



APPLIES TO ACADEMIC YEAR 2011/2012

## **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 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 Media Management and Journalism (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**

Rolf Gunnar Strand, Knut Larsen

### **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 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:**

Bredesen, Ivar. 2011. Investering og finansiering. 4. utg. Gyldendal akademisk. (Det vil bli trykket opp et utdrag av boken som inneholder de kapitlene som er relevante for BØK 3411. Studenter som ikke skal ha BØK 3421 Finans og økonomistyring II kan kjøpe dette utdraget i stedet for hele boken).

Sending, Aage. 2009. Økonomistyring 1. Fagbokforlaget

**Other:**

Materiale utdelt på forelesning eller på It's Learning

**Recommended reading**

**Books:**

Bredesen, Ivar. 2011. Hjelper til investering og finansiering. 4. utg. Gyldendal akademisk

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

**Course outline**

The course consists of 3 parts:

*Part 1: Investment and financing*

- Analysis of projects
- Discounting and interest rate calculations
- Budgeting cash flow
- Methods for measuring profitability of investments
- Risk and sensitivity analysis
- Financing

*Part 2: Cost and income analysis*

- 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*

- The main financial statements (the income statement and the balance sheet)
- What effects do transactions have on financial statements?
- Accounting policies and key valuation rules in the financial statements
- How can financial statements be used? (Financial statement analysis)

**Computer-based tools**

Students are expected to use spreadsheets (e.g. Excel) when solving and submitting assignments. Students must use It's Learning to submit assignments.

**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). E

Recommended workload in hours

Activity	Hours
Participation at lectures	57
Preparations for the assignment review*, working with textbooks, study guides, assignments and submission requirements	113
Preparation for the exam	30
<b>Total recommended use of time</b>	<b>200</b>

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.

A minimum level of performance will be demanded for the exercises to be passed (e.g. a minimum number of questions must be correctly answered). Further information will be given in the lectures and through It's Learning. The students will be allowed to take the tests repeatedly before the deadline of each test. Information about the time period for the tests to be taken, will be given in the lectures and through It's Learning.

**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 that 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 It's Learning	132
Preparation for the exam	30
<b>Recommended total workload</b>	<b>200</b>

\*The assignment reviews are given through It's Learning

**Use of hours**

**Coursework requirements**

The students must have passed five of the eight mini-exercises in order to take the examination.

**Examination**

A five-hour written examination concludes the course.

**Examination code(s)**

BØK 34111 – written examination 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 are allowed. TEXAS INSTRUMENTS BA II Plus™

Examination support materials are specified under examination information in our web-based Student Handbook. Please note the use of calculator and dictionary.

<http://www.bi.edu/studenthandbook/examaids>

**Re-sit examination**

A re-sit examination is offered every term.

Students that have not passed five of the mandatory eight exercises must re-take the exercises during the next scheduled course and must pass five of the eight submitted exercises.

Students that have not passed the written examination or who wish to improve their grade must re-take the examination in connection with the next scheduled examination.

**Additional information**