

The Complete Course on Budgeting: Planning, Forecasting, What-if Analysis and Reporting

Date	Venue	Fees(US\$)
16 - 20 May	Cairo	4450
12 – 16 Jul	Kuala Lumpur	4450
13 - 17 Sep	London	4450
7 - 11 Feb 11	Kuala Lumpur	4450

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THE COURSE

Budgeting is an integral part of the strategic management and planning processes in all organisations. Almost all individuals become involved in budgeting at one time or another during their career. Budgets are prepared for the purposes of both planning and control. The learning process with regard to the concepts, processes, and techniques of budgeting includes formal learning, experience, and practice. Individuals develop these skills through the continuous process of self-learning, education, training and experience. Modern organisations require well-trained and competent individuals who are able to effectively manage the economic resources at their disposal. This is achieved through a focus on process excellence, good communications, interpersonal relationships, and the ability to embrace and manage constantly changing internal and external environments, which are a part of the challenges faced day to day.

The purpose of this interactive Complete Course on Budgeting is to assist individuals at every level in the organisation in their involvement in the budget process. This 'user-friendly' course offers an opportunity for delegates to focus on developing and enhancing their knowledge and practical application of all the concepts, processes, and techniques involved in budgeting for optimal performance. It provides the practical skills for delegates to take back to their jobs, along with insights needed to adapt principles to specific work environments.

THE GOALS

You will leave this seminar with a better understanding of how forecasting and budgeting decisions may affect your own organisation, department or business unit. Your own organisation will benefit from your improved ability to understand and anticipate the factors that go into the budget, which should ultimately result in improved performance and increased shareholder wealth.

The key objectives of this seminar are to enable you to:

- Develop the appropriate techniques for effective budgeting as part of the planning process
- Use Excel© budgeting models for income statement budgets, cost/volume/profit and break-even analysis, sensitivity analysis, profit modelling, capital budgeting, balance sheet and cash flow budgets, and flexed budget analysis
- Consider the use of activity based budgeting (ABB), compared with traditional budgeting methods, as a solution to the problem of the over and under-costing of products and services
- Develop and effectively control budgets
- Provide budgeting knowledge that can be shared with other individuals and departments for the benefit of your company

Completion of this seminar will provide you with the skills to enable you to:

- Construct a budget as an integral part of the strategic management process
- Identify the assumptions necessary for budget preparation and use Excel© models of fundamental statistical analysis for forecasting
- Appreciate the importance of risk analysis in the budget process
- Use both the traditional and activity based (ABB) approaches to budgeting
- Appreciate the motivational and behavioural aspects, and problems with budgeting
- Use standard costs and flexed budgets in the use of the budget as a control tool, manually and using Excel© models
- Use budgetary control systems to identify variances against planned performance, manually and using Excel© models
- Calculate the break-even position of the business using cost, volume, profit (CVP) relationships, both manually and using Excel© models
- Use Excel© models for profit modeling and 'what-if' analysis for changes in sales and cost levels
- Use discounted cash flow (DCF) techniques for NPV and IRR analysis, manually and using Excel© models
- Prepare capital budgets using capital rationing and the profitability index technique
- Consider the alternative ways of financing the budget and the importance of an organisation's capital structure with regard to financial risk and its cost of capital
- Use the cost of both debt and equity capital to determine the weighted average cost of capital (WACC)

THE PROCESS

This seminar will help you learn the tools and techniques relating to forecasting, revenue budgeting, capital budgeting, cash flow, and managing capital structure (leverage, or gearing) as the means to achieve company objectives. You will also be able to identify the risks relating to changes in costs, sales volumes and prices, cash flows, and economic change and their impact on the performance of the business. This seminar will be presented in a participative style with discussion, practical exercises and team-based case studies. It will provide the theoretical background and also the practical tools and techniques necessary for the development of budgeting systems and their related functions. It will provide a real-world practical context by incorporating worked examples, case studies, and Excel© models so that you will see how theory applies in practice and discuss the various issues raised.

