OPEN-BOOK EXAM SHEET

Full guide + ask Sia about BMAN30030

BMAN30030 Contemporary Issues in Financial Reporting and Regulation

THE UNIVERSITY OF MANCHESTER · LEVEL 3 · FULL YEAR 2026/27

SIDE 1 · FRAMEWORKS & DECISIONS

Define → mechanism → evidence → condition → judgement

DESK REFERENCE

1 · Exam map COURSE OUTLINE 2026/27

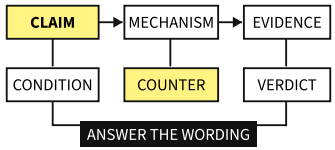
Take-home open book online written examination · 100%

"The assessment in the course takes the form of a take-home open book online written examination at the end of the academic year." (BMAN30030 Course Outline 2026/27)

Three compulsory questions; 48 hours to complete and submit through Canvas. The exam is sat once the academic year ends.

QUESTION MODE	WHAT EARNS SPACE
Critical essay	thesis; named reading; condition; counter-case; verdict
Short technical parts	method choice; clean workings; interpretation
Integrated application	framework → facts → consequence → qualified judgement

2 · Universal answer engine TOPIC MAPS + FAQ



Every paragraph should advance the answer, not merely repeat a reading.

1. **Pin the contest:** what exactly is said to improve, for whom and by what route?
2. **Define precisely:** materiality, oversight, fair value or repair before evaluating it.
3. **Name the mechanism:** how should the institution, standard or measurement change behaviour?
4. **Use evidence with its condition:** enforcement, incentives, observability, horizon or audience.
5. **Conclude proportionately:** say what the evidence supports and what it cannot establish.

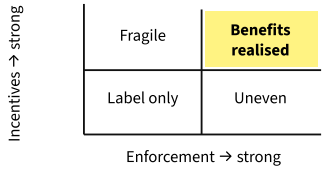
EXAM TIP *Put the condition in the same sentence as the positive finding; "benefits where enforcement is strong" is stronger than a detached caveat later.*

13 · Static or dynamic repair? C13

Static repair restores audit's existing form; *dynamic repair* changes its form or function. More inspection or higher fines tighten the old model. Extending audit to the fairness of a business model changes its purpose.

Test: does the proposal change the context in which audit operates, or the concept of audit itself? Use the recurring scandal cycle and Brydon's "deserved confidence" purpose.

3 · Convergence ≠ uniformity C1 · TARCA; WALKER



Reviewed benefits cluster where enforcement and reporting incentives are both strong.

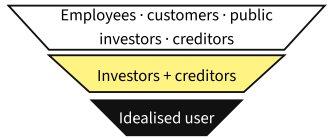
CASE FOR	CONDITION / CHALLENGE
comparability; lower information costs; liquidity; access to foreign capital	adoption changes the rulebook; enforcement and incentives determine application
common language for investors	carve-outs and persistent national practices pull back towards diversity
capital-market gains	stronger where prior national rules differed most and legal enforcement was strong

Varieties of capitalism: standards built for outsider, stock-market finance may fit coordinated or bank-based systems poorly.

APPLICATION LINE

```
Shared standards reduce diversity
without eliminating national
enforcement, incentives or financing
institutions; investors must still
assess implementation.
```

4 · Who is "the user"? C2 · YOUNG 2006

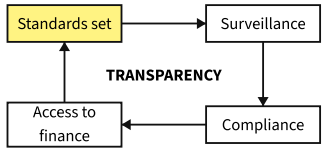


The category narrowed from many readers to an idealised capital provider.

LENS	QUESTION TO ASK
Decision usefulness	does information help resource-allocation decisions?
Stewardship	how well did management look after entrusted resources?
Accountability	which affected groups can demand an account?

Critical test: when a board says "users need", ask which users, what evidence, who decided. Decision usefulness may legitimate standards without proving actual needs.

5 · International architecture C3 · NIFA

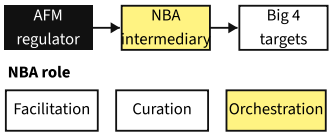


The intended cycle puts public backing behind private standards and surveillance.

