



APPLIES TO ACADEMIC YEAR 2009/2010

## **BØK 2601 Managerial and Financial Accounting I**

### **Programme**

Foundation Program in Business Administration, Foundation Program in Marketeconomy

### **Responsible for the course**

### **Department**

Department of Accounting - Auditing and Law

### **Term**

According to study plan

### **ECTS Credits**

12

### **Language of instruction**

Norwegian

### **Introduction**

Courses in business economics cover the topics of financial and managerial accounting, investment theory, finance, and financial analysis. Good knowledge in these subjects is essential for the understanding of the economic content of transactions and events, to enable the procurement of relevant information, make economically sound decisions, and report relevant and useful economic information to internal and external stakeholders. Decisions are taken at different levels within a firm. It is important that those involved and affected understand the rationale for decisions and actions taken, and that they have a comprehensive view of the organization, its environment, and competitive position.

The purpose of the courses in business economics is to give the student a basic knowledge that enables him or her to actively participate in discussions, facilitate economic analysis, take rational decisions grounded in theory, and prepare reports that are understandable for the readers of such reports. BØK 2601 is an introductory course in business economics that gives the student basic skills and a platform for further studies in business economics.

### **Objective**

The course consists of two parts: Part 1 - Introduction to Accounting and Basic Financial Statement Analysis, and part 2 - Introduction to Management Accounting.

The primary objectives for Part 1 are: To give students basic knowledge of the principles and techniques used in accounting (transaction analysis, how to record the most common transactions, and close the books); to give students a thorough understanding of the meaning of expenses, expenditures, costs, income, payments made, payments received, and the relationship between transactions and the income statement and the balance sheet; to introduce students to the revenue recognition principle, the matching principle, and to familiarize them with the general measurement rules that are used for current and non-current assets in Norway; and to give students a first introduction to how key figures can be used in analyzing financial statements.

The primary objectives of Part 2 are: To give students a basic knowledge of the terminology, theories, and methods used in management accounting, with an emphasis on cost accounting; to develop the students' understanding of why corporate financial control systems are needed and used, and why various functions in a firm must be viewed as one integrated unit; to expose students to managerial accounting issues that are especially relevant for manufacturing and resale firms, and to give them training in how to obtain and use financial information in practice.

### **Prerequisites**

No particular prerequisites required.

### **Compulsory reading**

#### **Books:**

Sending, Aage. 2005. Grunnleggende regnskap. 2. utg. Bergen : Fagbokforlaget

Sending, Aage. 2006. Innføring i bedriftsøkonomi. 4. utg. Bergen : Fagbokforlaget

### **Recommended reading**

#### **Books:**

Høyvarde, Hans Kristian og John Christian Langli. 2005. Studiehefte til Årsregnskapet. 2. utg. Oslo: Gyldendal akademisk

Tellefsen, Jan Terje og John Christian Langli. 2005. Årsregnskapet. 8. utg. Oslo : Gyldendal akademisk. For studenter som skal fortsette med BØK 2602, hvor denne boken er obligatorisk litteratur, anbefales boken anskaffet allerede i dette kurset siden studentene vil ha stort utbytte av å lese Årsregnskapet parallellt med Grunnleggende regnskap.

Oppgavegjennomgang står sentralt i kurset, og avhengig av hva foreleser velger å basere oppgavegjennomgangen på, kan det bli nødvendig å anskaffe tilleggsmateriell for å få fullt utbytte av undervisningen.

#### **Other:**

Sending, Aage. 2006. Arbeidshefte til Innføring i bedriftsøkonomi. 4. utgave. Bergen: Fagbokforlaget

#### **Course outline**

The following topics are covered in Part 1 - Introduction to Accounting and Basic Financial Statement Analysis:

1) The structure of the accounting system with emphasis on the accounting identity and the double-entry system, 2) the standard chart of account used in Norway, 3) basic accounting principles: revenue recognition, matching, historical cost and prudence, 4) recording of common transactions, 5) accounting treatment of VAT, employers contribution and tax deductions made in the employees salary, 6) depreciation and other accruals, 7) measurement rules for current and non-current assets, 8) preparation and presentation of the income statement and the balance sheet, and 9) financial statement analyses using key figures for profitability, liquidity and solvency.

The following topics are covered in Part 2 - Introduction to Management Accounting:

1) The firm and society, 2) the role of management accounting, 3) income and different types of costs, 4) calculation in manufacturing and retailing firm according to the traditional total absorption costing method and the contribution method, 5) output decisions, pricing and cost-volume profit analysis (short term decision making), 6) theory of demand and different market structures, and 7) the net present value method and basic capital investment appraisal.

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

The course requires use of spreadsheet for solution of case and obligatory assignments.

#### **Course structure**

Full-time and part time students:

The course is based on 84 hours of lectures and exercises:

Part 1: 36 hours

Part 2: 48 hours

The students are required to solve one mandatory home assignment and one case study during the course.

The mandatory home assignment must be solved by groups of five or less students and must be passed to obtain a final grade in the course. The home assignment will be handed out between one and 21 days after the students have signed up for the examination, and it must be solved within seven days.

The case will be handed out between four and six weeks prior to the final exam. The case shall not be handed in for evaluation. Students will benefit from working with the case because some of the questions in the exam will address similar or identical issues that are included in the case.

E-learning

Please contact the Norwegian School of Management for further information.

#### **Examination**

The grade is based on the successful completion of the home assignment, which is graded passed/failed, and a four-hour individual written exam. The exam may consist of practical and theoretical questions relating to the syllabus, in addition to questions that the students have been exposed to during the mandatory home assignment and the case.

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

BØK 26011 Mandatory Home Assignment. Pass/fail.

BØK 26012 Written exam, counts 100% to obtain final grade in BØK 2601 Managerial accounting I, 12 credits.

Both home assignment and written exam must be passed.

#### **Examination support materials**

BI-approved 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**

Due to changes in our Bachelor Programmes from autumn 2009, there also will be changes in every single course. This course will be lectured for the last time autumn 2009. Re-sit exam will be offered every term even spring 2012.

**Additional information**