



APPLIES TO ACADEMIC YEAR 2008/2009

## EXC 2701 Managerial Accounting I

### Program

Bachelor in Business Administration - (1. year)

### Responsible for the course

Tor Tangenes

### Department

Department of Accounting - Auditing and Law

### Term

According to study plan

### ECTS Credits

9

### Language of instruction

English

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. **Management Accounting I deals primarily with decision support**, while Management Accounting II is focused on mechanisms for planning, implementation, learning, and behavioral control.

### Objective

The learning objectives are:

- Be familiar with the purpose and role of management accounting.
- Be familiar with important aspects of the cost concept, including different ways to group costs, and how cost analyses must be adapted to particular corporate decision problems.
- Understand the principles of cost-volume-profit analysis, and be able to solve specific problems.
- Be able to allocate costs from budgets and financial reports to activities (departments) and between activities (departments).
- Understand the structures of job- and process costing.
- Understand the structures of absorption and variable costing, and be able to apply these models in various costing problems.
- Be familiar of the basic assumptions and weaknesses of traditional costing.
- Understand the arguments for activity-based costing as distinct from traditional models.
- Be able to solve specific costing problems within the framework of ABC
- Understand the main principles of ABC.
- Be able to discuss the effect on product costs of a traditional costing model, applying unit-based cost drivers only.
- 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 main distinctions between a short- and long-term decision problem, including chief characteristics of a real investment problem.
- Understand the time value of money.
- Be familiar with the capital budgeting process.
- Be able to discount cash flows.
- Understand the logic of NPV- and IRR calculations
- Be able to evaluate simple investment proposals by means of NPV and IRR.

### Prerequisites

No particular prerequisites are required.

### Compulsory literature

#### Books:

Garrison, Ray H., Eric Noreen, Peter C. Brewer. 2008. Managerial accounting. 12th ed. Boston, Mass.: McGraw-Hill/Irwin

### Recommended literature

### Course outline

- Purposes and role of management accounting
- Cost concepts and categories
- Cost behaviour and cost-volume-profit analysis
- Job-order and process costing
- Absorption costing and variable costing
- Introduction to activity-based costing
- Relevant costs for decision-making
- Capital budgeting decisions

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

A basic understanding of and ability to use Excel spreadsheets is helpful but not required.

#### **Course structure**

The course is based on 36 teaching hours and 18 hours of exercises (online). The exercises are done on Blackboard and are based on the compulsory textbook.

#### **Evaluation**

Part 1 - Blackboard-based exercises and assignments account for 30% of the final grade

Part 2 - A five-hour individual written exam accounts for 70 % of the final grade.

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

EXC 27011 - Process evaluation accounts for 100% of the final grade in EXC 2701 Managerial Accounting I, 9 ECTS 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**

A re-sit is held in connection with the next scheduled exam in the course. Students who are taking new exam must take the course all over including all parts of evaluation.