IMPLEMENTATION OF ACTIVITY BASED COSTING (ABC) SYSTEM IN BATIK GAPURA BALI: APPLICATION USING ABC MODEL FOR SMALL MANUFACTURING COMPANY

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Abstract

Objectives
To assist small manufacturing company like Batik Gapura Bali that use traditional costing with better costing system by implementing ABC model for small manufacturing company. By using this proposed application, Batik Gapura Bali is expected to be able to organize direct and indirect cost in order to find the actual COGS and set up the price of product.

Method
This thesis uses interview to gain knowledge about company’s costing system from the manager and applying the ABC model for small manufacturing company which includes evaluating company’s cost system, designing the ABC system, Implementing ABC into the company, and doing the valuation and validation of the system.

Results
Batik Gapura Bali has to divide its product into 6 main groups and measure its indirect costs based on several activities that used as cost pools and decide cost driver for each cost pools. By doing it, the company can measure its actual COGS.

Conclusion
By implementing the ABC model for small manufacturing company, Batik Gapura Bali is able to trace down the relationship between resource consumption and cost expenditure, so that overhead can be traced directly to the cost object. Besides, the company is able to differentiate the product into 6 main groups based on its actual direct costs and use actual cost to find the actual COGS for every product.

Key Words: Traditional Costing, Activity Based Costing System, Cost Structure, Direct Costs, Indirect Costs, Cost Pools, Cost Drivers, Small Manufacturing Company, Activities, Actual COGS