Accounting_Standards_in_Norway.edited.docx

by

Submission date: 06-Oct-2021 10:29AM (UTC-0400)
Submission ID: 1666852555
File name: Accounting_Standards_in_Norway.edited.docx (20.87K)
Word count: 1626
Character count: 9429

Accounting Standards in Norway

Name:

Institution:

Course:

Instructor:

Date:

Accounting Standards in Norway

Monetary accounting in Norway is governed by legislation. The Accounting Act of 1997 specifies the types of organizations required to report their statements of cash flows. According to Zenya (2019), the Act simplifies things for entities under certain magnitude and revenue baselines. The country has embraced the European IAS guideline, requiring Norwegian-listed firms to submit comprehensive account reports per the International Financial Reporting Standards (IFRS). Banks, insurance agencies, and other financial corporations must also organize centralized and personal accounts under IFRS (with assured exclusions practical to the separate books). As per Kainth and Wahlstrøm (2021), all other Norwegian businesses have the opportunity to use IFRS. Enterprises that do not use IFRS must organize financial reports in compliance with Norwegian commonly acknowledged accounting doctrines, as per the Accounting Act (Kainth, A., & Wahlstrøm, 2021). The Norwegian Accounting Standards Board establishes accounting practices. Furthermore, the adoption of IFRS for Limited and Medium-sized Enterprises is being considered. This paper discusses the accounting standards in Norway by looking at the regulatory bodies, the annual reporting methods, auditing and certification, and the regulatory guidelines.

Accounting Regulation Bodies

Notes documents, explanatory material, and accounting practices are all published by the NASB. It also issues final accounting principles, additional guidance, and explanations when needed. All final guidelines are imperative and must be per the Norwegian Accounting Act (Zenya, 2019). It is advised to use a provisional standard, which is the second stage from a prospectus to an ultimate standard. Apart from small businesses, which might use distinct guidelines for SMEs, all businesses must adhere to the outlined principles. A few standards

include sections for particular industries and other non-profit entities. Small and medium-sized enterprises (SMEs) can opt between guidelines established by the Department of Finance and IFRS guidelines adopted by the EU. The Norwegian Ministry of Finance has put a halt to the widespread implementation of IFRS regulations for SMEs.

In Norway, the tax regulations are a separate list of rules from the accounting standard. Since Norway is a member of the European Economic Area rather than the EU, the legal process for IFRS regulatory has an added element. The IFRS regulation must be implemented as part of Norwegian law. This is accomplished through an independent bylaw to the Norwegian Accounting Act. Presently, the centralized text of the bylaw does not include the IFRS standards. The Norwegian accountants' body is the regulatory association for government-licensed accountants credentialed as accountants by The Financial Supervisory Authority. The institute has 5000 members who work as accountants and auditors in the government and private industry and industries and universities. Roughly 1000 of the members are people enrolled to become statutory accountants. The Norwegian Institute of Public Accountants is affiliated with the International Federation of Accountants (IFAC), Accountancy Europe together with the Nordic Federation of Public Accountants (NRF)

The Auditing and Auditors Act of 1999 (Audit Act) controls accountants to execute legal audits and statutory undertakings (IFAC, 2021). The Act creates preliminary and ongoing proficiency growth, training, and practice to certify moral necessities, public accountability, and license revocation. There exist two types of public accounting professionals in the country: State-sanctioned public bookkeepers and registered public certified public accountants. The former must possess a postgraduate degree in a related field, whereas the latter must have a bachelor's degree in similar fields. Furthermore, to acquire a license, both types of public accounting

professionals must have three years of experience in bookkeeping practice, clear the auditor's examination of practical capacity conducted by the FSA, and prove a high reputation. There is no distinction between professional solutions that these two groups of accountants can provide to the public. Notwithstanding, the Oslo Stock Exchange requires that the accountants in publicly traded firms be state-sanctioned chartered accountants.

Annual Accounting Reports

As per the Accounting Act, all private limited firms are obliged to publish their audited returns, directors, and audit findings within one month of the annual meeting's adoption. The financial statement must be delivered to the register of the general ledger before it can be released. Overseas enterprise divisions must also document an edition of the entity's annual accounts, the director's summary, and the statement of financial position (for the company of which the division is a part). These records are open to the public. The annual accounts of entities about the financial reporting commitment are accessible to the public. As per Berg and Kvidal (2017), the goal is to publicize necessary details about a firm's actual economic condition and place so that the data user can make correct choices. Someone contemplating applying for a position with the company may find the annual accounts beneficial. People who invest in the business are another illustration.

