

Learning Objective 5 : Distinguish Inventoriable Costs from Period Costs

- **Inventoriable costs** are all costs of a product that are considered assets in a company's balance sheet when the costs are incurred and that are expensed as cost of goods sold only when the product is sold; while
- **Period costs** are all costs in the income statement other than cost of goods sold.

Learning Objective 6 : Illustrate the Flow of Inventoriable and Period Costs

- **Inventoriable costs** flow through inventories account in the balance sheet and are expensed when (finished) goods are sold; while
- **Period costs** are always expensed as incurred.

Learning Objective 7 : Explain Why Product Costs are Computed in Different Ways for Different Purposes

Measuring costs requires judgement. That's because there are alternative ways for managers to define and classify costs. Different companies or sometimes even different subunits within the same company may define and classify costs differently.

Learning Objective 8 : Describe a Framework for Cost Accounting and Cost Management

There are three features of cost accounting and cost management that can help managers make decisions. They are:

- Calculating the cost of products, services, and other cost objects;
- Obtaining information for planning and control and performance evaluation; and
- Analyzing the relevant information for making decisions.