

Financial Instruments

Case study 1

Main topics discussed

- The accounting treatment on the Initial recognition and subsequent measurement of a convertible bond.
- The accounting treatment for conversion and/ or redemption in the subsequent years.
- The disclosure requirements of the aforesaid bond.

Relevant accounting standards

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

Case study 2

Main topics discussed

- How to distinguish fair value hedge and interest rate hedge.
- The recognition criteria for a hedging arrangement.
- Corresponding calculation and required accounting entries to record the transactions.
- Disclosure requirements

Relevant accounting standards

- HKAS 39 Financial Instruments: Recognition and Measurement
- HKFRS 7 Financial Instruments: Disclosures

● Consolidation

Additional information 1

Main topics discussed

- Determine the appropriate accounting treatment when dispose partial interest in a subsidiary.
- Discuss and analyze different situations which may indicate the control of a subsidiary have been lost.
- Prepare the respective accounting entries to record the transactions in both individual financial statement and consolidated financial statement assuming without loss of control of the subsidiary.

Relevant accounting standards

- HKFRS 10 Consolidated Financial Statements

Additional information 2

Main topics discussed

- Consolidate the subsidiary.
- Account for the disposal of partial interest in the subsidiary.
- Account for the intra-group transactions and a consequential unrealized profit.
- How to account for the dividend paid and/ or declared by the parent company and the subsidiary in consolidated financial statements.
- Calculate the non-controlling interest.
- Account for the deferred tax impact in the consolidation.

Relevant accounting standards

- HKAS 12 Income Taxes
- HKFRS 3 (Revised) Business Combinations
- HKFRS 10 Consolidated Financial Statements