



**Cost Analysis, Budget Preparation
& Performance Measurement
Essential Skills**

Course Description:

- Budget preparation skills is a comprehensive program that focuses on the essential skills required to understand the processes of costing and budgeting within organizations. The program is designed to address all the relevant issues concerning cost analysis, budget preparation and performance measurement.

The Training Course will highlight:

- This course is a must for all professionals who need to master their budgetary skills by learning how costs behave so that realistic business plans can be produced. The course will enable participants to:
 - Identify the key factors required to understand business processes.
 - Develop proper system of cost analysis for budgeting purposes.
 - Master the budgeting and financial skills required for better decision-making.
 - Identify sources of financial and operational data to support the budgeting process.
 - Learn new best practices to manage organizational performance.

Course Objective:

- **By the end of this course, delegates will be able to:**
- Learn costing and budgeting terminology used in business.
- Understand the importance of a well-defined costing and budgeting process.
- Determine full costs of outputs for the goods and services provided.
- Master traditional techniques and recent best practices
- Link finance and operation for budgeting purposes and strategy execution
- Learn how to build a comprehensive performance measurement system.
- Understand the budgeting methods most useful to them.
- Understand how to construct a relevant and efficient budget.
- Learn to evaluate the usefulness of costing techniques in accurately calculating and ensuring profitability.
- Reinforce and expand their knowledge by linking budgeting to strategy and performance measurement.
- Broaden their understanding by linking financial and operational issues

Course outline

- **Budgeting and Its Role within the Management Process**
 - The role of budgeting within management accounting
 - Linking costing and budgeting to strategy and performance measurement
 - The process of value creation: implications for budgeting
 - What is a budget and why costing is fundamental
 - Budgets - the financial expression of the operating plan
 - Linking financial and operational issues
 - Behavioral implications of budgeting
 - Case discussion and examples
- **The Framework for Budgeting**
 - Elements of the budgetary framework
 - Key concepts and terminology
 - Advantages and disadvantages: critical issues to be discussed
 - Overview on the financial statements
 - Balance sheet, Income statement and cash-flow statement
 - Introducing cost analysis for decision making
 - The importance of understanding full costs
 - The importance of understanding full costs
- Case discussion and examples

Course outline

Costs Analysis for Budgetary Purposes

- Costing for budgeting: Why?
- Cost terms and purposes
- Fixed and Variable costs
- Cost, profit and volume relationships
- The key concept of contribution margin
- Direct and indirect cost – the avocation problem
- Traditional methods vs. Activity-based costing
- Case discussion and examples

Flexible Budgets and Variance Analysis

- Budgeting for management control purposes
- Describe the difference between a static budget and a flexible budget
- Compute flexible-budget variances and sales-volume variances
- Explain why standard costs are often used in variance analysis
- How to interpret variance analysis
- Integrate continuous improvement into variance analysis
- Case discussion and examples
- Is budgeting enough?

Course outline

- **Beyond Budgeting: Broadening Performance Measurement Systems**
- Shortcomings of traditional approaches to budgeting and measurement
- Linking financial to operational issues
- The balanced scorecard and six-sigma
- Linking strategy execution to performance measurement
- Financial perspective, customer perspective
- Internal business process perspective, learning and growth perspective
- Developing and adapting the scorecard
- Case study illustration and discussion