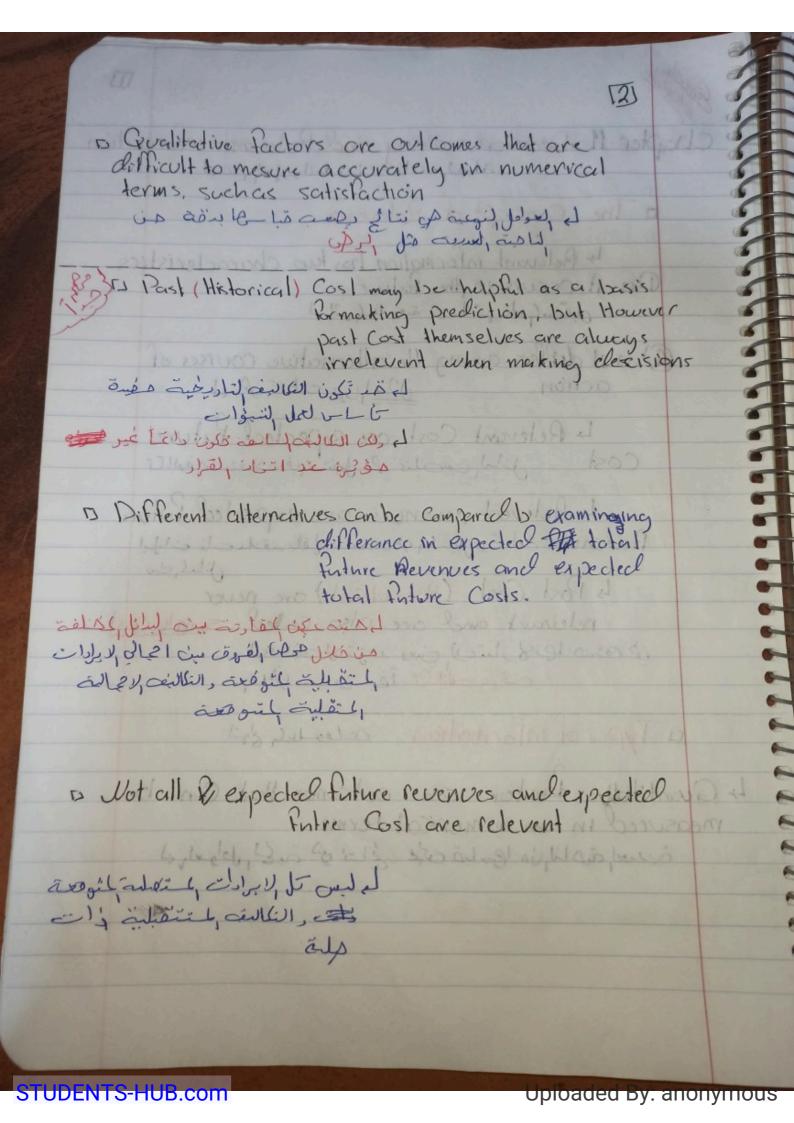
III Chapter 11 Decision making and Relevant information 1 The Concept of Relevence Do it occurs in the future

dienique à le asalel, alid 2) is it differs among the alternative courses of action المانل معتال معت Cost d'al civalis des dis que ans casilis Le Relevant revenues are expected future Revenues cetis, poul, ce com stall solecis city! 4 Past Cost (Historical Cost) are never relevent and are also called sunk cost رئ قام المنافع لا عنها من المنافع المن a Type of information alouly goil 4 Quantitaire tactor are outcomes that Can be measured in unnerical terms المهالعواول العبة في نتائج عبك مناسط من لناهم لعدية

