



APPLIES TO ACADEMIC YEAR 2004/2005

## **BØK 2302 Current Management Accounting**

### **Program**

Associate Degree Program in Business Administration, Bachelor of Business Administration Program in Auditing, Bachelor of Business Administration Program in Business Journalism, Bachelor of Business Administration Program in Finance, Bachelor of Business Administration Program in IT-management, Bachelor of Science in Marketing (2. year)

### **Responsible for the course**

Tor Tangenes

### **Department**

Accounting - Auditing and Law

### **Term**

According to study plan

### **ECTS Credits**

6

This course is based on BØK 9700 Managerial Accounting and is succeeded by BØK 9931 Strategic Management Accounting. Basically, management accounting deals with development and communication of information relevant for decision-making and the use of this information to create economic values. On a strategic level, management accounting is closely related to corporate strategy, organizational theory, and finance. On this level, multi-period problems are typically treated. Thus, real investment theory is one important theoretical foundation. Current management accounting deals with the short-term planning and control, and has traditionally been built on corporate budgeting and standard costing. Therefore, it has provided financial information in a short-term horizon. Contemporary cost analysis, planning and control are thoroughly covered in this course by means of theory, critique of traditional models and computer-cased case. Additionally, the course covers corporate planning and control through none-financial information by presenting the balanced scorecard (BSC). BSC connects strategic and operational elements and provides causal relations between financial and none-financial performance measures.

Activity based costing is an important part of the course. The ABC theory facilitates cost allocations to activities, products and customers, and provides a framework for a cause and effect analysis. Such insight is imperative in most decision situations, it can give the organization a competitive edge, and thus ensure profitable, future operations.

### **Objective**

The objective of the course is to provide a comprehensive and updated insight into theoretical and practical aspects of operational management accounting and to enable the students to perform real-life applications of the theory by means of computer-based tools.

### **Prerequisites**

BØK 9700 Managerial Accounting or equivalent course

### **Compulsory literature**

Folk, Jeannie M., Ray H. Garrison and Eric G. Noreen. 2002. *Introduction to managerial accounting*.

Boston: McGraw-Hill/Irwin. Prolog, kap. 1, 2, 3, 4, 5, 7, 8, 9, 10 og 11.

Bjørnenak. 1993. "ABC - hva er D? Grunnleggende prinsipper i aktivitetsbasert kalkulasjon." *Praktisk økonomi og ledelse*, nr. 2.

Kaplan & Norton. 1991. "The Balanced Scorecard - Measures that Drive Performance." *Harvard Business Review*, Jan/Feb.

Berthling-Hansen og Skaldehaug, 2003. Beslutningsrelevante kostnader

### **Recommended literature**

Kaplan & Norton. 1992. "The Balanced Scorecard as a Strategic Management System." *Harvard Business Review*, Jan/Feb.

Jeannie M. Folk, Ray H. Garrison, Eric W. Noreen. 2002. *Workbook/Study Guide for use with Introduction to managerial accounting*. Boston: McGraw-Hill Irwin.

### **Course outline**

1. Course outline, developments in management accounting, traditional and new practice.
2. Cost analysis
  - a) Classification

- b) Job-order costing and process costing (repetition, normally not lectured, but the teacher can give a summary)
  - c) ABC - Activity-based costing
  - d) Relevant costs for decision-making
3. Planning and control
- a) Corporate budgeting
  - b) Standard costs
  - c) Flexible budgets, standard costing, and variance analysis
  - d) The balanced scorecard
4. Decentralization
- a) Financial performance measures: ROI and RI
  - b) Transfer prices.

### **Computer-based tools**

The use of spreadsheets is vital for problem solving and case assignments. Blackboard combined with the Internet is used for several reasons. These are: (1) Distribution of solutions to textbook problems, (2) Self-testing, (3) Provides access to selected corporate home sites in order to show practical applications of the theory, (4) Distribution of course documents, and (5) Communication between teacher and students. Communication between the course responsible and the students takes place at [www.bi.no/fag/tangen](http://www.bi.no/fag/tangen).

### **Course structure**

The course is based on 36 + 6 hours lectures. The main computer-based case will not be covered in class.

### **Evaluation**

A five-hour written exam based on the required readings and the main case concludes the course.

### **Evaluation code(s)**

BØK 23021 - Written exam counts 100% of the grade in BØK 2302 Current Management Accounting, 6 credits.

### **Aids at the examination**

All written aids are allowed.

### **Makeup exam**

At the end of every term.