JUPITER PRIME
Consulting • Training • Advisory
جوبيتر برايم للاستشارات والتدريب

COURSE BROCHURE

# Marginal, Absorption and Cost-Volume-Profit Costing Training Course

16 – 20 May 2027
Dubai

# Marginal, Absorption and Cost-Volume-Profit Costing Training Course

**Ref:** 2487_94205 **Date:** 16 – 20 May 2027 **Location:** Dubai **Fees:** 4600 GBP

Marginal, Absorption and Cost-Volume-Profit Costing is a 1-week training course for cost and management accountants who choose how product and service costs are measured and reported, and who build a costing method comparison for their organisation. Rising fixed costs make the choice between contribution and full-cost reporting a live boardroom question. Jupiter Prime Training delivers this course for practitioners who defend that choice.

## Why Marginal, Absorption and Cost-Volume-Profit Costing Matters Now

Three pressures shape costing choices today. Automation moves spending from labour into fixed overheads, so the treatment of fixed production overhead swings reported profit more than before. Finance leaders and operations heads want contribution figures for short-run pricing, while external reporting still requires inventory valued at full production cost. An organisation that reconciles both views explains profit movements with confidence; one that does not risks building stock to flatter results or pricing below the true cost of capacity.

## Who Gains Most from Marginal, Absorption and Cost-Volume-Profit Costing

- Cost accountants responsible for unit cost cards, overhead absorption rates and inventory valuation
- Management accountants who prepare monthly contribution and segment profit statements
- Financial controllers who reconcile internal management profit with statutory profit
- Commercial finance partners who support pricing, product mix and capacity choices
- Systems accountants who configure costing modules and allocation rules in the ledger

Finance teams that send a cost accountant and a commercial analyst together gain most, because they leave with one agreed basis for internal and external profit reporting.

## Marginal, Absorption and Cost-Volume-Profit Costing Capabilities

Participants move between contribution and full-cost views of the same period.

- Calculate predetermined overhead absorption rates and under- or over-absorption — month-end variance reporting
- Build marginal and absorption profit statements for the same period — profit explanation to the finance director
- Reconcile profit differences caused by opening and closing stock movements — audit and board queries
- Apply break-even, margin of safety and target profit calculations — pricing and volume approvals
- Test sales mix and limiting factor scenarios on contribution per unit — product range decisions
-

Assess which costing basis suits each reporting purpose and sector — costing policy owners

## Key Marginal, Absorption and Cost-Volume-Profit Costing Terms

- Marginal costing — a method that charges only variable costs to units and treats all fixed costs as period expenses.
- Absorption costing — a method that includes a share of fixed production overhead in the cost of each unit and in stock values.
- Contribution — sales revenue less all variable costs, the amount left to cover fixed costs and then provide profit.
- Overhead absorption rate — a predetermined rate, such as per machine hour, used to charge production overhead to units.
- Break-even point — the sales volume or revenue at which total contribution exactly equals total fixed costs.
- Margin of safety — the amount by which budgeted or actual sales exceed break-even sales, shown in units, value or percentage.

## Marginal, Absorption and Cost-Volume-Profit Costing Day by Day

### Day 1: Cost Behaviour and Classification

- Fixed, Variable and Semi-Variable Cost Patterns — Which Costs Move With Output
- High-Low and Scatter Methods — Splitting Mixed Costs Into Components
- Product Costs Versus Period Costs — What Enters Stock Values
- Relevant Range and Step Costs — Limits of Linear Assumptions
- Cost Classification Matrix — Shared Basis for Later Profit Statements

### Day 2: Absorption Costing and Overhead Recovery

- Overhead Allocation and Apportionment to Cost Centres — Fair Departmental Charges
- Service Department Reapportionment — Recharging Maintenance and Stores Costs
- Predetermined Absorption Rates by Machine or Labour Hour — Unit Cost Accuracy
- Under- and Over-Absorption Analysis — Month-End Profit Adjustments
- Full-Cost Unit Cost Card — Stock Valuation and Cost-Plus Quotes

### Day 3: Marginal Costing and Profit Reconciliation

- Contribution Profit Statement Layout — Clearer Internal Performance Reporting
- Stock Movement Effects on Reported Profit — Explaining Period Differences
- Marginal to Absorption Profit Reconciliation — Answering Board and Audit Questions
- Segment Contribution Reports — Keeping or Closing a Product Line
- Incentive Risks of Stock Building — Guarding Against Flattered Results

## Day 4: Cost-Volume-Profit Analysis for Decisions

- Contribution to Sales Ratio and Break-Even Point — Volume Approval Thresholds
- Target Profit and Margin of Safety Calculations — Budget Risk Appetite
- Break-Even and Profit-Volume Charts — Presenting Options to Directors
- Multi-Product Sales Mix Break-Even — Range and Promotion Choices
- Limiting Factor Ranking by Contribution per Scarce Unit — Capacity Allocation

## Day 5: Practising the Costing Method Comparison

- Manufacturing Case on Overhead Rates and Stock Values — Applying Days 1 and 2
- Hospitality Case on Contribution and Occupancy Break-Even — Applying Days 3 and 4
- Sensitivity of Profit to Volume and Fixed Cost Shifts — Stress Testing Results
- Costing Basis Selection Criteria by Purpose and Sector — Policy Recommendation
- Costing Method Comparison Report — Presenting the Recommended Basis

## Applying Marginal, Absorption and Cost-Volume-Profit Costing After the Course

- Prepare a marginal and absorption profit reconciliation for the latest closed month and walk the finance director through the stock-driven difference.
- Recalculate break-even and margin of safety for the next budget and flag products whose contribution per limiting factor ranks lowest.

## Marginal, Absorption and Cost-Volume-Profit Costing Questions FAQ

### What is Marginal, Absorption and Cost-Volume-Profit Costing and why does it matter now?

It is the set of methods that measure unit cost with or without fixed overhead and link cost, volume and profit. Higher fixed costs now make the chosen basis move reported profit more.

### Which roles gain most from Marginal, Absorption and Cost-Volume-Profit Costing skills?

Cost accountants, management accountants and financial controllers gain most. Commercial finance partners and systems accountants who set allocation rules also benefit.

### How does Marginal, Absorption and Cost-Volume-Profit Costing differ from a budgeting course?

It measures unit cost and period profit rather than setting annual targets. It decides which costs enter stock, how profit is reconciled and where break-even lies.

## What do you bring back from Marginal, Absorption and Cost-Volume-Profit Costing?

You bring back a costing method comparison built on your own cost structure. It sets both profit views side by side and recommends the basis for each reporting purpose.

## Marginal, Absorption and Cost-Volume-Profit Costing: The Way Forward

The costing method comparison first informs which profit view the monthly management pack will lead with. Controllers and commercial finance partners use it when approving prices, volumes and stock targets. After its first quarter in use, revisit the absorption rates and the sales mix assumptions as capacity shifts change break-even.