

Budgeting and Cost Control Training

Description

Intorduction

All business decision-making involves analysing situations containing varying degrees of risk. This programme uncovers the essential skills required to understand the processes of budgeting and cost control for better decision-making. From understanding the importance of a well defined budget process through to the importance of how costs behave so that realistic cost cutting and budgeting plans can be produced. In this programme you will learn how to:

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- Identify the principal factors required to produce a successful business case
- Develop budgeting and financial skills required for better decision-making
- Identify sources of financial and business data to support the budgeting process
- Learn new techniques and methodologies to simulate typical business scenarios

Objectives

- Understand the importance of a well-defined budget process
- Learn costing and budgeting terminology used in business
- Master techniques for cost-benefit analysis
- Learn how to construct profit, cash and balance sheet plans and budgets
- Learn how to evaluate variances from plan and identify corrective actions
- Understand discounted cash flow (DCF) techniques and their application to financial decision making
- Build and use budgets relevant to your organisation

Day One

The need for Financial Control in business

- Understanding accounting
- Management accounting versus financial accounting
- The relationship between business management and financial management

- How budgeting fits into the bigger picture
- How cost management improves an organisation's financial position
- Key aspects of managing working capital

Day Two

Capital Budgeting and Investment Appraisal

- The time value of money
- Understanding Appraisal Techniques – Net Present Value (NPV), Internal Rate of Return (IRR) and Payback period
- Selecting an appraisal technique
- The use of Sensitivity analysis in evaluating projects
- Strategic considerations in assessing capital projects
- Creating an effective Capital Budgeting framework

Day Three

Cost Analysis and Management

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- Understanding cost structure and behaviour
- Costs as a relationship to outputs – cost/volume/price relationship
- The concept of contribution margin
- Break-even analysis for planning and control
- Cost allocation and apportionment
- Benefit-cost analysis

Day Four

Full Costing, Marginal Costing and Activity Based Costing

- Comparing full and marginal costing
- Direct and indirect costs in budgeting for decision making
- Role of costs in pricing strategies
- Activity Based Costing (ABC)
- Managing cost control

Day Five

Budget Construction and Control

- Nature and purpose of budgets for planning and control
- Types of budgets and budgeting
- Creating Key Performance Indicators for financial and non financial performance
- Building a budget
- Budgetary control and variance analysis
- Budgeting for non-financial measures -introducing the Balanced Scorecard