

Hong Kong University of Science & Technology
Department of Accounting
ACCT4010 Advanced Financial Accounting
Fall 2022

Instructor	Prof. Peter Chen
Instructor's Contact	R6011; Email: acpchen@ust.hk ; Tel: 2358-7572
Lecture Time & Venue	L1 (Tue & Thu 13:30-14:50, Academic Building 2306) L2 (Mon.15:00-16:20; Fri 10:30-11.50 LSK1010) L3 (Tue & Thu 12:00-13:20, Academic Building 2306)
Office Hours	Tuesday 4:00-6:00 PM or by appointment
Teaching Assistant	Mr. Nicholas Wu (Email: acjhnwu@ust.hk ; Tel: 2358-7580; Office: LSK6066)
Course Web Site	http://canvas.ust.hk (CANVAS)

I. Course Description

Addresses accounting issues associated with (1) intercorporate investment activity that conveys significant influence or control and (2) cross-border activities. The core topics addressed are business combinations, consolidated financial statements, associated companies, and foreign currency issues.

II. Course Objectives and Learning Outcomes

The course is designed to provide an overview of advanced financial accounting so that, upon completion of the course, you should be able to:

1. Develop a comprehensive and well-founded knowledge of advanced financial accounting, including
 - a. Determine how investments in other companies should be accounted for and reported under current financial reporting standards (IFRS).
 - b. Account for investments in other companies using the cost method and equity method.
 - c. Consolidate the financial statements of parent and subsidiary companies, including those subsidiaries which are wholly-owned and partially-owned.
 - d. Translate foreign currency transactions and operations, and report the effect on financial statements.
2. Think critically and creatively and make effective decisions supported by analytical and quantitative techniques.
3. Apply financial accounting frameworks to analyze corporate performance and business situations.
4. Demonstrate an understanding of the international dimensions of accounting.

III. Keys to Achieve These Objectives Successfully

1. The materials of this course are very technical. I strongly encourage you to **spend significant time** both before and after class on the materials.

2. **It is very important that you get sufficient practice.** Solving problems is the best way of mastering the course material. The solutions to the problems at the end of each chapter will be posted on the CANVAS when the chapter is done.
3. **Learning can be fun if you can work together online with other students and support each other.** I encourage you to participate actively in discussions in class or on Zoom and CANVAS. This will enhance your understanding and also improve your communication skills.
4. **If you have any difficulties, discuss with me as soon as possible.** Please do not allow problems to accumulate because it will be more difficult to solve them later. In this course, each chapter builds on the previous ones. If you have problems in the earlier parts, you will not be able to understand the later parts. Hence, it is very important to be serious with your studies right from the beginning.
5. **Please feel free to give feedback so that I can adjust my instructional method accordingly. Let me know what you like and dislike.**

IV. Course Materials

1. Textbook (Required): *Advanced Accounting*, by Beams, Anthony, Bettinghaus, and Smith, 13th International Edition, Pearson Education.
The ebook version can be purchased through the following link:
https://w5.ab.ust.hk/cgi-bin/std CGI.SH/WService=broker_ba_p/prg/ba_std main.r
2. Lecture notes and other learning materials: to be posted on CANVAS or handed out in class.

V. Grading Policy

<u>Description</u>	<u>Weight</u>
Assignments	10
Mid-term exam	40
Final examination	50
TOTAL	<u>100%</u>

1. **Participation.** Students (either in face to face lecture or on Zoom class) are strongly encouraged to participate in discussion, ask questions, and help others through their questions. It is the spirit of participation that is valued. Students are not penalized for saying something incorrect, while talking among students and other behavior that can cause disturbances to the class are not permitted.
2. **Assignments.** There are a series of exercises or assignments to be completed by each individual online the Canvas system. Make sure that you complete each assignments before its deadline. Each exercise is worth 10-15 points, accumulated for assignment component of the final grade. The purpose of the assignment is to review the content in each chapter as the lectures progress.
3. **Examinations.** A midterm examination will be scheduled in the evening during the semester. It is expected that all students will take the exams at the scheduled time. If absence from the examination is caused by an unexpected emergency, then the marks earned on the final examination may be adjusted to replace the missing mid-term grade. A student foreseeing unavoidable absence may seek approval from the instructor for similar arrangements. Any other absent students will be assigned zero marks for the mid-term exam. All such approvals

should be supported by formal documentation. The format and conduct of the exam will be provided in more detail before the exam.

