

GULF INSTITUTE



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Budgeting & Cost Control

INTRODUCTION

- All business decision making involves analysing situations and assessing alternatives, risks and benefits. This Budgeting & Cost Control training course offers an opportunity to acquire and then deploy new skills and ideas to achieve improved financial operations and strategies. The knowledge acquired will enhance the budget process and control processes through a variety of strategies and techniques that will provide new insights to how financial performance can be enhanced.

In this programme you will participate in many aspects of modern thinking:

- Budgets and Models as a key element of management and financial strategy
- The analysis of opportunities, risks and rewards in the context of Capital Projects
- Controlling costs by analysis, modelling, KPI's and review of the cost drivers
- Develop a broader view in the context of the enterprise's objectives and constraints

PROGRAMME OBJECTIVES

- Understand the importance of a well-defined budget process and create budgets relevant to your organisation
- Acquire costing and budgeting terminology and techniques
- Master methods for risk, payback and cost-benefit analysis
- Learn how to integrate profit, cash and balance sheet plans and budgets
- Using 'what-if' and Stochastic Models to evaluate probable outcomes and ranges of variances and identify key drivers for corrective actions
- Understand the use of Present Value, IRR and discounted cash flow (DCF) to support investment and financial decision making

WHO SHOULD ATTEND?

- Both financial and non-financial professionals at all levels
- Delegates with a financial background will enjoy the opportunity to broaden their knowledge base in aspects of budgeting and cost control that may not be part of their current responsibilities or experience
- By participation in this course, participants whose background is not in the financial sector will gain an understanding of both the strategic and the technical aspects of budgeting and cost control involving both the financial and the operational opportunities for performance improvement

TRAINING METHODOLOGY

- You will learn by active participation during the programme through the use of exercises, case studies, practical workshops, syndicate and group discussions.

PROGRAMME SUMMARY

- This training session is presented in a manner that will make budgeting, costing and decision making techniques more easily understood by people from every discipline across the organisation. Case studies and practical exercises are used to emphasise key issues and underpin learning by relating them to typical business scenarios.
- Delegates will progress through the underlying accounting principles, the application of various techniques to evaluate capital projects and the use of analysis to both understand and manage costs. They will then engage in practical steps to building budgets and conclude by gaining experience in the various developments in organisational and strategic analysis that can enhance the fundamental operational and behavioural aspects of an effective organisation.

PROGRAM OUTLINE

The need for Financial Control in Business

- Understanding accounting principles and methods
- 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

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
- Probability Models (Monte Carlo), Stress Tests and Value at Risk (VaR)
- The use of Sensitivity analysis in evaluating projects
- Strategic considerations in assessing capital projects
- Creating an effective Capital Budgeting framework

Cost Analysis and Management

- 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

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

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

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