

## Financial Instruments

### Case study 1

#### Main topics discussed

- Recognition/ de-recognition criteria to account for an interest free loan from a parent company to a subsidiary.
- The required accounting entries to record the transactions in both individual and consolidated financial statements.
- The disclosure requirements of the aforesaid loan.

#### Relevant accounting standards

- HKAS 24      Related Party Disclosures
- HKAS 32      Financial Instruments: Presentation
- HKFRS 7      Financial Instruments: Disclosures
- HKFRS 9      Financial Instruments

### Case study 2

#### Main topics discussed

- Recognition criteria for a forward contract to buy steel at a fixed price with the intention to settle net.
  - Initial recognition
  - Subsequent measurements and on maturity
- The required accounting entries to record the transactions
- Disclosure requirements

#### Relevant accounting standards

- HKAS 32      Financial Instruments: Presentation
- HKFRS 7      Financial Instruments: Disclosures
- HKFRS 9      Financial Instruments

## Consolidation

### Additional information 1

#### Main topics discussed

- Analyse and determine whether the 40% interest of the newly acquired company should be accounted for as an associate, joint operation or joint venture in the Group level.
- Prepare the respective accounting entries to record the investment in both individual financial statement and consolidated financial statement.

#### Relevant accounting standards

- HKFRS 11                      Joint Arrangements
- HKAS 28 (2011)            Investments in Associates and Joint Ventures

### Additional information 2

#### Main topics discussed

- Consolidate all subsidiaries
- Account for the Investment in Associate
- Account for the intra-group transactions and a consequential unrealized profit
- Eliminate the unrealized profit for the group share of transactions between the group and the Associate.
- Calculate the non-controlling interest
- Prepare the consolidated statement of profit or loss and OCI and the consolidated statement of financial position

#### Relevant accounting standards

- HKAS 28                      Investments in Associates and Joint Ventures
- HKFRS 3 (Revised)        Business Combinations
- HKFRS 10                    Consolidated Financial Statements