

**THE DESIGN OF TIME-DRIVEN ACTIVITY-BASED COSTING AND  
ITS COMPARISON WITH TRADITIONAL COSTING ON THE  
PRICING POLICY OF ELECTRONIC MANUFACTURER  
(CASE STUDY OF PT. LANCAR ABADI AS YONG-MA ELECTRONIC  
MANUFACTURER IN INDONESIA)**

**APPLIED TO MEET THE REQUIREMENTS FOR OBTAINING  
BACHELOR DEGREE OF ACCOUNTING  
DEPARTMENT OF ACCOUNTING  
STUDY PROGRAM OF ACCOUNTING**



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THESIS DECLARATION

THE DESIGN OF TIME-DRIVEN ACTIVITY-BASED COSTING AND ITS  
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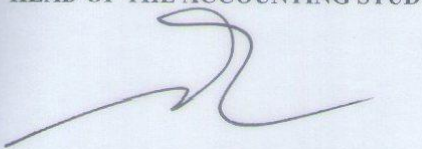


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Declared by,



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## PREFACE

Praise to my Lord Jesus Christ for all abundance of grace and guidance so that the preparation of the thesis entitled **“THE DESIGN OF TIME-DRIVEN ACTIVITY-BASED COSTING AND ITS COMPARISON WITH TRADITIONAL COSTING ON THE PRICING POLICY OF ELECTRONIC MANUFACTURER (CASE STUDY OF PT. LANCAR ABADI AS YONG-MA ELECTRONIC MANUFACTURER IN INDONESIA)”** as part of the fulfillment to obtain bachelor degree of accounting from Faculty of Economics and Business Airlangga University can be resolved properly in accordance with the planned time.

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Author realize that this thesis is still far from perfection, any recommendations and constructive criticisms from all parties are expected for the further refinement of this thesis.

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Surabaya, January 12<sup>th</sup>, 2015

Jeffry Kurniawan

## ABSTRACT

The technological developments have given a strategic-changing impact on the manufacturing company cost behavior. The shift from labor extensive to machinery extensive has changed the manufacturing cost with the decreasing direct labor cost and increasing factory overhead cost. This fact has made the allocation of factory overhead cost become crucial. The accurate allocation of factory overhead cost will give better cost assignment to a product whereas any inaccurate allocation of factory overhead cost will reduce the profit of the company.

This research had been done in PT. Lancar Abadi, in which still apply the traditional costing method with unit produced to serve as the allocation base in allocating the factory overhead cost. This research evaluates the pricing policy of PT. Lancar Abadi to give better comparison between the current price applied by the company with price determined using alternative costing method. The alternative costing method used is time-driven activity-based costing, using time as the cost driver.

At the end, the author has found that the current pricing policy of PT. Lancar Abadi was not accurate. Time-driven activity-based costing concludes that under currently-used traditional costing with unit produced as the allocation base, there are several under-costed and over-costed product. This condition must be fixed by the company with continuous improvement over the allocation of factory overhead cost to its products. The implementation of time-driven activity-based costing gives a solution to the company to create more accurate cost allocation.

*Keywords: Cost Behavior, Cost Assignment, Traditional Costing, Time-Driven Activity-Based Costing, Continuous Improvement, Cost Allocation.*

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