

TOP EIGHT (8) MANAGERIAL ACCOUNTING LDC CONCEPTS

1	Identify and be able to provide an explanation of the key differences between financial accounting and managerial accounting.
2	Define and understand the various meanings of the term cost. Be able to correctly classify cost into major categories such as product cost, period cost, fixed cost, variable cost, direct cost, indirect cost, opportunity cost, etc.
3	Be able to accumulate costs for a variety of “cost objects” such as product, service, activity, program, or organizational unit, time period, etc. Explain overhead allocations using single plant wide rates, departmental rates, and activity cost pool rates. Calculate and know how to dispose of over or under absorbed (applied) overhead.
4	Compute breakeven point in units and in dollars for a single product. Know the related concepts of cost variability, contribution margin (both in unit and as a ratio), and safety margin.
5	How to prepare a master budget and a simple set of operating budgets for sales, inventory; expenses, cash collections, and cash payments.
6	How to distinguish a capital expenditure from a recurring expense & how to analyze the desirability of a capital expenditure using present value analysis.
7	Understand, apply and explain the concept of different costs for different purposes, such as product costing and inventory valuation, income measurement, short-term decisions, cost control, and long-term decisions such as make or buy or discontinue products.
8	How to use cost data in decision-making, including what is relevant and what is not.