

# Financial Analysis, Planning & Controlling Budgets

## INTRODUCTION

- This 10-day training seminar brings together important areas of Financial Management, Planning and Control: Financial Analysis, Planning and Control - Setting & Controlling Budgets.

It will help business professionals:

- Plan more effectively for the future
- Use the financial techniques of planning and control
- Improve performance from the use of the tools of financial analysis
- Link planning and budgeting with costing and performance measurement
- Master the skills of budgetary and cost control

## OBJECTIVES

This training seminar provides delegates with the knowledge required to find better answers to questions such as:

- Which specific variables, relationships, and trends are likely to be helpful in analyzing problems?
- How reliable are available financial data, and how is uncertainty and risk likely to impact on the outcomes of decisions?
- In economic and financial analysis, what are the implications and relative importance of cash flow as distinct from accounting profit?
- What limitations are inherent in financial data and the key financial statements, and how will these affect financial analysis?
- How important are qualitative judgments in the context of decision-making?

And to focus on key issues such as:

- Understand strategic planning and budgeting
- Link finance and operations for budgeting purposes and strategy execution
- Learn how to build a comprehensive performance measurement system
- Learn costing and budgeting terminology used in business
- Understand the importance of a well-defined costing and budgeting process
- Understand cost behaviour more accurately
- Be able to perform and interpret variance analysis

## TRAINING METHODOLOGY

- This Financial Analysis, Planning & Controlling Budgets training seminar includes numerous practical examples and real life illustrations, and participative exercises and case studies. It will be presented in a very user-friendly way to suit individuals with varying levels of financial knowledge and experience. Our aim is for this to be an enjoyable learning experience. The training methodology combines presentations, discussions, team exercises and case studies. Delegates will gain both a theoretical and a practical knowledge of all the topics covered. The emphasis is on the practical application of the topics and as a result delegates will return to the workplace with both the ability and the confidence to apply the techniques learned.
- All delegates will receive a comprehensive manual of the seminar to take back to the company, which will serve as a useful source of reference in the future. In addition, all delegates will receive a USB containing a soft copy of the manual and additional material such as Excel models used during this training seminar.

## ORGANISATIONAL IMPACT

- Recognise the importance of finance as a component of the strategic decision-making process
- Appreciate the significance of the theoretical concepts underlying the use of financial tools in the strategic decision-making process
- Apply the appropriate financial tools in the strategic decision-making process
- Identify the impact of external factors on a company's strategic financial plans and decision-making
- Organisations should benefit from an increase in the ability of their managers to understand and analyse the key financial statements and anticipate the financial factors that form the basis of strategic decision-making, which should ultimately result in better strategic planning, and improved company performance

## PERSONAL IMPACT

This training seminar will enable delegates to:

- Broaden their financial knowledge, develop and manage the financial aspects of their role more effectively, and enhance their performance
- Increase their self-confidence in dealing with financial issues and financial professionals
- Have a better understanding of how financial considerations help to support an organisation's strategic decisions
- Better appreciate how such decisions may affect their own departments or business units, as well as their companies
- Acquire the ability, when involved in decisions about investment, operations, or financing, to choose the most appropriate tools from the wide variety of financial techniques available to provide a quantitative analysis

## WHO SHOULD ATTEND?

- This Financial Analysis, Planning & Controlling Budgets training seminar is designed for business professionals that need or wish to understand the financial aspects of the strategic decision making process.

It is crucial for every role and at every management level in the organisation, including for example:

- Sales and Marketing
- Engineering
- Project Management
- Purchasing
- Logistics
- Human Resources

And is a 'must' for:

- Interns, financial analysts, financial controllers, accountants, treasurers, corporate planning and business development professionals, and others active in the planning process
- Middle and junior management as a useful element in their career advancement
- All participants will be able to offer their input, based on their individual experiences, and will find this training seminar a useful forum for upgrading and enhancing their understanding of best corporate financial practices in the areas covered.

