

<b>Learning Objective by Chapter</b>	<b># of Qs</b>
LO - 02-01 Identify and give examples of each of the three basic manufacturing cost categories.	2
LO - 02-02 Distinguish between product cost and period costs and give examples of each.	3
LO - 02-03 Understand cost behavior patterns including variable costs; fixed costs; and mixed costs.	3
LO - 02-06 Understand the differences between direct and indirect costs.	1
LO - 02-07 Understand cost classifications used in making decisions: differential costs; opportunity costs; and sunk costs.	1
LO - 03-01 Explain how changes in activity affect contribution margin and net operating income.	1
LO - 03-02 Prepare and interpret a cost-volume-profit (CVP) graph and a profit graph.	1
LO - 03-03 Use the CM ratio to compute changes in CM and net income resulting from changes in sales volume.	2
LO - 03-04 Show the effects on net operating income of changes in variable costs; fixed costs; selling price; and volume.	1
LO - 03-06 Determine the break-even point.	2
LO - 03-07 Compute the margin of safety and explain its significance.	1
LO - 03 Compute the DOL at a particular level of sales and explain how it can be used to predict changes in net income.	2
LO - 03 Compute the BE point for a multiproduct company and explain the effects of shifts in the sales mix on CM and the BE point.	1
LO - 06-01 Understand activity-based costing and how it differs from a traditional costing system.	2
LO - 06-02 Assign costs to cost pools using a first-stage allocation.	1
LO - 07-01 Identify relevant and irrelevant costs and benefits in a decision.	3
LO - 07-02 Prepare an analysis showing whether a product line or other business segment should be added or dropped.	1
LO - 07-03 Prepare a make or buy analysis.	1
LO - 07-04 Prepare an analysis showing whether a special order should be accepted.	1
LO - 07-05 Determine the most profitable use of a constrained resource.	1
LO - 07-06 Determine the value of obtaining more of the constrained resource.	1
LO - 07-07 Prepare an analysis showing whether joint products should be sold at the split-off point or processed further.	2
LO - 08-01 Evaluate the acceptability of an investment project using the net present value method.	2
LO - 08-02 Evaluate the acceptability of an investment project using the internal rate of return method.	3
LO - 08-04 Rank investment projects in order of preference.	1
LO - 08-05 Determine the payback period for an investment.	2
LO - 08-06 Compute the simple rate of return for an investment.	1
LO - 09-01 Understand why organizations budget and the processes they use to create budgets.	3
LO - 09-02 Prepare a sales budget; including a schedule of expected cash collections.	1
LO - 09-03 Prepare a production budget.	1
LO - 09-06 Prepare a manufacturing overhead budget.	1
LO - 09-07 Prepare a selling and administrative expense budget.	1