opioaded by, anonymous

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D Expected Puture revenues and expected future Cost that do not differ among altermative are irrelevant, and hance can be elemenated from the analysis حفيالتا , عدون عيان (حال) الم بالقلية بالوقعة إن لا تخلف بين ليدال Circlerent) Le ailes ملاعتم نه لاقن فكو معالتهاء The key Question is always "what difference will action make" له والوالم والرئيس Ti Appropriate weight must be given to Qualitative and Qualitative factors (Non Financial) لم ديب دائاً اعطاء الوزناكناس للعواقل النوعية والعواقل التحمة عليم In Qualitative tactors insuit debut La oulcome that are difficult to mesure accurately in numerical terms to offer facely higues as till is نه حق ال الم صعف ب assid, asid, exas Employee moral cet, La Liero Is Quitative factor and Quintitative nonfinancial factor are Difficult to mesure in financial term لم لذات من العدمة عباب لعوامل الموعدة العوامل حياله غيماني نه خيالي ذعيكا STUDENTS-HUB.com opioaded by, anonymous

四 IS Ex m XYZ Company in sproduced 25,000 unit 7-x = 6,250,000 Selling Price 250 per unit County about) of For Dellar 250,000 unil x 50 per unit 1,250,000 in 20 worker x 2000 H per worker x 16 per in 20 worker x 2000 H per worker x16 per h Relevant Accenvel Cost Mern. 1 Mo Recg. Altern ? Recay _ Mern 1 No Reg Men. 2 Revenues 6,250,000 6,250,000 640,000 1,250,000 Cost. Dull 1250,000 486,000 DL 480,000 640,000 750,000 WOH 750,000 2,000,000 2,000,000 Markeling 90,000 90,000 Reognization Cost 640,000 1 570,000 4,640,000 4,570,000 Total Cost (640,000) (570,000) 1,610,000 1,680,000 Operating 1 (Costs) 7 Income Difference : 70,000 Difference = 70,000 DE Dellas produced D 25,000 unit x 50 per unit = 1,250,000 15 workers x 2000 H per worker x 16 per H. 480,000 To Reorganization Cost no public old wills اد اعدة هريكلية ا وها بعكن اف التكاليف إنى _وف تتاثى من هدت التغييرات ودو الإلاهار الدوجود

(Quatitative) I stirry circulations [é, 10, 13]
Pactor)

List utelés 3 = 6 cas in النِّ معنى أن يُه ورافاعلى بدنياج مثلاً مع مدى الالليو في نفسية , كم مرفين إلباقين بعد توقيف ع موظفين عن العمل رماخل و كنه ميؤثر دلا على الانتاج الله معدة الركة في الوق بعد نوبع ع مو (فين) من العمل من العمل الموق بعد نوبع على من العمل الموق بعد نوبع على الموق المو منبه العوامل ليوست م إي يعب قيا ما رقعياً ا Eld Colt 4640,000 4570,000 640,000 1 To (6 10,000) (6 10,000) (6 10,000) (6 10,000) (6 10,000) (7 10,000) (8 10,000) (8 10,000) EXPERIMENT DESCRIPTION STORES PRIME : 6250,000 15 andrews & Dear of per content 16 per Hs. 486,000 a finished a state of the state STUDENTS-HUB.com Uploaded By: anonymous

181 D Terminology age a LADE 5 Incremental Cost Vs Differential Cost I Incremential Cost oil's couls La The additional total Cost incurred for an activity لم ما يفاف للتكلفة نتيمة نشاط معين [Differential Cost addition all Ly The difference in total Cost between two alternatives لم الفق شيئ اجمال التكاليف سن cielas cieblas son plans ment son o مل ان کون الفرق ابی الله 5 Incremential Revenue Vs Differential Revenue 1 Incremental Revenue suit; ortiful Is The additional total revenue from an activity لے ما بزید من الایوادات نشیقة circo plai le ren ales as le me le come 12) Differential Revenue a signification Ly The Difference in total Revenues between two alternatives ا، رهرسارة عن لعرف الحالي الإيرادات المرسارة عن لعرف العالم الإيرادات لم بمكن لن يكون الفرق ايماس له لي B) Branch Seconous opioaded by, anonymous STUDEN I S-HUB.COM

