



CBP

1-MASTER BUDGET AND RESPONSIBILITY ACCOUNTING

I. LEARNING OBJECTIVES

1. Describe what the master budget is and explain its benefits
2. Describe the advantages of budgets
3. Prepare the operating budget and its supporting schedules
4. Use computer-based financial planning models in sensitivity analysis
5. Explain kaizen budgeting and how it is used for cost management
6. Prepare an activity-based budget
7. Describe responsibility centers and responsibility accounting
8. Explain how controllability relates to responsibility accounting

2-FLEXIBLE BUDGETS, DIRECT COST VARIANCES, AND MANAGEMENT CONTROL

I. LEARNING OBJECTIVES

1. Distinguish a static budget from a flexible budget
2. Develop flexible budgets and compute flexible-budget variances and sales-volume variances
3. Explain why standard costs are often used in variance analysis
4. Compute price variances and efficiency variances for direct-cost categories
5. Understand how managers use variances
6. Perform variance analysis in activity-based costing systems
7. Describe benchmarking and how it is used in cost management



3- FLEXIBLE BUDGETS, OVERHEAD COST VARIANCES, AND MANAGEMENT CONTROL

I. LEARNING OBJECTIVES

1. Explain the similarities and differences in planning variable overhead costs and fixed overhead costs
2. Identify the features of standard costing
3. Compute the variable overhead efficiency variance and the variable overhead spending variance
4. Explain how the variable overhead efficiency variance differs from the efficiency variance for a direct-cost
5. Compute a budgeted fixed overhead cost rate
6. Explain two concerns when interpreting the production-volume variance as a measure of the economic cost of unused capacity
7. Show how the 4-variance analysis approach reconciles the actual overhead incurred with the overhead amounts allocated during the period
8. Calculate overhead variances in activity-based costing

4-PRICING DECISIONS AND COST MANAGEMENT

I. LEARNING OBJECTIVES

1. Discuss the three major influences on pricing decisions
2. Distinguish short-run from long-run pricing decisions
3. Price products using the target-costing approach
4. Apply the concepts of cost incurrence and locked-in costs
5. Price products using the cost-plus approach



6. Use life-cycle budgeting and costing when making pricing decisions
7. Describe two pricing practices in which noncost factors are important when setting prices
8. Explain the effects of antitrust laws on pricing

5-STRATEGY, BALANCED SCORECARD, AND STRATEGIC PROFITABILITY ANALYSIS

I. LEARNING OBJECTIVES

1. Recognize which of two generic strategies a company is using
2. Understand what comprises reengineering
3. Describe the four perspectives of the balanced scorecard
4. Analyze changes in operating income to evaluate strategy
5. Distinguish engineered costs from discretionary costs

Identify unused capacity and how to manage it

6-COST ALLOCATION, CUSTOMER-PROFITABILITY ANALYSIS, AND SALES-VARIANCE ANALYSIS

I. LEARNING OBJECTIVES

1. Identify four purposes for allocating costs to cost objects
2. Understand criteria to guide cost-allocation decisions
3. Discuss decisions faced when collecting costs in indirect-cost pools
4. Discuss why a company's revenues can differ across customers purchasing the same product
5. Apply the concept of cost hierarchy to customer costing
6. Discuss why customer-level costs differ across customers
7. Subdivide the sales-volume variance into the sales-mix variance and the sales-quantity variance
8. Subdivide the sales-quantity variance into the market-share variance and the market-size variance



7-CAPITAL BUDGETING AND COST ANALYSIS

I. LEARNING OBJECTIVES

1. Recognize the multiyear focus of capital budgeting
2. Understand the six stages of capital budgeting for a project
3. Use and evaluate the two main discounted cash flow (DCF) methods: the net present value (NPV) method and the internal rate-of-return (IRR) method
4. Use and evaluate the payback method
5. Use and evaluate the accrual accounting rate-of-return (AARR) method
6. Identify and reduce conflicts from using DCF for capital budgeting decisions and accrual accounting for performance evaluation
7. Identify relevant cash inflows and outflows for capital budgeting decisions