



Budget Preparation Skills



2 - 13 September 2024



Madrid (Spain)

# Budget Preparation Skills

course code: F2020 From: 2 - 13 September 2024 Venue: Madrid (Spain) - course Fees: 4500 Euro

## Introduction

Budget Preparation Skills is a comprehensive programme that focuses on the essential skills required to understand the processes of costing and budgeting within organizations. The programme is designed to address all the relevant issues concerning cost analysis, budget preparation and performance measurement. This course is a must for all professional who need to master their budgetary skills by learning how costs behave so that realistic business plans can be produced.

## The seminar enables 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

## Objectives

- 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

## Training Methodology

The seminar will be conducted along workshop principles with formal lectures, case studies and interactive worked examples. Relevant case studies will be provided to illustrate the application of each tool in an operations environment. Each learning point will be re-enforced with practical exercises. Difficult mathematical concepts are minimised and handled in a visual way that is easy to understand with examples demonstrated.

## Organisational Impact

- Cost and budgeting awareness will be enhanced
- Higher chances to select a budgetary system that works
- Broadened knowledge of performance management techniques
- Better attitude to link cost and budgeting to strategy and performance measurement
- Deeper understanding of cause and effect relationship for budgeting purposes

- Better awareness of non-financial implications of budgeting

### **Personal Impact**

- Delegates will understand the budgeting methods most useful to them
- They will understand how to construct a relevant and efficient budget
- They will learn to evaluate the usefulness of costing techniques in accurately calculating and ensuring profitability
- They will reinforce and expand their knowledge by linking budgeting to strategy and performance measurement
- They will broaden their understanding by linking financial and operational issues

## **SEMINAR OUTLINE**

### **DAY 1**

#### **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
- Behavioural implications of budgeting
- Case discussion and examples

### **DAY 2**

#### **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

### **DAY 3**

## 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

## DAY 4

### 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?

## DAY 5

### 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