ABSTRACT

Composing the exact strategy to winning the market competition is an important thing for PT. TPU to keep its existence. Planning the budgeting effectively and efficiently is one of the company strategies to get competitive price. In this case, determining the exact and accurate overhead cost allocation based on activity and value added and non-value added activity analysis are very important for the company to avoid the loss of resources. PT TPU is a company who produce plastic for agriculture and gardening. The problem in this company is in its budgeting planning which using conventional method such as benchmarking with the competitors price, sales fluctuation, even the intuition is used in some case. Finally, it causes inefficiency in the last period get into this time budgeting period.

Activity-Based Budgeting concept can be reference to the management of PT. TPU in composing the budget conform to its activity. The purpose of Activity-Based Budgeting is creating value added by reduction the overhead cost. This reduction can be done by eliminating the non-value added activities and improving efficiency activity which is necessary. Activity-Based Budgeting process starts from customers. Separating the overhead cost into homogeneous cost pool based on cost driver as Activity-Based Costing result, then analysed the activity, in order to help manager doing continues improvement to get customer satisfaction are the first steps in Activity-Based Budgeting concept. The next steps are estimating activity output demand and determine the resources cost which is need for doing the activity.

According to the writer recommendation for improvement, the result of practice capacity and real capacity measurement in Activity-Based Budgeting year 2004 has different 194,667 hours or approximately 27,60%. That difference shows that there are inefficiency in using the resources. The reduction of overhead cost company obtain Rp 50,499,762,- or approximately 3,58%, it seems that PT. TPU has a chance to maximize the profit by allocating overhead cost accurately.

Keywords : Budgeting planning, overhead cost allocation, Activity-Based Budgeting, value-added activities, non value-added activities.