

EFFECTIVE BUDGETING AND COST CONTROL

MAC015

COURSE DESCRIPTION

Recently, if contemporary organizations want to stay competitive, they are urged to think, plan and act in terms of value added to customers and shareholders. Along this line, budgeting, as well as tracking, controlling & reducing cost represent essential activities to be performed and monitored as strategies get executed. 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 tools required to making long-term and short-term planning decisions.

COURSE GOAL

To enhance the participants' knowledge, skills, and attitudes necessary for budgeting, tracking, controlling and reducing cost.

COURSE OBJECTIVES

By the end of this course, participant will be able to:

- Understand the functions of management.
- Read the Key financial statements.
- Understand budgeting process and approaches.
- Understand the cost control process.
- Differentiate between cost control and cost reduction.
- Perform variance analysis take the corrective action.
- Understand capital expenditure budgeting and analysis processes.
- Use CVP in budgeting decisions.

WHO SHOULD ATTEND

All who prepare and use management budgets, including:

- Managers
- Supervisors
- Analysts

COURSE DURATION

5 Working Days

COURSE OUTLINES

1. 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

2. The Key Financial Statements

- Accounting System
- Income Statement
- Balance Sheet
- Cash Flow Statement

3. 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
 - Zero-Based Budgeting
 - Flexible Budgeting
 - Kaizen Budgeting and Continuous Improvement
 - Activity-Based Budgeting

4. Cost Control

- The Control Process
- The Difference between Cost Control and Cost Reduction
- Budget as a Control Tool
- Characteristics of an Effective Control System
- Responsibility Reporting
- Variance Analysis: Identifying the Components of Variance
- Variance Analysis: Taking the Corrective Action

5. Capital Expenditure Budgeting and Analysis

- Pay-Back Period (PBP)
- Accounting Rate of Return (ARR)
- Profitability Index (PI)
- Net Present Value (NPV)
- Internal Rate of Return (IRR)
- Sensitivity and Risk Analysis

6. Cost Volume Profit Analysis (CVP)

- Fixed Costs and Variable Costs
- Breakeven Point in Units
- Breakeven Point in Sales
- Assumptions of CVP Analysis
- CVP and Budgeting Decisions

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