VI. Consultation and Help

If you need help, you have several options:

4. **Office hours.** My regular office hours are Tuesday 4:00-6:00 PM and you are welcome to make an appointment with me on other time. Please feel free to contact me by emails or in person to set up a meeting.
5. **CANVAS.** I encourage you to use the discussion board on CANVAS to post your questions. Students are encouraged to reply to other students' questions on CANVAS as part of a supportive learning environment. I will check the discussion board regularly and post replies whenever appropriate.
6. **Email (for administrative issues).** You are welcome to email me for administrative issues. For issues regarding course materials that are of general interest, I reserve the right to forward your email to other students for discussion purposes. (Your identity will be disguised for sensitive matters.)
7. **Contact your teaching assistant.** The teaching assistant for this course is Nicholas Wu. You can contact him through email.

VII. Suggested Practice Questions after Each Chapter

Chapter	Practice Problems
1	E3; P3, P4
2	E3, E4, E11, E15, E16; P2, P4, P8, P10
3	E8, E9, E10; P6, P8
4	E2, E4; P1, P3, P7 P9, P12
5	E7,E9, E12; P1, P3, P8, P9
6	E2, E7, E10; P1, P5,P6
7	E8, E9, E12, E13; P2, P3, P4, P5
8	E1,E2,E4, E7, E9; P2, P4, P8, P9
9	E1, E2, E10, E12; P4, P5, P6
10	E2,E4, E6, E9, E10, E11; P3, P4, P5, P6, P7, P8
14	E3, E4, E5, E6; P1, P3, P5, P8, P9

Course Schedule¹ – ACCT4010 Fall 2022

Week	Dates	Ch.	Topic
1	Sep. 01	1	Introduction
2	Sep. 06	1	Business Combinations (exclude Appendix: Pooling of interests)
	Sep. 08	2	Stock Investments—Investor Accounting and Reporting
	Sep. 12		Holiday (no class)
3	Sep. 13	2	Stock Investments—Investor Accounting and Reporting
	Sep. 15	3	An Introduction to Consolidated Financial Statements
4	Sep. 20	3	An Introduction to Consolidated Financial Statements
	Sep. 22	4	Consolidation Techniques and Procedures
5	Sep. 27	4	Consolidation Techniques and Procedures
	Sep. 29	5	Intercompany Profit Transactions—Inventories
6	Oct. 04		Holiday (no class)
	Oct. 06	5	Intercompany Profit Transactions— Inventories
8	Oct. 11	6	Intercompany Profit Transactions— Plant Assets
	Oct. 13	6	Intercompany Profit Transactions— Plant Assets
9	Oct. 17		Mid-term exam at 6:00 to 9:30PM evening for all sections L1,L2,L3, (Classes Oct 17, Oct 18 are cancelled), LTA
	Oct. 20	7	Intercompany Profit Transactions—Bonds
10	Oct. 25	7	Intercompany Profit Transactions—Bonds
	Oct. 27	8	Consolidations—Changes in Ownership Interests
11	Nov. 01	8	Consolidations—Changes in Ownership Interests
	Nov. 03	9	Indirect and Mutual Holdings
12	Nov. 08	9	Indirect and Mutual Holdings
	Nov. 10	10	Subsidiary Preferred Stock and Consolidated Earnings per Share
13	Nov. 15	10	Subsidiary Preferred Stock and Consolidated Earnings per Share
	Nov. 17	14	Foreign Currency Financial Statements
14	Nov. 22	14	Foreign Currency Financial Statements
	Nov. 24	14	Foreign Currency Financial Statements
15	Nov.29	14	Foreign Currency Financial Statements
	Dec.?		<i>Final Exam</i>

¹ Changes to the course schedule may be made, if necessary. It is the responsibility of the students to find out what has been announced during their absence from the class.