Syllabus

Financial Accounting and Analysis (IMB 560)
Spring 2012

Professor: Seongjae Yu
Class Hour: Monday and Wednesday, 14:00 ~ 18:00
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Teaching Assistant: 정균범

Course Description

This course is designed for potential corporate managers and executives who have no previous knowledge in financial accounting principles. The end product of financial accounting process is a set of reports known as financial statements. The objective of the course is to learn the concepts and principles underlying the corporate financial statements and their accounting process, which will help students gain the ability to analyze economic information contained in financial statements from the user perspectives. That is, students are expected to understand thoroughly the basic accounting concepts and principles and their implications in interpreting financial statements and to use them for financial decision making purposes. Technical details of accounting rules and procedures will be discussed at minimum level, only to the extent necessary for students to understand accounting concepts and the financial statements.

The introductory level of financial accounting is highly structured in accordance with the Korea's 'generally accepted accounting principles (GAAP), which are recently consolidated under the International Financial Reporting Standards (IFRS). Specifically, this course covers the conceptual framework of the financial statements under IFRS, which includes theories about the financial information system consisting of the statement of financial position (aka balance sheet), income statement and cash flow statement. It also includes how the financial statements are analyzed for decision-making purposes.

Primary Learning Objectives:

The objective of this course is to learn the concepts and principles underlying financial statements and to acquire the ability to interpret and/or analyze the financials derived from accounting information system. Specifically, upon completion of this course, students are expected to learn:

- The underlying concepts and principles of accounting information systems in global business context;
- The nature of earnings (or accounting income) as determined by the income statement;
- The importance of the statement of cash flows and its relationship with the balance sheet and the income statement;
- The analysis of the financials derived from the financial statements and the related supporting schedules and disclosures;
- Importance of ethical standards accountants and executive managers should adhere to, as

they deal with sensitive data and information potentially affecting, adversely or favorably, the interest of investors and creditors, and the company's social responsibilities;

- The financial concepts and terminologies in English, and international financial reporting standards.

Corollary Learning Objectives:

Throughout the semester, students are expected to enhance the following:

- Analytical ability from performing homework and the term project;
- Effective communication of their work in documented form and/or in oral presentation with or without media devices;
- Teamwork that is an essential ingredient in producing successful term project report.

Reading Assignments

Each student is required to read the assigned reading materials before coming to class. Instructor will raise questions to students at the beginning of class meeting about the concepts and issues related to the reading materials assigned for the week. Students are encouraged to participate in class discussions. Active participation will favorably influence, *ceteris paribus*, in determining his/her final grade.

Textbook

- ✓ Weygandt, Kimmel, and Kieso, *Financial Accounting* , IFRS Ed., Wiley, 2011

Supplementary texts

- ✓ Jamie Pratt, *Financial Accounting in an Economic Context*, 8th edition, Wiley, 2011
- ✓ H. Lee, G. Choi, and W. Paik, *IFRS Principles of Accounting*, Shinyoungsa, Seoul, 4th ed. 2012 (이효익, 최관, 백원선. IFRS 회계원리, 4판, 신영사, 2012.)
- ✓ Stickney, Weil, Schipper, and Francis *Financial Accounting: An Introduction to Concepts, Methods and Uses*, 13th ed., South-Western, 2010

Useful Web Sites

http://www.kasb.or.kr (Korea Accounting Standards Board - 한국 회계연구원)

http://www.kse.or.kr (Korea Security Exchange - 증권 거래소)

http://dart.fss.or.kr (Korea Financial Supervisory Service - 금융 감독원)

http://accounting.rutgers.edu/raw/fasb/ (U.S. FASB)

http://www.sec.gov/cgi-bin/srch-edgar (U.S. SEC archives)

http://www.iasb.org/ (International Accounting Standards Board –국제회계표준기구)

Grading

Midterm Examination	30
Final Examination	30
Team Project Report	20
Homework	10
Attendance & Participation	10
	100
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Team Project

Three or four students are to form a project team as soon as the term begins. Applying the concepts and methods that you learn in class, each team should prepare a financial analysis report of a company. The list of target companies will be announced soon after the semester starts.

The report is expected to be of a quality that is comparable to actual professional reports in terms of logic and depth of the analysis as well as the format and writing style. It is required that the report be prepared in English.

In addition, the report should contain the following information: (a) footnotes on all quotations and references used for the analyses; (b) bibliography or references, including web sites referenced; and (c) the team's brief history of discussion meetings and work assignment for each member of the team. It is absolutely mandatory for the team report to meet these three requirements. In particular, the quality of the footnotes and references will affect the evaluation grade of your report.

The report is due on May 7, 2012.

Class Administration

Each student is required to read the assigned reading materials before coming to class. Instructor will raise questions frequently to students about the concepts and issues related to the reading materials assigned for the week. Students who are unable to answer the questions repeatedly will be adversely evaluated for his/her final grade. And students who participate actively in class discussions, *ceteris paribus*, will be favorably evaluated.

Class attendance is very important. Roll calls will be administered randomly and each absence will be accounted for 1% point out of the total grade points.

Homework (Individual)

Specific homework problems are given at the end of each lecture notes. Homework is due on the next class meeting date. Students may be asked to discuss his or her solutions in class for the benefit of other students. Homework will be reviewed, though not graded, for its overall work quality.

Class Schedule

Week	Class	Date	Subject	Readings Assignment*
			Introduction to Financial Accounting	
			Conceptual Framework of Accounting	
			Basic Concept of Transactions Recording	
			Measurement and Recording of Transactions	
			Financial Statements – B/S & I/S	
			Financial Statements – I/S	
			3.1. Holiday	
			Accounting Cycle	
			Accounting Cycle and Adjusting Entries	
			Accounting Cycle and Financial Statements	
			Statement of Cash Flows	
			Statement of Cash Flows- continued	
			Analysis of Financial Statements	
			Analysis of Financial Statements -continued	
			Cash and Control Systems	
			Cash and Control Systems	
			Mid-term Exam	
			Receivables	
			Inventories	
			Marketable Securities and Investments	
			Marketable Securities and Investments - cont'd	
			Long-lived Assets	
			Time Value of Money	
			Long-term Liabilities	
			Off-balance-sheet Financing - continued	
			Children's Day	
			Buddha's Birthday	
			Shareholders Equity & Complete I/S	
			Consolidated Financial Statements	
			Term Project Presentation	
			Term Project Presentation	
			Final Exam	