



APPLIES TO ACADEMIC YEAR 2013/2014

## **BØK 3532 Financial Accounting and Financial Statement Analysis**

### **Programme**

Bachelor of Auditing (2. year), Bachelor of Business Administration (2. year), Bachelor of Real Estate (2. year), Bachelor of Science in Business (2. year)

### **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**

All limited companies and many other enterprises must annually prepare financial statements, which give all interested parties an insight into how the economic situation has developed. In this course students learn how financial statements are prepared and how they can be used.

Financial statements must be organized in a specific manner. The legislation for this area is extensive and regulates the entire production process: from bookkeeping of the enterprise's transactions to the type of information that has to be disclosed in the publicly available annual report.

The first part of the course covers techniques and methods used for an enterprise to record all its transactions in the course of a year. It's not sufficient to consecutively book the transactions that take place. The financial statements must be set up at the end of the fiscal year, which means that the enterprises must value their assets and debts and calculate how much that has been lost or gained. The second part of the course covers this process and addresses what the financial statements shall include of information and the rules that govern valuation of assets and liabilities and recognition of revenues and expenses.

Financial statements are publicly available and vital information on every Norwegian company can be accessed by just pressing a key, since the main figures are freely available on the Internet. The third part of the course covers how financial statements can be used.

### **Learning outcome**

#### **Acquired knowledge**

After having completed the course the students shall be able to:

- Record ordinary transactions and incorporate frequent closing provisions (including calculation of the annual tax cost and allocation of net income) in accordance with the principle of double-entry book-keeping, and draw up the final income statement and balance sheet.
- Describe the main book-keeping and accounting rules, including the structure of the accounting act.

#### **Acquired skills**

After having completed the course the students shall be able to:

- Value assets and debts and apply the accruals principle on revenues and costs in accordance with the main rules of the accounting act. The rules and principles may be applicable to the asset and debt items and the income and cost elements that are customary in small and medium-sized enterprises.
- Draw up a cash flow statement and consolidated accounts when conditions are simple and easily understood.
- Analyse and comment on a company's financial development over time and relative to other companies.

#### **Reflection**

- After having completed the course the students shall be able to read a financial statement with sound scepticism and be able to reflect on the possibilities that the producers of the accounts have to provide good or poor information to users of the accounts.

### **Prerequisites**

BØK 3411 Finance and Managerial Accounting I, BØK 1113 Managerial Accounting or similar.

### **Compulsory reading**

**Books:**

Kristoffersen, Trond. 2012. Årsregnskapet : en grunnleggende innføring. 3. utg. Fagbokforlaget

#### Articles:

Langli, John Christian. 2007. Konsekvenser av bevisst og ubevisst rot med bokføringen i fortid og fremtid. Magma. nr. 6. 32-48. <http://www.econa.no/konsekvenser-av-bevisst-og-ubevisst-rot-med-bokfoeringen-i-fortid-og-fremtid>

#### Other:

Langli, John Christian. 2011. Undervisningsmaterieell til BØK 3532 blir lagt ut på Its learning (blant annet litteratur om regnskapsføring i eiendomsmeidlerforetak). Its learning

#### Recommended reading

##### Books:

Kristoffersen, Trond. 2012. Årsregnskapet : en grunnleggende innføring : Oppgavesamling med løsninger. 3. utg. Fagbokforlaget

#### Course outline

- What are accounts and accounting?
- Transactions and the balance sheet equation
- Transactions and the accounting system (the principle of double-entry bookkeeping)
- Closing of accounts: from the list of ledger balances to the income statement and the balance sheet
- Basic accounting principles
- Measurement of assets and debts
- The cash flow statement
- The connection between accounts and taxation
- The accounts as a source of information
- Time series analyses and cross section analyses of profitability, cash flow, solidity and financing.

#### Computer-based tools

Students are expected to have access to a spread sheet program (Excel) and the Internet.

#### Learning process and workload

The course duration is 40 teaching hours which include lectures and review of assignments. It's important to do assignments to grasp the content of the course, and review of the assignments is integrated with the lectures.

For students to receive feedback on their progress and to enable them to gain experience in solving exam relevant tasks, there will be posted automatically tests on Itslearning during the course. Examination question difficulty and workload requires that students have been working with the tests during the semester, so that they have trained their abilities to solve questions related to Financial Accounting and Financial Statement Analysis.

Recommended use of hours:

Activity	Time use
Lectures with review of assignments	40
Work on curriculum, assignments and preparations for lectures/review of assignments, either alone or together with others	140
Exam preparations	20
<b>Recommended total workload</b>	<b>200</b>

#### E-learning

The e-learning platform Its learning is used by the e-learning centre to administrate the mandatory exercises, and make students able to communicate with each other and the Lecturer. Module sessions are carried out at the beginning of the semester and before exams. The e-learning students are also offered a study guide which is an educational guide to the syllabus.

Recommended workload for students

Activity	Time use
Lectures with review of assignments	8
Preparations for lectures	40
Work on curriculum, assignments and preparations for lectures/review of assignments	132
Exam preparations	20
<b>Recommended total workload</b>	<b>200</b>

#### Use of hours

40 hours for lecturer in plenary sessions (lectures and assignment reviews)

5 hours to the person(s) who are responsible for carrying out automatic tests

45 hours altogether.

**Examination**

A three-hour individual written exam concludes the course.

**Examination code(s)**

BØK 35321 - written exam which accounts for 100% of the grade in BØK 3532, 7.5 ECTS.

**Examination support materials**

BI-defined exam calculator TEXAS INSTRUMENTS BA II Plus TM

Examination support materials are specified under examination information in our web-based Student Handbook.

Please note the use of calculator and dictionary. <http://www.bi.edu/studenthandbook/examaids>

**Re-sit examination**

A makeup exam is held every term.

**Additional information**