

WARANGKANA SUWANNO : AN ANALYSIS ON COST ALLOCATION FOR
JOINT PRODUCTS IN PETROCHEMICAL INDUSTRY. THESIS ADVISOR : ASSO.
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The purpose of this research is to study allocation methods for cost calculation in petrochemical industry, analyse and suggest the allocation method which is appropriate for the petrochemical industry.

It is found that some allocation bases for indirect expense allocation are not reasonable and the allocated costs are difference when using different allocation method. Besides, it is also found that the step method is appropriate for cost allocation in petrochemical industry.

Costs are not assigned to by-product obtained from the production process thus, production costs of joint products are incorrect. It is suggested that production costs should be assigned to by-product by using net reliazable value method.

There are several methods in allocating joint costs to joint products. From the analysis, it is found that each method used results in different allocated costs significantly and would affect the production costs of VCM and Plastic PVC. The appropriate method suggested is by using molecular weight

Different allocation methods used results in different production costs and gross profits while the total production costs for all joint products remain the same no matter which allocated method is used.