

2. Standard cost aims at what the cost should be. But the object of estimated cost is to have a reasonable assessment of what the cost will be.
3. Estimated costs are used by concerns which follow the system of historical costing. Standard costs are used by concerns which follow the system of standard costing.
4. Estimated costs are usually calculated for fixing selling price of products. The standard costs are determined for the purpose of cost control.
5. Standard costs are entered in the regular system of accounts. But estimated costs are used only as statistical information and are not entered in the books.

Budgetary Control and Standard Costing

Both budgetary control and standard costing are inter-related. But they are not interdependent.

Similarities

Both systems are complementary to each other. The following are the important points of similarity between the two techniques:

- (1) Both systems have the common objective of controlling business operations by establishing pre-determined targets.
- (2) Both systems attempt at determining costs in advance.
- (3) Both are based on the assumption that costs are controllable
- (4) In both systems, actuals are compared with standards.
- (5) In both systems, results of comparison are analysed and reported to management.

Differences between Standard Costing and Budgetary Control

1. Budgetary control is related to all types of business activities; but standard costing is related to production and production costs. Thus budgetary control is more extensive while standard costing is more intensive.
2. Budget is based on past experience, while standard is established on the basis of technical estimates.
3. Budgetary control is related to financial accounts; but standard costing is related to cost accounts.
4. Budgets consider both income and expenditure whereas standards are for expenditure only.
5. In standard costing, variances are analysed in detail, but such a detailed analysis of variance is not possible in budgetary control.
6. Budgets fix maximum limits, while standards fix targets.
7. The standards are expressed in per unit of production, whereas budgets are for specific periods and are expressed in total.
8. Budgetary control can be applied in parts. For example cash, capital expenditure, research and development. But there can be no partial application of standard costing.