



APPLIES TO ACADEMIC YEAR 2014/2015

## BØK 3651 Strategic Management Accounting

### Programme

Bachelor of Business Administration (1. year)

### Responsible for the course

Pål Berthling-Hansen, Espen Skaldehaug

### Department

Department of Accounting - Auditing and Law

### Term

According to study plan

### ECTS Credits

7,5

### Language of instruction

Norwegian

### Introduction

Strategic management accounting is part of the business studies discipline and builds on knowledge acquired in management accounting, finance, accounting, microeconomics and methodology. The term "strategic" in the course title emphasizes the focus on optimisation in a multi-cyclic perspective. The aim of the course is to further develop the students' knowledge and skills within analysis of business economics problems, to enable them to propose optimal solutions to the owners. The course is case- and game-oriented. The methodology and theories applied in the course are generally well-known and applied in previous courses but the problems to be addressed are more complex, extensive and to some extent interdisciplinary. Excel will be used for problems related to budgeting, modelling, risk management and strategic decisions, as well as analyses in connection with a simulation game.

### Learning outcome

#### Knowledge

course is divided into three main parts:

the students conduct a simulation game in which they shall acquire and further develop knowledge in budgeting, market adaptation and optimisation with limited capacity, as well as modelling.

#### Knowledge part 1:

- Acquire knowledge about setup of profit-, cash- and balance sheet budget
- Understand the connection between the profit-, cash- and balance sheet budget
- Understand different variants for calculating marginal cost and marginal income based on accounting and market data
- Understand uni-cyclic optimization based on marginal income and marginal cost

the students shall solve three cases with a multi-cyclic perspective. Case 1 studies the distinction between cash flow and profit as well as basic profitability methods such as net present value and internal rate of return. Case 2 addresses working capital in particular, while Case 3 studies problems related to risk and simulation.

#### Knowledge part 2:

- Understand the relevance of cash flow for calculating uni-periodic profitability.
- Perform tax adjustments of cash flow and required rate of return.
- Understand the use of net present value and internal rate of return, as well as interpret the contents of these measurements of profitability.
- Understand how cash flows are modelled
- Understand how to calculate required working capital as well as various target figures. Examples: LG1, LG2 and CCC.
- Understand the meaning of the concept of relevant risk and simulation.

Part 3 is

Strategi

Acquire

The

Part 1  
In Part 1

Acquire

Part 2  
In part 2

Acquire

Part 3  
Part 3 is

partly based on self-tuition. The students shall improve their spread sheet skills. Spread sheets are among the tools used in the other two parts of the course.

Acquire

d knowledge part 3:

- Understand how various financial Excel-functions can be used as tools for analysis or as decision basis. Example: Net present value, internal rate of return, targeting and problem-solving function
- Understand how other Excel-functions such as SUM, IF, GOALSEEK, SOLVER can be used.

**Acquire**

**d Skills**

After

having completed the course the students shall be able to account for

- How financial values are created and how they can be calculated
- The connection between various business economics decision models e.g. The connection between marginal revenue/marginal cost theory and the present value method
- how one can model business economics problems in Excel and how through simulation one can assess the effects of changes in the model parameters?
- how various company decisions affect profit, cash flow and balance sheet
- how one can use a cash flow statement to calculate funding needs
- use of multi-cyclic assessments in connection with particular investment decisions
- use of regression analysis in Excel to estimate demand functions and interpret results

**Reflecti**

on

After

having completed the course the students shall have gained an understanding of strengths and weaknesses of business economics modelling. The students shall have understood that modelling is very important in order to study the significance of the various underlying variables while having an understanding that a financial decision model rarely manages to quantify all relevant decision factors in financial terms.

### **Prerequisites**

The course requires a basic knowledge of Excel and general expertise in business economics as well as mathematics and statistics equivalent to what is included in the first two years of the Bachelor of Business Administration programme.

### **Compulsory reading**

#### **Books:**

Winston, Wayne L. 2014. Microsoft Excel 2013 : data analysis and business modeling. Microsoft Press

#### **Collection of articles:**

Berthling-Hansen, P. og E. Skaldehaug. 2011. Artikkelsamling og case med løsningsforslag BØK 3651. Handelshøyskolen BI

#### **Other:**

Berthling-Hansen, P. og E. Skaldehaug. 2015. Simuleringsspillet BRIEFCASE AS. BI Forlag

### **Recommended reading**

#### **Course outline**

Part 1:

##### Simulation game (40%)

- Marginal income/marginal cost
- Optimal adaptation with and without capacity limitations
- Strategic (multi-cyclic) problems
- Accounts modelling
- Practical use of problem-solving function

Part 2:

##### Financial case (40%)

- Significance of working capital under value maximization
- False investments
- Modelling
- Simulation
- Relevant risk
- The relationship between risk and return under various ownership structures
- A comparison between cash flow and accounting data
- Decision trees as decision bases

Part 3:

##### Practical use of Excel (20%)

- Financial functions

- Targeting and problem-solving function
- Regression
- If – sentences
- The scenario function

### Computer-based tools

The students must actively use a spread sheet program (Excel is used in the course). When submitting assignments it may be relevant to use a word-processing program (e.g. Word). If the lecturer uses exercises that are not included in the compulsory syllabus they will be posted on its learning.

### Learning process and workload

The course will include lectures, self-tuition, and teamwork. The teamwork consists of four decision hand-ins in connection with the simulation game.

The course duration is 45 hours including lectures and assignments reviews conducted by the lecturer. Recommended use of hours:

Recommended use of hours:

Aktivitet	Timebruk
Lectures	45
Self-tuition	125
Simulation game	25
Exam	5
<b>Anbefalt tidsbruk totalt</b>	<b>200</b>

### Use of hours

45 lecture hours

### Examination

A five-hour individual written exam concludes the course.

### Examination code(s)

BØK 36511 written exam which accounts for 100% of the grade in the course BØK 3651, 7.5 ECTS

### Examination support materials

All aids are allowed including exam calculator TEXAS INSTRUMENTS BA II Plus™  
Examination support materials at written examinations are explained under examination information in the student portal @BI. Please note use of calculator and dictionary. [https://at.bi.no/EN/Pages/Exa\\_Hjelpemidler-til-eksamen.aspx](https://at.bi.no/EN/Pages/Exa_Hjelpemidler-til-eksamen.aspx)

### Re-sit examination

A re-sit is offered every semester.

### Additional information