



APPLIES TO ACADEMIC YEAR 2010/2011

## **BØK 2302 Management Accounting**

### **Programme**

Bachelor in Business Journalism (3. year), Bachelor in Business Law (3. year)

### **Responsible for the course**

### **Department**

Department of Accounting - Auditing and Law

### **Term**

According to study plan

### **ECTS Credits**

6

### **Language of instruction**

Norwegian

### **Introduction**

This course is based on BØK 2601 and Bøk 2602 - Managerial and Financial Accounting I and II, or equivalent courses, and is succeeded by BØK2215 (siv.øk) / 2431 Strategic Management Accounting. **Management accounting og control provides decision support to internal users in relation to the development and implementation of the firm's strategy and operational plans and contributes with mechanisms for planning, implementation, learning and behavioral control.** The field of management accounting is closely related to corporate strategy and organizational theory. This course deals primarily with management accounting and control on the operational level, but is approaching strategic issues through an introduction to The Balanced Scorecard.

### **Objective**

The learning objectives are:

- Be familiar with major innovations in management accounting and recognize its relations to business strategy.
- Be familiar with important aspects of the cost concept, and how cost analyses must be adapted to particular corporate decision problems.
- Be able to allocate costs from budgets and financial reports to activities (departments) and between activities (departments).
- Be familiar the basic assumptions and weaknesses of traditional costing and be able to calculate product costs according to absorption and variable costing.
- Be familiar with the principles and assumptions of ABC and be able to perform ABC on the product level.
- Be able to choose and appropriate ABC model according to the characteristics of the decision problem.
- Be able to identify decision relevant revenues and costs, and thus solve specific decision problems.
- Understand the problems of transfer pricing, including how transfer prices can affect decision behaviour, and be able to calculate correct transfer prices.
- Understand the purpose, structure and process of corporate budgeting.
- Be able to prepare operating and financial (master) budgets, and perform analyses / assessments based on these business plans.
- Understand the concept of standard costing, be able to prepare flexible budgets, perform variance analysis, and suggest actions to improve firm performance.
- Understand the purpose of decentralization and be able to use appropriate financial metrics to perform and assess short-term performance measurements.
- Be familiar with important objections against traditional management control.
- Be able to explain the basic elements in the balanced scorecard, such as strategy map, objectives, themes, scorecard perspectives, and measures, and understand how these elements relate to each other.
- Be familiar with the arguments for applying the Balanced Scorecard, including the rationale for how the model supports strategy implementation.

### **Prerequisites**

BØK 2601 and BØK 2602.

### **Compulsory reading**

**Books:**

Sending, Aage, Tor Tangenes og Svein H. Gjønnnes. 2007. Driftsregnskap og budsjettering : økonomi- og virksomhetsstyring. 2. utg. Bergen : Fagbokforlaget. Kap. 1, 2, 3, 4, 5, 8, 9, 11, 12, 13, 15 og 17,5

Sending, Aage, Tor Tangenes og Svein H. Gjønnnes. 2008. Arbeidshefte til Driftsregnskap og budsjettering: økonomi- og virksomhetsstyring. 5. utg. Bergen : Fagbokforlaget

### **Recommended reading**

#### **Course outline**

1. Course outline and innovations in management accounting
2. Decision support
  - a) Cost behavior
  - b) Cost allocation to / between departments and activities
  - c) Activity-based costing (ABC)
  - d) Some particular decision problems
  - e) Transfer pricing
3. Planning and control
  - a) Traditional corporate budgeting
  - b) Standard costing
  - c) Profitability analysis and performance measurement with financial metrics
  - d) Introduction to the Balanced Scorecard

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

Excel will be used for particular assignments

#### **Course structure**

The course is based on 42 hours lectures.

#### **E-learning**

The e-learning platform It's learning is used by the e-learning centre to administrate the mandatory exercises, and make students able to communicate with each other and the Lecturer. 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.

#### **Examination**

A five-hour written exam based on the required readings concludes the course.

#### **Examination code(s)**

BØK 23021 - Written exam counts 100% of the grade in BØK 2302 Current Management Accounting, 6 credits.

#### **Examination support materials**

All aids are allowed + calculator TEXAS INSTRUMENTS BA II Plus™.

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 spring 2011. Re-sit exam will be offered every term from autumn 2010 up to and including spring 2013.

#### **Additional information**