ACTOR	ROLE / ACCOUNTABILITY ISSUE
G7 → FSF/FSB	coordinates key standards for financial stability
IASB / IFAC boards	private standard setting with public consequences
IMF / World Bank	assess national observance
Monitoring Group / PIOB	regulator-linked oversight; still embedded in professional structures

Procedural legitimacy rests on transparent due process; critics ask whether resourced participants dominate it. Use when asking who governs global reporting and whether oversight is genuinely public.

6 · Oversight redistributes power C4 · O'DWYER ET AL.



role-limbo gaps between shifts

The Dutch institute lost inspection power but retained conditional influence as an intermediary.

Decision rule: ask (1) what changed in firm practice, (2) who now holds authority and (3) what evidence shows the change lasts. Outside inspection can sanction; a professional body can still translate demands, organise collective responses and press structural reform.

CLAIM	BEST QUALIFICATION
profession displaced	authority redistributed, not erased
sanction proves reform	engagement-specific findings may leave firm systems untouched
intermediary is powerful	influence is fragile; depends on usefulness to both sides

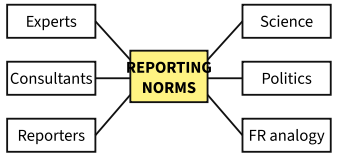
7 · Ethics as governance C5 · CLUNE & ANDON

Iron law of oligarchy: large organisations tend to concentrate power in leaders detached from members. Treat it as a tendency, not inevitability: member dissent removed CPA Australia's leadership in 2017, while later reforms retained much leadership authority.

MECHANISM	ACCOUNTABILITY CONSEQUENCE
director tenure extended from 6 to 9 years	less frequent member renewal or removal
termination terms raised against independent advice	leadership interests displace member interests
changes not disclosed to members	scrutiny arrives too late: democratic deficit

EXAM TIP *Do not treat a public-interest mission statement as proof of conduct. Name the governance rule, beneficiary, harmed constituency and corrective check.*

8 · From soft law to standards C6–C7



Voluntary practice became normal through many actors and conditions, then GRI codified norms in 1999.

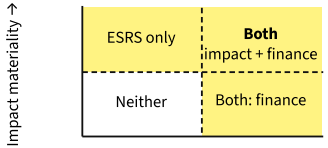
Historical argument: professional debate, accounting understood as social practice, and rising scientific/political concern made environmental accounting possible. The 1990s were not "lost": experts, awards, consultants, auditors, governments and pioneering companies built templates later codified by GRI.

BORROWED FROM FINANCIAL REPORTING	GAIN / COST
standard setter; principles; indicators; assurance	rapid legitimacy and comparability / social harms resist reduction to indicators
impact framing	what the company does to society and environment
financial framing	what sustainability matters do to the company

Use when asked how voluntary reporting became standard or whose interests shaped it. Explain causal stages; a chronology alone is not an argument.

Application: identify who generated the idea, who carried it into practice and which familiar reporting device made it acceptable.

9 · ISSB v ESRS C7



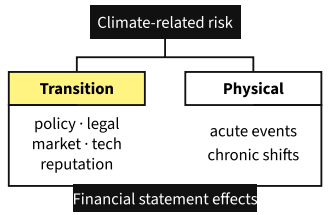
ESRS report a matter crossing either threshold; an ISSB-based report reaches the financial side.

DIMENSION	ISSB	ESRS
Audience	providers of capital	investors + wider stakeholders
Test	sustainability-related financial information	financial or impact materiality
Direction	outside in	outside in + inside out
Legitimacy	private foundation; due process	public EU legislation

Kingdon: fragmentation supplied the problem, a baseline the policy, and politics opened a window for the ISSB launch at COP26 in 2021.

Verdict: interoperability is possible, but objectives and authority differ; carbon reporting shows clearer progress.

10 · TCFD decision tree C8

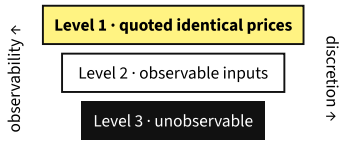


Risk branches become reportable through effects on strategy, position, performance or cash flows.

