



Cairo Institute



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# Budget Preparation Skills

## INTRODUCTION

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

This training course 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 organisational 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

- This Budget Preparation Skills training course 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 reinforced 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

## WHO SHOULD ATTEND?

- The staff person who will be responsible for entering data into the budget system or training others how to enter information
- Those who want to gain control of the firm's financial standing and obtain a firm grasp on the numbers side of their job
- Financial professionals, R&D professionals, sales / marketing professionals, general accounting professionals, business unit professionals
- Anyone who wants to understand the basics of budgeting and costing

## 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
- Behavioural Implications of Budgeting



## Costs Analysis for Budgetary Purposes

- Costing for Budgeting: Why?
- Cost Terms and Purposes
- Fixed and Variable Costs
- Cost, Volume, Profit (CVP) Relationships
- The Key Concept of Contribution Margin
- Direct and Indirect Cost – The Allocation Problem
- Traditional Methods vs. Activity Based Costing (ABC)
- Case Discussion and Examples

## The Framework for Budgeting

- Elements of the Budgeting Framework
- Key Concepts and Terminology
- Advantages and Disadvantages - critical issues to be discussed
- Overview of the Financial Statements
- Balance Sheet, Income Statement, and the Statement of Cash Flows
- Introducing Cost Analysis for Decision-making
- The Importance of Understanding Full Costs
- Case Discussion and Examples

## Flexed Budgets and Variance Analysis

- Budgeting for Management Control Purposes
- Explain Why Standard Costs are used in Variance Analysis
- Describe the difference between a Fixed Budget and a Flexed Budget
- Compute Flexed Budget Variances and Sales Volume Variances
- How to interpret variance analysis?
- Integrate continuous improvement into Variance Analysis
- Is budgeting enough?
- Case Discussion and Examples

## Beyond Budgeting: Broadening Performance Measurement Systems

- Shortcomings of Traditional approaches to Budgeting and Measurement
- Linking Financial to Operational Issues
- Linking Strategy to Performance Measurement
- The Balanced Scorecard and Six Sigma
- Financial Perspective
- Customer Perspective
- Internal Business Process Perspective
- Learning and Growth Perspective



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