

Chapter 1: Introduction to Managerial Accounting

Knowledge Targets

I can define the following terms as they relate to our unit:

Direct Cost	Indirect Cost	Prime Cost	Conversion Cost
Product Cost	Period Cost	Direct Material	Direct Labor
Overhead	Raw Materials	Indirect Materials	Indirect Labor
Cost of Goods Sold	Variable Cost	Fixed Cost	Cost of Goods Manufactured
Financial Accounting	Managerial Accounting	Goods in Process	Finished Goods

Reasoning Targets

- I can identify differences between **financial** and **managerial accounting**.
- I can classify costs as **direct** or **indirect**, **fixed** or **variable**, **prime** or **conversion**, and **product** or **period**.
- I can identify **product costs** as **direct materials**, **direct labor** or **overhead**.
- I can understand the flow of goods from **raw materials** inventory to **goods in process** inventory to **finished goods** inventory.
- I can understand the difference between **cost of goods manufactured** and **cost of goods sold** in a manufacturing environment.
- I can prepare a manufacturing statement with **cost of goods manufactured** calculated.

Skill Targets

- I can calculate **direct materials** used from **raw materials** inventory data.
- I can calculate **cost of goods manufactured** for a manufacturer.
- I can calculate **cost of goods sold** for a merchandiser and a manufacturer.
- I can prepare a manufacturing statement with **cost of goods manufactured** calculated.