

Module Outline

Module Title:	Fundamental of Accounting
QF Level:	Reference is being taken to HKQF Level 4
Programme Credit:	10 Credits for the Advanced Diploma of Certified Banker (9 training hours and 1.5 examination hours)
Teaching/Training & Learning Activities:	Training Class
Pre-requisite:	N/A

Module Objective:

This module contributes to the achievement of the Programme Intended Learning 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 Learning Outcome (MILO) and Unit of Competency (UoC)

Upon completion of the module, learners should be able to:

MILO1:	Employ the concepts and accounting principles in financial reporting which relate to different area of work	
MILO2:	Apply the concepts in financial accounting which are relevant to commercial lending	
MILO3:	Employ the wide range of key accounting concepts and principles essential to the world of banking in an appropriate manner	
MILO4:	Understand and apply budgeting principles to evaluate business performance	

Assessment Activity

Type of Assessment Activity	MILOs	Weighting (%)
Examination	MILO 1-4	100

Examination Format and Duration

Time allowed: 1.5 hours

The examination consists of 50 multiple choice questions

Passing mark for this subject is 70%

Syllabus

Chapter 1: Financial Reporting	
1	Basics of Book Keeping
1.1	- Accounting of financial transactions
1.2	- Double-entry booking system
1.3	- Construction of a trial balance
2	Understanding Financial Statements
2.1	- Objectives of financial statements
2.2	- Major components of financial statements
	▪ Statement of financial position (balance sheet)
	▪ Statement of profit or loss and other comprehensive income (income statement)
	▪ Statement of changes in equity
	▪ Statement of cash flow
2.3	- Conceptual framework for the preparation of financial statements
2.4	- Features of financial statements
	▪ Quantitative characteristics
	▪ Qualitative characteristics
3	Regulatory Environment for Financial reporting in Hong Kong
3.1	- Framework for the preparation of financial statements
3.2	- Regulatory bodies responsible for setting accounting standards
Chapter 2: Interpretation of Financial Statements	
1	Use of Financial Statements in Commercial Lending
1.1	- Introduction
1.2	- Objectives of financial statement analysis
2	Financial Statement Analysis
2.1	- Earnings analysis
2.2	- Developing a profit projection
2.3	- Ratio analysis
	▪ Profitability ratios
	▪ Efficiency ratios
	▪ Investor ratios

2.4	<ul style="list-style-type: none"> ▪ Return on assets as a measure of operating profitability ▪ Liquidity ratios ▪ Stability ratios ▪ Usefulness and limitations of ratio analysis <ul style="list-style-type: none"> - Financial performance trend analysis and industry comparison
3	Comparison of Financial Statements of Bank to Non-Bank Entities
3.1	- Financial statements of a bank
3.2	- Financial statements of non-bank entities
Chapter 3: Investment Decisions and Valuation	
1	Fundamental Analysis of Investment Decisions
1.1	- Risk and return
1.2	- Expected rate of return
2	Capital Expenditure Analysis
2.1	- Capital budgeting
2.2	- Discounted cash flow
3	Value of a Firm
3.1	- Present value of expected future cash flow
3.2	- Net asset / Net worth approach
3.3	- Fundamental analysis of financial statement based information
	<ul style="list-style-type: none"> ▪ Net assets ▪ Earnings
3.4	- Goodwill and fair values
Chapter 4: Budgeting and Performance Measurement in Banking	
1	Planning Decisions
1.1	- Cost-volume-profit analysis
1.2	- Contribution margin
1.3	- Break-even point
2	Budgeting and Evaluation Performance
2.1	- Basics of standard costing
2.2	- Variance analysis
2.3	- Bank level performance measurements
2.4	- Divisional performance measurements
6	Future development and challenges of Fintech in banking industry

Essential Reading:

- HKIB Study Guide – Fundamentals of Accounting

Supplementary Readings:

- HKIB E-learning Course No. 24 – Financial Accounting
- HKIB E-learning Course No. 51 – Understanding financial Statements CB Programme Handbook 2021 Copyright@HKIB. All rights reserved. CB-G-002 Last updated: 21 January 2022 26
- Thomas Edmonds, Christopher Edmonds, Frances McNair and Philip Olds. (2015). Fundamental Financial Accounting Concepts (9th ed.). McGraw Hill

Further Readings:

- HKIB E-learning Course No. 18 – Credit Analysis
- HKIB E-learning Course No. 25 – Financial Institution Analysis – CAMELS Approach
- HKIB E-learning Course No. 39 – Management Accounting
- Scott McCleskey. (2010). When Free Markets Fail: Saving the Market When It Can't Save Itself (1st ed.). Wiley

For more details, please refer to further reading session at end of each chapter