THE DELEGATES

The course is designed for anyone involved in the budget process within their organisation. The course is appropriate for those who wish to learn the concepts, processes, and techniques of budgeting in order to be better able to carry out their budgeting tasks and responsibilities. The course is equally appropriate for those who already have some budget experience and wish to refresh or enhance their budgeting knowledge and skills.

THE RESULTS

- Improvements in budgeting skills from the increase in employees' knowledge of the concepts, processes and techniques
- Improvements in interpersonal and inter-departmental communications and relationships through an increased understanding of the budgeting process
- Alignment of individual with organisational objectives through a greater understanding of budgeting
- More efficient use of organisational resources and therefore increased shareholder wealth through more effective budgeting

THE BENEFITS

- Increased personal effectiveness through acquiring the appropriate budgeting skills
- Improved inter-departmental relationships
- Improved interpersonal skills

THE CORE COMPETENCIES

- Understanding of organisational objectives
- Analytical skills
- Communication skills

THE PROGRAMME CONTENT

DAY ONE

Strategic Planning

Introduction

- What is Strategic Planning?
- The Benefits & Limitations of Strategic Planning

The Strategic Planning Process - Developing a Strategic Plan

- SMART Objectives
- SWOT Analysis
- GEC & BCG Matrix
- Ansoffs Matrix
- Competitive Analysis – Porter's 5-forces model
- PEST Analysis

DAY TWO

Forecasting

Introduction to Forecasting

- What is forecasting?
- Strategic role of forecasting
- The forecasting process
- Forecasting demand
- Sales forecasting using various methods in Excel© (LINEST, LOGEST, etc)

Qualitative Forecasting models

- Market surveys, Delphi, Life cycle analogy, Expert opinions, Sales force polling

Quantitative Forecasting models

- How the FORECAST, GROWTH & TREND Functions in Excel© simplify the forecasting process
- Time Series Analysis
- Regression & Correlation Analysis
 - Forecasting costs for given levels of output

DAY THREE

Budgeting

Budgeting and the Management Process

- What is a budget ?
- Why & how is it different from a forecast ?
- The purpose of budgets – planning & control
- Advantages and limitations of budgets
- Overcoming the limitations

The Framework for Budgeting

- Elements of the budget framework
- Types of budgets: flexible, zero-based, static and activity based costing (ABC)
- Listing of major budgeting software
- How to evaluate budgeting software

Budget preparation

- The budget process
- Preparing the budget
 - The sales budget, labour, materials, and overheads budgets
- Direct and Indirect costs and the allocation of costs
- Activity based budgeting (ABB)

Building the Master Budget – cash budget, income statement and balance sheet

DAY FOUR

Using Budgets as a Management Tool – Break Even Analysis, Sensitivity, What-If Analysis & Variance Analysis

Linking strategic planning , forecasting budgeting and reporting

Budget cost behaviour

- Fixed costs and variable costs
- Full (or absorption) costing
- Marginal (or variable) costing

Budget cost, volume, profit (CVP) and break-even analysis

- Cost, volume, profit relationships and break-even analysis

Sensitivity & What-If Analysis Analysis

- Identifying “critical factors”
- Developing “Best & Worst Case” scenarios
- Conducting “What-If”Analysis in Excel©
- Decision making in the light of the analysis
- How to use Solver in Excel©

Budgetary Control

- Action Control
- Personnel Controls

- Results Controls

Variance Analysis

- Calculating different types of related variances

DAY FIVE

Capital Budgeting (CAPEX)

Capital budgeting principles

Raising finance

- Sources of finance
- Equity v Debt
- Gearing
- Cost of equity, cost of debt and the weighted average cost of capital (WACC)

Methods of Evaluating Capital Investment Projects:

- Accounting rate of return (ARR)
- Payback
- Net present value (NPV)
- Internal rate of return (IRR)
- Modified internal rate of return (MIRR)
- Equivalent annual cost (EAC)

Capital Rationing

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