

## **Activity Based Costing: Understanding Costing**

Do you keen to monitor your unit cost of your business activity?

Do you know how to conduct activity-based costing to help you to evaluate the efficiency of an organisation?

### **Introduction**

Activity-Based Costing (ABC) is a costing model that identifies activities in an organisation and assigns the cost of each activity resource for products and services according to the actual consumption of each to generate the actual cost of products and services for elimination of unprofitable and lowering prices of overpriced ones. In a business organisation, the ABC methodology assigns an organisation's resource costs through activities to the products and services provided to its customers. ABC enables segmentation based on true profitability and helps determine customer value more accurately. It is basic towards activity-based management (ABM). This workshop shows how ABC is applied as supporting business function, especially in the industrial revolution.

### **Program Objectives**

This program aims to:

- Introduce to candidates the concept of activity-based costing.
- Train candidate how to conduct activity-based costing
- Guide candidate with techniques on activity-based management

### **Learning Outcomes**

After completing this program, participants should be able to:

- Understand the concept of implementing activity-based costing
- Conduct activity-based costing independently
- Implement activity-based costing management effectively

### **Who should attend?**

Non-managerial, First-line management, middle management, and anyone who want to enhance their skills in managing ABC as financial performance.

## Methodology

Case studies, forum discussion, role-play, presentations, gamification

## Program Outline

<b>Time</b>	<b>Day One</b>
<b>9.00am– 10.30am</b>	<b>Removing the Blindfold with ABC</b>  In this module, the participants would look at the management accounting framework, the important messages for ABC project teams, organisation shock form ABC, overhead expenses are displacing direct costs, ABC and traditional costing strategies, how does ABC compute better accuracies.
<b>10.30am-11.00am</b>	<b>Morning Break</b>
<b>11.00am-1.00pm</b>	<b>Costing: An Overview</b>  In this module, the participants would learn the methodology to identify fixed and variable costs in your organization. The participants need to build a strong financial fundamental before venturing into other units.
<b>1.00pm-2.00pm</b>	<b>Lunch</b>
<b>2.00pm-3.30pm</b>	<b>Cost Performance: Profit</b>  The participants would learn how to predict changes in the number of goods or services you produce will affect sales and profit margins. ABC sometimes brings <i>improvements</i> in reported margins and profitability. These outcomes follow when ABC reveals unnecessary or inflated costs, or when ABC shows where to adjust pricing models, workflow process, or the product mix.
<b>3.30pm-4.00pm</b>	<b>Tea Break</b>
<b>4.00pm-5.00pm</b>	<b>Choose the Best Method</b>  In this module, the participants would determine what types of methods for reporting on capacity are most appropriate for your organization, and for particular types of decisions
<b>Time</b>	<b>Day Two</b>
<b>9.00am– 10.30am</b>	<b>Activity-Based Costing Methodology</b>  In this module, the participants would learn the two basic stages of ABC. The first stage of the ABC cost assignment is to identify activities

2

## MGT0002 Activity Based Costing: Understanding Costing in the Fourth Industrial Revolution

	involved in producing product or services with the cost that they cause. The second stage of ABC is to compute an activity rate for each cost pool and use this rate to allocate overhead costs to products.
<b>10.30am-11.00am</b>	<b>Morning Break</b>
<b>11.00am-1.00pm</b>	<b>ABC a Practical Session: Cost Assignment</b>  In this module, the participants would do a practical session to identify activities in costing, determine traceable costing and allocation rates in the ABC process.
<b>1.00pm-2.00pm</b>	<b>Lunch</b>
<b>2.00pm-3.30pm</b>	<b>ABC a Practical Session: Cost Computation</b>  The participants would learn the assigned cost to activities, determine per activity allocation rates and apply costs to cost objects and finally the computation of ABC.
<b>3.30pm-4.00pm</b>	<b>Tea Break</b>
<b>4.00pm-5.00pm</b>	<b>Management Decision-Making</b>  In this module, the participants would learn how to conduct decision making depending on the output of ABC conducted. In this module, the participants would apply technology to assist in the process of ABC.