

Subject Code	AF6105
Subject Title	Capital Market Research in Accounting
Credit Value	3
Level	6
Normal Duration	One semester
Pre-requisite / Co-requisite/ Exclusion	Nil
Objectives	<p>The basic objectives of this subject are the following:</p> <ol style="list-style-type: none"> To develop an historical perspective on capital market research in accounting. To prepare students to critically evaluate empirical accounting research concerning financial accounting/reporting and the capital markets. To help students to identify good research topics and prepare students to conduct empirical data analysis independently and rigorously.
Intended Learning Outcomes	<p>Upon completion of the subject, students will be able to:</p> <ol style="list-style-type: none"> acquire a detailed and critical knowledge on the development of accounting research in capital market starting from the seminal work of Ball and Brown (1968). critically analyze the role of accounting information in capital market, and in turn the incentives of manages' reporting (misreporting). develop original research relating to financial reporting and the capital markets of equity and debts, and be able to apply the appropriate statistic and econometric methods in research design and implementation.
Subject Synopsis/ Indicative Syllabus	<ul style="list-style-type: none"> • Early studies (starting from Ball and Brown [1968]) of earnings information and securities pricing and trading. • Later development of the impact of earnings information on securities pricing, including nonlinearity, aggregation of investigation horizon, cross-sectional determinants of earnings response coefficients. • Value-relevance studies of accounting information. • Earnings management: incentives, methods and measurement, and economic impact. • Accounting conservatism: roles and measurement. • Accounting information and market (in)efficiency, including post- earnings announcement drift, accrual anomalies, (mis)pricing of earnings components. • Information risk. • Financial reporting around the world: institutional and legal difference and the incentives.

Teaching/Learning Methodology

The format of the classes will be workshops in which students present assigned research journal articles with the rest of the class proactively participate in discussions. The presenters must: (1) articulate the research questions and issues investigated in the article, (2) provide a synopsis of the main research findings, (3) critically evaluate the theoretical and empirical development of the hypotheses and the research design of the analyses, (4) assess the economic, policy and professional implication of the results, (5) identify and assess the limitations of the research, and (6) suggest possible future research to overcome the limitations or fill in the gap of our knowledge in the related topic.

Assessment Methods in Alignment with Intended Learning Outcomes

Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)					
		a	b	c			
Continuous assessment	100%						
1. Presentation of assigned journal articles	30%	√	√	√			
2. Class participation	10%	√	√	√			
3. Individual research paper	30%	√	√	√			
4. Individual data analysis project	30%	√	√	√			
Total	100 %						

Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:

Presentation and active class participation are both essential in a class structure with a workshop format. Critical review and analyses of current research journal articles provide in-depth understanding of the economic incentive and consequences of accounting information. In addition, students learn about the presentation skills to deliver a clear and interesting topic.

Individual research paper requires students to develop research ideas and implement them in a meaningful and vigorous research design.

The individual data analysis project provides the opportunities to students to apply the statistical software to implement a research idea in a rigorous way. In addition, such project requires students to self-learn independently and effectively.

Student Study Effort Expected	Class contact:	
	· Workshop	39Hrs.
	Other student study effort:	
	· Reading list papers study	112Hrs.
	· Data analysis	40Hrs.
	· Research paper	16Hrs
	Total student study effort	207Hrs.
Reading List and References	<p>Published papers in top academic accounting and finance journals. Accounting journals include, but not restricted to <i>Journal of Accounting Research</i>, <i>Journal of Accounting and Economics</i>, <i>The Accounting Review</i>, <i>Review of Accounting Studies</i> and <i>Contemporary Accounting Research</i>. Finance journals include, but not restricted to <i>Journal of Finance</i>, <i>Journal of Financial Economics</i>, <i>Review of Financial Studies</i> and <i>Journal of Financial and Quantitative Analysis</i>.</p>	