回 D Work that is Incremential Cost and Differential Cost one sometimes used interchangeby in practice (Differ. Cost) , (Tricre. Cost) made position that need to be (aplia sup) and of alped مرنيط در 13) Shord-run pricing decisions (Make or Buy) is alient apply soll of لے او درستفادہ من دلخمنہ رائد اندانیع وا ملیاً (مارتام الکافیٹیوا دافل کمامعہ) Product Mix with Capacity Constraints

- 10:10 ac yet it is it it.

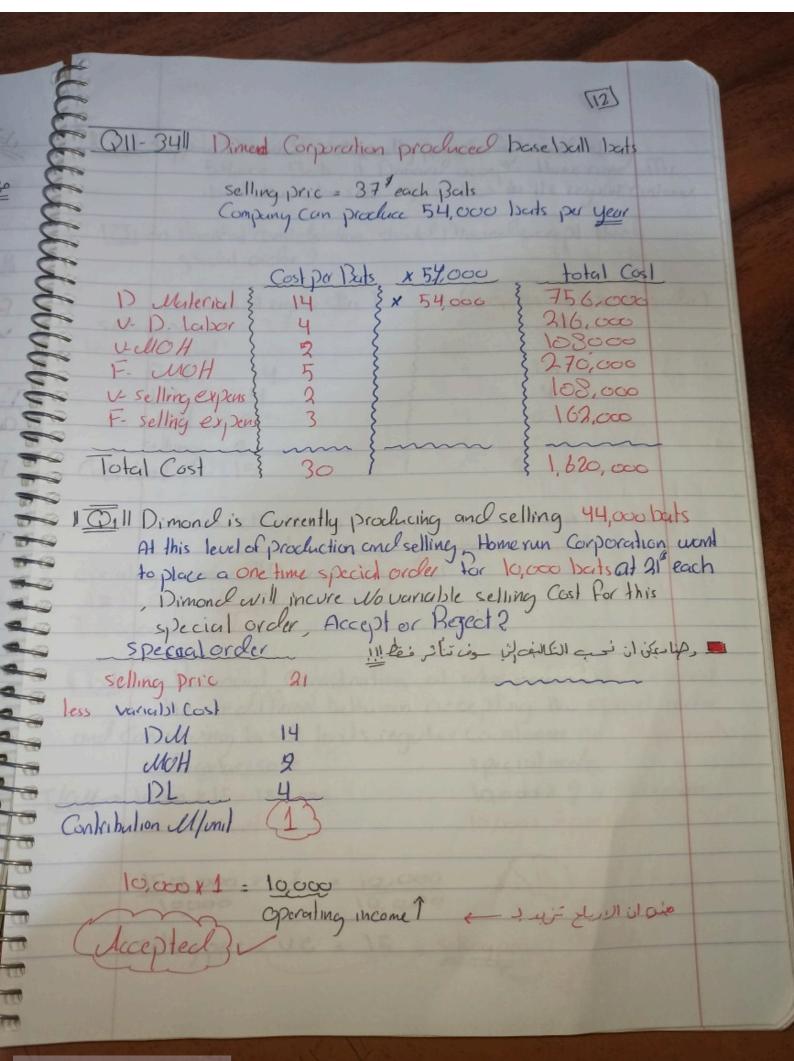
11:20 - 10:10 ac yet it is it. 13) Custome Profitability and Relevant Cost 13 Branch / segment: adding or discontinuing

