

# Acca F7 First Exam Solution: Full Formula Key Terms

The Acca F7 exam is a challenging but rewarding qualification that can open doors to numerous career opportunities in the financial sector. However, preparing for this exam can be daunting, especially if you're not sure where to start. That's where our comprehensive study guide comes in.



## ACCA F7 1st Exam Solution (Full Book Formula's & Key Terms): ACCA F7 (Full Book Formula's & Key Terms)

★★★★☆ 4 out of 5

Language : English  
File size : 23282 KB  
Text-to-Speech : Enabled  
Screen Reader : Supported  
Enhanced typesetting : Enabled  
Print length : 147 pages



In this guide, we've compiled all the essential formulas and key terms you need to know to pass your Acca F7 first exam with confidence. We've also included practice questions and mock exams to help you test your understanding and identify areas where you need more improvement.

## Chapter 1: Financial Reporting

This chapter covers the basics of financial reporting, including the different types of financial statements, the elements of financial statements, and the principles of financial reporting.

## Essential Formulas

- $\text{Assets} = \text{Liabilities} + \text{Equity}$
- $\text{Revenue} - \text{Expenses} = \text{Net Income}$
- $\text{Current Assets} / \text{Current Liabilities} = \text{Current Ratio}$
- $\text{Total Assets} / \text{Total Liabilities} = \text{Debt-to-Equity Ratio}$
- $\text{Net Income} / \text{Total Assets} = \text{Return on Assets}$

## Key Terms

- Balance Sheet
- Income Statement
- Statement of Cash Flows
- Assets
- Liabilities
- Equity
- Revenue
- Expenses
- Net Income

## Chapter 2: Corporate Finance

This chapter covers the basics of corporate finance, including the different types of financing, the cost of capital, and the principles of capital budgeting.

## Essential Formulas

- Weighted Average Cost of Capital (WACC) = (Cost of Debt \* Debt Ratio) + (Cost of Equity \* Equity Ratio)
- Net Present Value (NPV) = -Initial Investment + Sum of Present Value of Future Cash Flows
- Internal Rate of Return (IRR) = Discount Rate at which NPV = 0
- Payback Period = Number of Years to Recover Initial Investment

## Key Terms

- Capital Structure
- Debt
- Equity
- Cost of Capital
- Capital Budgeting
- Net Present Value (NPV)
- Internal Rate of Return (IRR)
- Payback Period

## Chapter 3: Financial Risk Management

This chapter covers the basics of financial risk management, including the different types of financial risk, the methods of measuring financial risk, and the techniques of managing financial risk.

## Essential Formulas

- Value at Risk (VaR) = Maximum Loss Expected over a Given Time Period
- Expected Value (EV) = Sum of (Probability of Outcome \* Value of Outcome)
- Standard Deviation (SD) = Square Root of (Variance)

## **Key Terms**

- Financial Risk
- Market Risk
- Credit Risk
- Operational Risk
- Value at Risk (VaR)
- Expected Value (EV)
- Standard Deviation (SD)

## **Chapter 4: Audit and Assurance**

This chapter covers the basics of audit and assurance, including the different types of audits, the audit process, and the role of the auditor.

### **Essential Formulas**

- Audit Risk = Inherent Risk \* Control Risk \* Detection Risk

## **Key Terms**

- Financial Audit

- Operational Audit
- Audit Process
- Audit Risk
- Inherent Risk
- Control Risk
- Detection Risk

## Practice Questions and Mock Exams

In addition to the comprehensive study guide, we've also included practice questions and mock exams to help you test your understanding and identify areas where you need more improvement.

The practice questions cover all the essential formulas and key terms from each chapter. The mock exams are full-length exams that simulate the actual Acca F7 exam.

Passing the Acca F7 first exam is a challenging but achievable goal. With our comprehensive study guide, practice questions, and mock exams, you have everything you need to succeed.

So what are you waiting for? Start studying today and ace your Acca F7 first exam!



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