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# Bill of Materials Costing and Product Cost Roll-Up Training Course

12 – 16 April 2027
Munich

# Bill of Materials Costing and Product Cost Roll-Up Training Course

**Ref:** 2470_93487 **Date:** 12 – 16 April 2027 **Location:** Munich **Fees:** 5600 GBP

Bill of Materials Costing and Product Cost Roll-Up is a 1-week training course for cost accountants and budget officers who build product cost standards, ending with a standard cost and budget sheet for a product family. Accurate unit costs now drive pricing, margin reporting and inventory valuation as input prices and product ranges change faster than annual budgets. Jupiter Prime Training delivers this course for finance teams that own product costing.

## Why Bill of Materials Costing Matters Now

Three forces shape product costing today: volatile material prices, wider product ranges with more component variants, and enterprise resource planning ERP systems that roll costs automatically from master data nobody has checked. An organisation that keeps its bills of materials, routings and overhead rates clean prices with confidence; one that does not hides losses in stock and quotes. The course rests on established cost accounting practice: job and process costing, absorption of overheads and standard costing.

## Who Gains Most from Bill of Materials Costing

- Cost accountants who maintain unit cost standards and inventory valuations
- Budget officers who convert sales and production volumes into cost budgets
- Plant finance analysts who reconcile production orders and work in progress
- Master data owners responsible for component lists, routings and work centre rates
- Management accountants who report product and customer margins

The strongest gains come when a plant finance group attends with the people who own its component lists and routings, so cost and data decisions are settled together.

## Bill of Materials Costing Capabilities

Participants learn to trace every element of a unit cost back to a component quantity, an operation time or an absorption rate, and to defend it.

- Build multi-level cost roll-ups from component lists and routings — product pricing
- Calculate scrap, yield and by-product allowances per operation — production planners
- Set work centre labour and machine rates from capacity — plant controllers
- Apply overhead absorption rates to orders and processes — inventory valuation
- Test standard costs against actual order results — variance owners
- Convert standard unit costs into volume-based cost budgets — budget committees

## Key Bill of Materials Costing Terms

- Bill of materials — the structured list of components, sub-assemblies and quantities needed to make one unit of a product.
- Cost roll-up — the calculation that adds component, labour and overhead costs level by level up to the finished product.
- Routing — the sequence of operations and work centres a product passes through, with set-up and run times.
- Yield allowance — the extra input planned to cover expected scrap, shrinkage or process loss at an operation.
- Overhead absorption rate — the rate used to charge indirect production costs to products, based on hours, units or another driver.
- Equivalent units — partly finished output expressed as whole units to share process costs fairly across a period.

## Bill of Materials Costing Day by Day

### Day 1: Product Cost Structure and Data

- Single and Multi-Level Component Lists — Where Unit Costs Actually Start
- Routings and Work Centre Definitions — Labour and Machine Cost Accuracy
- Master Data Ownership Map — Who Approves Cost-Relevant Changes
- Material Price Sources and Purchase Price Standards — Input Cost Reliability
- Product Family Grouping — Choosing Where Detailed Costing Pays Off

### Day 2: Job and Process Costing Methods

- Job Order Cost Sheets — Custom Orders and Contract Pricing
- Process Cost Accounts and Equivalent Units — Continuous Production Valuation
- Joint and By-Product Cost Allocation — Shared Input Cost Fairness
- Scrap, Yield and Rework Allowances — Realistic Material Quantities
- Work in Progress Valuation — Period-End Inventory Balances

### Day 3: Rates and Overhead Absorption

- Practical Capacity Calculation — Machine and Labour Hour Rates
- Production Overhead Cost Pools — Department and Work Centre Rates
- Absorption Bases Compared — Hours, Units or Material Value
- Under and Over-Absorbed Overhead — Period Adjustments and Rate Reviews
- Set-Up Cost Treatment — Batch Size and Unit Cost Effects

### Day 4: Standards, Roll-Up and Budgets

- Standard Cost Card Construction — Approved Unit Cost per Product
- Annual Cost Roll-Up Cycle — Release Timing and Revaluation Effects
- Material Price and Usage Variances — Purchasing and Production Accountability
- Volume-Driven Cost Budgets — Translating Sales Plans into Costs
- Cost Change Impact Simulation — Margin Exposure from Input Price Shifts

## Day 5: Practising the Standard Cost and Budget Sheet

- Component List and Routing Audit — Correcting a Sample Product
- Rate and Absorption Recalculation — Rebuilding a Work Centre Charge
- Roll-Up Reconciliation to Order Actuals — Explaining the Gap
- Peer Challenge of Cost Assumptions — Defending Yields and Rates
- Standard Cost and Budget Sheet — Product Family Completed

## Applying Bill of Materials Costing After the Course

- Audit component lists and routings of the highest-volume products before the next cost roll-up.
- Recalculate work centre rates from practical capacity and compare the revised unit costs with current standards to show the margin effect.

## Bill of Materials Costing Questions FAQ

### What is bill of materials costing and why does it matter now?

Bill of materials costing builds a product's unit cost from its components, operations and overhead rates. It matters now because volatile input prices and automated system roll-ups make unchecked master data a direct risk to pricing, margins and inventory values.

### Which roles gain most from bill of materials costing and product cost roll-up?

Cost accountants, budget officers and plant finance analysts gain most from bill of materials costing. Master data owners also benefit, because component lists and routings decide the unit cost long before finance reviews it.

### How does bill of materials costing differ from a general budgeting course?

Bill of materials costing works from the product upwards: components, operations and rates. A general budgeting course works from departments and accounts downwards, so it rarely explains why a specific unit cost or product margin moved.

### What do you bring back from bill of materials costing and product cost roll-up?

You bring back a standard cost and budget sheet for one product family. It links component quantities, routings and rates to approved unit costs and a cost budget.

## Bill of Materials Costing: The Way Forward

The standard cost and budget sheet first informs the next annual cost roll-up, when unit standards are approved for pricing and inventory valuation. Cost accountants, budget officers and plant controllers use it together. After its first use, revisit the yield allowances and work centre capacity assumptions, since these drift fastest as product mixes and equipment change.