THEME	REQUIRED QUESTION
Governance	who oversees and manages climate risk?
Strategy	effects on business and resilience under scenarios?
Risk management	how identified, assessed and managed?
Metrics & targets	what is measured, targeted and tracked?

Core limitation: it reports company risk. Climate effects are indirect and depend on credible scenarios and market action.

11 · Fair value choice C9 · IFRS 13



Descending the hierarchy reduces observability and increases management discretion.

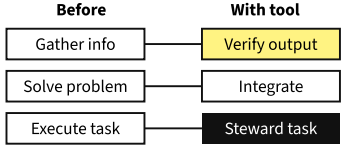
Fair value is the exit price in an orderly market-participant transaction at the measurement date; the entity's intention to hold does not determine it.

BASE	CAPITAL PROTECTED / EXAM USE
Historical cost	nominal money capital; simple but stale in inflation
Current purchasing power	general purchasing power; restate by index ratios
Replacement cost	operating capacity; tests whether distributions consume capacity

CPP RESTATEMENT

```
Restated amount = historical amount ×
closing index / relevant-date index
Use average index for even flows;
purchase-date index for inventory;
acquisition index for fixed assets.
```

12 · Judgement moves C10 · LEE; SAMIOLO; SALIJENI



Judgement does not disappear; effort shifts towards verification, integration and responsibility.

EVIDENCE	USE / LIMITATION
Lee et al. (319 workers)	tool-confidence associated with less critical thinking; self-confidence with more
Samiolo et al. (44 interviews)	apparently routine audit work trains junior judgement
Salijeni et al. (25 interviews)	analytics widen evidence and reshape justification

Balanced judgement: efficiency and wider evidence can strengthen work, but removing routine tasks without redesigning training may erode the expertise needed to verify later output.

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DRILLS · WORKED APPLICATIONS · FAST-RECALL TRAPS

Full guide + ask Sia about BMAN30030

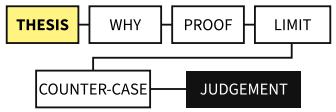
SIDE 2 · DRILLS & WORKED APPLICATIONS

Plan → calculate/classify → interpret → evaluate → conclude

FAST RECALL

14 · Essay answer frame

ALL CRITICAL QUESTIONS



Return to the exact wording

A strong answer is a chain of judgements; sources are evidence inside that chain.

COMMAND	MINIMUM MOVE
Explain	mechanism + consequence
Assess / evaluate	criterion + evidence + counter-evidence + verdict
Compare	same dimensions, not two separate descriptions
Advise	workings + capital/user consequence + recommendation

FIVE-PARAGRAPH SKELETON

1. **Position:** define the claim and give the qualified answer.
2. **Best support:** mechanism, named evidence, relevant application.
3. **Condition:** state where or for whom the finding holds.
4. **Counter-case:** strongest rival explanation or institutional limit.
5. **Verdict:** weigh significance, scope and practical consequence.

EXAM TIP *Description answers "what happened"; analysis explains why; evaluation decides how much the evidence should change the claim.*

15 · Trap clinic

COURSE-WIDE

WEAK MOVE	REPAIR
adoption = implementation	add enforcement + incentives
"users need"	identify users + evidence + excluded groups
mission statement = behaviour	test governance and observed conduct
chronology = argument	show actors, mechanism, turning point, weakness
disclosure = behavioural change	trace audience, incentives and response

15b · Final fast recall

ALL TOPICS

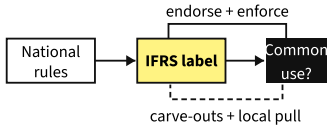
IF THE PROMPT SAYS…	REACH FOR…
uniform / global	enforcement, incentives, carve-outs, capitalism variety
useful to users	constructed user, stewardship, accountability
public interest	public/private/hybrid actor + governance mechanism

16 · Convergence application

C1 WORKED PLAN

Prompt: most listed companies use IFRS, so national differences no longer matter. Verdict: reject the inference.

