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COURSE BROCHURE

Activity-Based and Standard Costing for Budget Setting Training Course

27 September – 1 October 2027
Amsterdam

Activity-Based and Standard Costing for Budget Setting Training Course

Ref: 1979_72836 **Date:** 27 September – 1 October 2027 **Location:** Amsterdam **Fees:** 5600 GBP

Activity-Based and Standard Costing for Budget Setting is a 1-week training course for cost accountants and planning managers who turn overhead allocation and unit cost standards into budget inputs, ending with a costed budget pack that sets product margins, overhead rates and volume assumptions side by side. Budget owners need defensible unit costs before targets are fixed. Jupiter Prime Training presents this course on activity-based and standard costing for budget setting.

Why Activity-Based and Standard Costing for Budget Setting Matters Now

Three forces shape this subject today. Product and service ranges keep widening, so a single blanket overhead rate hides which lines earn their keep. Boards ask for budgets that tie volume, capacity and margin together. And enterprise resource planning ERP systems now hold far more cost detail than most budget models actually use. Organisations that set budgets on sound unit costs price, staff and invest on true unit economics; those that do not fund loss-making lines without noticing. The course rests on absorption costing, activity-based costing ABC, standard costing and cost-volume-profit CVP analysis.

Who Gains Most from Activity-Based and Standard Costing for Budget Setting

- Cost accountants who maintain overhead rates, standard costs and inventory valuation
- Budget specialists who set the annual operating budget and its volume assumptions
- Plant and operations controllers who explain cost variances to site leaders
- Commercial finance partners who advise on pricing, product mix and margin targets
- Systems accountants who configure cost centres, allocation cycles and product cost runs

A finance function gains most when its costing and budgeting members attend together and agree one set of cost drivers for both the budget and the month-end.

Activity-Based and Standard Costing for Budget Setting Capabilities

Participants leave able to turn cost structures into budget inputs and to explain margin movements in terms operations and sales accept.

- Design an overhead allocation using activity drivers — product mix and pricing choices
- Calculate standard costs and flexed budgets from volume targets — budget sign-off
- Build product and customer profitability reports — range rationalisation decisions
- Apply cost-volume-profit analysis to capacity scenarios — plant and shift investment
- Assess price, usage and efficiency variances — operations improvement priorities
- Communicate unit cost changes to sales and operations leaders — target setting

Key Activity-Based and Standard Costing for Budget Setting Terms

- Absorption Costing — a method that assigns fixed production overheads to units made, so inventory and unit cost carry a share of them.
- Activity-Based Costing ABC — a method that traces overheads to products through the activities they consume, using measurable cost drivers.
- Standard Cost — a predetermined cost per unit for materials, labour and overhead, used for budgeting and for measuring variances.
- Cost Driver — the measurable factor, such as machine hours or orders processed, that causes an activity's cost to change.
- Contribution Margin — revenue minus variable costs, showing what each unit or product adds towards fixed costs and profit.
- Flexed Budget — a budget restated for the volume actually achieved, so variances reflect efficiency rather than volume shifts.

Activity-Based and Standard Costing for Budget Setting Day by Day

Day 1: Cost Structures Behind the Budget

- Fixed, Variable and Semi-Variable Cost Behaviour — Budget Assumptions
- Cost Centre and Cost Object Hierarchies — Reporting Responsibility
- Absorption Versus Marginal Costing — Profit Measurement and Inventory Effects
- Overhead Recovery Rates — Under- and Over-Absorption Risk
- Linking Costing Data to the Budget Calendar — Timing of Rate Setting

Day 2: Activity-Based Costing and Allocation

- Activity Dictionaries and Cost Pools — Overhead Visibility by Process
- Cost Driver Selection and Testing — Allocation Accuracy
- Time-Driven Activity-Based Costing — Capacity and Idle Cost Exposure
- Service Department Reallocation Methods — Shared Cost Fairness
- Cost-to-Serve Analysis by Customer and Channel — Commercial Terms

Day 3: Standard Costing and Flexed Budgets

- Setting Material, Labour and Overhead Standards — Unit Cost Targets
- Bill of Materials and Routing Cost Roll-Ups — Product Cost Accuracy
- Flexed Budget Construction — Separating Volume from Efficiency
- Price, Usage and Efficiency Variance Analysis — Operational Accountability
- Standard Revision Policy — Budget Credibility Through the Year

Day 4: Profitability and Budget Decisions

- Product Profitability Reports — Range Rationalisation
- Cost-Volume-Profit and Break-Even Models — Capacity Investment Choices
- Contribution Analysis Under Constraints — Product Mix Priorities
- Make-or-Buy and Outsourcing Cost Comparisons — Sourcing Decisions
- Target Costing for New Products — Launch Price Setting

Day 5: Practising the Costed Budget Pack

- Applying Activity Drivers to a Volume Budget — Overhead Budget by Line
- Applying Standard Costs to Margin Targets — Gross Margin Bridge
- Applying Profitability Reports to Range Scenarios — Portfolio Choices
- Presenting Unit Cost Changes to Operations and Sales — Agreed Targets
- Completing the Costed Budget Pack — Board-Ready Margin Budget

Applying Activity-Based and Standard Costing for Budget Setting After the Course

- Replace one blanket overhead rate with activity drivers for the next budget cycle.
- Produce a product profitability report for one business line to test current volume assumptions.

Activity-Based and Standard Costing for Budget Setting Questions FAQ

What is activity-based and standard costing for budget setting, and why does it matter now?

It is the practice of setting budgets on reliable unit costs from activity-based, standard and absorption costing. It matters now because wider product ranges and tighter margins make blanket overhead rates misleading.

Which roles gain most from activity-based and standard costing for budget setting?

Cost accountants, budget specialists, plant controllers, commercial finance partners and systems accountants gain most. Each sets or relies on the cost rates behind the budget.

How does activity-based and standard costing for budget setting differ from a forecasting and FP&A course?

A forecasting course covers rolling reforecasts and performance commentary. This subject goes inside the cost figures, showing how overheads are allocated, how standards are set and how product profitability shapes volume and mix choices in the budget.

What do you bring back from activity-based and standard costing for budget setting?

You bring back a costed budget pack that links activity drivers, standard costs and product margins to your volume targets. It helps you defend unit costs and recommend range changes.

Activity-Based and Standard Costing for Budget Setting: The Way Forward

The costed budget pack first informs which products and customers the next budget should grow, hold or withdraw. Budget managers use it to set volume targets, cost accountants to fix overhead rates, and commercial partners to frame pricing. After its first cycle, revisit the chosen cost drivers against actual activity data.