KAIST College of Business
Graduate School of Green Growth
Green Accounting
GG531E
Spring 2017

Professor:	Jaywon Lee, Ph.D.
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Class:	Tues/Thurs 10:00-11:20am
Office hours:	By Appointment
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Course Objectives:

Green accounting is a type of accounting that attempts to factor environmental costs into the financial results of operations. This course introduces students to the fundamentals of green accounting concepts, the ways to externally report environmental issues, and how to use the environmental information internally to make various decisions. After completing the course, a student is expected to interpret, understand, and analyze green accounting items in the financial statements, and use financial statements for financial statement analysis (FSA) and valuation.

Overview of Course Content:

Accounting is the language of business and therefore a solid understanding of accounting is imperative to quality business education. Accounting produces economic information about a business that aids decision-makers to make decisions.

Accounting for environmental costs is a broad area covering a number of accounting systems designed to measure the multi-faceted and complex interactions between economic activity and the natural environment. Students interested in sustainability management who are unfamiliar with the terminology of accounting and who do not develop a facility with both corporate financial and national resource accounting concepts are severely handicapped in their efforts to increase the level of environmental responsibility embedded in economic activity.

The course provides a basic introduction to financial accounting and analyzes the income statement, cash flow statement and the balance sheet from an IFRS perspective using examples of green (e.g., cleantech, resource extraction, etc.) companies. Requirements for accounting for environmental liability under IFRS are introduced and critically evaluated. Green accounting methodologies with a systems focus such as life cycle analysis and sustainability metrics are presented.

Green/environmental accounting class offers several potential benefits to students of environmental management to:

- Provide a foundation for studying and understanding green/environmental accounting and environmental costs and integrating these costs into decision-making.
- Improve student information and communication skills.
- Prepare students for subsequent studies and work in green/environmental management.

Integrity Statement:

We follow all KAIST's policy on academic integrity. Academic dishonesty is unacceptable and will not be tolerated. Cheating, forgery, plagiarism and collusion in dishonest acts undermine the school's educational mission and the students' personal and intellectual growth. Students guilty of above actions will receive an "F" in the course and face additional disciplinary actions that the University imposes.

Text (Recommended Texts):

1. 환경회계의 이해와 적용, 전영승, 청람, 2012

2. Class notes will be posted in the public folder.

Grading Onion (Tentative):

Your course grade will be determined as follows:

Class Participation	10%
Assignments	20%
Quiz	30%
Group Project	40%
Total	100%

For the group project, you should form a group of either 2-4 people. If you do not have a team, a random group will be formed on your behalf. At the end of the semester, each team member will evaluate their group members' contribution to the case analysis.

There will be roughly 2-3 homework problems due almost every week. Your homework is graded based on *effort* (on completeness, not on correctness). Some homework may be graded upon quality – I will clearly note this on homework that is important.

Class attendance and participation is crucial for the success of this course. You are expected to attend all class sessions and be prepared for class discussion.

Group Project (Tentative):

The business costs associated with environmental regulations have increased rapidly in the past 10- 15 years. Traditionally, these costs have *not* been traced to specific production processes, but have been assigned to general overhead and then allocated across all of a firm's production processes. In the past, this has been an acceptable way of accounting for these costs because (i) the information system costs of tracking environmentally-related costs were relatively high, and (ii) the environmentally-related expenses were relatively low. The economic cost of product production was not grossly distorted by this traditional allocation method. However, these traditional cost allocation methods are less appropriate than they once were because many environmental regulations have become more expensive, more specific, and more time consuming to comply with. As these compliance costs increase relative to other costs, it becomes more important in competitive business environments to accurately assign these costs. Furthermore, many new regulatory policies *are* designed to pass social costs of the environmental impacts of business activities directly to the businesses; however, if firms are not tracing these costs in an appropriate fashion, the regulations won't work as designed.

Assignment: Working in groups of no more than 4 students, locate a green firm or a firm that is dealing with green issues. Your assignment is (i) to document the environmental issues that affect this firm, (ii) to describe the costs and benefits associated with these issues, and (iii) to describe how the firm accounts for these costs. The environmental issues may include (but are not limited to) non-hazardous waste generation, hazardous waste generation, recycling requirements, air pollution regulations, and water pollution regulations.

In examining how the firm accounts for these costs, you should consider (at the least) whether there *are* any costs that specifically arise from particular parts of the firm's operations, how these costs are treated in the firm's cost accounting system, and whether environmental costs affect financial statement analysis (FSA) or firm valuation.

Course Schedule (Tentative):

Date	Topic	Handout Number	HW/ Quiz
2/2 Th	Introduction to Green Accounting	0	
2/7 T	Financial Statements	1	
2/9 Th	Financial Statements	2	HW#1
2/14 T	Financial Statements	3	
2/16 Th	Green Financial Accounting Items	4	HW#2
2/21 T	Green Financial Accounting Items	4	
2/23 Th	No class (Make-up class will be scheduled)		
2/28 T	Guest Lecture: Chairman Chungha Cha, Korea Green Building Council. "Business Case for Green Buildings"	PPT	
3/2 Th	Sustainability Report and Other Green Accounting Issues	5	HW#3
3/7 T	Sustainability Report and Other Green Accounting Issues	5	
3/9 Th	Guest Lecture: Executive Director John Clemens, icddr,b, "Climate Change and Infectious Diseases"	PPT	
3/14 T	Sustainability Report and Other Green Accounting Issues	5	HW#4
3/16 Th	Wrap-up		Quiz
3/21 T	Selected Student Presentations / Catch-up Lecture		
3/23 Th	Midterms Week – No Class		
3/28 T	Final Report Due		