control

B. An arrangement with unilateral decision-making authority

C. An arrangement with joint control requiring unanimous consent for decisions

D. An arrangement with temporary partnerships

**10. What typically happens with warranty provisions under IAS 37?**

A. They are always recognized as a full liability

B. They may require management estimates for recognition

C. They can be ignored until the warranty is claimed

D. They are recognized as income in advance

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# Answers

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1. A
2. B
3. C
4. D
5. B
6. C
7. C
8. C
9. C
10. B

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# Explanations

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## 1. In the context of timing differences, what is being compared?

A. Taxable profits and total comprehensive income

B. Income and expense vs. capital gains

C. Profit before tax and net profit

D. Revenue and cash receipts

*The topic of timing differences often involves comparing taxable profits to total comprehensive income. Taxable profits refer to the earnings that are subject to taxation in a given period, while total comprehensive income encompasses all changes in equity during a period except those resulting from contributions by and distributions to owners. This includes not just the profit for the year but other comprehensive income items, such as revaluation gains or losses. The timing differences arise because accounting principles allow certain revenues and expenses to be recognized in financial statements in periods different from when they are treated for tax purposes. For example, some expenses may be deducted for tax purposes when they are incurred, while the corresponding accounting expense may be recognized at a different time. Understanding this relationship is crucial for preparing the financial statements and tax returns accurately, as it helps in reconciling financial accounts and ensuring compliance with accounting standards and tax regulations. Hence, the comparison between taxable profits and total comprehensive income is fundamental to understanding how timing differences impact the assessment of a business's financial performance and tax liabilities.*

## 2. How is control generally defined in terms of an investee?

A. The ability to make decisions independently

B. Power over the investee and effects on returns

C. Ownership interest greater than 50%

D. Influence through significant shareholding

*The concept of control in relation to an investee primarily revolves around the notion of power and the ability to affect the returns of the investee. Control is defined as the power to govern the financial and operating policies of an entity to obtain benefits from its activities. This means that an entity can make decisions that influence the overall strategy and performance of the investee, which in turn impacts the financial returns. The correct choice encapsulates this definition by emphasizing both the power over the investee and the resultant effects on returns. This aligns with the International Financial Reporting Standards (IFRS), particularly IFRS 10, which establishes the criteria for determining control. Control can exist even when ownership is below 50%, as long as the entity has the ability to direct relevant activities and impact outcomes. Other options, while related to aspects of control, do not capture the comprehensive view as effectively. The notion of simply having a greater than 50% ownership does not take into account situations where control may exist despite lower direct ownership. Similarly, having the ability to make decisions independently or having significant shareholdings may imply some level of influence but does not necessarily equate to control as defined formally in accounting standards.*

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## 3. What is cryptocurrency?

A. An intangible digital asset used as a physical currency

B. A tangible asset with specialized applications in finance

C. An intangible digital token recorded using a distributed ledger infrastructure

D. A type of traditional currency reformulated in a digital manner

*Cryptocurrency is best defined as an intangible digital token that is recorded using a distributed ledger infrastructure, which is usually based on blockchain technology. This type of asset exists only in digital form and is not tied to any physical currency or commodity, thus making it a unique financial instrument. The use of distributed ledger technology is a pivotal characteristic of cryptocurrencies, as it allows for decentralized and secure transaction processing. This means that transactions can be verified and recorded without the need for a central authority, enhancing transparency and security. The decentralized nature makes cryptocurrencies resistant to censorship and fraud, which are significant advantages over traditional currencies. In contrast, the other choices present misunderstandings about what cryptocurrency is. While there are elements of truth in their descriptions, they fail to capture the essence and technological foundation of cryptocurrency as accurately as the correct answer does.*

## 4. What is required under IFRS 2 when a company receives goods or services?

A. Recognition of a liability only

B. Recognition of an expense and equity

C. Recognition of an asset only

D. Recognition of equity or liability depending on the settlement type

*Under IFRS 2, when a company receives goods or services in exchange for equity instruments or cash, it is necessary to recognize the appropriate financial element based on the type of settlement involved. If the transaction is settled with equity instruments (such as shares), the company recognizes an increase in equity. Conversely, if the settlement is in cash or other liabilities, the company recognizes a liability. This framework allows for flexibility in how a company compensates for the goods or services received, accurately reflecting the financial impact on the entity's balance sheet. Additionally, the classification of the transaction as either an equity or liability affects how it is reported and subsequently measured in the financial statements, ensuring that users of the financial statements have a clear understanding of the company's obligations and equity structure. This dual recognition approach aligns with IFRS's principles of providing relevant and faithfully represented information.*

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## 5. What are the criteria for classifying discontinued operations under IFRS 5?

A. Temporary closure of operations only

B. Represents a separate major line of business or geographic area

C. Simple profitability analysis

D. Only subsidiaries with significant losses

*Under IFRS 5, for an entity to classify operations as discontinued, it must meet specific criteria. One key criterion is that the operations must represent a separate major line of business or a geographical area of operations. This classification is essential because it provides users of financial statements with information about the performance of the components that are being divested or are no longer continuing, which helps in understanding the ongoing profitability of the remaining operations. Additionally, classifying operations this way allows stakeholders to assess the impact of discontinued operations on the overall financial position and performance of the entity. It aids in transparency regarding the financial effects of selling or otherwise disposing of segments of the business that are no longer part of the entity's strategic focus. Other options, such as temporary closure, profitability analysis, or only focusing on subsidiaries with losses, do not align with the established IFRS 5 requirements. The focus on major lines of business or geographic areas ensures that the classification is grounded on substantive operational characteristics, rather than arbitrary financial results or temporary status changes.*

