

Effective Budgeting and Cost Control

Overview

Planning and budgeting is a skill that all professionals must have, regardless of their job or managerial level. This course deals with the concept of budgets as a financial planning tool and control mechanism. In addition, this course provides the necessary application for short and long term planning decisions.

Methodology

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

Course objectives

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

Determine the importance of linking budgets to the organization's strategic plan

Explain the relationship of the budget to the main financial statements: the balance sheet, income statement, and statement of cash flows

Prepare the main elements of operating and capital budgets and evaluate different approaches to budgeting

Applying cost control tools, analyzing various management reports, and taking appropriate corrective measures

Calculation techniques for evaluating capital budgeting to assist in making capital decisions

Use cost-volume-profit analysis in making budget decisions

Target groups

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

Target competencies

Financial data analysis

Planning and budgeting

Cost control

Capital budget appraisal

Cost, volume and profit analysis

Break-even point analysis

Planning and management functions

Important management functions

Aligning the budget with the organization's strategy

Strategy roadmap

Budgeting as a planning tool

Censorship: The Missing Link

Planning obstacles

Main financial data

Accounting system

Income statement

Balance sheet

Statement of cash flows

Budgeting: Methods and process for budgeting

Advantages of budgeting

Budgeting process

Continuous balances

Comprehensive budget

Capital and operating budgets

Estimated financial statements

Budgeting methods

Additional budget

Zero budget

Flexible budget

Kaizen balance for continuous improvement

Activity-based budgeting

Prediction tools

Direct and indirect costs

Characteristics of effective balancing

Budgeting problems

Cost control

Budgeting as a control tool

Control process

Characteristics of an effective control system

Responsibility centers

Deviation Analysis: Determine the components of the deviation

Deviation analysis: taking corrective action

Budgeting and analysis of capital projects

The time value of money
Simple and compound interest
Defining and analyzing cash flows
Discount rate: Using the cost of capital
Net present value
Internal rate of return
Profitability index
Payback period
Accounting rate of return
Capital Expenditure Approval Form
Sensitivity and risk analysis

Analysis of the relationship between cost, volume and profit

Determine fixed costs and variable costs
Calculating the break-even point in units
Calculating the break-even point of sales
Analyze the assumptions behind the cost-volume-profit relationship
Using the relationship between cost, volume and profit in top of form budgeting decisions