ACCA Strategic Business Reporting (SBR) Practice Exam (Sample)

Study Guide

Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of 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.

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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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!

Questions

1. **What does an entity need to disclose about its operating segments?**
   - A. How the entity identified its operating segments
   - B. The revenue of individual products
   - C. The fixed costs of each segment
   - D. The identity of major customers

2. **How is the carrying amount of an asset assessed as impaired?**
   - A. When it equals its fair value
   - B. When it is less than the recoverable amount
   - C. When it exceeds the recoverable amount
   - D. When it matches the historical cost

3. **Which of the following is NOT one of the fundamental principles of professional conduct?**
   - A. Integrity
   - B. Confidentiality
   - C. Self-discipline
   - D. Objectivity

4. **What are permanent differences in tax accounting?**
   - A. Differences due to temporary timing issues
   - B. Disparities resulting from non-taxable income or disallowable expenses
   - C. Variations due to differing accounting standards
   - D. Differences arising from changes in exchange rates

5. **The measurement of contingent liabilities is typically dependent on what factor?**
   - A. The entity’s choice
   - B. The occurrence of a certain future event
   - C. The issuing authority's stipulations
   - D. The company’s accounting policy

6. **What is the cost model for intangible assets according to IAS 38?**
   - **A. Cost less accumulated amortisation and impairment losses**
   - **B. Cost only**
   - **C. Fair value at the reporting date**
   - **D. Cost adjusted by market conditions**

7. **What is included in the post-tax gain or loss of discontinued operations?**
   - **A. Only losses associated with operational costs**
   - **B. Remeasurement to fair value less costs to sell**
   - **C. The sum of all operational revenues generated**
   - **D. Only gains recognized from previous accounting periods**

8. **Which of the following reflects a non-monetary item?**
   - **A. Bank loans**
   - **B. Accounts receivable**
   - **C. Inventories**
   - **D. Cash equivalents**

9. **Which of the following conditions is NOT necessary for provisions to be recognized by an entity?**
   - **A. The obligation arises from a past event**
   - **B. It is probable economic resources will be outflowed**
   - **C. The amount can be estimated reliably**
   - **D. The obligation must involve legal requirements**

10. **What does an initial lease receivable include for lessor accounting?**
    - **A. Total payment minus commission**
    - **B. Present value of future lease payments**
    - **C. Annual depreciation of leased asset**
    - **D. Future profits from lease agreement**

Answers

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

Explanations

1. **What does an entity need to disclose about its operating segments?**

   A. How the entity identified its operating segments

   B. The revenue of individual products

   C. The fixed costs of each segment

   D. The identity of major customers

An entity is required to disclose how it identifies its operating segments as part of its financial reporting obligations under IFRS 8, 'Operating Segments.' This disclosure is essential as it provides users of the financial statements with a clear understanding of the basis on which the segments are determined and reported. It enhances the transparency and helps analysts assess the performance and prospects of the different parts of the business. Understanding the criteria used for segment identification allows stakeholders to analyze how the entity organizes its operations internally, which reflects the way the management evaluates the performance and allocates resources. This is crucial for users to make informed decisions regarding the entity's overall financial health and strategy. While other disclosures such as revenue of individual products, fixed costs of each segment, and the identity of major customers may have their relevance, they are not required to the same extent as the disclosure regarding how operating segments are identified. This information is foundational for understanding the segment reporting and aids users in interpreting the financial statements effectively.

2. **How is the carrying amount of an asset assessed as impaired?**

   A. When it equals its fair value

   B. When it is less than the recoverable amount

   C. When it exceeds the recoverable amount

   D. When it matches the historical cost

The carrying amount of an asset is assessed as impaired when it exceeds the recoverable amount. The recoverable amount is defined as the higher of an asset's fair value less costs to sell and its value in use. If the carrying amount of the asset is greater than this recoverable amount, it indicates that the asset may not generate sufficient future cash flows to justify its current carrying value, thereby necessitating an impairment loss. This assessment is a critical part of the accounting process under International Financial Reporting Standards (IFRS), specifically IAS 36 - Impairment of Assets. Evaluating for impairment ensures that assets are not overstated on the balance sheet and are reported in a manner that reflects their true value. In contrast, the other options do not accurately reflect the conditions for assessing impairment. Fair value or historical cost alone does not determine impairment; rather, it is specifically the comparison with the recoverable amount that guides this assessment.

