
FINANCIAL PLANNING & FORECASTING - OUTLINE

“Accurate planning for a successful financial future”

Key Learning Outcomes

- Appreciate the need for building an accurate budget
- Learn how to create an interactive 3 statement budget
- Examine the assumptions that drive the financials
- Assess how to report accurately against budget
- Understand the need for quality forecasting

Target Audience

This workshop is aimed at anyone involved in the budgeting process; from senior managers, budget holders, operational executives and department heads to members of the finance team who want to improve the value of their organisation’s budgeting process.

Targeted Competencies

- Financial fluency
- Numeracy skills
- Accounting knowledge
- Commercial awareness

Course Overview

The ability to produce robust and reliable budgets at the start of the financial year is crucial to the financial success of any organization. Indeed, the survival of most organisations depend on the ability to produce accurate budgets and then operate within the parameters set. This workshop will examine the need for a strong budgeting process and how everyone in the organization can contribute to a timely and accurate budget. The workshop will also cover the need for quality analysis of actual performance against the budget, including action-planning, and how the data can be used to generate accurate forecasts.

COURSE OUTLINE

Course Content

1 The need for Financial Planning

- Overview of business finance
- The need for financial planning
- The role of finance in decision making
- Looking beyond the numbers

2 The Basics of Accounting

- The Income Statement
- The Balance Sheet
- Double Entry Bookkeeping
- How the Income Statement and Balance Sheet interact
- The role of the Cash Flow Statement

3 Business Drivers

- Identifying your key performance indicators
- Identifying your key financial indicators
- Performance dashboards

4 The Basics of Budgeting and Forecasting

- Defining budgets and forecasts
- Linking budgets and forecasts to strategy
- Incremental v zero based budgeting
- P&L forecasts
- Cash Flow forecasts
- Planning cycles, Fixed & rolling forecasts
- Using budgets and forecasts to manage the business

5 Building the Budget

- The budgeting process
- The operating plan
- Long term forecasts

6 Key Aspects of the Budget: Sales & Margins

- Drivers of revenue
- Gross margin analysis
- Pricing strategies

7 Key Aspects of the Budget: Cost of Sales

- Inventory costing
- Allocating Costs to Inventory

8 Key Aspects of the Budget: Operating Costs

- Fixed and variable costs
- Direct and Indirect costs

COURSE OUTLINE

- Breakeven analysis

9 Key Aspects of the Budget: Project Costs

- Identifying the corporate projects
- Building in corporate project costs

10 Key Aspects of the Budget: Cost Decision Making

- Cost Volume Profit Analysis
- Relevant costs and revenue for decision making

11 Key Aspects of the Budget: Capex Decision Making

- Time Value of Money
- Creating Discounted Cash Flows
- Determining the Net Present Value
- Calculating the Internal Rate of Return
- Commercial capex decision making

12 Key Aspects of the Budget: Working Capital Requirement

- Inventory management
- Receivables management
- Payables management
- The impact of working capital on the budget

13 Cash Flow Forecasting: Building an interactive budgeting & forecasting model

- The income statement
- The balance sheet
- Identifying the drivers
- The cash flow forecast output

14 Building the Master Budget

- Identifying the limiting factor
- Consolidating the budget
- Negotiating the budget
- Sign off & communication

15 Running against the Budget

- The month end process
- Producing 'actual' numbers
- Actual v budget variance analysis
- Trend analysis
- Reading the numbers
- Asking the right questions: from 'what' to 'why'
- Flexing the budget

16 From Budgeting to Forecasting

- Forecasting defined

COURSE OUTLINE

- The need for accurate forecasting
- The forecasting process
- Developing a forecasting model
- Testing your assumptions
- Sensitivity analysis