

The focus of business decision making is to identify "relevant" items - those where future costs and revenues are expected to differ between alternatives under consideration. Examine the following listing, and apply your best judgment to identify if the item is "relevant."

|   | <i>Relevant</i> | <i>Irrelevant</i> |
|---|-----------------|-------------------|
| The cost of a prior paint job, in a decision to repaint a building.   |                 | ✓                 |
| The original investment cost in shares of stock in a company that is in decline, in a decision to sell or hold.         |                 |                   |
| Income taxes that can be saved by selling an asset at a loss, in a decision to sell or hold.                            |                 |                   |
| The cost of tearing out an old parking lot, in deciding whether or not to build a new lot.                              |                 |                   |
| The cost of textbooks, in deciding which classes to take during a semester.   |                 |                   |
| The original cost of a textbook, in deciding whether or not to resell the book at the end of the term.                  |                 |                   |
| The cost of an attorney, in deciding whether to appeal a traffic fine that is undeserved.                               |                 |                   |
| The allocation of factory depreciation, in deciding whether to accept a special offer from a customer.                  |                 |                   |
| Research and development costs incurred to develop a new product, in deciding whether to file for a patent application. |                 |                   |
| Proceeds that will be received from the sale of "factory seconds," in deciding how to price a primary product.          |                 |                   |