



**INSTITUTE OF CERTIFIED
COST & MANAGEMENT ACCOUNTANTS**

THE LEARNING OUTCOME STATEMENT OF THE CCA

CHAPTER 1

THE ACCOUNTANT'S ROLE IN THE ORGANIZATION

I. LEARNING OBJECTIVES

1. Describe how cost accounting supports management accounting and financial accounting
2. Understand how management accountants affect strategic decisions
3. Describe the set of business functions in the value chain
4. Identify the dimensions of performance that customers are expecting of companies
5. Distinguish between the planning and control decisions of managers
6. Distinguish among the problem-solving, scorekeeping, and attention-directing roles of management accountants
7. Describe three guidelines management accountants follow in supporting managers
8. Understand how management accounting fits into an organization's structure
9. Understand what professional ethics means to management accountants

CHAPTER 2

AN INTRODUCTION TO COST TERMS AND PURPOSES

I. LEARNING OBJECTIVES

1. Define and illustrate a cost object
2. Distinguish between direct costs and indirect costs
3. Explain variable costs and fixed costs
4. Interpret unit costs cautiously
5. Distinguish among manufacturing companies, merchandising companies, and service-sector companies
6. Describe the three categories of inventories commonly found in manufacturing companies
7. Distinguish inventoriable costs from period costs
8. Explain why product costs are computed in different ways for different purposes
9. Describe a framework for cost accounting and cost management

CHAPTER 3

COST-VOLUME-PROFIT ANALYSIS

I. LEARNING OBJECTIVES

1. Understand the assumptions of cost-volume-profit (CVP) analysis
2. Explain the features of CVP analysis
3. Determine the breakeven point and output level needed to achieve a target operating income
4. Understand how income taxes affect CVP analysis
5. Explain CVP analysis in decision making and how sensitivity analysis helps managers cope with uncertainty
6. Use CVP analysis to plan variable and fixed costs
7. Apply CVP analysis to a company producing different products
8. Adapt CVP analysis to situations in which a product has more than one cost driver
9. Distinguish contribution margin from gross margin

CHAPTER 4

JOB COSTING

I. LEARNING OBJECTIVES

1. Describe the building-block concepts of costing systems
2. Distinguish job costing from process costing
3. Outline the seven-step approach to job costing
4. Distinguish actual costing from normal costing
5. Track the flow of costs in a job-costing system

6. Dispose of under- or overallocated manufacturing overhead costs at the end of the fiscal year using alternative methods
7. Apply variations from normal costing

CHAPTER 5

ACTIVITY-BASED COSTING and ACTIVITY-BASED MANAGEMENT

I. LEARNING OBJECTIVES

1. Explain how broad averaging undercosts and overcosts products or services
2. Present three guidelines for refining a costing system
3. Distinguish between simple and activity-based costing systems
4. Describe a four-part cost hierarchy
5. Cost products or services using activity-based costing
6. Explain how activity-based costing systems are used in activity-based management
7. Compare activity-based costing systems and department costing systems
8. Evaluate the costs and benefits of implementing activity-based costing systems

CHAPTER 6

INVENTORY COSTING AND CAPACITY ANALYSIS

I. LEARNING OBJECTIVES

1. Identify what distinguishes variable costing from absorption costing
2. Prepare income statements under absorption costing and variable costing
3. Explain differences in operating income under absorption costing and variable costing
4. Understand how absorption costing can provide undesirable incentives for managers to build up finished goods inventory

5. Differentiate throughput costing from variable costing and absorption costing
6. Describe the various capacity concepts that can be used in absorption costing
7. Understand the major factors management considers in choosing a capacity level to compute the budgeted fixed manufacturing cost rate
8. Describe how attempts to recover fixed costs of capacity may lead to price increases and lower demand
9. Explain how the capacity level chosen to calculate the budgeted fixed overhead cost rate affects the production-volume variance

CHAPTER 7

DETERMINING HOW COSTS BEHAVE

I. LEARNING OBJECTIVES

1. Explain the two assumptions frequently used in cost-behavior estimation
2. Describe linear cost functions and three common ways in which they behave
3. Understand various methods of cost estimation
4. Outline six steps in estimating a cost function using quantitative analysis
5. Describe three criteria used to evaluate and choose cost drivers
6. Explain and give examples of nonlinear cost functions
7. Distinguish the cumulative average-time learning model from the incremental unit-time learning model
8. Be aware of data problems encountered in estimating cost functions

CHAPTER 8

DECISION MAKING AND RELEVANT INFORMATION

I. LEARNING OBJECTIVES

1. Use the five-step decision process to make decisions
2. Distinguish relevant from irrelevant costs and revenues in decision situations
3. Understand the difference between quantitative and qualitative factors in decision making
4. Beware of two potential problems in relevant-cost analysis
5. Explain the opportunity-cost concept and why it is used in decision making
6. Know how to choose which products to produce when there are capacity constraints
7. Discuss factors managers must consider when adding or dropping customers or segments
8. Explain why book value of equipment is irrelevant in equipment-replacement decisions
9. Explain how conflicts can arise between the decision model used by a manager and the performance evaluation model used to evaluate the manager

