

## Change in SBR Exam - Q1

From September 2023, the format of question 1 in the Strategic Business Reporting (SBR) exam will be changing. Candidates will be presented with a 'prepopulated spreadsheet response option' (spreadsheet) containing a draft consolidated financial statement. One of the requirements will ask candidates to correct this spreadsheet for a range of issues.

Spreadsheets play an important role for accountants and are necessary tools for traditional responsibilities such as recording, planning, and decision-making. It therefore seems logical that when examining the SBR syllabus, spreadsheets should be used to record, analyse and present information.

In this new style of requirement, candidates will have to adjust a draft consolidated statement of profit or loss, a draft consolidated statement of financial position or a draft consolidated statement of cash flows. Candidates will have to deal with issues such as accounting errors, changes in accounting policies, or the acquisition or disposal of a subsidiary. Alternatively, there may be unrecorded transactions that require recognition or adjustment, such as a defined benefit plan or foreign exchange issues. In addition, candidates may have to discuss the impact on the financial statements of these adjustments. For example, has the parent company's investment in a company now changed from a subsidiary relationship to that of an associate? Candidates will never be required to construct a consolidated financial statement (including a consolidated statement of cash flow) from the parent and subsidiaries' separate financial statements.

The accounting principles tested by the examination are not changing; the examination is simply testing the same application of knowledge by using a spreadsheet format. There will be 10-14 marks available for the spreadsheet requirement.

Candidates **are required** to use the pre-formatted spreadsheet to answer the relevant requirement and the question will explicitly state this. It is advisable to also use this spreadsheet to show workings by using the workings area set out below the draft financial statements. As usual, the workings should show clearly how the adjustments to the spreadsheet have been arrived at. This will help markers award credit where it is due. Some candidates will invariably disregard this advice and use the Word document for workings. If this situation occurs, the candidate will not be penalised, but using one document will save time. Candidates should be aware that it is not possible to copy and paste from the Word document into the spreadsheet.

Marks are not awarded for the use of formulae or the candidate's spreadsheet ability, so simple workings can be used. Markers will review each spreadsheet cell for workings. Markers will continue to use existing principles to mark the candidates' responses, such as the own figure rule. Note that negative numbers in the spreadsheet will be displayed with a minus sign, rather than with brackets.

To help candidates with this transition, there will be two examples of the new type of question available on the Practice Platform. These questions will replace the current question 1 in both specimen papers. These will first be made available on the Education Hub and will then be added to the Practice Platform in due course.