KAIST
FINANCIAL ACCOUNTING
PMB560
Fall 2017

Professor: Jaywon Lee, Ph.D.
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Office Hours: Thursday 6:00-7:00pm or by appointment
TA: TBA

Course Objectives:

This course introduces the fundamentals of financial accounting to graduate students. After completing the course, a student is expected to understand how accounting information is produced, interpret and analyze financial statements, and appreciate ethical issues in accounting. Since the course content will be approached from the perspective of a user, rather than a producer, of financial accounting information, a student's analytical ability is emphasized.

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. Depending on the classes of decision-makers, we can roughly divide accounting into financial accounting and management accounting. Financial accounting produces financial statements that primarily serve external decision-makers, such as investors, financial analysts, creditors and government agencies. Management accounting, on the other hand, generates information primarily used by internal decision-makers, such as managers. This course concentrates on financial accounting.

Financial accounting measures the economic consequences of a business's activities and aggregates these measurements in the form of accounting reports or financial statements. The information in the financial statements serves external decision-makers in different ways. For example, financial analysts and investors use accounting information to value the firm; creditors base debt contracts on accounting information; accounting measures of performance often determine managers' compensation contracts. No matter how financial accounting information is used, it is clear that a thorough understanding of the accounting information produced by a business is key to making sound business decision.

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:

1. Weil, Schipper & Francis, Financial Accounting, 14th Edition, South-Western Cengage Learning, 2014.
2. (Class notes) Class notes will be posted in KLMS.

Grading:

Your course grade will be determined as follows:

Midterm Exam	30%
Final Exam	30%
Case Analysis	20%
Attendance and Participation	10%
Assignments	10%
Total	100%

There are no make-up exams unless you miss them for legitimate reasons, such as medical emergencies (need to provide written poof). The midterm and the final will be in class and will be closed-book. The exams will be composed of multiple choice, problem solving, and short essay questions. All exams are cumulative.

For the case analysis, you should form a group of 4-5 people. If you do not have a team, a random group will be formed on your behalf. Your team is to analyze the assigned cases and submit the reports. At the end of the semester, each team member will evaluate their group members' contribution to the case analysis. A more detailed instruction sheet will be given out during the course. So, please stay tuned.

There will be roughly 2-3 homework problems due at the beginning of each class. Your homework is graded based on effort (on completeness, not on correctness).

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. If you are to miss a class, please notify me in advance. Should you have legitimate reasons for missing

a class, please provide me with related documents prior to missing the class, so as not to be fully penalized for the attendance and participation grade.

Structure of the Course:

In this course we will take the perspective of financial statement users rather than that of preparers. Accordingly, we will emphasize on interpreting and analyzing financial information. All exams will reflect this perspective. However, our emphasis does not suggest that accounting techniques are unimportant. After all, it is impossible for someone to analyze financial information without thorough understanding of how such information is prepared. We choose the former perspective mainly for the purpose of presenting and testing.

You are expected to read the assigned handouts (or chapters) before you come to class. If you have never taken an accounting course and you don't prepare yourself, the class time can be very long. Good luck!

Other useful links:

http://www.kse.or.kr (증권거래소, Korea Stock Exchange)
http://dart.fss.or.kr (금융감독원, Korea Financial Supervisory Service)
http://www.kasb.or.kr (한국회계기준원, Korea Accounting Institute)

http://accounting.rutgers.edu/raw/fasb (US FASB)
http://www.sec.gov/cgi-bin/srch-edgar (US SEC archives)
http://www.iasb.org (International Accounting Standards Board)

http://kr.finance.yahoo.com (Yahoo Finance Korea)
http:// finance.yahoo.com (Yahoo Finance US)
http://www.morningstar.com (Dow Jones Morningstar)

Course Schedule:

Wk	Date	Topic	Reading Chapter	HW
1	9/7	Introduction to Financial Accounting	**TBA**	**TBA**
2	9/14	Financial Statements Characteristics of Financial Reporting		
3	9/21	Mechanics of Accounting		
4	9/28	Income Statement Balance Sheet		
5	10/5	Holidays		
6	10/12	Revenue Recognition Cash Flow Statement		
7	10/19	Financial Statement Analysis (FSA) Catch-up / Review		
8	10/26	Midterm Exam		
9	11/2	Cash Receivables		
10	11/9	Inventories		
11	11/16	Long-lived Assets		
12	11/23	Investment in Equity Securities Current and Contingent Liabilities		
13	11/30	Long-term Liabilities		
14	12/7	Stockholder's Equity		
15	12/14	Catch-up / Review		
16	12/21	Final Exam		