

Operational Level

Subject F1

Financial Reporting

Study Text



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We are committed to diversity, equality and inclusion and strive to deliver content that all users can relate to.

We are here to make a difference to the success of every learner.

Clarity, accessibility and ease of use for our learners are key to our approach.

We will use contemporary examples that are rich, engaging and representative of a diverse workplace.

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We will seek to devise simple measures that can be used by independent assessors to randomly check our success in the implementation of our Linguistic Equality, Diversity and Inclusion Policy.

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Introduction

This document references IFRS[®] Standards and IAS[®] Standards, which are authored by the International Accounting Standards Board (the Board), and published in the 2022 IFRS Standards Red Book.

How to use the Materials

These official CIMA® learning materials have been carefully designed to make your learning experience as easy as possible and to give you the best chances of success in your Objective Tests.

The product range contains a number of features to help you in the study process. They include:

- a detailed explanation of all syllabus areas
- extensive 'practical' materials
- generous question practice, together with full solutions.

This Study Text has been designed with the needs of home study and distance learning candidates in mind. Such students require very full coverage of the syllabus topics, and also the facility to undertake extensive question practice. However, the Study Text is also ideal for fully taught courses.

The main body of the text is divided into a number of chapters, each of which is organised on the following pattern:

- **Detailed learning outcomes.** These describe the knowledge expected after your studies of the chapter are complete. You should assimilate these before beginning detailed work on the chapter, so that you can appreciate where your studies are leading.
- **Step-by-step topic coverage.** This is the heart of each chapter, containing detailed explanatory text supported where appropriate by worked examples and exercises. You should work carefully through this section, ensuring that you understand the material being explained and can tackle the examples and exercises successfully. Remember that in many cases knowledge is cumulative: if you fail to digest earlier material thoroughly, you may struggle to understand later chapters.
- **Activities.** Some chapters are illustrated by more practical elements, such as comments and questions designed to stimulate discussion.
- **Question practice.** The text contains three styles of question:
 - Exam-style Objective Test questions (OTQs).
 - 'Integration' questions – these test your ability to understand topics within a wider context. This is particularly important with calculations. OTQs may focus on just one element, but an integration question tackles the full calculation, just as you would be expected to do in the workplace.
 - 'Case' style questions – these test your ability to analyse and discuss issues in greater depth, particularly focusing on scenarios that are less clear cut than in the Objective Tests, and thus provide excellent practice for developing the skills needed for success in the Strategic Level Case Study Examination.

- **Solutions.** Avoid the temptation merely to ‘audit’ the solutions provided. It is an illusion to think that this provides the same benefits as you would gain from a serious attempt of your own. However, if you are struggling to get started on a question you should read the introductory guidance provided at the beginning of the solution, where provided, and then make your own attempt before referring back to the full solution.

If you work conscientiously through this official CIMA’s Study Text according to the guidelines above you will be giving yourself an excellent chance of success in your Objective Tests. Good luck with your studies!

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Our Quality Co-ordinator will work with our technical team to verify the error and take action to ensure it is corrected in future editions.

Icon explanations



Definition – These sections explain important areas of knowledge which must be understood and reproduced in an assessment environment.



Key point – Identifies topics which are key to success and are often examined.



Supplementary reading – These sections will help to provide a deeper understanding of core areas. The supplementary reading is **NOT** optional reading. It is vital to provide you with the breadth of knowledge you will need to address the wide range of topics within your syllabus that could feature in an assessment question. **Reference to this text is vital when self-studying.**



Test your understanding – Following key points and definitions are exercises which give the opportunity to assess the understanding of these core areas.



Illustration – To help develop an understanding of particular topics. The illustrative examples are useful in preparing for the Test your understanding exercises.



Exclamation mark – This symbol signifies a topic which can be more difficult to understand. When reviewing these areas, care should be taken.



New – Identifies topics that are brand new in subjects that build on, and therefore also contain, learning covered in earlier subjects.



Tutorial note – Included to explain some of the technical points in more detail.



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