



APPLIES TO ACADEMIC YEAR 2009/2010

BØK 3421 Finance and Managerial Accounting II

Programme

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 IT-management (1. year), Bachelor in Real Estate (1. year), Foundation Program in Business Administration

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. 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.

Finance and Managerial Accounting II builds on Finance and Managerial Accounting I. The course aims is to give the students further knowledge and understanding of important methods, techniques and theories for investment decisions and in managing commercial enterprises. The course consists of three subject areas. The finance area focuses on how uncertainty affects decisions on which investments should be made (the risk and return on individual projects and portfolios) and owners', creditors' and companies' capital costs. The managerial accounting model area includes cost estimates and actual cost calculations on a unit level, performance reports for the whole company and for various levels, as well as budget supervision/variance analysis for costs, revenues and result. The special decision-making problems area focuses on how optimal decision-making is related to the concrete situation of the company.

Learning outcome

Acquired knowledge:

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

- Examples of concepts that students shall be able to explain: variance, standard deviation, expectation, efficient portfolios, risk aversion, bonds, market efficiency, anomalies, risk premium, free capacity
- Examples from the toolbox: capital asset pricing model, portfolio theory, cost estimates, actual cost calculations, variance analysis

Acquired skills:

After taking the course the students shall be able to (apply knowledge (i.e. concepts and tools) in analyses and discussions of 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. Examples:

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

Finance and Managerial Accounting I or equivalent.

Compulsory reading

Books:

Bøhren, Øyvind og Dag Michaelsen. 2006. Finansiell økonomi : teori og praksis. 3. utg. Bergen: Fagbokforlaget. Kap. 1 - 5. (3. utgave utgitt av Skarvet forlaget kan også benyttes). Studenter som ikke skal bruke boken Finansiell økonomi: teori og praksis senere i studiet kan som et alternativ kjøpe Bøhren, Øyvind og Dag Michaelsen. 2009. Utdrag fra Finansiell økonomi. 1. utg. Fagbokforlaget. Dette utdraget inneholder kun kapitlene 1 - 5.
Bøhren, Øyvind og Per Ivar Gjærum. 2009. Prosjektanalyse : investering og finansering. Oslo : Fagbokforlaget. Boken brukes også i BØK 3411 Finans og økonomistyring I
Sending, Aage. 2009. Økonomistyring II. Oslo : Fagbokforlaget

Recommended reading

Books:

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

Course outline

The course consists of three parts (tentative weight is given in brackets).

Part 1: Managerial Accounting models (40 %)

- Traditional models of calculation and managerial accounting
- Normal costing and normal cost accounts
- Standard costing and standard cost accounts
- Contribution margin and full costing
- Cost estimates and ex post costing
- Budget supervision
- Variance analysis for costs and revenues

Part 2: Some special decision problems (20 %)

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

Part 3: Investment and financing (40 %)

- More on project analysis
- Introduction to uncertainty
- Relevant risk and portfolio theory
- Cost of capital and risk (theory and empirical data)
- Financing
- Follow-up and control

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 eight mandatory assignments.

Recommended workload in hours

Activity	Hours
Participation at lectures	45
Preparation for lectures	120
Work on mandatory mini-exercises (approx. 1 hour per mini-exercise)	8
Preparation for exams	27
Total recommended time use	200

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 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 required 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:

- 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 and students will receive feedback by comparing their own solutions with the lecturer's solution.
- Mandatory mini-exercises: Firstly, achieved scores are given automatically in Blackboard. Secondly, feedback will be given by the lecturer when she or 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
Preparation for lectures	30
Work on syllabus, study guide, assignments and exercises/activities on Blackboard	137
Preparation for the exam	25
Recommended total workload	200

*The assignment reviews are given through Apollon

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

Exam code(s)

BØK 34211 – written exam which accounts for 100% of the grade in the course BØK 3421 Finance and Managerial Accounting I, 7.5 ECTS credits.

Examination support materials

Interest tables and a BI-defined exam calculator 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>

Re-sit examination

Students who have not passed five of the mandatory eight mini-exercises must retake the course the next time the course is offered.

Students who have not passed the written exam or who wish to improve their grade must retake the exam the next time the course is offered.

Additional information