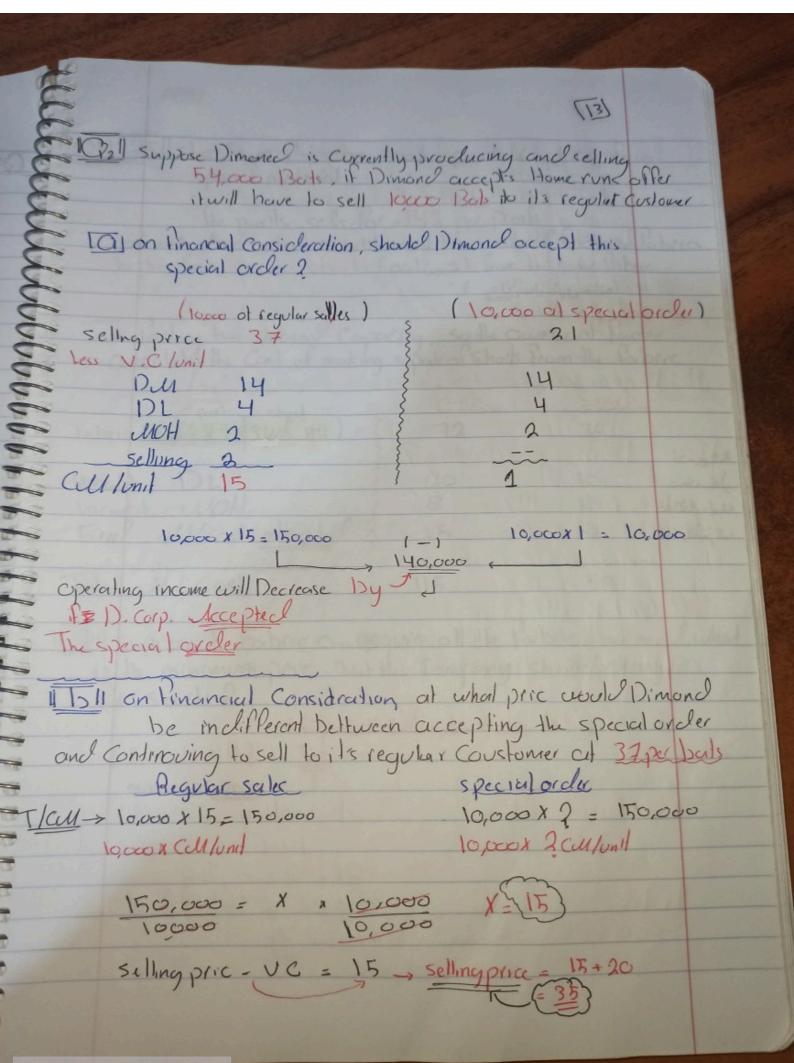
I One time only special Orders - 201, of and when there is ielle procluction Capacity
and the special order have no long run implication العند عملا عناها دون العنول العناق العالمة العالمة عندا لا يكون عناك تاتي طويل المدى لها also is luxury hotel وركون لدي الافكالياحث الن لااستفد المناوس معمد المناب المناب المناب المانيات من المانيات (64) 62) 6 فع المنادع العنوالليم العند العنو In Does the special order generate additional operating income? له مل من الماين سنزيد من الدقل التشكيل if Yes us decepte dies In Compaires relevant revenues and relevant Cost to determine profitability لى نقارن من العبرادات المتعلقة ,التكاليف التعلقة STUDEN 13-HUB.COM opioaded by, anonymous

Example of Seach towels will a significant with the seach towels الماركتا ما a likely DPant of production Capacity = 45,000 towels each month D Current monthly production = 30,000 towels Prom Mugar Corporation, Isul the worker on Mugar Corp. are striker (carried) sols Azelia Must fined a new supplier placement Es Azelia Contact with Surf Gear and offers to buy 5000 towels, 11 & per towel from them. Based on The Following - should surf Gear accept this offer? مع العلم لن عاد لن مكون كون العلية لم والدة مقا رق م بوجه تكاليف تويق دا قبول من العبار ما وي على معان العادية STUDENTS-HUB.COM opioaded by, anonymous