## 6. Under what condition is a change in accounting policy permitted?

A. When approved by shareholders

B. At the discretion of management

C. When required by an IFRS or to provide more reliable and relevant information

D. Only during the annual audit process

*A change in accounting policy is permitted when it is required by an IFRS or when such a change is made to provide more reliable and relevant information about the financial position and performance of an entity. This aligns with the principles of accounting as outlined in the International Financial Reporting Standards (IFRS), which promote consistency and transparency in financial reporting. If an IFRS mandates a specific accounting treatment or method, entities are obligated to comply with that standard. Furthermore, even when not explicitly required, a change is considered appropriate if it enhances the reliability and relevance of the financial statements, ensuring they provide a true and fair view of the entity's financial health. Changes in accounting policy are not simply at management's discretion, nor can they be arbitrarily approved by shareholders without a valid basis aligned with IFRS requirements. In addition, although annual audits involve scrutiny of accounting practices, they do not serve as a critical condition or exclusive timeframe for implementing policy changes. Thus, the emphasis on adherence to IFRS and the pursuit of more reliable and relevant reporting justifies this option as the correct answer.*

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## 7. How are grants relating to income treated under IAS 20?

A. As a liability on the balance sheet

B. Recognized directly as revenue

C. Recognized as an expense when repaid

D. Deferred for future periods

*Under IAS 20, grants relating to income are primarily recognized as deferred income, which means they do not affect the income statement immediately upon receipt. Instead, they are recorded in the balance sheet as a liability until the conditions of the grant are met. This approach ensures that the income from grants is recognized systematically over the periods that the related costs are incurred or over the useful life of the asset if the grant relates to an asset. When a grant is linked to income or to cover specific expenses, it is often recognized as income in the same period as the expenses it is intended to compensate. Therefore, the correct treatment is for these grants to be deferred and recognized as income in future periods rather than being recognized directly as revenue or as an expense. Thus, the idea of recognizing the grant as an expense when repaid does not align with the standard's treatment, as the focus is on recognizing the income associated with the grant rather than treating it as a liability or an expense at the point of repayment. This systematic approach to recognizing grants ensures that the financial statements accurately reflect the timing of the related income and expenses, promoting consistency and transparency in financial reporting.*

## 8. How are monetary items measured in foreign exchange transactions?

A. At historical exchange rates

B. At current market value only

C. Retranslated at closing exchange rates at year-end

D. Using a fixed exchange rate

*Monetary items in foreign exchange transactions are measured by re-evaluating them at the closing exchange rates at the end of the reporting period. This approach is consistent with the requirements of the International Financial Reporting Standards (IFRS), which mandate that monetary assets and liabilities must be reported at the current exchange rate at the balance sheet date. The reason this method is important is that it reflects the most current value of foreign currency denominated amounts, providing a more accurate representation of the entity's financial position in terms of the foreign currency's current purchasing power. The requirement to retranslate based on the closing exchange rates ensures that the financial statements accurately capture any fluctuations in foreign exchange rates that might impact the entity's financial results. As such, this measurement approach aligns the accounting treatment with recognized financial reporting frameworks, enhancing the reliability of the reported figures. In contrast, measuring at historical exchange rates does not reflect current market conditions and can lead to information that is stale or misleading. Current market value measures would apply to non-monetary items and not directly to monetary items like cash or receivables. Using a fixed exchange rate could lead to inconsistencies with actual market movements and does not adhere to current practices in financial reporting.*

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## 9. What defines a joint arrangement?

A. An arrangement requiring majority control

B. An arrangement with unilateral decision-making authority

C. An arrangement with joint control requiring unanimous consent for decisions

D. An arrangement with temporary partnerships

*A joint arrangement is characterized by joint control, where the parties involved have agreed to work together but do not individually control decisions alone. The correct answer identifies that what defines a joint arrangement is the requirement for unanimous consent when making decisions. This level of control and cooperation means that all parties must agree on key decisions, which is a crucial aspect of how joint arrangements function. In a joint arrangement, each party has rights to the net assets of the arrangement and shares responsibilities and benefits according to their participation. The essence of joint control lies in the collaborative decision-making process, which contrasts with more unilateral arrangements where one party might dominate decisions or stake. Joint arrangements often manifest in joint ventures or partnerships, making this collective decision-making essential for their operation. While majority control implies one entity makes decisions on behalf of the others, or unilateral decision-making indicates that one party can act independently, these do not align with the primary nature of joint arrangements where cooperation and mutual consent are key elements. Temporary partnerships, while they may involve some collaborative aspects, do not universally satisfy the criteria necessary to define a joint arrangement compared to the stipulations around joint control and decision-making.*

## 10. What typically happens with warranty provisions under IAS 37?

A. They are always recognized as a full liability

B. They may require management estimates for recognition

C. They can be ignored until the warranty is claimed

D. They are recognized as income in advance

*Under IAS 37, which provides guidance on provisions, contingent liabilities, and contingent assets, warranty provisions usually require management to make estimates to determine whether a provision should be recognized and the amount of that provision. This is because warranties often involve a degree of uncertainty regarding the timing and amount of the costs related to future claims for repairs, replacements, or servicing over the warranty period. Management needs to consider historical data, trends, and any specific contractual obligations when estimating the potential future costs associated with warranties. This ability to require estimates emphasizes the complexity and judgment involved in accounting for warranties. The correct answer reflects the standard practice under IAS 37, where it is essential to recognize the likelihood and estimated costs related to warranty claims rather than treating them as definite liabilities or ignoring them until claims occur, as this would not align with the recognition criteria set by the standard. Recognizing warranty provisions appropriately reflects the company's obligations and provides more accurate financial statements.*

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# Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

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We wish you the very best on your exam journey. You've got this!

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