



Advanced Financial Reporting

Management level | Subject F2
CIMA official revision cards



ADVANCED FINANCIAL REPORTING

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How to use Revision Cards

The concept

- Revision Cards are a new and different way of learning, based upon research into learning styles and effective recall.
- The cards are in full colour and have text supported by a range of images, making them far more effective for visual learners and easier to remember.
- Unlike a bound text, Revision Cards can be rearranged and reorganised to appeal to kinaesthetic learners who prefer to learn by doing.
- Being small enough to carry around means that you can take them anywhere. This gives the opportunity to keep going over what you need to learn and so helps with recall.
- The content has been reduced down to the most important areas, making it far easier to digest and identify the relationships between key topics.
- Revision Cards, however you learn, whoever you are, wherever you are.....

How to use them

Revision Cards are a pack of approximately 100 cards, slightly bigger than traditional playing cards but still very easy to carry and so convenient to use when travelling or moving around. They can be used during the tuition period or at revision.

They are broken up into 3 sections.

- An overview of the entire subject in a mind map form (orange).
- A mind map of each specific topic (blue).
- Content for each topic presented so that it is memorable (green).

Each one is a different colour, allowing you to sort them in many ways.

- Perhaps you want to get a more detailed feel for each topic, why not take all the green cards out of the pack and use those.
- You could create your own mind maps using the blue cards to explore how different topics fit together.
- And if there are some topics that you understand, take those out of the pack, leaving yourself only the ones you need to concentrate on.

There are just so many ways you can use them.

Contents

- 1 Long-term finance
- 2 Cost of capital
- 3 Financial instruments
- 4 Earnings per share
- 5 Other financial reporting (non-group)
- 6 Groups
- 7 Foreign currency
- 8 Statement of cash flows
- 9 Integrated reporting
- 10 Analysing financial statements

ADVANCED FINANCIAL REPORTING

Exam guidance

Format of the exam

Computerised objective test

90 minutes

Available on-demand

Core areas of the syllabus

A	Financing capital projects	15%
B	Financial reporting standards	25%
C	Group accounts	25%
D	Integrated reporting	10%
E	Analysing financial statements	25%

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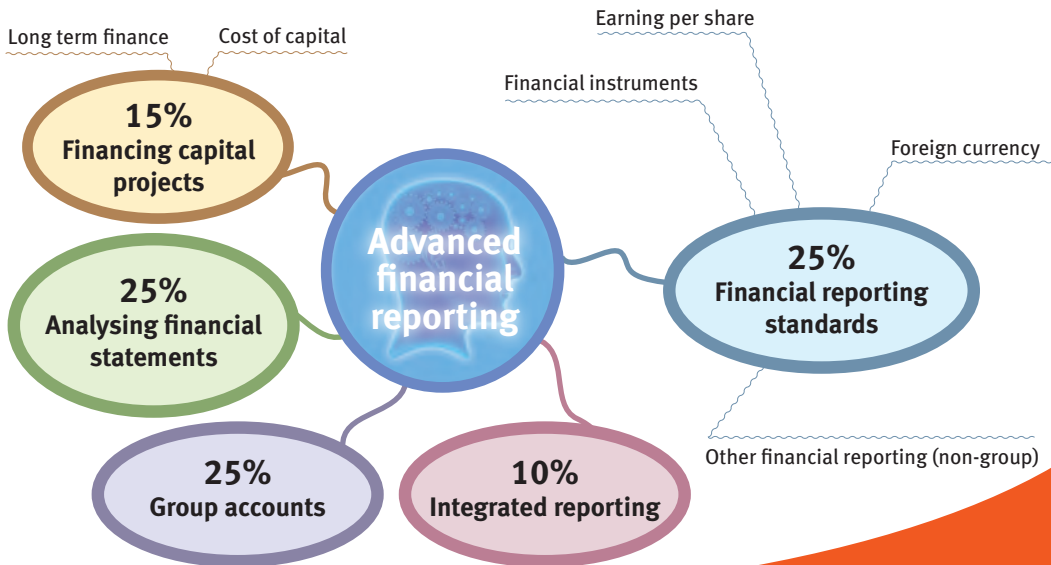


overview

advanced financial reporting

RevisionCards 

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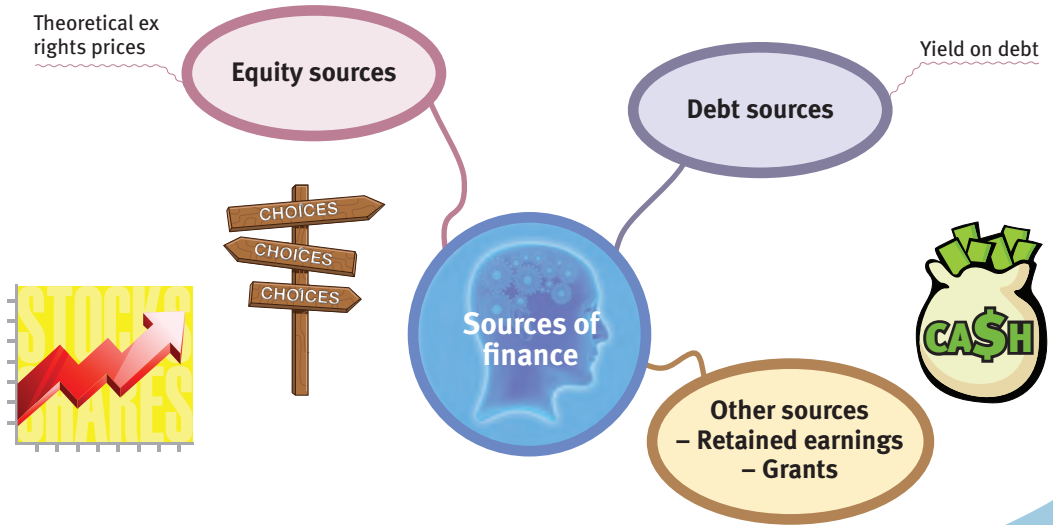


long-term finance

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ADVANCED FINANCIAL REPORTING – Long-term finance



Equity sources of finance

Rights issue of shares

New shares are issued to existing shareholders in proportion to their existing shareholdings

Rights issues are simple to arrange and do not alter control, but are not always suitable for raising large amounts of finance

New issue of shares

Only a plc can offer shares to the public

Only a listed plc can issue shares to “the market”

Stock market

A place where LARGE companies can become “listed” or “quoted”

New shares can be issued into the market and existing shares can be traded

Stringent criteria are applied to listed companies, but the company’s profile is raised by being listed

Alternative Investment Market (AIM)

A stock exchange for smaller companies

More straightforward admission requirements than the main stock exchange

Theoretical ex rights prices (TERP)

Key formulae:

TERP = theoretical value of shares immediately after a rights issue

$$= \frac{(N \times \text{cum rights price}) + \text{issue price}}{N+1}$$

Theoretical value of a right = TERP – cost of taking up the right (“exercise price”)

Debt sources of finance

Bank finance

For unlisted companies (and many listed ones too), a bank loan is the first option for debt finance.

Traded debt

Listed companies can issue debt to investors, usually in £100 nominal value blocks.

For example, an investor who buys a 6% coupon bond redeemable in 5 years can expect ($6\% \times £100 =$) £6 of interest each year for 5 years, and then a repayment of £100 in 5 years.

Types of traded debt

Debentures, Unsecured loans, Bonds.

