

**City University of Hong Kong**

**Information on a Course  
offered by Department of Accountancy  
with effect from Semester A in 2012 / 2013**

---

**Part I**

**Course Title:** Financial Reporting

**Course Code:** AC5512

**Course Duration:** 1 semester

**Credit Units:** 3

**Level:** P5

**Medium of Instruction:** English

**Prerequisites:** AC5511 Financial and Management Accounting

**Precursors:** Nil

**Equivalent Courses:** Nil

**Exclusive Courses:** Nil

**Part II**

**Course Aims**

This course aims to:

1. provide students with an in-depth understanding of the underlying accounting concepts, standards and regulations governing the preparation of financial statements under Hong Kong GAAP for external users;
2. develop students' conceptual skills and professional competence in the preparation and reporting of financial accounting information under generally accepted accounting principles (GAAP) in Hong Kong;
3. enable students to appreciate the implications of earnings management;
4. develop students' analytical skills in interpreting the financial accounting information;

**Course Intended Learning Outcomes (CILOs)**

*Upon successful completion of this course, students should be able to:*

| No. | CILOs  | Weighting<br>(if applicable) |
|-----|--|------------------------------|
| 1.  | Apply appropriate accounting concepts and policies, and relevant Hong Kong Financial Reporting Standards to the recognition, measurement and disclosures relating to assets, liabilities, equity, income and expenses. |                              |
| 2.  | Prepare the cash flow statement for a limited company in accordance with the Hong Kong financial reporting framework.  |                              |
| 3.  | Identify the factors that motivate earnings management.  |                              |
| 4.  | Analyze and evaluate critically the information from the financial statements.   |                              |

**Teaching and Learning Activities (TLAs)**

*(Indicative of likely activities and tasks designed to facilitate students' achievement of the CILOs. Final details will be provided to students in their first week of attendance in this course)*

| CILO No. | TLAs   | Hours/week<br>(if applicable) |
|----------|--|-------------------------------|
| CILO 1   | Lectures, in-class activities and assignments designed to assist students' understanding and learning of the topics and the practical application of the concepts and accounting standards.  | 9-10 weeks                    |
| CILO 2   | Lectures, in-class activities and assignments designed to assist students' understanding and preparation of the cash flow statement in accordance with the Hong Kong financial reporting framework.  | 1-2 weeks                     |
| CILO 3   | Lectures, in-class activities and assignments designed to assist students' understanding and learning of the earnings management topic.  | 1 week                        |
| CILO 4   | Project (either group or individual-based) – analysis of listed companies' annual reports designed to integrate and apply students' learning of financial reporting in the course through the evaluation and interpretation of financial accounting information reported in the annual reports of Hong Kong listed companies.* | -                             |

**\*DEC TLA element**

**Assessment Tasks/Activities**

*(Indicative of likely activities and tasks designed to assess how well the students achieve the CILOs. Final details will be provided to students in their first week of attendance in this course)*

| CILO No.                   | Type of Assessment Tasks/Activities | Weighting (if applicable) | Remarks |
|----------------------------|-------------------------------------|---------------------------|---------|
| CILO 1<br>CILO 2<br>CILO 3 | AT1, AT2 and AT4                    |                           |         |
| CILO 4                     | AT3                                 |                           |         |

Coursework: 50%

AT1 Class-based assessment activities (10-15%) such as quizzes, assignments, and participation to assess students' understanding and knowledge of the weekly topics.

AT2 A 2-hour mid-term test (20-30%) to provide a mid-semester assessment of students' competence level of the topics.

AT3 A group or individual-based project (10-20%) at the end of the semester to assess students' evaluation and interpretation of financial accounting information reported in the annual report of a Hong Kong listed company.\*

\*DEC AT element

Examination: 50% (a 3-hour examination)

AT4 A written comprehensive examination to assess students' competence level of the topics.

