

**EXAMPLE FOR ACTIVITY BASED COSTING
SYSTEM
Dairy Industry**

Activity-consumption Cost Drivers

After an in depth analysis , it can be decided that the best way to allocate the costs of each activity to the products was to use the following activity-consumption drivers:

Activities	Activity-consumption Cost Driver
Milking	Number of bottles produced
Separating/Pasteurizing/ Homogenizing	Machine Hours, Separating
Mixing	Machine Hours, Mixing
Bottling	Machine Hours, Bottling
Warehousing	Labor Hours, Warehousing
G&A	Number of Invoices
Receiving and Inspecting	Ounces
Cleaning and Repairs	Labor Hours, Clean and Repair