

Elite supercars plc

Business



With the operational structure of the Elite Supercars PLC, various costing issues should be considered. As a rule, an organization has the obligation of weighing out business opportunities that would lead to the most optimal benefit in its operation. Optimal costing involves the use of the most economical methods in business operations that would lead to the most economical methods in business activities and hence the highest benefit. If the organization down looks this obligation, it may perform business at high cost of operations.

Optimal costing is synonymous to efficiency in the performance of activities within an organization. For the Elite supercars optimal costing and strategic management concepts are not an exception in its business activities. The storage and warehousing facility is perhaps the biggest threat towards the loss in trade to the company on its cars where they seek refuge of storage against theft at the storage facility constructed by the Dutch authorities. The cost of one care per day is € 500.

However perhaps the construction of its own storage facility would be far economical than the daily cost per car than the cost incurred in the construction of the storage facility. This would be through a relevant comparison of the fixed cost incurred in the construction of the storage facility and the constant variable cost for storage of the cars per day. However the short run cost far out way the cost saving benefit to accrue in the long run period of the project. Customs payments should be a costing factor of consideration in the company.

However, the variable of the transport system of the company should be factored to consider the best option for the custom payment. At the daytime

from 6. a. m to 12 midnights, the office inspection is free. However, from midnight to 6. a. m inspection can only be done at cost of €50. Either, transport starts at 4. am. To the company, it should evaluate between the transport cost factor when the roads are quite with the payment of € 50 of inspection against free inspection during the daytime with inefficiencies in transport due to busy roads.

Each of the two choices would be an opportunity cost to one another. Perhaps, traveling at night with a payment of € 50 would be cheaper due to external cost savings on efficiency traveling than the cost saved on day time traveling accompanied by other cost on inefficiencies in transport. However, an evaluation should be made down the opportunity cost in the cost factor for the two options c)Perhaps, Elite cars covered with leather from Spain is subject to higher demand in the market. However, the cost of their purchase, importation and testing in the laboratories cost £ 100 each consignment.

To the company, it should adequately evaluate the cost factor of sourcing the leather from Spain in relation to the benefits on the sales of its cars. Cheaply costing cars would be more efficient and yielding the better value in revenue. Either, leather from the local source would even be of an equal quality with that from Spain. Therefore, costing should be external sourcing of leather from Spain and relatively selling the cars at a higher cost and the local sourcing of leather accompanied by lower costs of the cars. The option comprising of the greatest benefit would be the most optimal

d) With the heavy tax on cars in Dutch and no tax on bicycles in Denmark, a cost factor of consideration ought to be considered rather than continuing with high scale of manufacturing ventures in Denmark. Firstly, the product <https://assignbuster.com/elite-supercars-plc/>

will not attract any tax levy which may imply higher costing benefits. However, a keen evaluation in establishing the bicycle plant in Denmark should be considered. It could even be expensive in terms of market and political cost for the new venture than the cost incurred through taxation of cars in Dutch. However, a strategic/costing management would be important for the two options

e) The case of high tax on heavy car has called for political cost issues. High tax is a political cost to the company in which case the high tax would increase the cost variable for the heavy cars and reduce the revenue. However, an importance should be attached to the revenue gains got from the scale of both the large and small cars various economies of scale should accompany the two products in relation to their cost factor in developing the most optimal product line) Since the use of widgets in GT super sports cars calls for higher costs, through taxation. As machine tools an evaluation to the cost input for the facility should be evaluated in relation to the revenue from the sell of the cars. Perhaps the high cost of the cars out way the tax factor since this is a product component adequate costing techniques should be evaluated for most optimal costing in the source of the product.