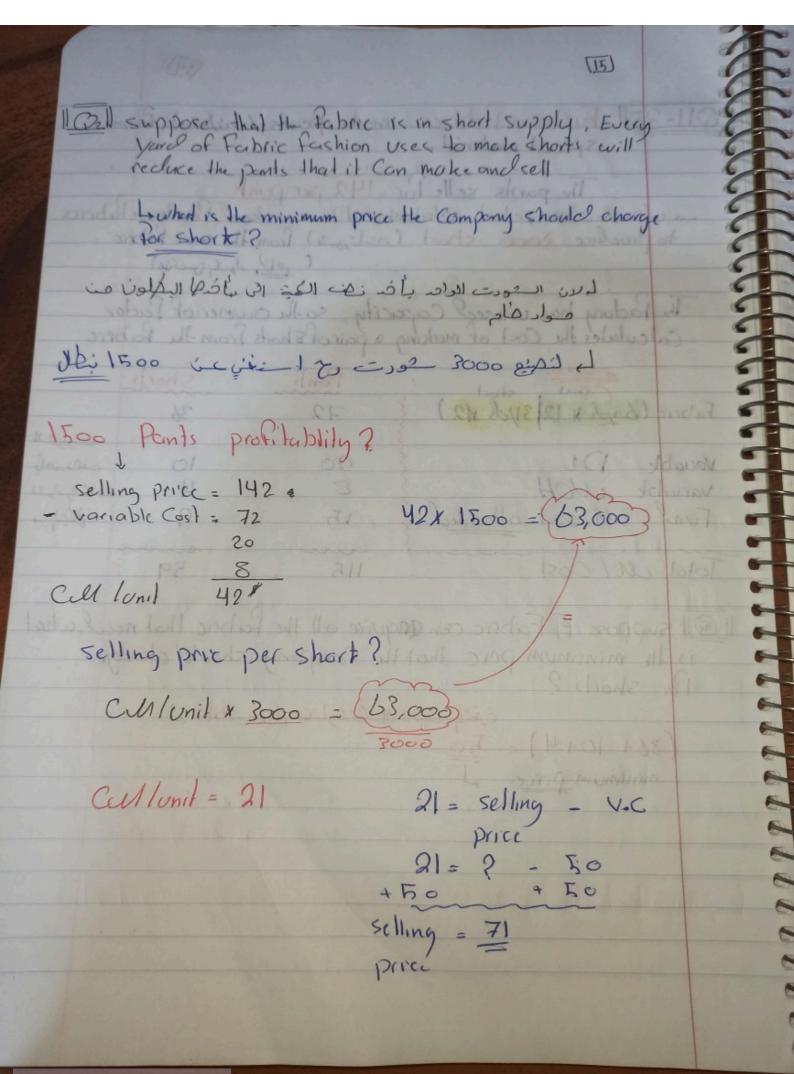
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Fixed Cost M/Cost Marketing Totat. F.C Operating In Come	4.5 2.5 6.5 1 por unil	135,000 60,000 195,000	135,000 60,000 195,000	0 0 17,5∞
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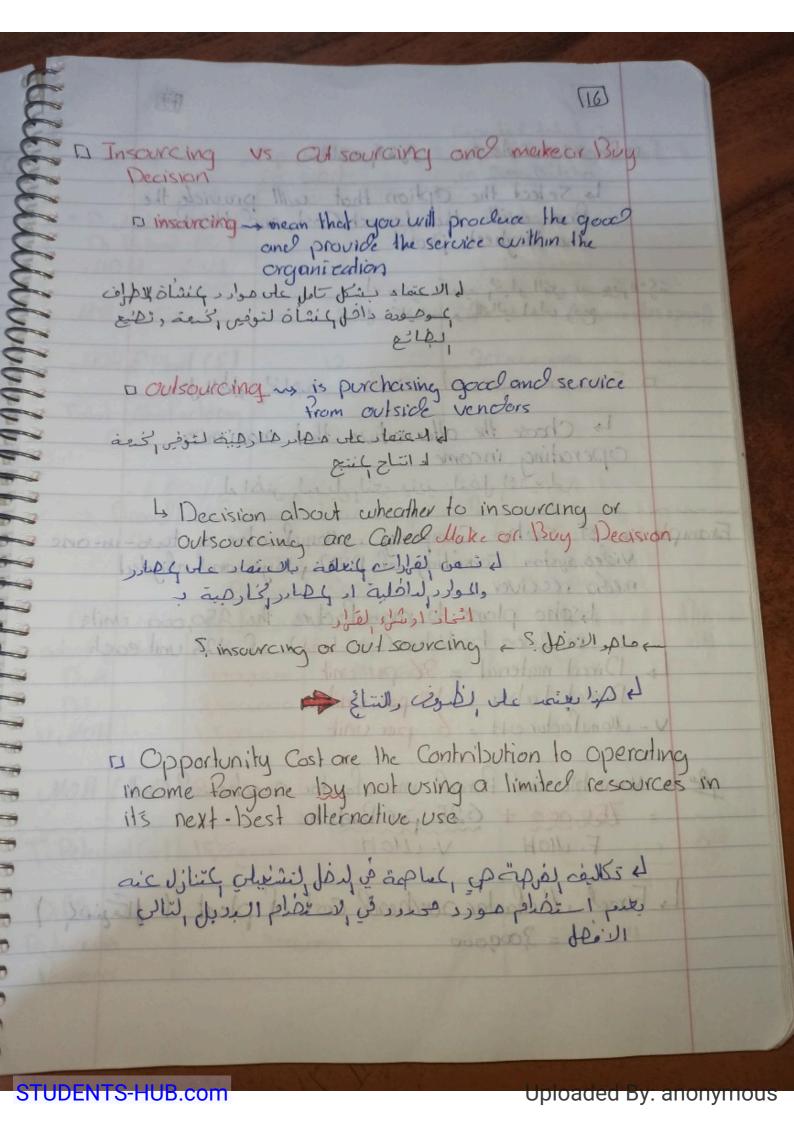
TILL ع مل مها مها مع المعالم العن الى ما مسب الزبائن المستر من الربع له باتالي الافقل أن نبيع به ١٦٠ للوقدة الواقه ج/ اذا لم ري المالع منافسين في الوق له نبيع به 20 لموقة اهل الوقات إلعامة) exect Cost winds be mathecked by II STUDENTS-HUB.com opioaded by, anonymous