Annual preparation of financial statements is done in compliance with the conditions of the Accounting Act and associated regulations, as well as generally accepted accounting best practices. As suggested earlier, distinct streamlined regulations for consolidated financial statements in small businesses have been developed. The following information must be included in a complete set of financial statements: Net income, capital structure, notes, cash flow forecast (not for smaller companies), and audit reports are all required (if mandated by

regulation). Some businesses have only a limited financial reporting responsibility. If one is subject to these regulations, they can establish a list of annual accounts predicated on the posted tax return and adopted note details. This pertains to sole proprietors and partnership firms that are beholden to the financial reporting responsibility and have no legitimate persons (enterprises) with liability as partners. They must also be subject to the Accounting Act's regulations for small businesses.

Overall, annual accounts and financial statements must be authored in Norwegian (Zenya, 2019). On assessment, the tax office may grant a special exemption to use a language other than Norwegian. All trustees must mark the financial statement in the companies required to prepare accounts and have a panel. If the company has a corporate executive, they must sign the files as well. If the company does not have a board of directors or a corporate executive manager, the associates or representatives must sign. A credentialed translation is needed when international records must are presented to authorities. As a result, these files must be interpreted and approved by a sworn interpreter before being accredited by a registrar, court, or other jurisdiction.

Format

Annual accounts and financial statements must be processed electronically through Altinn (Duong & Fledsberg, 2019). Even if the business is defunct, it must still prepare and publish annual audited financial statements. This obligation extends to entities that are in the process of being shut down until they are eventually dissolved. For new businesses, the first fiscal year may last up to 18 months. It means that firms founded on or after the 1st of July can choose whether to prepare accounting reports for the prevailing year or merge them with those for the following year. This does not necessitate notifying the Register of Company Accounts.

Though the IFRS and the national regulations are used in the country, entities listed in the stock exchange are mandated only to use the IFRS. Others can decide to use the national guidelines that resemble the IFRS in many aspects.

Auditing and Certification

Enterprises must hire a statutory compliance officer to undertake an audit work of their fiscal viability. Entities can get in touch with Norway's Financial Services Authority. Norwegian enterprises with operating revenue of about NOK 5 million, a cash flow total of about NOK 20 million, and a mean revenue of under ten man-labor years may opt-out of having their financial statements audited. The annual meeting must endorse the financial statement and, if applicable, filings before six months to the end of the financial year. They must be delivered to the Register of Company Accounts within a month after the annual meeting for the relevant agencies to establish them. Delayed payment penalties can be avoided if the comprehensive accounting records are submitted by the 31st of July.

To sum it up, accounting in Norway is governed by legislation, predominantly the Accounting Act of 1997. The Act clarifies things for local firms with revenues under a certain threshold. Norway has implemented the European IAS Regulation, which obliges Norwegian listed entities to report comprehensive financial statements in compliance with the IFRS. The NASB publishes accounting best practices and guidelines. The Norwegian Ministry of Finance is also responsible for policy guidelines on accounting. Aside from smaller firms, which may decide to use separate SMEs, all enterprises must apply the abovementioned guidelines. The Auditing and Auditors Act of the 15th of January 1999 (Audit Act) governs public bookkeepers to perform mandated audits and statutory auditing standards. Furthermore, under the Accounting

Act, all private limited companies must publish their audit reports and directors' and auditor's findings within a month of implementing the annual gathering.

References

Berg, T. S., & Kvidal, M. B. (2017). *The impact of governments on the performance of state-owned enterprises: evidence from Norway: an empirical study of the government effect on the performance differential between state-and privately owned enterprises* (Master's thesis).

Duong, D. C. T., & Fledsberg, K. (2019). *Digitalization of the Accounting Industry: The influence of digitalization on the accountants' role and their self-understanding. An exploratory study based on 13 Norwegian accounting firms* (Master's thesis, Universitetet I Agder; University of Agder).

IFAC. (2021, the 16th of June). *Norway*. https://www.ifac.org/about-ifac/membership/country/norway

Kainth, A., & Wahlstrøm, R. R. (2021). Do IFRS Promote Transparency? Evidence from the Bankruptcy Prediction of Privately Held Swedish and Norwegian Companies. *Journal of Risk and Financial Management*, *14*(3), 123.

Zenya, A. (2019). *Mandatory CSR reporting and corporate financial performance: the causal effects of § 3-3c in the accounting act on the financial performance of Norwegian companies* (Master's thesis).

Accounting_Standards_in_Norway.edited.docx

ORIGINALITY REPORT

2%	2%	1%	0%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	www.revisorforeningen.no Internet Source	1%
2	researchoutput.ncku.edu.tw Internet Source	1%

Exclude quotes	On	Exclude matches	Off
Exclude bibliography	On		