F1 Formula Sheet

GoQualified

Financial Reporting (F1) . CIMA Operational level . For revision use only

IAS 16 — Depreciation

Straight-line = (Cost - Residual value) / Useful life

Reducing balance = NBV x Depreciation rate %

IAS 36 — Impairment

Recoverable amount = higher of (Fair value - costs of disposal) and Value in use

Impairment loss = Carrying amount - Recoverable amount

IFRS 16 — Leases (lessee only)

Lease liability (initial) = PV of lease payments outstanding at commencement

ROU asset (initial) = Lease liability + payments before commencement

+ initial direct costs - lease incentives received

Finance charge (period) = Opening liability balance x discount rate

IAS 2 — Inventories

Cost = Purchase price + import duties + directly attributable costs

NRV = Estimated selling price - costs to complete - costs to sell

Inventory valued at: lower of Cost and NRV

Principles of Taxation — Corporate Tax

Taxable profit = Accounting profit +/- tax adjustments

Corporation tax liability = Taxable profit x Tax rate

Capital allowances reduce taxable profit (accounting depreciation added back instead)

Cash & Working Capital

Operating cycle (days) = Inventory days + Receivables days - Payables days

Inventory days = Inventory / Cost of sales x 365

Receivables days = Trade receivables / Credit sales x 365

Payables days = Trade payables / Credit purchases x 365

Inventory Management (EOQ)

EOQ = sqrt(2 x Co x D / Ch)

Co = order cost, D = annual demand, Ch = holding cost/unit/year

Early Settlement Discount Evaluation

Annualised cost of NOT taking discount = (d / (1-d)) x (365 / (t - p))

d = discount %, t = normal payment days, p = discount payment days

Take discount if its annualised cost exceeds the cost of short-term finance

Cash Budgeting

Closing cash balance = Opening balance + Receipts - Payments