

THE IN-HOUSE TRAINING COMPANY

Understanding finance – and your organisation's financial management processes

Overview

After a brief refresher on, or introduction to, accounting terminology, this programme focuses on how your organisation is affected by costs, how it manages budgets and how it uses and produces financial information. Delivered in a 'fast, furious and fun' style, this programme is deeply practical – and the more you allow the expert trainer to tailor it to your organisation, the more useful it will be.

Training objectives

The objectives of this course are to explain:

- Accounting terminology
- The importance of accurate costing and stringent cost management
- Your organisation's budgeting process
- The uses and abuses of management information

Above all, this programme puts financial management into the context of your particular organisation, using highly relevant examples to ensure that participants fully understand the concepts, the processes and their role in the financial management of your organisation.

Audience

All managers with budgetary responsibilities.

Format

A comprehensive one-day course, interspersing formal presentations from the expert trainer with case studies, exercises and tutor-facilitated discussions. The presentational style is 'fast, furious and fun'.

Special feature

For maximum benefit from the course, we recommend that the trainer be given access to relevant documents and information on which to base case studies and practical exercises relevant to your organisation.

The expert trainer

Stephen runs a very successful business that specialises in the provision of tailored finance training programmes. A psychology graduate, he qualified as a chartered accountant in 1980 with KPMG and, after a period at Grandmet plc, joined a leading organisation in the provision of training for chartered accountants in practice.

During this time he gained extensive experience of writing, developing and presenting programmes on accountancy and finance. He then joined Ernst & Young for a number of years as a consultant, leaving them to set up his own management and training consultancy business. He has developed, written and presented numerous seminars and training events in both the public and private sectors, in the UK and overseas. He is also the author of a number of books on finance for non-financial managers.

His very extensive client list includes such organisations as H M Revenue and Customs, Pearson, ASDA, Reed Elsevier, Black & Decker, Sky, Bowater, Sony UK, Standard Chartered Bank, BT, Canon UK, Mobil, Hiscox, Taylor Woodrow, National Grid, Next, GE, Orange and many, many others.

Much appreciated for his 'fast, furious and fun' approach, the response to his training courses is uniformly enthusiastic.

Course outline

1 Accounting terminology explained

- The fundamentals of adding up and how to understand the accountants' language
- Profit and Loss, Balance Sheet and Cash Flow – what do each of these key financial statements mean, how can they be read, interpreted and acted upon?
- *Case studies and examples*
- **Your organisation's** Report and Accounts explained – and compared with a competitor's

2 Costing

- Fixed and variable, direct and indirect costs – what do the terms mean and how are they used in financial management?
- What are the major costs **your organisation** incurs, what drives them and how can you control them?
- Understanding cost behaviour within a cost centre is crucial to producing accurate budgets; it also determines the break-even point and overall competitiveness
- Understanding direct / indirect costs enables a business to determine true product profitability
- What is the impact on **your organisation** when costs are over / under-spent?
- Cost control is a state of mind which, once learned, should not be forgotten
- *Case studies and examples*
- Review by type and spend of **your organisation's** costs

3 Budgeting

- General principles and best practice of budgeting across all organisations; what budgets are and are not supposed to be
- How organisations plan costs effectively and efficiently by submitting a budget which managers own and which meets the goals of the business overall, and why all organisations produce budgets – the who, what, why, when and where
- Practice, terminology and timetables for budgets and actual budgetary practice within **your organisation**; what you are trying to get away from or get to with budgets
- How managers can affect the overall bottom line profitability of **your organisation**, and the relationship between costs that an individual manages and the health of the organisation as a whole
- How budgeting cuts across all departments / cost centres; what might look acceptable at an individual level is not feasible at the whole organisational level – what causes these conflicts / constraints and how are they resolved?
- Where to go for information – by cost type, department and nominated people
- The common 'failings' – how departments view the finance function, and *vice versa*
- *Case studies and examples*
- Review of **your organisation's** budgeting procedures and practices, annual budgeting package, guidelines and timetable

4 Management information

- Understand the month-end procedures by looking at the system, checking accuracy, preparing accruals
- Mechanism for accruals, especially automatic reversal in following month
- Example of good practice; checklist of suggested activities, spreadsheet 'expense log' to identify costs and feed through to accruals
- Identify and justify variances against plan, be able to readjust / reforecast when required and explain / justify differences arising; and to identify and record cost issues, and know what action to take when appropriate; prepare meaningful variance analyses by understanding variances, analysing performance and corrective action
- Dealing with 'disputes' – someone else's costs on your accounts (it can happen!)
- Under-spend against plan – cancelled or deferred, accounting anomaly - examine month v trend from YTD, qualitative (or trade-off), volume, price or mix, overall activity levels, correlation with other drivers

- Over-spend against plan – volume, price or mix; overall activity levels, correlation with other drivers
- Taking corrective action – controlling costs in future, follow-through to reforecast, risks and opportunities, need for re-phasing remainder of year, let Accounts know, keep records and lists of significant variances
- Reforecast at required intervals by using variance analysis findings, identifying future trends and documenting risks and opportunities
- *Case studies and examples*
- **Your organisation's** 'system' and how variances are computed – diagram and schematics
- *Case study on management information and actual variances (management information from individual participants' own departments), with follow-through to action, etc*

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**TO DISCUSS YOUR TRAINING REQUIREMENTS
PLEASE CALL 01582 469080**

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