

Management Accounting

PRACTICAL CLASS 15 & 16



Classification

RELEVANT

Opportunity Cost	Benefit of the best alternative that was sacrificed
Avoidable Costs	Costs that can be saved by not adopting an alternative
Future Outlay Cost	Costs that vary with the decision

IRRELEVANT

Sunk Cost	Past costs that cannot be changed by any current or future action
Unavoidable Cost	Costs that cannot be saved by pursuing an alternative
Committed Cost	Costs that are agreed in the future and cannot be changed

Use your best judgement!

STICK TO WHAT IS RELEVANT, AND PAY ATTENTION TO RESOURCE SCARCITY!

Exercise 43

STICK TO WHAT IS RELEVANT, AND PAY ATTENTION TO RESOURCE SCARCITY!

Exercise 38

GREAT TRAVELS

Exercise 49

DEPRESSA E BEM

Exercise 47

FEW HOURS AND MANY ORDERS