



EFFECTIVE BUDGETING AND COST CONTROL

An **informatech** Training Course
all copyrights reserved

(5 Days Training Course)



Why Attend

Planning and budgeting are must-have skills for all professionals regardless of their function or managerial level. This course covers the concept of budgeting as a planning tool, a financial device and a control mechanism. In addition, it provides the necessary application of a long and short-term planning decisions.

Course Methodology

This course focuses on exercises, case studies, and individual and group presentations

Course Objectives

By the end of the course, participants will be able to:

- Defend the importance of linking an organization's budget with its strategic plan
- Demonstrate how the budget relates to the key financial statements: balance sheet, income statement, and cash flow
- Prepare the key elements of an operating and capital budget and evaluate the different budgeting approaches used
- Apply cost control tools, analyze management variance reports and take proper corrective action
- Calculate different capital budgeting evaluation techniques as included in a capital expenditure proposal
- Utilize cost-volume-profit analysis in making budgeting decisions

Target Audience

All managers, supervisors and analysts who prepare or use management budgets.

Target Competencies

- Interpreting Financial statements
- Planning and budgeting
- Cost control
- Capital budgeting
- Applying cost-volume-profit analysis
- Utilize breakeven analysis

Course Outline

Planning and the functions of management

The critical functions of management
Aligning the budget with the organization's strategy
Road map to strategy
Budget as a planning tool
Control: the missing link
Planning pitfalls

The key financial statements

The accounting system
The income statement
The balance sheet
The cash flow statement

Budgeting: process and approaches

The advantages of budgeting
The budget process
Rolling budgets
The master budget
Operating and capital budgets
The budgeted financial statements
Approaches to budgeting:
Incremental budgeting
Zero based budgeting
Flexible budgeting
Kaizen budgeting and continuous improvement
Activity based budgeting
Tools of forecasting
Direct and indirect costs
Characteristics of an effective budget
Problems in budgeting

Cost control

Budget as a control tool
The control process
Characteristics of an effective control system
Responsibility reporting
Variance analysis: identifying the components of variance
Variance analysis: taking the corrective action

Capital expenditure budgeting and analysis

Time value of money
Simple versus compound interest
Identifying and analyzing cash flows
The discount rate: using cost of capital
Net Present Value (NPV)
Internal Rate of Return (IRR)
Profitability Index (PI)
Pay-Back Period (PBP)
Accounting Rate of Return (ARR)
Approval for Expenditure (AFE)
Sensitivity and risk analysis

Cost-Volume-Profit analysis (CVP)

Identifying the fixed costs and variable costs
Computing breakeven point in units
Computing breakeven point in sales
Assumptions of CVP analysis
Using CVP in budgeting decisions