

Accounting System

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Managerial Decision

- Individuals make decisions.
- Decisions determine the performance of the organization.
- Managers use information from the accounting system to make decisions.
- Owners evaluate organizational and managerial performance with accounting information.

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Managerial decision in cost accounting

- The Value Chain describes a set of activities that transforms raw materials and resources into the goods and services and users purchase and consume.
- Value added activities
- Non value added activities

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Cost Classifications

- Cost can be classified:
- Relevance
- Behaviour

Cost classification by Relevance

- Relevant
 - If cost influence a decision
 - Cost that are applicable to a particular decision
 - Cost that are avoidable
- Irrelevant
 - If cost do not influence a decision

Cost classification by Behaviour

- cost behaviour refers to how a cost will react to changes in the level of business activity
- Fixed cost
- Variable cost
- Mixed cost

Conclusion

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Spark Publishing and Printing House: Short-Run Managerial Decision Raises A 'Hamlet-Like' Dilemma

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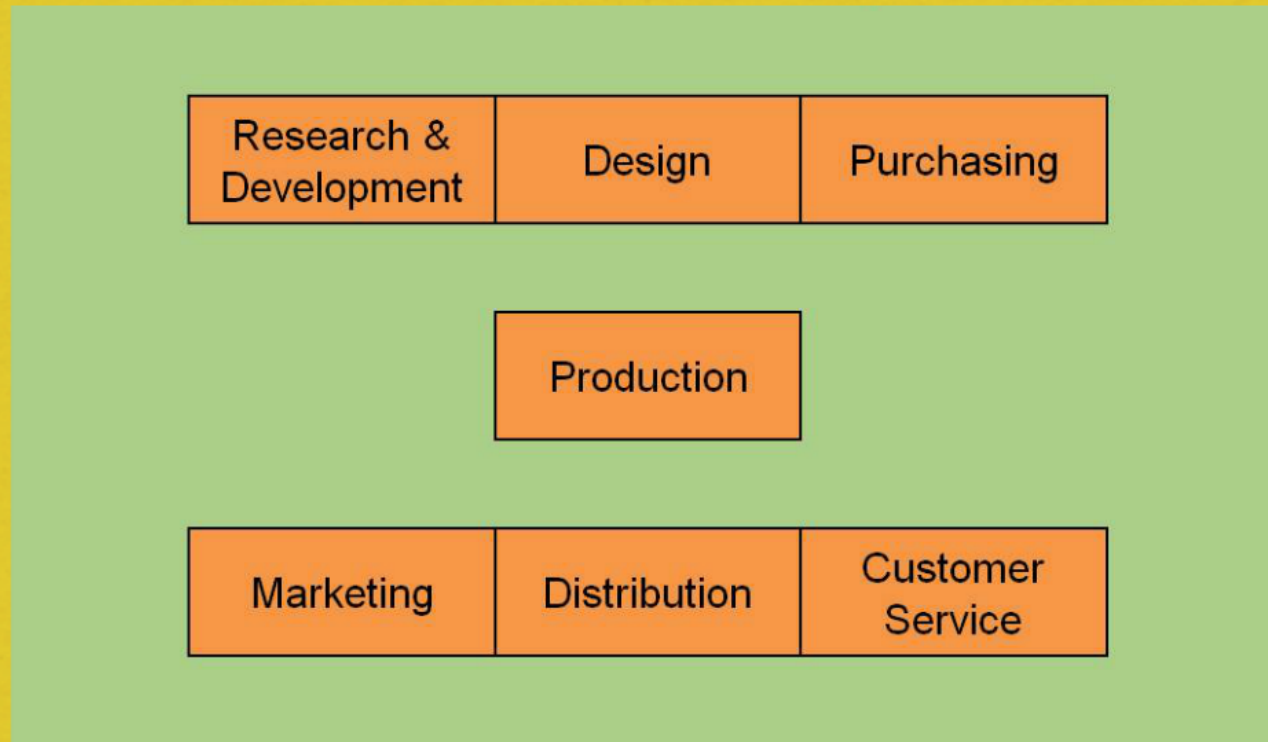
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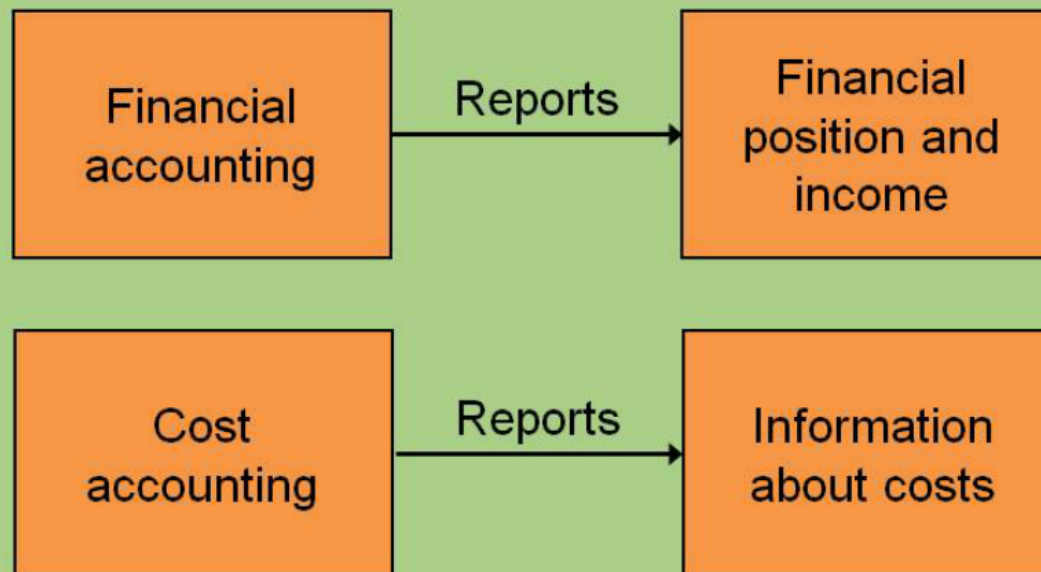
The Value change components



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