



APPLIES TO ACADEMIC YEAR 2012/2013

## **BØK 3421 Finance and Managerial Accounting II**

### **Programme**

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 Real Estate (1. year), Foundation Program in Business Administration

### **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 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 aim of the course 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 the basis of 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, 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, 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:

Bredesen, Ivar. 2011. Investering og finansiering. 4. utg. Gyldendal akademisk  
Sending, Aage. 2009. Økonomistyring II. Fagbokforlaget

### Recommended reading

#### Books:

Bredesen, Ivar. 2011. Hjelper til investering og finansiering. 4. utg. Gyldendal akademisk  
Sending, Aage. 2013. Arbeidshefte til Økonomistyring II. 2. utg. Fagbokforlaget

### Course outline

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

#### *Part 1: Managerial Accounting models*

- 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*

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

#### *Part 3: Investment and financing*

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

### 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 eight mandatory assignments.

Recommended workload in hours

Activity	Hours
Participation at lectures	42
Preparation for lectures and work on mandatory assignments	132
Preparation for exams	26
<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 students must get approved 5. The total workload related to mini-exercises will be from 15 to 20 hours for students that have followed the recommended work schedule. The mini-exercises are to be submitted through It's Learning.

A minimum level of performance will be required for the mini-exercises to be approved (e.g. a minimum number of questions must be correctly answered). Further information will be given 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

<b>Activity</b>	<b>Hours</b>
Participation at lectures (weekend sessions)	8
Preparation for lectures	30
Work on syllabus, study guide, assignments and exercises/activities on It's Learning	136
Preparation for the exam	26
<b>Recommended total workload</b>	<b>200</b>

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

### **Use of hours**

#### **Coursework requirements**

Students must get approved five of the eight mini-exercises in order to take the exam.

#### **Examination**

A five-hour written exam concludes the course.

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

BØK 34211 – written exam which accounts for 100% of the grade in the course BØK 3421 Finance and Managerial Accounting II, 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 at written examinations are specified under exam 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 who have not got approved 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 can retake the exam the next time exam is offered.

#### **Additional information**