

## **ABSTACT**

*Muawanah .2013 , Thesis . Title : " Determination of Cost of Production Systems with Application of Activity Based Costing ( ABC ) to UD . Furniture MertojoyoMalang "*

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*In rapidly changing environments, dynamic and complex, companies need a "cost management" new and innovative with a plan allocating costs appropriately, in particular the cost of production, because the determination of the production costs associated with the calculation of Cost of Production. Because the Cost of Production serves as the basis for determining the selling price and profit, as a tool to measure the efficiency of the implementation of the production process as well as the basis for decision making for the management of the company. ABC system is a costing method that can provide the allocation of manufacturing overhead costs is more accurate and relevant. The purpose of this study is to investigate the implementation of ABC systems in manufacturing companies. With that background that this study was conducted with the title "Determination of Cost of Production Systems with Application of Activity Based Costing ( ABC ) to UD. Furniture Mertojoyo Malang".*

*This research is a qualitative descriptive approach. The method used is to collect data by interview and observation. The subject of this study is the Cost of Production UD. Furniture Mertojoyo, and the object of research is data relating to the determination of the Cost of Production.*

*The research shows that the calculation of cost of goods manufactured with traditional systems deliver exceptional results for the product of Rp.1. 414.054,00-, and the carving products is Rp.1,569,054.00. While the calculation of the cost of production with the ABC system yields the usual product of Rp.1, 275,378.00, and the carving products is Rp.1,736,282.00. Differences that occur due to the imposition of allocating manufacturing overhead costs based on each activity in the UD. Furniture Mertojoyo namely the use of inspection hours , the cost of building maintenance, machine hours and hours of electricity , direct labor and an increase in product cost. Resulting in a difference in the calculation of production cost of a traditional system with the ABC system.*