



APPLIES TO ACADEMIC YEAR 2009/2010

EXC 3442 Managerial Accounting

Programme

Bachelor in Business Administration (1. year)

Responsible for the course

Pål Berthling-Hansen

Department

Department of Accounting - Auditing and Law

Term

According to study plan

ECTS Credits

7,5

Language of instruction

English

Introduction

Managerial accounting is a fundamental course within the managerial accounting discipline. Focus is on generating and analysing information for decision making, planning and control for internal management within a company.

Learning outcome

Acquired knowledge

Students must be able to understand basic concepts within the management accounting discipline.

- Students must understand and be familiar with the main budgeting reports; profit and loss, balance sheet and liquidity.
- 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 opportunity cost concept and the importance of evaluating the total cost function.
- Understand the principles of cost-volum-profit analysis.
- Be able to allocate costs from budgets and financial reports to activities (departments) and between activities (departments).
- Understand the use of standard costing and variance analysis.
- Be familiar with the basic assumptions and weaknesses of traditional costing.
- Understand the arguments for activity-based costing (ABC) as distinct from traditional models.
- Understand the main principles of ABC.
- Be able to identify decision relevant revenues and costs.
- Understand the problems of transfer pricing, including how transfer prices can affect decision behaviour.
- Understand how pricing decisions affect profitability

Acquired Skills

Students must be able to evaluate specific decision situations and demonstrate correct use of relevant management accounting tools

- Students must be able to solve a budgeting exercise and obtain congruence between the profit and loss, the balance sheet and the liquidity budget.
- Students must be able to analyse the decision context in terms of for instance the relevant cost object, a short/long term decision horizon, capacity issues, cost stickiness.
- Students must also be capable of calculating and utilising the opportunity cost in various decision situations.
- Be able to apply the correct type of calculation tool
- Understand the structures of absorption and variable costing, and be able to apply these models in various costing problems.
- Be able to apply ABC on concrete situations
- Be able to discuss the effect on product costs of a traditional costing model, applying unit-based cost drivers only.
- Be able to compute various break-even points and evaluate sensitivity.
- Be able to compute and evaluate various transfer prices.
- Conduct analyses of pricing decisions

Reflection

Students must be capable of demonstrating an ability to critically reflect upon ones own work, and any

specific assumptions underlying management accounting concepts utilised.

Students must specifically evaluate the use of tools for used in a concrete decision situation.

Prerequisites

None.

Compulsory reading

Books:

Drury, Colin. 2008. Management and cost accounting. 7th ed. London : South-Western

Recommended reading

Course outline

- Purposes and role of management accounting
- Budgeting
- Cost concepts and categories
- Cost behaviour and cost-volume-profit analysis
- Opportunity cost
- Job-order and process costing
- Absorption costing and variable costing
- Standard costing and variance analysis
- Introduction to activity-based costing
- Relevant costs for decision-making
- Pricing decisions and income analysis

Computer-based tools

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

Learning process and workload

The course will include/entail a combination of lectures, plenary tutorials where solutions to exercises will be explained and 1 hand-in exercise.

The following is an indication of the time required:

Activity	Use of hours
Lectures	36
Plenary tutorials where exercises will be explained	9
Student preparation for lectures and plenary tutorials (approximately 1,5 hour per lecture hour)	95
Student work preparing 1 mid-term assignment	10
Student preparation for examination	50
Total use of hours recommended	200

Students will be required to deliver 1 hand-in assignment. This is mandatory, and is required in order to conduct the written exam. The hand-in exercise can be conducted in groups of up to maximum 3 students.

Use of hours

I tillegg til undervisningstidene og oppgavegjennomgang, vil det medgå en del tid til vurdering av innleveringsoppgaven. Denne vil enten være en Blackboard basert flervalgsoppgave, eller en kort innleveringsoppgave. Hensikten er å få i gang studentenes arbeidsinnsats på et så tidlig stadium som mulig. Utarbeidelsen av en slik oppgave beregnes til ca. 16 timer med løsning.

I tillegg vil alle besvarelser gjennomgå for en vurdering av hvorvidt de klassifiseres som innlevert. Litt avhengig av hvilken testtype som velges, vil det medgå ca. 8 timer til en slik vurdering ved en klasse på 100 studenter. Det forutsettes da at det leveres inn ca 50 oppgaver pr. 100 studenter (i gj. Snitt 2 pr. gruppe). Godkjent innleveringen er en forutsetning for å gjennomføre eksamen i faget.

Utenom eksamensavviklingen vil administrative ressurser kun medgå i forbindelse med midtsemester innleveringen, avhengig av hvilken type som benyttes. Dette vil kun være i forbindelse med assistanse på bruk av Blackboard.

Examination

In order to take the final exam in the course, the mandatory exercise must be approved.

A four (4) hour individual written exam will account for 100% of the final grade.

Exam code(s)

EXC 34421 - Written exam, counts for 100% of final grade in EXC 3442 Managerial Accounting, 7,5 credits.

Examination support materials

All aids + calculator TEXAS INSTRUMENTS BA II Plus™ 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

A re-sit is held in connection with the next scheduled exam in the course.

Additional information