

**City University of Hong Kong**

**Information on a Course  
offered by Department of Accountancy  
with effect from Semester B in 2014 / 2015**

---

---

**Part I**

**Course Title:** Financial Reporting Analysis for Business Decisions

**Course Code:** FB5810

**Course Duration:** 1 semester

**Credit Units:** 2

**Level:** P5

**Medium of Instruction:** English

**Prerequisites:** Nil

**Precursors:** Nil

**Equivalent Courses:** Nil

**Exclusive Courses:** Nil

**Part II**

**Course Aims:**

This course aims to develop managers' ability to:

1. interact with accountants and finance professionals with regard to the accounting craft;
2. appreciate the process of financial statement preparation and analysis;
3. assess the accountant's professional judgement from both the functional and ethical perspective that impact on the determination of profitability and financial situation of a business entity;
4. Measure and evaluate risk of business entities;
5. apply financial and accounting tools in making business decisions within the legal, professional and ethical framework

### Course Intended Learning Outcomes (CILOs)

*Upon successful completion of this course, students should be able to:*

No.	CILOs	Weighting (if applicable)
1.	Demonstrate and explain the conceptual and practical aspects including the functional perspective of financial reporting and the ethical issues thereof.	
2.	<i>Apply the value concepts in assessing the value of individual assets and a corporation as a whole</i>	
3.	Analyze and interpret financial statements using analytic techniques with a consideration of risk elements.	
4.	<i>Perform distress analysis to pinpoint risks of possible corporate failures.</i>	
5.	Demonstrate the use of tools and models in making sound economic decisions	
6	Communicate effectively both individually and in group.	

### Teaching and Learning Activities (TLAs)

*(Indicative of likely activities and tasks designed to facilitate students' achievement of the CILOs. Final details will be provided to students in their first week of attendance in this course)*

CILO No.	TLAs	Hours/week (if applicable)
CILO 1 CILO 2 CILO 3 CILO 4 CILO 5 CILO 6	Interactive seminars focusing on the development of analytical skills and professional judgement through analyzing the impact on an entity of economic transactions, and the appreciation of financial statements within the conceptual framework.	3
CILO 1 CILO 2 CILO 3 CILO 4 CILO 5 CILO 6	Identifying and critically assessing causes and consequence of live listed company cases in Hong Kong and overseas on individual and group basis, and discussion of financial and valuation processes of these study targets.* *DEC TLA element	6

### Assessment Tasks/Activities

(Indicative of likely activities and tasks designed to assess how well the students achieve the CILOs. Final details will be provided to students in their first week of attendance in this course)

CILO No.	Type of Assessment Tasks/Activities	Weighting (if applicable)	Remarks
CILO 1 CILO 2 CILO 3 CILO 4 CILO 5 CILO 6	AT1		
CILO 1 CILO 2 CILO 3	AT2		
CILO 1 CILO 2 CILO 3 CILO 4 CILO 5 CILO 6	AT3		

Coursework: 50%

AT1 Class participation and short quizzes (20%) designed to motivate students' active participation and sharing of knowledge and experiences in financial reporting, and to assess students' ability in demonstrating and presenting their knowledge set on financial statement analysis.

AT2 One three hour open-book written test (30%) designed to assess students' ability to demonstrate knowledge on concepts and practice of financial reporting as well as analysing financial performance of a live corporation through its recently published reports.\*

\*DEC AT element

Examination: 50% (a 3 hour examination)

AT3 A written comprehensive examination to assess students' competence level of the topics.

***Students are required to pass both coursework and examination components in order to pass the course.***

**Grading of Student Achievement:** Also refer to Grading of Courses in the Academic Regulations for Taught Postgraduate Degrees.

<b>CILO No.</b>	<b>Excellent (A+, A, A-)</b>	<b>Good (B+, B, B-)</b>	<b>Adequate (C+, C, C-)</b>	<b>Marginal (D)</b>
CILO 1	Explain cogently why financial reporting is undertaken within a conceptual framework & identify a comprehensive list of the strengths & weaknesses of financial reporting.	Explain why financial reporting is undertaken within a conceptual framework & identify some of the main strengths & weaknesses of financial reporting.	Explain partially why financial reporting is undertaken within a conceptual framework & identify a few strengths & weaknesses of financial reporting.	Explain weakly why financial reporting is undertaken within a conceptual framework & identify at least one strength & weakness of financial reporting.
CILO 2	Excellent application of valuation concepts and models in assessing the value of assets and the value of a corporation as a whole.	Good application of valuation concepts and models in assessing the value of most individual assets and the proximate value of a corporation..	Reasonable application of valuation concepts and models in assessing the value of some assets and the proximate value of a corporation	Occasional application of valuation concepts and models in assessing the value of some individual assets
CILO 3	Comprehensively apply analytical techniques & professional judgement to interpret financial statements and form excellent comments on the financial performance of a corporation.	Use analytical techniques & professional judgement to interpret financial statements and form good comments on the financial performance of a corporation.	Use some financial ratios & professional judgement to interpret financial statements and form fair comments on the financial performance of a corporation.	Use a few financial ratios to interpret financial statements but could not form reasonable comments on the financial performance of a corporation
CILO 4 CILO 5	Excellent application of financial and accounting tools in assessing the investment potential of most entities	Good application of financial and accounting tools in assessing the investment potential of a bundle of entities.	Fair application of financial and accounting tools in assessing the investment potential of some entities.	Minimal application of financial and accounting tools in assessing the investment potential of some entities.

<b>CILO No.</b>	<b>Excellent (A+, A, A-)</b>	<b>Good (B+, B, B-)</b>	<b>Adequate (C+, C, C-)</b>	<b>Marginal (D)</b>
CILO 6	Communicate effectively both in class and in the written submission in test and examination	Communicate clearly in many occasions in class and in the written submission in test and examination	Communicate clearly in some occasions in class and in the written submission in test and examination	Communicate satisfactorily in a few occasions in class and in the written submission in test and examination

### **Part III**

#### **Keyword Syllabus**

Conceptual framework, agency theory, normative theory, positive theory, compensation packages, financial statement preparation, analysis and interpretation, risk analysis, investment appraisals

#### **Recommended Reading**

##### **Text(s):**

1. Financial Statement Analysis and Security Valuation, latest edition, Penman, McGrawHill.
2. Accounting: Tools for Business Decision Making, latest edition, Kimmel, Weygandt & Kieso, Wiley.
3. Financial Statement Analysis, latest edition, K.R. Subramanyam, McGraw Hill International.

#### **Online Resources:**

HKICPA website, [www.hkicpa.org.hk](http://www.hkicpa.org.hk)

Hong Kong Stock Exchange website, [www.hkex.com.hk](http://www.hkex.com.hk)