CPA BAR: Business Analysis and Reporting (Discipline)

Official Body: AICPA & NASBA | Time: 4 Hours | 2026 Blueprint

Free BAR Practice ->

Passing Standard: 75 on a 0-99 psychometrically scaled score (Not a percentage)

Section Format: 50 MCQs + 7 Task-Based Simulations (50% MCQ / 50% TBS) (Prometric)

1. OFFICIAL 2026 BAR BLUEPRINT DOMAINS & WEIGHTINGS

BAR-I: Business Analysis (Financial Operations, Variance, Capital Structure)	**Weight: 40-50%**
BAR-II: Technical Accounting and Reporting (Revenue, Leases, Derivatives)	**Weight: 35-45%**
BAR-III: State and Local Governments (Advanced GASB & Leases)	**Weight: 10-20%**

2. HIGH-YIELD BAR FORMULAS, ORDERING RULES & MNEMONICS

* **Capital Budgeting, WACC & Real Options**
  WACC weights after-tax cost of debt + preferred + CAPM equity (Rf + Beta x (Rm - Rf)). Positive NPV adds shareholder value; embedded real options (abandon/expand) truncate downside and raise expected NPV.
* **Variance Analysis (Price vs Efficiency)**
  DM Price Variance = (Actual Price - Standard Price) x Actual Qty Purchased. Efficiency/Usage Variance = (Actual Qty Used - Standard Qty Allowed for Actual Output) x Standard Price.
* **ASC 718 Stock Comp & ASC 815 Derivatives**
  Performance-vesting awards accrue compensation only once achievement is probable (catch-up adjustment on change in estimate). Cash flow hedge effective portion goes to AOCI; fair value hedge goes to earnings.
* **Advanced GASB Government-Wide Reconciliations**
  Convert Governmental Fund Balance to Gov-Wide Net Position (CPAS RIDES): + Capital assets (net), - Long-term debt, + Deferred revenue earned, + Internal service fund net position, - Accrued interest.

EXAM TRAP TO AVOID: Always base flexible-budget efficiency variances on Standard Quantity Allowed for ACTUAL units produced, never static master-budget output.

Test yourself on CPA BAR questions free (no credit card required) at VoraPrep:

1. Practice BAR Free ->
2. Free BAR Diagnostic ->
3. Score Predictor ->