

Spring 2023, ACCY 2 Final Exam Study Guide			
Chap	Learning Objective	# of Questions	Learning Objective Description
7	1	13	Understand activity-based costing and how it differs from a traditional costing system.
7	2	1	Assign costs to cost pools using a first-stage allocation.
7	4	1	Assign costs to a cost object using a second-stage allocation.
8	1	2	Understand why organizations budget and the processes they use to create budgets.
8	3	2	Prepare a production budget.
8	4	1	Prepare a direct materials budget, including a schedule of expected cash disbursements for purchases of materials.
8	5	1	Prepare a direct labor budget.
8	6	1	Prepare a manufacturing overhead budget.
8	8	1	Prepare a cash budget.
10	1	3	Compute the direct materials price and quantity variances and explain their significance.
10	2	1	Compute the direct labor rate and efficiency variances and explain their significance.
10	3	3	Compute the variable manufacturing overhead rate and efficiency variances and explain their significance.
13	1	4	Identify relevant and irrelevant costs and benefits in a decision.
13	3	1	Prepare a make or buy analysis.
13	4	1	Prepare an analysis showing whether a special order should be accepted.
13	5	2	Determine the most profitable use of a constrained resource.
13	7	3	Prepare an analysis showing whether joint products should be sold at the split-off point or processed further.
14	1	1	Determine the payback period for an investment.
14	2	4	Evaluate the acceptability of an investment project using the net present value method.
14	3	1	Evaluate the acceptability of an investment project using the internal rate of return method.
14	5	1	Rank investment projects in order of preference.
14	6	2	Compute the simple rate of return for an investment.
	Total	50	

Basic questions to answer and understand			
Chap	Learning Objective	# of Questions	
7	1	13	What is the two-stage method for calculating ABC rates? Why is ABC superior to a traditional costing system?
7	2	1	How are the ABC rates calculated?
7	4	1	When switching from traditional costing to ABC, how are the product costs of both high and low volume products usually affected?
8	1	2	What is the order for preparing sub-budgets in a master budget?
8	3	2	How is the production budget constructed, line by line?
8	4	1	How is the direct materials budget constructed, line by line?
8	5	1	How is the direct labor budget constructed, line by line?
8	6	1	How is the manufacturing overhead budget constructed, line by line?
8	8	1	How is the cash budget constructed, line by line? Why is the cash budget considered the most important sub-budget?
10	1	3	How are the two direct materials variances calculated? Who are responsible to answer for each of these variances if they are unfavorable?
10	2	1	How are the two direct labor variances calculated? Who are responsible to answer for each of these variances if they are unfavorable?
10	3	3	How are the two variable manufacturing overhead variances calculated?
13	1	4	Which costs are relevant and which costs are irrelevant in any business decision?
13	3	1	Which costs are relevant and which costs are irrelevant in a make or buy decision?
13	4	1	Which costs are relevant and which costs are irrelevant in a decision to accept or reject a special order?
13	5	2	How do you maximize profit when there is a constrained resource? Is calculating contribution margin per unit adequate?
13	7	3	Which costs are relevant and which costs are irrelevant in a "sell at split-off" or "process further" decision?
14	1	1	How is the payback method calculated? What are the weaknesses of the payback method?
14	2	4	How is the Net Present Value method calculated?
14	3	1	How is the Internal Rate of Return method calculated?
14	5	1	How are investment projects ranked using a profitability index?
14	6	2	How is the simple rate of return method calculated?
	Total	50	