

Financial Instruments

Case study 1

Main topics discussed

- Recognition/ de-recognition criteria to reflect the modification of the loan
- The requirement of the accounting standards
 - If the existing financial liability is substantially modified, the financial liability is considered as extinguished and a new financial liability should be recognized.
 - How to determine "substantial"
- The required accounting entries to record the transactions

Relevant accounting standards

- HKFRS 7 Financial Instruments: Disclosures
- HKFRS 9 Financial Instruments

Case study 2

Main topics discussed

- Recognition criteria for an investment of acquire ordinary share and purchase of a deep discount bonds
 - Initial recognition
 - Subsequent measurements
- 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

- What is the functional and presentation currency
- Discuss and analyse the functional and presentation currency of a newly acquired foreign subsidiary.

Relevant accounting standards

- HKAS 21 The Effects of Changes in Foreign Exchange Rates

Additional information 2

Main topics discussed

- Consolidate a newly acquired foreign subsidiary
- Account for the intra-group transactions
- Consider the deferred taxation in consolidation level
- Calculate the foreign exchange reserve
- Calculate the non-controlling interest
- Prepare the consolidated statement of financial position and statement of changes in equity

Relevant accounting standards

- HKAS 12 Income Taxes
- HKAS 21 The Effects of Changes in Foreign Exchange Rates
- HKAS 38 Intangible Assets
- HKFRS 3 (Revised) Business Combinations
- HKFRS 10 Consolidated Financial Statements