(4) 211-3511 Fashron Pabrics make pants (whx.) from special material. The parts sells for = 142 per pants us I well-thon retail establishment has asked fashion fabrics to produce 3000 short (alisas) from the same Patric المؤتفس إلى واد راكام ا The factory has unused Capacity, so the Owner of Pactor Calculates the Cost of making a pair of 8 horts from the fabric Shorts Panls short Fabric (byds x 12 31/ds x12) ماک نافت 20 Variable 172 الم و والتكليق Variable WOH JA La Fixed MICost allocated 115 Total Ul Cost 11@11 suppose F. Fabric can aguire all the Fabric that need, what is the minimum price that the Company should charge For shorts? لم نأف يعنى راعبار فقط التكاليف لمتيرة (36+ 1044) = 50 minimum price





17 Decision rule 8 , al acto Firm with the Lowest Cost, and therefore the highest profit لے بعنی تعدید اخیار النی سیوفرالاک القل عکافقد و باتالی اعلی ربع 1) Same as special order apis, allilis La Choose the offernative that maximize Operating income لم اختر البديل الذي يزيد الدخل التشيغيلي Example ~ st 5010 Company, Manufactor a two-in-one Video system consisting of DVD player and digital media receiver 4, soho plans to manufadure the 250,000 units in 2000 batches (a lies) of 125 unit each La Direct material = 36 per unit Direct Labor = 10 per unit V - Manufactor out = 6 per unit Le La variable and Pixed manufactor overhead Cost 750,000 + 625 per Batche F. MOH V- MOH L. Fixed Manhactor overhead Cost of plant (HEZIR) 14.46 = 3,000,000