## Course Outline

### Module I: Financial Analysis, Planning and Control

#### The Challenge of Financial Economic Decision-Making

- The Practice of Financial / Economic Analysis
- The Value-creating Company
- Corporate Value and Shareholder Value
- A Dynamic Perspective of Business
- The Agency Problem and Corporate Governance
- What information and data to use?
- The Nature of Financial Statements
- The Context of Financial Analysis and Decision-making

#### Assessment of Business Performance

- Ratio Analysis and Business Performance
- Management's Point of View
- Owners' Point of View

## Analysis of Investment Decisions

- Applying Time-adjusted Measures
- Net Present Value (NPV) and Internal Rate of Return (IRR)
- Modified Internal Rate of Return (MIRR)
- Strategic Perspective
- EVA and NPV
- Refinements of Investment Analysis
- Equivalent Annual Cost (EAC)
- Sensitivity Analysis, Scenario Analysis, Simulation, and NPV Break-even
- Dealing with Risk and Changing Circumstances

## Projection of Financial Requirements

- Interrelationship of Financial Projections
- Operating Budgets
- Standard Costing and Variance Analysis
- Cash Forecasts and Cash Budgets
- Sensitivity Analysis
- Dynamics and Growth of the Business System
- Operating Leverage
- Financial Growth Plans
- Financial Modelling



## Valuation and Business Performance

- Managing for Shareholder Value
- Shareholder Value Creation in Perspective
- Evolution of Value-based Methodologies
- Creating Value in Restructuring and Combinations
- Financial Strategy in Acquisitions
- Business Valuation

## Module II: Setting and Controlling Budgets

### Strategic and Financial Planning

- Financial Accounting and Management Accounting
- The Links between Strategic Planning, Budget Setting, and Performance Measurement
- Planning and Strategic Management
- Mission, Vision, and Objectives
- The Planning Process
- External Environment Analysis, Internal Resources Analysis, SWOT and PESTEL
- Shareholder Wealth Maximisation, value Creation and Financial Strategy

## Cost Analysis for Budgeting

- What is Costing?
- Cost Behaviour – fixed costs and variable costs
- Contribution, Cost / Volume / Profit (CVP) Analysis and break-even models
- Traceable Costs and Non-traceable Cost Allocation
- Product Costs and Period Costs – product costing for inventory valuation and profit ascertainment
- Direct costs, Indirect costs, Absorption Costing and Marginal costing
- Product Costing for Budget Setting, Budgetary Control and Performance Measurement
- Refinement of the Costing System and Activity-Based Costing (ABC)

## The Framework for Budgeting

- What is a Budget – and Why Budget?
- The Budgeting Framework and the Various Types of Budgets: top down; bottom up; incremental; zero-based; activity-based
- The Budget Process
- Qualitative and Quantitative Techniques of Forecasting Sales and Costs, and Sales Pricing
- Budgeting for Labour Costs and Depreciation
- The Departmental Budget
- Preparation of the Master Budget and the Cash Forecast / Budget
- The Human Side and the Behavioural Aspects of Budgeting

## Activity-Based Budgeting (ABB), Capital Budgeting, Budgetary Control and Variance Analysis

- How the Budget is controlled in your Organisation
- Activity-Based Budgeting (ABB)
- Budgeting for Capital Projects
- Discounted Cash Flow (DCF) investment appraisal methods of Net Present Value (NPV) and Internal Rate of Return
- Capital rationing and the Profitability Index (PI)
- Budgetary Control Systems and Responsibility Accounting
- Standard Costing for Budgeting and Budgetary Control
- Fixed Budgets, Flexed Budgets, Variance Analysis and the reasons for variances

## Beyond Budgeting – Broadening Performance Measurement Systems

- Integrating continuous improvement into the Budget Process
- Advantages and Disadvantages of Budgeting
- How to Improve the Budget Process in your organisation
- The Conflict between Performance Improvement and the Costing System
- Lean Thinking and Performance Improvement