



APPLIES TO ACADEMIC YEAR 2011/2012

ELE 3735 Financial accounting

Programme

Elective

Responsible for the course

John Christian Langli

Department

Department of Accounting - Auditing and Law

Term

According to study plan

ECTS Credits

7,5

Language of instruction

Norwegian

Introduction

Firms may choose from different accounting languages and dialects in Norway. The main alternatives are GRS (God RegnskapsSkikk = good accounting practice in Norway) and IFRS (International Financial Reporting Standards). Within each of these alternatives there are dialects. All listed companies must apply IFRS, other companies may choose freely between the main alternatives. Some companies may also choose between the dialects. This means that firms may calculate revenue, expenses, assets, liabilities and equity using five different set of rules.

The diversity in how to calculate accounting numbers is a challenge to both preparers and users. Preparers must know which set of rules to apply and how to apply the accounting standards and valuation methods that belong to the chosen set of rules. Users must know how to interpret figures prepared under different set of rules in order to make informed decisions.

The aim of this course is to provide users and prepares with the knowledge that enables them to navigate correctly in an environment with different ways to measure revenue, expenses, assets, liabilities and equity. The course will put particular emphasis on GRS since 99 % of all Norwegian firms use GRS. However, since the largest firms (including listed firms) use IFRS the course will also cover key differences between GRS and IFRS.

Learning outcome

Acquired knowledge

Students should be able to:

- explain the structure of the Norwegian accounting regulation
- specify which set of rules companies may apply, and
- identify sources that explain how various accounting issues are to be handled.

Acquired skills

Upon completion of the course, students should be able to:

- compare and contrast income-based and balance sheet-based accounting models
- use the fundamental accounting principles in GRS to find solutions to accounting problems
- prepare individual accounts for non-listed Norwegian firms using GRS
- give example of main differences between GRS and IFRS

Reflection

Upon completion of the course, students should be able to discuss accounting issues in light of both revenue-based and balance sheet-based accounting models, and analyse the pros and cons of GRS and IFRS.

Prerequisites

BØK 3531 Financial Accounting and Financial Statement Analysis or similar.

Compulsory reading

Books:

Langli, John Christian. 2010. Årsregnskapet. 9. utg. Gyldendal Akademisk

Articles:

Artikler. (Nærmere informasjon gis ved kursstart)

Recommended reading

Course outline

- The regulation of the obligation to prepare financial statements in Norway
- How to measure net income? Revenue-based and balance sheet-based accounting models, GRS vs. IFRS and accounting models based on fair value and historical cost
- How should we understand and interpret the fundamental accounting principles in GRS?
- General GRS-rules for recognition and measurement of fixed assets, immaterial assets, financial assets (fixed and current), inventory and accounts receivable
- Special issues with GRS, e.g. amortized cost, leasing, pensions, factoring, deferred taxes, employee options and revenue recognition (further information will be given at the beginning of the course)
- Recognition and measurement according to IFRS, exemplified by e.g. accounting for investment property, biological assets (e.g. farmed fish and forest) and property, plant and equipment (further information will be given at the beginning of the course).
- Accounting and earnings quality

Computer-based tools

It is assumed that students have access to a spreadsheet program and Internet

Learning process and workload

The course consists of 40 hours of lectures and assignment reviews.

A successful completion requires active assignment solving (alone or in groups), and self study parallel with the lectures. Some of the assignments are to be handed in for judgement, but the evaluation does not influence on the grade in the course.

Activity	Hours
Lectures	40
Work on the curriculum, assignments and preparation for lectures, either alone or together with other students.	135
Preparation for the examination	25
Recommended use of hours	200

Use of hours

Examination

A five hours individual written examination concludes the course.

Examination code(s)

ELE 37351 Written examination, counts 100% towards the grade in ELE 3735 Financial Accounting, 7.5 ects.

Examination support materials

BI- defined calculator (TEXAS INSTRUMENTS BA II Plus™) and The Norwegian code of laws. Exam aids at written examinations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary
<http://www.bi.edu/studenthandbook/exama>

Re-sit examination

A re-sit examination is held in connection with the next scheduled exam in the course.

Additional information