

Learning Objective by Chapter		# of Qs
LO - 02-01	Understand cost classifications used for assigning costs to cost objects: direct costs and indirect costs	2
LO - 02-02	Identify and give examples of each of the three basic manufacturing cost categories	2
LO - 02-03	Understand cost classifications used to prepare financial statements: product costs and period costs.	5
LO - 02-04	Understand cost classifications used to predict cost behavior: variable costs, fixed costs, and mixed costs.	6
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.	2
LO - 03-03	Use the contribution margin ratio (CM ratio) to compute changes in contribution margin and net operating income resulting from changes in sales volume.	4
LO - 03-04	Show the effects on net operating income of changes in variable costs, fixed costs, selling price, and volume.	1
LO - 03-05	Determine the break-even point.	3
LO - 03-07	Compute the margin of safety and explain its significance.	1
LO - 03-08	Compute the degree of operating leverage at a particular level of sales and explain how it can be used to predict changes in net operating income.	2
LO - 06-01	Understand activity-based costing and how it differs from a traditional costing system.	7
LO - 07-01	Identify relevant and irrelevant costs and benefits in a decision.	1
LO - 07-02	Prepare an analysis showing whether a product line or other business segment should be added or dropped.	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.	1
LO - 08-01	Determine the payback period for an investment	1
LO - 08-02	Evaluate the acceptability of an investment project using the net present value method	4
LO - 08-03	Evaluate the acceptability of an investment project using the internal rate of return method.	3
LO - 08-05	Rank investment projects in order of preference.	1
LO - 09-01	Understand why organizations budget and the processes they use to create budgets.	1