***Students are required to pass both coursework and examination components in order to pass the course.***

**Grading of Student Achievement:** Also refer to Grading of Courses in the Academic Regulations for Taught Postgraduate Degrees.

| <b>CILO No.</b> | <b>Excellent<br/>(A+, A , A-)</b>  | <b>Good<br/>(B+, B, B-)</b>  | <b>Adequate<br/>(C+, C , C-)</b>   | <b>Marginal<br/>(D)</b>   |
|-----------------|--|--|--|---|
| CILO 1          | Correctly identify and apply appropriate accounting concepts and policies and relevant Hong Kong Financial Reporting Standards to the recognition, measurement and disclosures relating to assets, liabilities, income and expenses. Demonstrate a superior grasp of the relevant GAAP in the given context. | Correctly identify and apply appropriate accounting concepts and policies and relevant Hong Kong Financial Reporting Standards to the recognition, measurement and disclosures relating to assets, liabilities, income and expenses. Demonstrate a good grasp of the relevant GAAP in the given context. | Correctly identify and apply most of the accounting concepts and policies and relevant Hong Kong Financial Reporting Standards to the recognition, measurement and disclosures relating to assets, liabilities, income and expenses. Show basic understanding of the relevant GAAP in the given context. | Correctly identify and apply some of the accounting concepts and policies and relevant Hong Kong Financial Reporting Standards to the recognition, measurement and disclosures relating to assets, liabilities, income and expenses. Able to recall some principles under relevant GAAP in the given context. |
| CILO 2          | Provide all or almost all correct calculations required in preparing the cash flow statement for a limited company in accordance with the Hong Kong financial reporting framework. Prepare an excellent cash flow statement as requested.  | Provide most of the correct calculations required in preparing the cash flow statement for a limited company in accordance with the Hong Kong financial reporting framework. Provide a reasonably correct cash flow statement as requested.  | Provide some correct calculations required in preparing the cash flow statement for a limited company in accordance with the Hong Kong reporting framework. Prepare a partially correct cash flow statement as requested.  | Provide a few correct calculations required in preparing the cash flow statement for a limited company in accordance with the Hong Kong reporting framework. Prepare a partially correct cash flow statement as requested.  |

| <b>CILO No.</b> | <b>Excellent<br/>(A+, A , A-)</b>   | <b>Good<br/>(B+, B, B-)</b>   | <b>Adequate<br/>(C+, C , C-)</b>   | <b>Marginal<br/>(D)</b>  |
|-----------------|---|---|--|--|
| CILO 3          | Demonstrate excellent knowledge of the factors that motivate earnings management.   | Demonstrate good knowledge of the factors that motivate earnings management.  | Demonstrate basic knowledge of the factors that motivate earnings management.  | Demonstrate some knowledge of the factors that motivate earnings management.   |
| CILO 4          | Demonstrate excellent evaluation of the financial accounting information, and excellent analyses and explanations of the accounting concepts and policies used by the company in the preparation of financial statements. | Demonstrate good evaluation of the financial accounting information, and good analyses and explanations of the accounting concepts and policies used by the company in the preparation of financial statements. | Demonstrate basic evaluation of the financial accounting information, and adequate analyses and explanations of the accounting concepts and policies used by the company in the preparation of financial statements. | Demonstrate basic evaluation of the financial accounting information, and some analyses and explanations of the accounting concepts and policies used by the company in the preparation of financial statements. |

### **Part III**

#### **Keyword Syllabus**

Provisions, contingent liabilities and contingent assets; Events after the reporting period; Leases; Revenue; Financial assets; Statement of Cash Flows; Earnings Per Share; Analysis of Financial Statements; Earnings management.

#### **Recommended Reading Text(s)**

1. Spiceland, J. D., J. F. Sepe, M. W. Nelson, P. Tan, B. Low and K. Low. Intermediate Accounting, latest edition, McGraw-Hill Education (Asia).
2. Alfredson, K., K. Leo, R. Picker, J. Loftus, K. Clark, and V. Wise. Applying International Financial Reporting Standards, latest edition, Wiley.
3. Lam, N. and P. Lau, Intermediate Financial Reporting, latest edition, McGraw-Hill Education (Asia).
4. Barry J. Epstein and Abbas Ali Mirza, IFRS: interpretation and application of international accounting and financial reporting standards, latest edition, Wiley.

**Online Resources**

1. Blackboard site for the course
2. HKICPA. Hong Kong Accounting Standards (HKASs) and Financial Reporting Standards (HKFRSs) – Members Handbook, Hong Kong Institute of Certified Public Accountants.  
[http://www.hkicpa.org.hk/ebook/HKSA\\_Members\\_Handbook\\_Master/volumeII/contentpage.pdf](http://www.hkicpa.org.hk/ebook/HKSA_Members_Handbook_Master/volumeII/contentpage.pdf)