3. Which of the following is NOT one of the fundamental principles of professional conduct?

A. Integrity

B. Confidentiality

C. Self-discipline

D. Objectivity

The fundamental principles of professional conduct in accounting and finance primarily include integrity, confidentiality, objectivity, and professional competence. These principles are established to guide accountants in their professional duties and ensure trust within the profession and among stakeholders. Integrity involves being honest and straightforward in all professional and business relationships, which is essential for maintaining trust. Confidentiality requires professionals to respect the privacy of information gained through their work and not disclose it without proper authority. Objectivity is about maintaining impartiality and avoiding conflicts of interest. Self-discipline, while important for professional behavior and decision-making, is not outlined specifically as one of the fundamental principles of professional conduct. Instead, it can be considered a characteristic that supports adherence to the established principles, rather than being a foundational principle in itself. Therefore, identifying self-discipline as not being one of the fundamental principles aligns with the established guidelines in the profession.

4. What are permanent differences in tax accounting?

A. Differences due to temporary timing issues

B. Disparities resulting from non-taxable income or disallowable expenses

C. Variations due to differing accounting standards

D. Differences arising from changes in exchange rates

Permanent differences in tax accounting refer specifically to disparities that arise when certain types of income are not subject to taxation or when certain expenses are not allowed to be deducted for tax purposes. This means that these differences do not reverse in future periods; they are ongoing and will have a lasting impact on the effective tax rate of the entity. For instance, tax-exempt income such as municipal bond interest or certain life insurance proceeds creates a permanent difference since this income will not be taxed at all. Conversely, certain expenses that are considered non-deductible, such as fines or penalties, lead to permanent differences as these expenses cannot be reflected in tax calculations. Other choices involve concepts related to timing (temporary differences), accounting rules (accounting standards), or fluctuations from currency exchange (which affect valuations but not directly the fundamental categorization of tax differences). However, these do not represent the essence of permanent differences, which are characterized by their nature of being irreversibly excluded or included in the tax calculations.

5. The measurement of contingent liabilities is typically dependent on what factor?

A. The entity’s choice

B. The occurrence of a certain future event

C. The issuing authority's stipulations

D. The company’s accounting policy

The measurement of contingent liabilities is fundamentally linked to the occurrence of a certain future event. This is because contingent liabilities are potential obligations that may arise depending on the outcome of specific future events that are uncertain. For instance, if a company is involved in a lawsuit, the contingent liability related to potential damages will only materialize if the court rules against the company. In the context of accounting, contingent liabilities are recognized based on probability and estimability. If it is probable that the liability will occur and the amount can be reasonably estimated, then it is recorded. If the event does not occur or is considered unlikely, then the liability remains contingent and unrecognized in the financial statements. This reliance on a future event distinguishes contingent liabilities from regular liabilities, which are recognized and measured based on current obligations.

6. What is the cost model for intangible assets according to IAS 38?

A. Cost less accumulated amortisation and impairment losses

B. Cost only

C. Fair value at the reporting date

D. Cost adjusted by market conditions

The cost model for intangible assets, as outlined in IAS 38, involves recognizing the asset at its cost and subsequently adjusting it by deducting accumulated amortization and any impairment losses that may have occurred. This approach provides a systematic method for allocating the cost of the intangible asset over its useful life, reflecting the consumption of the asset’s economic benefits. Under this model, the asset remains on the balance sheet at a figure that represents its remaining value, given that it has been amortized to reflect its usage and any potential loss in value due to impairment. This measurement ensures that the financial statements provide a clear representation of the intangible asset's current worth over time, recognizing that while the original cost may remain constant, the realizable value requires adjustments due to amortization and possible impairment. The other options do not align with the requirements set forth in IAS 38: - Simply applying cost without adjustments ignores the necessity to account for the diminishing value of intangible assets over time, which is essential for accurate financial reporting. - Fair value at the reporting date focuses on market conditions and potential buyer willingness rather than the systematic and structured approach of cost less accumulated amortization. - Adjustments based solely on market conditions do not align with the structured methodology stipulated by the standard for

