A. Anna Bellatore, Inc. is interested in using its activity based xosting system to improve its operating efficiency and its profit margins by applying activity-based management techniques. As part of this undertaking, you have been asked to classify its Mesa plant activities as value added or non-value added.

1. Designing new models

2. Purchasing raw materials and parts

3. Storing and managing inventory

4. Receiving and inspecting raw materials and parts

5. Interviewing and hiring new personnel

6. Machine forming sheet steel into appliance parts

7. Manually assembling parts into appliances

8. Training all employees of the company

9. Insuring all tangible fixed assets

10. Supervising production

11. Maintaining and repairing machinery and equipment

12. Painting and packaging finished appliances

B. Dewey and Cheatam is a law firm that is initiating an activity-based costing system. Jim Dewey, the senior partner and strong supporter of ABC, has prepared the following listr of activities performed by a typical attorney in a day at a firm.

Activities Hours

1. Writing contracts and letters 1.0

2. Attending staff meetings 0.5

3. Taking depositions 1.0

4. Doing research 1.0

5. Travel to and from court 1.0

6. Eating lunch 1.0

7. Contemplating legal strategy 1.0

8. Litigating a case in court 2.5

9. Entertaining a prospective client 2.0