



APPLIES TO ACADEMIC YEAR 2016/2017

## ELE 3735 Financial accounting

### Programme

Elective

### Responsible for the course

John Christian Langli

### Department

Department of Accounting - Auditing and Business Analytics

### 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 and there exists a proposal to change the legislation towards IFRS for SME, the course will also cover key differences between GRS and IFRS and main features of the proposed Accounting Act.

### Learning outcome

#### Acquired knowledge

Students should be able to:

- explain the structure of the Norwegian accounting regulation
- identify sources that may 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
- describe main features in the proposed new Accounting Act

#### 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

Financial Accounting and Financial Statement Analysis ((BØK 3531 or 3532) or similar.

### Compulsory reading

#### Books:

Langli, John Christian. 2016. Årsregnskapet. 10. utg. Gyldendal akademisk

#### Other:

Utdrag fra NOU 2015: 10 Lov om regnskapsplikt og enkelte artikler vil bli benyttet.. 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 during the course).
- Recognition and measurement according to IFRS, 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 during the course).
- Main features in The proposed new Accounting Act.
- 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. Further information will be given at the start of the course.

Activity	Hours
Lectures	40
Work on the curriculum, assignments and preparation for lectures.	135
Preparation for the examination	25
<b>Recommended use of hours</b>	<b>200</b>

### Use of hours

### Examination

A 3 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 approved exam calculator and The Norwegian code of laws.

Examination support materials at written examinations are explained under examination information in the student portal @bi. Please note use of calculator and dictionary in the section on support materials ([https://at.bi.no/EN/Pages/Exa\\_Hjelpemidler-til-eksamen.aspx](https://at.bi.no/EN/Pages/Exa_Hjelpemidler-til-eksamen.aspx)).

### Re-sit examination

For electives re-sit is normally offered at the next scheduled course. If an elective is discontinued or is not initiated in the semester it is offered, re-sit will be offered in the electives ordinary semester.

### Additional information