

PRINCE OF SONGKLA UNIVERSITY
FACULTY OF ENGINEERING

Final Examination : Semester II

Academic Year : 2007

Date : 22 February, 2008

Time : 13:30 -16:30

Subject : 225-465:Value Engineering and Cost Analysis Room : A 401

ทฤษฎีในการสอบ โทษขั้นต่ำคือ ปรับตกในรายวิชาที่ทฤษฎี และพักการเรียน 1 ภาคการศึกษา

Instruction:

1. Answer all questions.
2. All materials are allowed.

Questions:

1. Determine the production unit cost of ball-point pen. Expected volume is 1,000,000 per day. You can decide all production information by yourself. (15 points)
2. Galaxy company manufactures a product in model X and model Y. Overhead is designed on the basis of direct labor hours. Budgeted overhead for the current year is ฿ 10,000,000. Other information showed as below:

	Type A	Type B
Direct Material (฿)	950	860
Direct labor Cost (฿)	190	140
Direct Labor Time (Hrs.)	4	8
Expected volume (Units)	225,000	200,000

- 2.1 Determine the unit cost of each type using traditional costing methods. (10 points)
- 2.2 XYZ company plans to adopt activity-based costing . Using the following activity center data, determine the unit cost of the two products using activity-based costing. (20 points)

Activity Center	Cost Driver	Overhead Cost for Activity(฿)	Units of Activity	
			Type A	Type B
Purchasing	Orders	420,000	4,000	3,000
Scrap reworks	Orders	1,080,000	2,500	1,000
Testing	Tests	2,250,000	30,000	50,000
Machine Related	Hours	6,250,000	150,000	250,000
Total Overhead		10,000,000		

3. What is the purpose of activity-based costing ? and explain the differences between activity-based costing and traditional costing systems.
(15 points)
4. What is the cost of quality? List the COQ of rubber gloves products of each type of COQ.
(20 points)
5. Analyse the COQ of rubber product from 4. and list the quality improvement and quality cost reduction plan.
(20 points)

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