CHAPTER 9

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 non cost factors are important when setting prices
8. Explain the effects of antitrust laws on pricing

CHAPTER 10

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

CHAPTER 11

ALLOCATION OF SUPPORT-DEPARTMENT COSTS, COMMON COSTS, AND REVENUES

I. LEARNING OBJECTIVES

1. Distinguish the single-rate from the dual-rate method
2. Understand how the uncertainty user managers face is affected by the choice between budgeted and actual cost-allocation rates
3. Allocate support department costs using the direct method, the step-down method, and the reciprocal method
4. Allocate common costs using the stand-alone method and the incremental method
5. Explain the importance of explicit agreement between contracting parties when the reimbursement amount
is based on costs incurred
6. Understand how bundling of products gives rise to revenue-allocation issues
7. Allocate the revenues of a bundled product to the individual products in that bundle

CHAPTER 12

COST ALLOCATION: JOINT PRODUCTS AND BYPRODUCTS

I. LEARNING OBJECTIVES

1. Identify the splitoff point in a joint-cost situation
2. Distinguish joint products from byproducts
3. Explain why joint costs are allocated to individual products
4. Allocate joint costs using four methods
5. Explain why the sales value at splitoff method is preferred when allocating joint costs
6. Explain why joint costs are irrelevant in a sell-or-process-further decision
7. Account for byproducts using two methods

CHAPTER 13

PROCESS COSTING

I. LEARNING OBJECTIVES

1. Identify the situations in which process-costing systems are appropriate
2. Describe the five steps in process costing
3. Calculate equivalent units and understand how to use them
4. Prepare journal entries for process-costing systems
5. Use the weighted-average method of process costing
6. Use the first-in, first-out (FIFO) method of process costing
7. Incorporate standard costs into process-costing systems
8. Apply process-costing methods to situations with transferred-in costs

CHAPTER 14

SPOILAGE, REWORK, AND SCRAP

I. LEARNING OBJECTIVES

1. Distinguish among spoilage, rework, and scrap
2. Describe the accounting procedures for normal and abnormal spoilage
3. Account for spoilage in process costing using the weighted-average method
4. Account for spoilage in process costing using the first-in, first-out (FIFO) method
5. Account for spoilage in process costing using the standard-costing method
6. Account for spoilage in job costing
7. Account for rework in job costing
8. Account for scrap

CHAPTER 16

BALANCED SCOREBOARD: QUALITY, TIME, AND THE THEORY OF CONSTRAINTS

I. LEARNING OBJECTIVES

1. Explain the four cost categories in a costs-of-quality program
2. Provide examples of nonfinancial quality measures of customer satisfaction in the balanced scorecard
3. Use three methods to identify quality problems
4. Identify relevant costs and benefits of evaluating quality improvement programs
5. Describe the benefits of financial and nonfinancial measures of quality

6. Describe customer-response time and explain why delays happen and their costs
7. Apply the three measures in the theory of constraints
8. Explain how to manage bottlenecks

CHAPTER 17

INVENTORY MANAGEMENT, JUST-IN-TIME, AND BACK FLUSH COSTING

I. LEARNING OBJECTIVES

1. Identify five categories of costs associated with goods for sale
2. Balance ordering costs with carrying costs using the economic-order-quantity (EOQ) decision model
3. Identify and reduce conflicts that can arise between the EOQ decision model and models used for performance evaluation
4. Use a supply-chain approach to inventory management
5. Differentiate materials requirements planning (MRP) systems from just-in-time (JIT) systems for manufacturing
6. Identify the features of a just-in-time production system
7. Use backflush costing
8. Describe different ways backflush costing can simplify traditional inventory-costing systems

CHAPTER 18

MANAGEMENT CONTROL SYSTEMS, TRANSFER PRICING, AND MULTINATIONAL CONSIDERATIONS

I. LEARNING OBJECTIVES

1. Describe a management control system and its three key properties
2. Describe the benefits and costs of decentralization
3. Explain transfer prices and four criteria used to evaluate them
4. Calculate transfer prices using three methods
5. Illustrate how market-based transfer prices promote goal congruence in perfectly competitive markets
6. Understand how to avoid making suboptimal decisions when transfer prices are based on full cost plus a markup
7. Describe the range over which two divisions negotiate the transfer price when there is unused capacity
8. Apply a general guideline for determining a minimum transfer price
9. Incorporate income tax considerations in multinational transfer pricing

CHAPTER 19

PERFORMANCE MEASUREMENT, COMPENSATION, AND MULTINATIONAL CONSIDERATIONS

I. LEARNING OBJECTIVES

1. Select financial and nonfinancial performance measures to use in a balanced scorecard
2. Design an accounting-based performance measure
3. Analyze return on investment (ROI) using the DuPont method
4. Use the residual-income (RI) measure and understand its advantages
5. Describe the economic value added (EVA[®]) method
6. Contrast current-cost and historical-cost asset-measurement methods
7. Indicate the difficulties that occur when the performance of divisions operating in different countries is compared
8. Understand the roles of salaries and incentives when rewarding managers
9. Describe the four levers of control and why they are necessary