



APPLIES TO ACADEMIC YEAR 2009/2010

## **BØK 1113 Managerial Accounting**

### **Programme**

Bachelor of Science in Business (1. year)

### **Responsible for the course**

### **Department**

Department of Accounting - Auditing and Law

### **Term**

According to study plan

### **ECTS Credits**

7,5

### **Language of instruction**

Norwegian

### **Introduction**

The essence of business economics includes financial management (=income and cost analysis, managerial accounting, budgeting and control), finance (=investment and financing), financial accounting and financial statement analysis.

The aim of this first course within the field of business economics is to provide the students with essential basic knowledge and skills, so that they can take part in discussions on problems in business economics and carry out simple analyses within the field, make correct decisions and communicate the results of the analyses in a comprehensible manner.

This course in Managerial Accounting course starts with investment analysis. By studying the main activities carried out in a company as an investment project spanning several periods, emphasis is placed on the necessity of considering all economic effects of the project and of taking a long-term perspective (over several years, until the project is completed).

After studying the overall perspective given by finance, the course discusses individual problems that provide more detailed knowledge on, and understanding of vital aspects for more short-term financial management and control. This is a practical approach to business economics, since it is easier to understand the various sub-themes of the field when you know why they are discussed and what part they play in the total picture.

### **Learning outcome**

#### **Acquired knowledge**

After taking the course, the students shall be able to explain key concepts and give an account of the tools used in analyses of business economics problems (these tools include methods, techniques, models, theories, etc. applied in the subject area).

- Examples of concepts that students shall be able to explain: fixed costs, variable costs, sunk cost, alternative principle/cost, present value, future value, income statement, sales budget, annuity, contribution margin, return on total assets, short term liabilities, cash flow and risk-adjusted cost of capital.
- Examples from the toolbox: contribution margin calculations, full costing, income statement, cash budget, investment budget, the double-entry book-keeping principle, break-even analysis, profit maximization and financial ratios.

#### **Acquired skills:**

After taking the course, the students shall be able to (a) apply knowledge (i.e. concepts and skills) in analyses and discussions on business economics problems, (b) distinguish between relevant and irrelevant information, and (c) give written answers to questions so that the readers understand the applied method and the conclusion arrived at.

#### **Examples:**

- When the tool is given, be able to apply the tool correctly
- Based on simple situation descriptions, choose the right tool and apply it correctly
- Based on more complex situation descriptions, be able to produce relevant information, link it to the suitable tool and apply the tool correctly

**Reflection:**

After taking the course, the students shall be able to ask critical questions and reflect on crucial assumptions and theories within the business economics field.

**Prerequisites**

No particular prerequisites.

**Compulsory reading****Books:**

Sending, Aage. 2009. Økonomistyring II. 1. utg. Oslo : Fagbokforlaget

Sending, Aage. 2009. Økonomistyring I. 1. utg. Oslo : Fagbokforlaget

**Recommended reading****Books:**

Sending, Aage. 2009. Arbeidshefte til Økonomistyring II. 1. utg. Oslo : Fagbokforlaget

Sending, Aage. 2009. Arbeidshefte til Økonomistyring I. 1. utg. Bergen : Fagbokforlaget

**Course outline**

The course consists of 3 parts (a tentative weight is given in brackets)

*Part 1: Investment and financing (10 %)*

- Introduction to the course
- Discounting and interest rate calculations
- Methods for measuring profitability of investment projects
- Capital cost
- Financing

*Part 2: Cost and income analysis (15 %)*

- Cost theory
- Income theory and market behaviour
- Cost- result- and volume analysis
- Which costs and revenues are relevant in the short term?

*Part 3: Accounting and budgeting (30 %)*

- The main financial statements (the income statement and the balance sheet)
- How are financial statements prepared? (Basic registration techniques)
- How can financial statements be used? (Financial statement analysis)
- Budgeting and financial management
- Preparation of the main budgets (income statement budget, cash budget and balance sheet budget) and the relationships between them
- Budgeting for various industries (manufacturing industry, commodity trade, services, cultural institutions, etc.)

*Part 4: Managerial Accounting models (30 %)*

- Traditional models of calculation and managerial accounting
- Normal costing and normal cost accounts
- Standard costing and standard cost accounts
- Cost estimates and ex post costing
- Budgetary follow-up
- Variance analysis of costs and revenues

*Part 5: Some special decision problems (15 %)*

- Decision-relevant costs and income
- Product mix with scarce resources

**Computer-based tools**

It is recommended that students use spreadsheets (e.g. Excel) when working with problems and assignments. Blackboard must be used for submitting the mandatory mini-exercises.

**Learning process and workload**

The course consists of lectures, assignment reviews by the lecturer, and self-tuition (reading the syllabus and doing exercises/assignments that are both mandatory and voluntary). Each student must hand in 8 mandatory assignments. These assignments are mini-exercises to be submitted electronically through Blackboard.

**Recommended workload in hours**

Activity	Hours
Participation at lectures	30
Participation at assignment reviews by lecturer*	30
Preparations for lectures (approx. 1.5 hours per hour of lectures or assignment reviews by lecturer)	95

Work on mandatory mini-exercises (approx. 1 hour per mini-exercise)	8
Preparation for exams	37
<b>Total recommended time use</b>	<b>200</b>

\*The assignment reviews by the lecturer are integrated with the lectures.

The plenary sessions will consist of lectures on parts of the syllabus and review of assignments. Students are expected to work on those parts of the syllabus that are not covered by the lectures or the assignment reviews. The lectures and assignment reviews are based on students having prepared for the lectures (i.e. that the students have read the syllabus and have solved the assignments before the lectures start).

#### **Required work (mandatory exercises)**

There are eight mandatory exercises during the semester of which five must be passed. The mini-exercises are short, limited exercises that the students should be able to answer in about an hour if they have followed the recommended work schedule. If the students are not prepared, more time must be allowed.

A minimum level of performance will be demanded for the exercises to be passed (e.g. a minimum number of answers must be correctly answered). Further information will be given in the lectures and through Blackboard. The students will be allowed three attempts before deadline of the test. Information about the time period for the tests to be taken, will be given in the lectures and through Blackboard.

Feedback to the students during the semester will be given in the following ways:

1. During the lectures the students will be told which assignments are to be solved for the next lecture. The lecturer will review some of these assignments in class. The feedback will consist of the students comparing their solutions with the one that is explained by the lecturer.
2. Feedback on mini-exercises: Students will automatically receive achieved score from Blackboard after submitting the test. In addition, students will receive feedback in class when the lecturer reviews the exercises.

#### **Use of hours**

#### **Examination**

Required work

Students must have passed five of the eight mini-exercises in order to take the exam.

A five-hour written exam concludes the course. The exam questions will reflect the weight given to the five parts of the course. To pass the course, the students must achieve a pass grade in each part.

#### **Exam code(s)**

BØK 11131 – written exam which accounts for 100% of the grade in the course BØK 1113 Managerial Accounting , 7.5 ECTS credits.

#### **Examination support materials**

A BI-defined exam calculator is 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>

#### **Re-sit examination**

Students who have not passed five of the mandatory eight mini-exercises must retake the exercises at the next scheduled course and must pass five of the eight submitted mini-exercises.

Students who have not passed the written exam or who wish to improve their grade must retake the exam in connection with the next scheduled course.

#### **Additional information**