

## COMPARATIV STUDY BETWEEN ABC METHOD AND THE TRADITIONAL METHOD OF CALCULATING THE PRODUCTION COST

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### **Abstract**

This article aims to highlight how to calculate production cost using the Activity- Based Costing method (ABC), but also the traditional calculation method, to determine their advantages and disadvantages. These two calculation methods aim to determine the final production cost, but the approaches differ from one methods to another. The study is based on scientific research procedures, such as observation methods, economic analysis, case study and descriptive methods. The cost prices for the wine will be calculated, following all the steps from the two cost calculation methods. The differences and similarities between these two cost calculation methods will be presented through a case study at Research- Development Station for viticulture and winemaking Iasi. The use of the Activity- Based Costing method ensures a more correct allocation of indirect costs, allowing a better analysis of the elements that generated the costs, on the other hand, the traditional method of calculation costs requires amore simplistic approach, as it is not possible to analyze all cost-generating elements.

**Key words:** the ABC method, the traditional method, production cost, calculation methods