7. What is included in the post-tax gain or loss of discontinued operations?

A. Only losses associated with operational costs

B. Remeasurement to fair value less costs to sell

C. The sum of all operational revenues generated

D. Only gains recognized from previous accounting periods

In the context of financial reporting, specifically regarding discontinued operations as defined under IFRS 5, the post-tax gain or loss of discontinued operations includes the remeasurement of assets to fair value less costs to sell. This remeasurement process reflects the fair value that the asset can be sold for, minus any costs that would be incurred to complete the sale. When a component of an entity is classified as discontinued, it is necessary to capture the value based on current market conditions at the point of sale, which is what fair value less costs to sell signifies. This approach ensures that the financial statements accurately reflect the expected economic outcome of discontinuing that operation. The other choices do not accurately encompass the facets of post-tax gains or losses associated with discontinued operations. For instance, merely focusing on operational losses, sum of revenues, or gains from previous periods does not align with the comprehensive financial picture provided by the fair value measurement process. Only the remeasurement process captures the necessary adjustments to the carrying values of assets and liabilities that must be reflected in the gain or loss calculation for discontinued operations.

8. Which of the following reflects a non-monetary item?

A. Bank loans

B. Accounts receivable

C. Inventories

D. Cash equivalents

Inventories qualify as a non-monetary item because they represent assets that a company holds for sale in the normal course of business, or for consumption in the production of goods or services. Unlike monetary items, which represent a claim to cash or cash equivalents, non-monetary items do not have a fixed cash value and can change in value due to market fluctuations, consumption, and production levels. Inventories are valued based on various methods, such as FIFO (first-in, first-out) or weighted average cost, rather than being directly tied to cash flows. This is a key distinction that classifies them as non-monetary. In contrast, bank loans, accounts receivable, and cash equivalents are all monetary items. Bank loans represent a specific amount of money owed that can be readily converted to cash, accounts receivable are sums expected to be received in cash, and cash equivalents include short-term investments that are easily convertible into known amounts of cash. Each of these items holds a defined monetary value that does not fluctuate based on operational variables, therefore marking a clear distinction between them and inventories in the context of financial reporting.

9. Which of the following conditions is NOT necessary for provisions to be recognized by an entity?

A. The obligation arises from a past event

B. It is probable economic resources will be outflowed

C. The amount can be estimated reliably

D. The obligation must involve legal requirements

The recognition of provisions in financial reporting is guided primarily by the criteria set out in the relevant accounting standards, such as IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets. A key aspect of recognizing a provision is that an entity must have a present obligation as a result of a past event, which aligns with historical transactions or events that create a responsibility. The first condition is crucial; the obligation indeed arises from a past event, forming the foundation of the provision. The second condition requires that it must be probable that outflows of economic resources will occur to settle the obligation. This indicates that the likelihood of any outflow must be more than remote. Lastly, the ability to estimate the monetary amount reliably is also critical. If the amount cannot be measured reliably, the entity cannot recognize a provision, and this is in line with ensuring the reliability and relevance of financial information. However, the notion that an obligation must involve legal requirements is not a necessary condition for the recognition of a provision. Provisions can also arise from constructive obligations, which may not be legally enforceable but are still rooted in past events where the entity has created expectations among other parties (such as customers or employees). Therefore, an obligation can arise from

10. What does an initial lease receivable include for lessor accounting?

A. Total payment minus commission

B. Present value of future lease payments

C. Annual depreciation of leased asset

D. Future profits from lease agreement

The initial lease receivable for lessor accounting is determined by the present value of future lease payments. This reflects the amount that the lessor expects to receive over the lease term, discounted at the appropriate interest rate. The present value approach is fundamental in lease accounting as it takes into account the time value of money—acknowledging that a dollar received in the future is worth less than a dollar received today. Therefore, capturing the future cash flows from lease payments and discounting them to their present value provides a more accurate representation of what the lessor's receivable will be at the start of the lease. This approach aligns with the requirements set forth in accounting standards like IFRS 16 for leases, which mandate that lessors recognize lease payments as receivables calculated by present value, rather than simpler calculations or estimates that could lead to inaccuracies regarding future cash flows or profitability.

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:

https://accastrategicbusinessreporting-sbr.examzify.com

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