



APPLIES TO ACADEMIC YEAR 2008/2009

## BØK 2302 Management Accounting

### Program

Bachelor in Auditing (2. year), Bachelor in Business Administration (2. year), Bachelor in Business Journalism (3. year), Bachelor in Business Law (3. year), Bachelor in Entrepreneurship (2. year), Bachelor in Finance (2. year), Bachelor in IT-management (2. year), Bachelor of Science in Business (2. year), Bachelor of Science in Marketing (2. year), Bachelor of Science in Marketing (3. year)

### Responsible for the course

Tor Tangenes

### Department

Department of Accounting - Auditing and Law

### Term

According to study plan

### ECTS Credits

6

### Language of instruction

Norwegian

This course is based on BØK 2601 and Bøk 2602 - Managerial and Financial Accounting I and II, or equivalent courses, and is succeeded by BØK2215 (siv.øk) / 2431 Strategic Management Accounting. **Management accounting provides decision support to internal users in relation to the development and implementation of the firm's strategy and operational plans and contributes with mechanisms for planning, implementation, learning and behavioral control.** The field of management accounting is closely related to corporate strategy and organizational theory. On a strategic level multi-period problems of importance for the firm's competitive position are essential. This course deals primarily with management accounting on the operational level, but is approaching strategic management accounting through an introduction to The Balanced Scorecard.

### Objective

The learning objectives are:

- Be familiar with major innovations in management accounting and recognize its relations to business strategy.
- Be familiar with important aspects of the cost concept, and how cost analyses must be adapted to particular corporate decision problems.
- Be able to allocate costs from budgets and financial reports to activities (departments) and between activities (departments).
- Be familiar the basic assumptions and weaknesses of traditional costing and be able to calculate product costs according to absorption and variable costing.
- Be familiar with the principles and assumptions of ABC and be able to perform ABC on the product level.
- Be able to choose and appropriate ABC model according to the characteristics of the decision problem.
- Be able to identify decision relevant revenues and costs, and thus solve specific decision problems.
- Understand the problems of transfer pricing, including how transfer prices can affect decision behaviour, and be able to calculate correct transfer prices.
- Understand the purpose, structure and process of corporate budgeting.
- Be able to prepare operating and financial (master) budgets, and perform analyses / assessments based on these business plans.
- Understand the concept of standard costing, be able to prepare flexible budgets, perform variance analysis, and suggest actions to improve firm performance.
- Understand the purpose of decentralization and be able to use appropriate financial metrics to perform and assess short-term performance measurements.
- Be familiar with important objections against traditional management control.
- Be able to explain the basic elements in the balanced scorecard, such as strategy map, objectives, themes, scorecard perspectives, and measures, and understand how these elements relate to each other.
- Be familiar with the arguments for applying the Balanced Scorecard, including the rationale for how the model supports strategy implementation.

### Prerequisites

BØK 2601 and BØK 2602.

### **Compulsory literature**

#### **Books:**

Sending, Aage, Tor Tangenes og Svein H. Gjønnnes. 2007. Driftsregnskap og budsjettering: Økonomi- og virksomhetsstyring. 2. utg. Bergen: Fagbokforlaget. Kap. 1, 2, 3, 4, 5, 8, 9, 11, 12, 13, 15 og 17,5

Sending, Aage, Tor Tangenes og Svein H. Gjønnnes. 2008. Arbeidshefte til Driftsregnskap og budsjettering: Økonomi- og virksomhetsstyring. 5. utg. Bergen: Fagbokforlaget. 5. utgave kommer i jan 2008

### **Recommended literature**

#### **Course outline**

1. Course outline and innovations in management accounting
2. Decision support
  - a) Cost behavior
  - b) Cost allocation to / between departments and activities
  - c) Activity-based costing (ABC)
  - d) Some particular decision problems
  - e) Transfer pricing
3. Planning and control
  - a) Traditional corporate budgeting
  - b) Standard costing
  - c) Profitability analysis and performance measurement with financial metrics
  - d) Introduction to the Balanced Scorecard

#### **Computer-based tools**

Excel will be used for particular assignments

#### **Course structure**

The course is based on 42 hours lectures.

BI Nettstudier (Distance Education and E-learning)

The most intensive part of the teaching takes place at the beginning of the semester and before the exam. To aid learning, students will find a studyguide on BI nettstudier. It contains useful information on studying, planning work and undertaking assignments. Internet supervision is provided via pages containing information about the subject, discussion groups and interactive exercises, together with an exercise programme.

#### **Evaluation**

A five-hour written exam based on the required readings 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 aids are allowed. Exam aids at written examinations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary.  
<http://www.bi.edu/studenthandbook/examaids>

#### **Makeup exam**

At the end of every term.