MOVE	APPLICATION
Separate	shared label and standards ≠ common application
Support	liquidity / cost-of-capital findings after mandatory adoption
Condition	benefits mainly where enforcement is strong; incentives matter
Challenge	comparability may fail to rise; old policy choices persist
Institutionalise	varieties of capitalism explains different national fit
Conclude	check enforcement, carve-outs and distance from former rules



Endorsement and enforcement support convergence; carve-outs and local practice resist it.

READY SENTENCE

```
The scale of adoption is real, but scale is not uniformity: the reviewed benefits depend on enforcement and reporting incentives, while persistent national institutions shape application.
```

17 · Oversight + ethics drill

C4–C5

Sanction scenario: regulator fines a large audit firm and bans new listed clients for two years after fictitious revenue, but treats failure as one engagement.

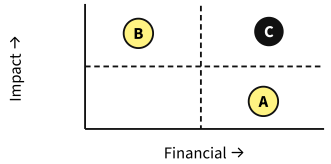
1. **Power gained:** outside regulator imposes penalties and market restrictions.
2. **Reach limited:** one-engagement framing may leave firm-wide systems and market structure untouched.
3. **Intermediary remains:** professional body can organise and legitimise collective reform.
4. **Verdict:** authority redistributed, conditional on the body's usefulness to regulator and firms.

ETHICS ISSUE	MECHANISM → STAKE
longer tenure	less member renewal → leader entrenchment
pay against advice	self-interest → public-interest credibility
delayed disclosure	weak scrutiny → democratic deficit

Close: distinguish the ability to punish a failure from the ability to change the governance conditions that produced it durably over time.

18 · Double-materiality drill

C7 WORKED APPLICATION



A = levy; B = river leakage; C = community harm plus supply threat.

MATTER	PERSPECTIVE	REPORT
A · virgin-plastic levy raises costs	financial	ISSB-based + ESRS
B · river leakage, no present financial effect	impact only	ESRS only
C · water harm threatens supply continuity	both	ISSB-based + ESRS

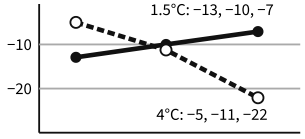
Method: classify outside in, inside out or both *before* naming the framework. This prevents the common error of treating every serious impact as immediately financially material.

19 · TCFD application

C8 WORKED + MODEL

DRAFT STATEMENT	THEME
audit committee reviews risk twice yearly	governance
coastal stores may flood	strategy; acute physical risk
group register scores likelihood × impact	risk management
Scope 1 and 2 emissions fell 8% vs 2030 target	metrics & targets

Missing: resilience under alternative scenarios. Touching all four headings does not make the disclosure decision-useful if strategy has not been stress-tested.



Northgate example: the costliest pathway changes with the horizon, so "resilient under all scenarios" needs support.

TOTALS FROM THE SUPPLIED DATA

```
1.5°C: (12+1), (8+2), (4+3) = £13m, £10m, £7m costs
4°C: (2+3), (2+9), (2+20) = £5m, £11m, £22m costs
```

Interpretation: transition cost dominates early in the 1.5°C path; chronic physical cost dominates late in the 4°C path.

20 · Measurement-basis drill

C9 WORKED EXAMPLE

Ashby plc: sales £800m; historical COGS £520m; depreciation £40m; other costs £120m. Replacement COGS £575m; replacement depreciation £52m. Proposed dividend £75m.

HISTORICAL-COST PROFIT

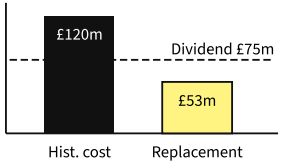
```
£800m - £520m - £40m - £120m = £120m
```

REPLACEMENT-COST PROFIT

```
£800m - £575m - £52m - £120m = £53m
```

DIVIDEND TEST

```
£75m - £53m = £22m above replacement-cost profit
```



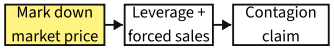
The payout is covered by nominal profit but erodes operating capacity by £22m.

INTERPRETATION	ADVICE
historical cost recovers nominal money	appears to cover £75m
replacement cost maintains capacity	limit payout to £53m if capacity is the objective

EXAM TIP *Write the capital concept beside each profit before advising; otherwise the calculation has no decision meaning.*

21 · Fair-value crisis argument

C9 · LAUX & LEUZ



Most bank assets not at fair value
departure rules already existed
little excessive write-down evidence

Present the critics' mechanism, then the bank evidence and the danger of delayed loss recognition.

