Yarmouk University
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Application of Activity Based Costing System
" A Case Study from the Agre - Manufacturing Sector "

تطبيق نظام التكاليف المتباينة على الأنشطة
(حالة دراسية من قطاع الصناعات الزراعية)

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A Thesis Submitted in Partial Fulfillment of the Requirements for
the Degree of Master of Sciences in Department of Accounting,
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December 27, 2005
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Abstract

This study aims at discussing the activity based costing system by defining its concepts and benefits of its application. Then a comparison between it and the Traditional Costing System is conducted. The study also covers the application of the activity based costing system in one of the Agre-Manufacture in Palestine.

This study represents a case study. In order to implement this study, the researcher selects Maale Gal-boa factory that is established in Palestine at year 1982, as it is one of the best manufacturers in the agricultural sector there.

The researcher collected the information from the accounting records and the documents of the primary departments of this factory, through field observation and interviews of managers and specialized
employees. The study was completed by using the inductive method to analyze the information collected by the researcher.

This study has proved that applying the activity based costing system is far better than the traditional costing system, as it provides more accurate information about the cost of the production and leads to more reasonable and efficient decisions which can improve the competitive power of the manufacture.

The most important recommendation suggested by the researcher is the necessity of applying the activity based costing system and the repricing of some products.