

Number _____ Date _____

Name _____

**AC 250 Homework in Chapter 4
Due on Tuesday - March 5, 2013**

ANSWER THE FOLLOWING QUESTIONS. USE THE BACK OF THESE SHEETS IF YOU NEED MORE WRITING SPACE FOR YOUR ANSWERS/SOLUTION.

1. What is activity analysis, and how is it used with cost driver analysis to manage costs?

ANSWER: _____

2. Why are value-added activities defined from a customer viewpoint?

ANSWER: _____

3. Do cost drivers exist in a traditional accounting system? Are they designated as such? How, if at all, does the use of cost drivers in a traditional accounting system differ from those in an activity-based costing system?

ANSWER: _____

4. Are all companies likely to benefit to an equal extent from adopting ABC? Discuss.

ANSWER: _____

5. (Activity analysis) Your boss wants to know whether quality inspections at your company add value. Use the “why” methodology to help your boss make this determination if you work at (a) a clothing manufacturer that sells to a discount chain and (b) a pharmaceutical manufacturer. (*SEE page 114 of your textbook for example of the “why” methodology.*)

ANSWER: _____

6. (Activity analysis; MCE) Elaydo Inc. makes flavored water and performs the following tasks in the beverage manufacturing process:

	Hours
Receiving and transferring ingredients to storage	9.0
Storing ingredients	270.0
Transferring the ingredients from storage	4.5
Mixing and cooking the ingredients	4.5
Bottling the water	3.0
Transferring the bottles to await customer shipment	9.0

REQUIRED: (*SEE page 117 for calculating VA and NVA; page 118 for MCE formula*)

- a. Calculate the total cycle time of this manufacturing process.
- b. Calculate the manufacturing cycle efficiency of this process.

SOLUTION: _____