Verdict frame: little support that fair value caused the crisis; relaxing measurement can reduce reliability and postpone losses. Avoid claiming the evidence proves fair value harmless in every market.

Use: separate the claimed feedback mechanism from what the US bank evidence actually tested.

Close: measurement discipline may be costly in distress, but opacity also carries a cost.

22 · IFRS 15 allocation

C11 WORKED EXAMPLE

Appliance bundle: contract £1,800; machine stand-alone £1,600; two-year service plan £400. Two performance obligations: machine at delivery; service over time.

RELATIVE STAND-ALONE ALLOCATION

```
Total stand-alone = £2,000
Machine: £1,800 × 1,600/2,000 = £1,440
Plan: £1,800 × 400/2,000 = £360 → £180 each year
```

Stand-alone £2,000



Allocated £1,800



The same 80:20 stand-alone proportion allocates the discounted package price.

TIMING	REVENUE / BALANCE
delivery day	£1,440 machine revenue; £360 contract liability
year 1	£180 service revenue
year 2	£180 service revenue

FIVE-STEP RECALL

```
1 contract → 2 performance obligations → 3 transaction price → 4 allocate by stand-alone prices → 5 recognise as control transfers
```

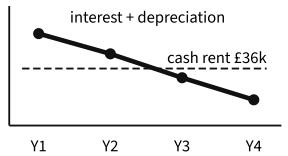
23 · IFRS 16 lease drill

COURSE WORKED EXAMPLE

Warehouse: five annual arrears payments £50,000; rate 6%; cumulative factor 4.2124; no initial direct costs.

COMMENCEMENT + YEAR 1

```
Liability = ROU asset = £50,000 × 4.2124 = £210,618
Interest = £210,618 × 6% = £12,637
Closing liability = 210,618 + 12,637 - 50,000 = £173,255
Depreciation = 210,618/5 = £42,124
Total expense = 12,637 + 42,124 = £54,761
```



Harbour Freight: the IFRS 16 charge starts above £36k rent and ends below; both total £144k.

Interpret: year-one expense £54,761 exceeds the £50,000 cash payment because interest is highest at commencement while depreciation is straight line.

24 · Intangibles decision table

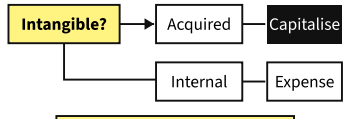
C12 · IAS 38; LEV

ROUTE	STRENGTH	WEAKNESS
capitalise + amortise identifiable investment	restores revenue-cost timing	measurement and control uncertainty
enhanced spend disclosure	analysts can rebuild; numbers unchanged	not recognition; comparability depends on detail
IFRS 18 management performance measures	explains management's performance view	still does not create the missing asset
IFRS S1 resources and dependencies	surfaces value drivers outside accounts	narrative clues do not replace measurement

Lev's four conditions: capitalise where the firm (1) owns or controls access, (2) has something scarce rivals cannot easily copy, (3) expects benefits alone or with other resources and (4) can identify the expenditure. Organisational processes fail the fourth.

Trap: capitalisation does not always raise profit. In steady state, amortisation of past spending approaches current spending; profit rises when investment grows and falls when it contracts.

Use: judge timing, not only the asset total.



A purchase price supports recognition; most internally generated research, brands and staff investment are expensed.

25 · Audit repair drill

C13 WORKED APPLICATION

1. Define static restoration versus changed form/function.
2. Classify inspection and fines as static: stronger enforcement, same purpose.
3. Classify supplier-fairness reporting as dynamic: audit reaches the business model.
4. Judge whether the proposal addresses recurring failure or merely promises restored trust.

HUMAN-RIGHTS DISCLOSURE	CRITICAL QUESTION
policies + outcomes	does reporting test conduct or describe it?
due-diligence processes	which supply-chain harms are prevented?
principal relationship risks	are affected people visible?
non-financial indicators	what resists comparison?