

## **EFFECTIVE ADVANCE BUDGETING FOR PLANNING AND CONTROL**

### **Key focus**

1. To increase the awareness and objectives of Budgets (advance level)
2. How to prepare Capital expenditure Budget and Cash flow Budget
3. Understanding the different types of Budgets
4. Understanding the Tools of Excellence (Six Sigma, SIPOC) and Budgets
5. Variance analysis and how to deal with deviations from Budget

### **Who will benefit**

Executives and managers (finance and non-finance), accountants, finance managers, financial controllers, departmental heads, senior managers, all managers involved in preparation of budgets.

**Take The Next Step**

## Day one

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|--|------------------|
| <b>1. Introduction of objective of program</b> <ul style="list-style-type: none"><li>▶ What budgeting is all about</li><li>▶ The need and benefits of budgeting</li><li>▶ Difference between budgets and forecasts</li></ul>   | <b>0900-1030</b> |
| <i>Morning tea break</i>   | <b>1030-1045</b> |
| <b>2. The need to plan for future – Corporate planning and objectives</b> <ul style="list-style-type: none"><li>▶ Translation of corporate objectives into targets</li><li>▶ Sales targets</li><li>▶ Operational and profit target</li></ul>   | <b>1045-1300</b> |
| <b>3. Budget Committee and Control systems</b> <ul style="list-style-type: none"><li>▶ Approaches to Budgets</li><li>▶ Fixed and flexi targets;</li><li>▶ Flexi budgets and zero-based budgeting</li><li>▶ Activity based budgeting concept</li><li>▶ Evolution of Budgeting in a firm</li></ul> |                  |
| <i>Lunch</i>   | <b>1300-1400</b> |
| <b>4. Assumptions and approach in planning and preparing Budgets</b> <ul style="list-style-type: none"><li>▶ What are Budgets based on?</li><li>▶ Understanding the cost behaviour (fixed, variable costs)</li><li>▶ Let the Games begin! The Budget process</li></ul>                           | <b>1400-1530</b> |
| <i>Afternoon tea break</i>   | <b>1530-1545</b> |
| <b>5. Preparation of Sales Budget, Production Budget, Materials Budget, Manpower Budget, Inventory Budget</b> <ul style="list-style-type: none"><li>▶ Sales Budget</li><li>▶ Production Budget</li><li>▶ Materials planning Budget</li></ul>   | <b>1545-1700</b> |

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**Day two**

**6. Capital Expenditure Budget (Capex)**

- ▶ Techniques of capital Budgeting
- ▶ Project Evaluation and selection; Paybacks & IRR
- ▶ Capital rationing &
- ▶ Project monitoring
- ▶ Post completion audit

0900-1030

*Morning tea break*

1030-1045

**7. Preparation of Cash flow Budget (Objective and approach)**

- ▶ Format of Cash flow Budget
- ▶ Capital budget & cash flow consideration
- ▶ Asset expansion/replacement evaluation; Incremental cash flows
- ▶ Preparing the Budget presentation
- ▶ Variance/Deviation from Budget reporting

1045-1300

**8. Balance Scorecard and Tools of Excellence**

- ▶ Benefits of Balance Scorecard analysis
- ▶ Role of BSC in budgets (objective identifications,etc)
- ▶ Role of Kaizen Teian ; Six Sigma in achieving Targets
- ▶ Role of SIPOC

*Lunch*

1300-1400

**9. Sensitivity Analysis**

- ▶ Sensitivity of target
- ▶ Sensitivity of budget

1400-1530

**10. Concept of Flexible Budgets and Zero-based Budgeting**

- ▶ Difference between flexible and static budgeting
- ▶ Techniques and advantages of zero-based Budgeting

*Afternoon tea break*

1530-1545

**11. Behavioural aspects of Budgeting and variance reporting**

- ▶ Behavioral considerations in Budget process
- ▶ Tracking the Budget and reviewing financial statements

1545-1700

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