



APPLIES TO ACADEMIC YEAR 2011/2012

BØK 1113 Managerial Accounting

Programme

Bachelor of Science in Business (1. year)

Responsible for the course

Rolf Gunnar Strand

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.

The aim of this first course within the field of business economics 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.

This course in Managerial Accounting starts with investment analysis. By studying the main activities carried out in a company as an investment project spanning several periods, emphasis is placed on the necessity of considering all economic effects of the project and of taking a long-term perspective (over several years, until the project is completed).

After studying the overall perspective given by finance, the course discusses individual problems that provide more detailed knowledge on, and understanding of vital aspects for more short-term financial management and control. This is a practical 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 must 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 method and the conclusion arrived at.

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:**

Sending, Aage. 2009. Økonomistyring 1. Fagbokforlaget

Sending, Aage. 2009. Økonomistyring 2. Fagbokforlaget

Other:

Materiale utdelt på forelesning eller via It's learning.

Recommended reading**Books:**

Sending, Aage. 2009. Arbeidshefte til Økonomistyring 1. Fagbokforlaget

Sending, Aage. 2009. Arbeidshefte til Økonomistyring 2. Fagbokforlaget

Course outline

The course consists of 5 parts (a tentative weight is given in brackets)

Part 1: Investment and financing (10 %)

- Analysis of projects
- Discounting and interest rate calculations
- Methods for measuring profitability of investment projects
- Capital cost
- Financing

Part 2: Cost and income analysis (15 %)

- Cost theory
- Income theory and market behaviour
- Cost- result- and volume analysis

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)
- Principles and key valuation rules in the financial statements
- 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.)

Part 4: Managerial Accounting models (30 %)

- Traditional models of calculation and managerial accounting
- Standard costing and standard cost accounts
- Cost estimates and ex post costing
- Budgetary follow-up
- Variance analysis of costs and revenues

Part 5: Some special decision problems (15 %)

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

Computer-based tools

It is recommended that students use spreadsheets (e.g. Excel) when working with problems and assignments. It's Learning 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 8 mandatory assignments. These assignments are mini-exercises to be submitted electronically through It's Learning.

Recommended workload in hours:

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Activity	Work load in
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	hours
Participation in lectures	57
Work on syllabus and preparation for lectures	93
Work on mandatory exercises	20
Preparations for the examination	30
Total recommended use of time	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 relevant texts of the syllabus and have solved the assignments before the lectures start).

Required work (mandatory exercises)

There are eight mandatory exercises during the semester of which five must be passed in order to take the examination.

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 It's Learning. .

Use of hours

Coursework requirements

Students must have passed five of the eight -exercises in order to take the exam.

Examination

A five-hour written examination concludes the course.

Examination code(s)

BØK 11131 – written exam which accounts for 100% of the grade in the course BØK 1113 Managerial Accounting , 7.5 ECTS credits.

Examination support materials

Interest tables and BI-defined exam calculator is allowed. TEXAS INSTRUMENTS BA II Plus™ Examination support materials 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 exercises in connection with the next scheduled course and must pass five of the eight submitted mini-exercises.

A re-take exam is offered every term for students who do not pass the written exam or want to improve their grade.

Additional information