



APPLIES TO ACADEMIC YEAR 2009/2010

BØK 3411 Finance and Managerial Accounting I

Programme

Bachelor in Arts and Management (1. year), Bachelor in Auditing (1. year), Bachelor in Business Administration (1. year), Bachelor in Business Journalism (1. year), Bachelor in Business Law (1. year), Bachelor in Entrepreneurship (1. year), Bachelor in Finance (1. year), Bachelor in International Marketing (1. year), Bachelor in IT-management (1. year), Bachelor in Market Communication (1. year), Bachelor in Marketing (1. year), Bachelor in Public Relations (1. year), Bachelor in Real Estate (1. year), Bachelor in Retail Management (1. year), Bachelor in Tourism Management (1. year), 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

7,5

Language of instruction

Norwegian

Introduction

The essence of the business economics includes financial management (=income and cost analysis, managerial accounting, budgeting and control), finance (=investment and financing), financial accounting and financial statement analysis. Good knowledge within these areas is a necessary prerequisite to understand the economic content of transactions, obtain decision-relevant information, discuss and assess alternatives, make correct decisions and convey relevant and useful information.

The aim of the first two courses within the field of business economics - Finance and Financial Management I and II - 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.

The course Finance and Financial Management I is based on investment analysis. By studying the main activities carried out in a company as an investment project over several periods, emphasis is placed on considering all economic effects of the project and of taking a long-term perspective (over several years, until the project is completed). The course therefore starts with investment and financing.

After studying the overall perspective given by finance, the course addresses individual problems that provide more detailed knowledge on, and understanding of vital aspects for more short-term financial management and control. This is an appropriate 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 methods and conclusions. 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:

Bøhren, Øyvind og Per Ivar Gjærum. 2009. Prosjektanalyse : investering og finansering. 1. utg. Oslo: Fagbokforlaget

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

Other:

* Når begge bøkene foreligger vil det bli utarbeidet en oversikt over hvilke kapitler som er pensum.

Recommended reading

Books:

Bøhren, Øyvind og Per Ivar Gjærum. Se hjemmeside for boken Prosjektanalyse : Investering og finansiering.

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 (40 %)

- Introduction to the course
- Budgeting
- Discounting and interest rate calculations
- Methods for measuring profitability of investments
- Sensitivity analysis
- Capital cost
- Financing
- Project sense

Part 2: Cost and income analysis (30 %)

- Cost theory
- Income theory and market behaviour
- Calculation
- 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.)

Computer-based tools

Students are expected to use spreadsheets (e.g. Excel) when solving and submitting assignments. Students must use Blackboard to submit 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.

Recommended workload in hours

Activity	Hours
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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)	97
Work on mandatory mini-exercises (approx. 1 hour per mini-exercise)	8
Preparation for exams	35
Total recommended time use	200

*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 mini-exercises)

There are 8 mandatory exercises during the semester of which 5 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. The mini-exercises are to be submitted through Blackboard.

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. Firstly, feedback on achieved score on the mini-exercises will be given automatically through Blackboard. Secondly, feedback will be given by the lecturer when he reviews the exercises in class.

E-learning

Normally the e-learning platform Apollon is used by the e-learning centre. In this course however, Blackboard is used to administrate the mandatory exercises. Module sessions are carried out at the beginning of the semester and before exams. The e-learning students are also offered a study guide which is an educational guide to the syllabus.

Recommended workload in hours

Activity	Hours
Participation at lectures (weekend sessions)	8
Preparations for lectures	30
Work on syllabus, study guide, assignments and exercises/activities on Blackboard	127
Preparation for the exam	35
Recommended total workload	200

*The assignment reviews are given through Apollon

Use of hours

Examination

Required work

To obtain a grade in the course, the 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 three parts of the course. To pass the course, the students must achieve a pass grade in each part.

Exam code(s)

BØK 34111 – written exam which accounts for 100% of the grade in the course BØK 3411 Finance and Managerial Accounting I, 7.5 ECTS credits.

Examination support materials

Interest tables and 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 that 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 that 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