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191 Mok 21 May Belevant Cost Cost 16000,000 15,000,000 Fixed 3000,000 3000,000 MOH 19,000,000 18,000,000 Total Corl 100,000 ند ١٥٥٥,٥٥٥ عند التكلفة و المنافسة عب دائماً النظم إلى التكاليف المعالم المسائل الاه المعالم الما المعالم الم STUDENTS-HUB.com Uploaded By. anonymous

120 his it solve decides to buy DVD players for its video System from Broad Pield, then sono best use of the capacity that become autilable is to produce logico Digitalis L. Dicylets are similar to DVD player made for video syskm LaThe estimate revenue and cost it so ho decide to produced and sell Digite kes incremental future Revenue incremental future Cost 3,400,000 1,000,000 me too brouded lated V MOH 600,000 material- and sclup over hear? 500,000 (5,500,000) Total incremental Putur Cost Incremental future operating income 2,500,000 DVD and Mak Digiteks RIEvant Items Total incremental Pulure Cost of Buy 1/200,000 Deduct - Potal incremental finter Revenu From produced and sell Digiteks 250000 Total Belevall Cost under total alternative approach 13,500,000 accept and procluo Degilectes e

AI 1) Opportunity Cost Approach to Make or Buy Decisioned one and عنا مكل تو لها دفي كال لاتباد إقراد Make video system DVD planjer Total incrumental future Cost of making video system DVD payer 15,000,000 + Opportunity Cost: profit Contribution Porgone 2,500,000 Total Relevant Cost under Oppurlumity Cost approach 17,500,000 why opportunity Cost? Becouse Capacity will not be used to make Digiteks Rigiteks Mastel astell astell is give , api of in while to prisi is تقلیل الکالیف الدیم لیلاد اعتبارنا ما most Though and well of the ال عيني ربع فإنعة ١١ ع ع كن احدام المان مقتن الم و حول لنفس لنتجة 13 500,000 accepter and produce agiledies STUDENTS-HUB.com Oploaded By, anonymous

221 13 Qualitative Factor o Quality requirment zich oslas, as as o Reputation of outsourcer of 14 merices Demployee moral copolation Dologistical Consideration and Distance from plant sippinailly especially if sourcing internationally لع كا تخاذ قرات بداد/ لهنع ، يكن أن دكور

