

① why - explanation

when - intro

diff - leverage is ...

[adv - reader, except if

TODAY

Assignment 1

- very good coverage
- headings + subheadings + title

• Assignment 1 feedback

• Short term decision making tools

✓ Relevant cost related decisions - when to use?

• "Already operating" and allocated "fixed cost" and irrelevant costs affects certain decisions

✓ "CVP" - when to use?

- "Fast way to check feasibility of new business before full NPV"

- Already operating but evaluate decisions that affect variable costs, fixed costs, or sales scenarios

• SMA Tools

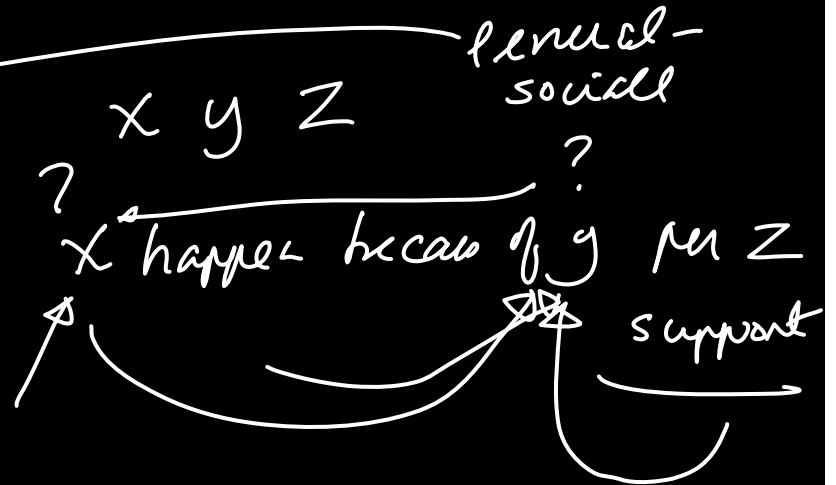
Jan 13 mid-term

10% 5-6 questions

- strategies

-) calc - relevant cost
-) calc - CVP

must research finding



npv
st relevant

ble

relevant, special ef.

valuation

roa ... valuation input,

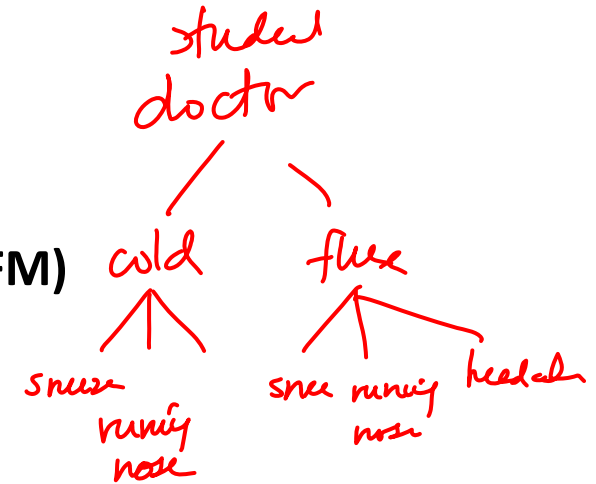
FM - "NPV" *

wi
roe
affected by leverage

penul-social

SHORT TERM DECISION MAKING

- Relevant cost analysis
- Garrison Chapter 14 (read)
 - Not capital budgeting / long term decision making (in FM)
 - Will do risk management here only
 - Short term decision making
- **Cost Volume Profit (CVP) analysis**
 - Break even, target profit, margin of safety, decision making



quick npv,
do business or not

scenarios real doctor
runny stomach
nose loose
 hair
? disease