

Module Outline

Certified Banker (Stage I)

Fundamental of Accounting

Benchmarked HKQF Level:	4
No. of Credits:	10
Total Notional Learning Hours:	100
a) Class contact hours:	9 hours (3-hour per session x 3)
b) Self-study hours:	89.5 hours
c) Assessment hours:	1.5 hours
Pre-requisite:	NA

Module Objective

This module contributes to the achievement of the Programme Intended Outcomes by enabling learners to an understanding on the general principles of basic accounting, budgeting principles and legal concepts related to banking and finance. It will also help the learners to relate essential knowledge and concepts in financial accounting to real life application.

Module Intended Outcomes (MIOs) and Units of Competencies (UoCs)

Upon completion of the Module, candidates should be able to:

MIOs	Intended Outcomes / Competence	*Unit of Competencies (UoCs)
MIO-1	Apply the concepts and accounting principles in financial reporting which relate to different area of work.	107578L4 109341L4 109471L4
MIO-2	Utilise the concepts in financial accounting which are relevant to commercial lending.	
MIO-3	Employ the wide range of key accounting concepts and principles essential to the world of banking in an appropriate manner.	
MIO-4	Understand and apply budgeting principles to evaluate business performance.	

**Note: For the details of the UoCs, please refer to the Specification of Competency Standards (SCS) of [Retail Banking](#) and [Corporate & Commercial Banking](#) which were developed by HKCAAVQ.*

Assessment

Examination duration:	1.5 hours
Examination format:	Multiple Choice Questions (MCQ) with 50 questions
Pass mark:	70%

Syllabus

Chapter 1: Financial Reporting	
1.1	Basics of Book Keeping
1.1.1	- Accounting of financial transactions
1.1.2	- Double-entry booking system
1.1.3	- Construction of a trial balance
1.2	Understanding Financial Statements
1.2.1	- Objectives of financial statements
1.2.2	- Major components of financial statements
1.2.3	Conceptual framework for the preparation of financial statements
1.2.4	Features of financial statements
1.3	Regulatory Environment for Financial reporting in Hong Kong
1.3.1	- Framework for the preparation of financial statements
1.3.2	- Regulatory bodies responsible for setting accounting standards
Chapter 2: Interpretation of Financial Statements	
2.1	Use of Financial Statements in Commercial Lending
2.1.1	- Introduction
2.1.2	- Objectives of financial statement analysis
2.2	Financial Statement Analysis
2.2.1	- Earnings analysis
2.2.2	- Developing a profit projection
2.2.3	- Ratio analysis
2.2.4	- Financial performance trend analysis and industry comparison
2.3	Comparison of Financial Statements of Bank to Non-Bank Entities
2.3.1	- Financial statements of a bank
2.3.2	- Financial statements of non-bank entities

Chapter 3: Investment Decisions and Valuation	
3.1	Fundamental Analysis of Investment Decisions
3.1.1	- Risk and return
3.1.2	- Expected rate of return
3.2	Capital Expenditure Analysis
3.2.1	- Capital budgeting
3.2.2	- Discounted cash flow
3.3	Value of a Firm
3.3.1	- Present value of expected future cash flow
3.3.2	- Net asset / Net worth approach
3.3.3	- Fundamental analysis of financial statement based information
3.3.4	- Goodwill and fair values
Chapter 4: Budgeting and Performance Measurement in Banking	
4.1	Planning Decisions
4.1.1	- Cost-volume-profit analysis
4.1.2	- Contribution margin
4.1.3	- Break-even point
4.2	Budgeting and Evaluation Performance
4.2.1	- Basics of standard costing
4.2.2	- Variance analysis
4.2.3	- Bank level performance measurements
4.2.4	- Divisional performance measurements

Recommended Readings

Essential Readings:

1. HKIB Study Guide of CB (Stage I) – FA: Fundamentals of Accounting. (2025).

Supplementary Readings

1. HKIB E-learning Course No. 24 – Financial Accounting.
2. HKIB E-learning Course No. 51 – Understanding financial Statements CB Programme Handbook 2021.
3. Thomas Edmonds, Christopher Edmonds, Frances McNair and Philip Olds. (2015). Fundamental Financial Accounting Concepts (9th ed.). McGraw Hill.
4. Brigham & Houston, “Fundamentals of Financial Management”, 15th Edition, Cengage Learning 2018
5. Managerial Accounting by Ray H. Garrison, Eric W. Noreen, and Peter C. Brewer, McGraw-Hill Education, 2020 ed.
6. HKICPA Conceptual Framework for Financial Reporting (September 2022)
7. Comparison between HK Financial Reporting Standards and International Reporting Standards as at 31 Dec 2023

Further Readings

1. HKIB E-learning Course No. 18 – Credit Analysis.
2. HKIB E-learning Course No. 25 – Financial Institution Analysis – CAMELS Approach.
3. HKIB E-learning Course No. 39 – Management Accounting.