

Subject Description Form

Subject Code	AF3111
Subject Title	Intermediate Accounting 2
Credit Value	3
Level	3
Pre-requisite / Co-requisite/ Exclusion	Pre-requisite: Intermediate Accounting 1
Objectives	This subject contributes to the achievement of the BBA Outcomes by enabling students to <u>demonstrate a global outlook</u> in the context of business (Outcome 2), <u>obtain sufficient financial accounting skills and knowledge</u> to make an immediate contribution to their employers (Outcome 11) and <u>analyze financial reports</u> (Outcome 7) prepared according to Hong Kong Financial Reporting Standards and Companies Ordinance.
Intended Learning Outcomes	Upon completion of the subject, students will be able to: <ul style="list-style-type: none"> a. apply and evaluate the <u>accounting standards generally accepted in Hong Kong</u> for major items on the liabilities and equity side of the statement of financial position. b. compare the <u>conceptual understanding and practical application skills</u> in corporate financial reporting in a global context. c. apply <u>analytical skills</u> and critical thinking on key accounting issues related to liability and equity.
Subject Synopsis/ Indicative Syllabus	<p>Financial Liabilities Financial instrument; Classification of financial liability; Initial recognition and subsequent measurement of financial liability; Distinction of financial liability from equity instrument; Financial liability with characteristic of equity; Split accounting for compound instrument.</p> <p>Provisions, Contingent Liabilities and Contingent Assets Distinction between accruals, provisions and contingent liabilities; Definition, recognition and measurement of provision, contingent liabilities and contingent assets; Change in provisions; Restructuring provision; Provision for onerous contracts.</p> <p>Leases Classification of lease from the lessor's perspective; Accounting for lessee on a single lease model and lessor on finance and operating leases; Sales and lease back arrangements; Leasehold property.</p> <p>Shareholders' Equity Background of Companies Ordinance; Distributable profits.</p> <p>Income Taxes Introduction to profit tax calculation; Permanent and timing difference; Over- and under-provisions; Conceptual basis for recognition of temporary difference and tax base; Determination of deferred tax asset and deferred tax liability; Recognition criteria for deferred tax asset and deferred tax liability; Deferred tax on revaluation of non-current asset and financial asset.</p>

	<p>Fair Value Measurement Definition; Fair value measurement; Application to specific situations; Fair value measurement at initial recognition; Valuation techniques; Fair value hierarchy; Disclosure.</p> <p>Share-based Payments Equity-settled share-based payments; Performance condition affecting equity-settled share-based payments; Effect on change in performance vesting condition; Cash-settled share-based payments; Share-based payments with choice of settlement</p> <p>Earnings per Share Importance and reason for standardization in earnings per share (EPS) calculation; Basic EPS with change in capital; Diluted EPS with convertible instruments; Order of dilutive factors.</p>																																																																					
<p>Teaching/Learning Methodology</p>	<p>The subject uses a mix mode of teaching with a weekly two-hour lecture and one-hour seminar. The one-hour seminar will be conducted to initiate students into ideas, concepts and techniques of the topics, which is then reinforced by their participation in class discussion, mid-term test, and written examination. These are designed to consolidate and develop students' understanding and analytical ability through problem solving and working on relevant questions.</p>																																																																					
<p>Assessment Methods in Alignment with Intended Learning Outcomes</p>	<table border="1" data-bbox="459 965 1487 1547"> <thead> <tr> <th rowspan="2">Specific assessment methods/tasks (subject to change)</th> <th rowspan="2">% weighting (subject to change)</th> <th colspan="6">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th>a</th> <th>b</th> <th>c</th> <th></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Continuous Assessment</td> <td>50%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1. Participation</td> <td>5%</td> <td>√</td> <td></td> <td>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>2. Quiz</td> <td>15%</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>3. Mid-term Test</td> <td>30%</td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Final Examination</td> <td>50%</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>100 %</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>To pass this subject, students are required to obtain Grade D or above in both the Continuous Assessment and Examination components</p>								Specific assessment methods/tasks (subject to change)	% weighting (subject to change)	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c				Continuous Assessment	50%							1. Participation	5%	√		√				2. Quiz	15%	√	√	√				3. Mid-term Test	30%	√	√					Final Examination	50%	√	√	√				Total	100 %						
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	Total student study effort	130 Hrs.
Reading List and References	<p><i>Recommended Textbook</i></p> <p>Loftus, Leo, Daniliuc, Boys, Luke, Ang, Byrnes, <i>Financial Reporting</i>, 2nd edition, John Wiley & Sons, Australia, Ltd.</p> <p><i>References</i></p> <p>Lam and Lau, <i>Intermediate Financial Reporting: An IFRS Perspective</i>, 3rd edition, McGraw-Hill Education.</p> <p>Lam, Yuen and Kwong, <i>Advanced Financial Reporting: An IFRS Perspective</i>, 1st edition, McGraw-Hill Education.</p> <p>Kieso, <i>Intermediate Accounting: IFRS Edition</i>, 3rd Edition, John Wiley & Sons, Inc.</p> <p>Picker, Clark, Dunn, Kolitz, Livne, Loftus and van der Tas, <i>Applying International Financial Reporting Standards</i>, 4th Edition, John Wiley & Sons, Inc.</p> <p>Patrick Ng and Ng Eng Juan, <i>Hong Kong Master GAAP Guide</i>, 14th edition, CCH Asia.</p> <p>Hong Kong Institute of Certified Accountants (HKICPA), <i>Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards</i>.</p> <p>(Available at the HKICPA website: http://www.hkicpa.org.hk/index.php)</p>	