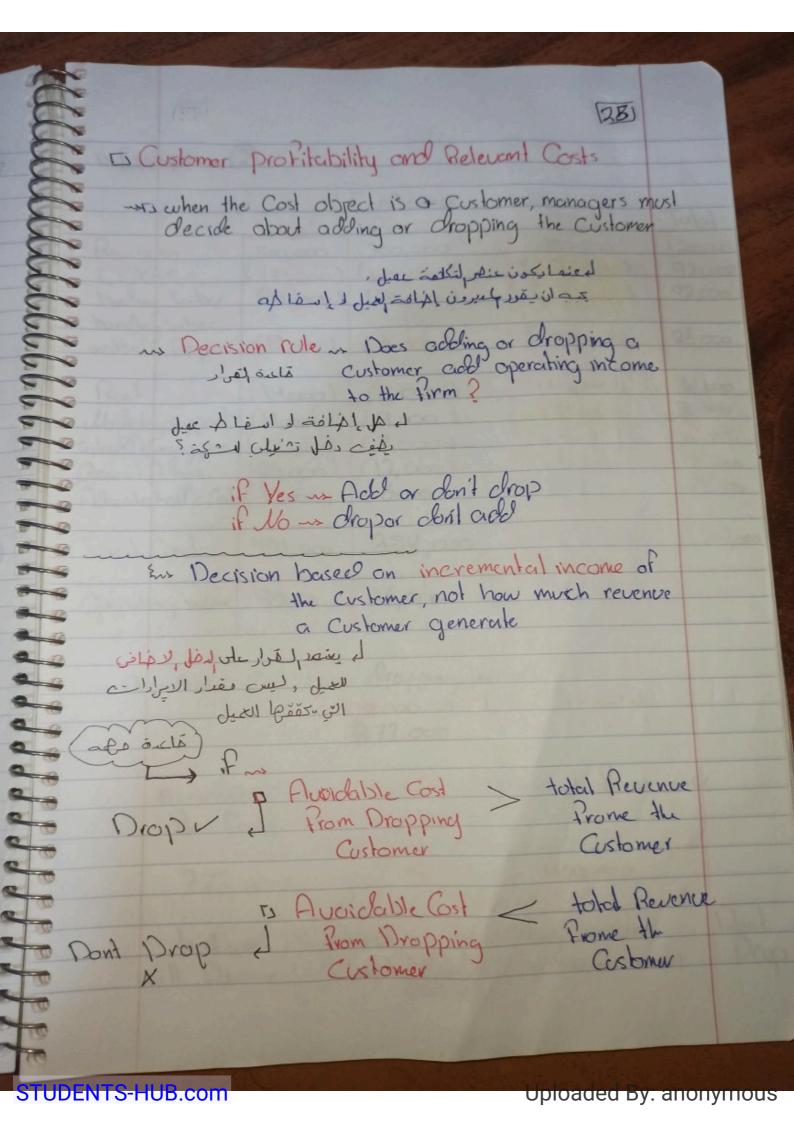
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A = 800 x 0.5 = 400 Hours

600-400 = 200

13 = 200 = 66.67 unit ~ 66 unit



			[28]	
I Example (2			
		Customer		
Revenues COGIS hadling labor	Vogel 500,000 (370,000) (41,000)	Brenner 300,000 (220,000)	(1330,000) (33,000)	Total 1,200,000 92,000 92,000
handling labor unite of Pep	(12,000)	(4,000)	(9,000)	25,000
Rent Worketing support Sales & Delivery proc. Greneral Admins. Allocated-offic Cost	(14,000) (11,000) (13,000) (20,000)	(8,000) (9,000) (7,000) (12,000) (6000)	(14,000) (12,000) (16,000) (16,000)	36,000 30,000 32,000 48,000 94,000
Total Cost	491,000	234,000	432,000	1,207,000
Operating income	9000	16,000	(32,000)	
is Avoidable	= 5	dropping w 3000 + 33,000	isk 200 + 10,000	
A wordal:	ne Cost		Revinue from	cursk
373,		<	400,000	12.1
373, Lifu will De	rease	wisk as oper by 27,000	cating income	Dont Prop

[27] Example as (2) L. Irving Corporation run two stores, Med Pieles and Oakland Med Field Oakland Revenues 2.100,000 1,7000,000 Operating Cost 1,310,000 Cosis 1,500,000 4 geraling Cost 170,000 180,000 160,000 Lease Rent 155,000 50,000 Dep. Equipment 40,000 Allocated Welled 75,000 90,000 1,750,000 Total operating Cost 1,980,000 (50,000) 120,000 Operating income Is instead of Closing the Oakland store, Corporation is thinking of opening another store (XYZ.) with nevenue and cost identical (so les) to the Oakland store. including acost of 40,000 to againe equipment with one your useful like and Zero Pasposal value opening this store will increase Corporate overhead cost by 10,000 I've Oakland store or not?

(38) ina Corporation run Mercas 1,310,000 CoGIS V.Op/ces/ 170,000 Vew equip 40,000 Corp. cuehed 10,000 1,700,000 total 1 Revenue In Yes, Add new store in operating income will increas' by = 170,000 - (1700,000 - 1,500,000) STUDENTS-HUB.com opioaded by, anonymous