



APPLIES TO ACADEMIC YEAR
2002/2003

BØK 2215 Strategic Management Accounting

Program

Master of Business and Economics Program

Responsible for the course

Tor Tangenes

Department

Accounting - Auditing and Law

Term

Spring

ECTS Credits

6

The topics covered by courses in business economics consist of financial and managerial accounting, investment theory, financing, business taxation, and financial analysis. It is important for managers and economists to have good knowledge of these subjects in order to procure relevant information, make good decisions, and report the results of business events to internal and external decision makers. Rational decisions are grounded in theory and requires that the decision maker is able to view the corporation, it's environment, and it's competitive position as a whole. The purpose of the courses in business economics is to give students knowledge that facilitates economic analysis and manage corporations.

Objective

The course is divided in three sections. These are: (1) Strategic cost analysis, (2) Value analysis, and (3) Performance Measurement. Increasing competition, complex organizational structures, and rapid changes in framework conditions require cost efficiency through the entire value chain, understanding of value creation, and management control.

Strategic decisions are in focus and recent developments of theory, analytic techniques, and management control models are presented and discussed. A basis for strategic cost analysis is ABC-knowledge, which is a central part of the second year course in management accounting. Since the financial reports are supposed to reflect the evolution in real economy and present the corporations financial status, a question of interest is to what extent the financial reports also provide information of relevance for the strategic analysis. We will attempt to illuminate this problem by means of recent scientific works. The financial reports are grounded on several conventions. One of these is the cost convention. For this reason the financial reports will provide inadequate information about present values. Intellectual capital, which is part of this course, fills the gap between market and book values. Knowledge and control of intellectual capital is of great importance for future growth and the corporation's competitiveness.

National and international surveys show that traditional management control systems contribute with inadequate information that is too late updated and is to a large extent financially related. The balanced scorecard (BSC) is presented in the course. BSC is a causal model that attempt to balance financial and non-financial control perspectives and measures in order to provide leading information for decision making and to connect the operational control with it's strategic dimensions.

The students should acquire knowledge of value creation in an extended value chain based on the paradigm of maximizing owners' wealth. The students develop an understanding of theory and a skill to apply the theory in practice. Finally, the students should be familiar with some selected scientific works in the field of

management accounting / valuation.

Prerequisites

BØK Financial reporting and Analysis, BØK 2214

Compulsory literature

Horngren Charles T., George Foster and Srikant M. Datar. 2001. *Cost accounting: A managerial emphasis*. Upper Saddle River, N.J.: Prentice Hall. kapitlene (5), 13, 20, 22, 23.

Selected articles

Recommended literature

None

Course outline

Cost analysis

Strategic cost analysis

Strategic ABM

Target costing

EAC and the NPV method

Value analysis

Intellectual capital

Information from financial reports and value drivers

Management control

Performance measurement based on financial measures

The balanced scorecard

Computer-based tools

No particular

Course structure

36 hours of lectures and case studies

Evaluation

Three-hours written exam

Evaluation code(s)

BØK 22151

Aids at the examination

All aids are allowed

Makeup exam

At the next ordinary exam.