



# Certified Cost Controller™

# 5 Key Business Benefits

1. Control and manage ALL of your organisation's costs
2. Fully understand the actual and forecasted expenditure, and the underlying business causes of costs, by undertaking a comprehensive analysis using a variety of cost analysis techniques
3. Enhance your cost control and cost management processes to reduce waste and improve the bottom line
4. Identify different ways to calculate costs and how best to determine your company's profitability and plan for future investments and expansion
5. Provide cost information for use in corporate decision making and predict cost behaviour by estimating costs

# Who Should Attend?

This course is designed primarily for those managers/ supervisors within the finance function who need to strengthen their cost control and management capabilities. However, it will also benefit:

Those responsible for

- budgeting,
- financial planning,
- financial control,
- credit management,
- financial accounting
- Any other finance professional with an interest in cash flow.

# Overview

Costs are the most controllable element of the financial performance of all businesses, whether in the public or private sector. And in today's more challenging economic environment, controlling costs has never been more important. As a consequence, the role of the cost controller has taken on more importance.

Controlling costs does not just mean across-the-board cutbacks that commonly do more damage than good. Properly and professionally controlling costs means having a clear competence in:

- Understanding cost management and cost control within the wider context of the overall business strategy
- First class multi-dimensional cost analysis in order to understand the causes of costs – not just the symptoms
- Managing the disciplines of cost control – ensuring the engagement and support of top management, supported by appropriate management behaviours and disciplines
- Ensuring that all costs are professionally controlled in ways that enhance the overall business
- The learning process will include presentations, discussions and a number of case studies

# COST CONTROL AND MANAGEMENT

## >>>DAY 1:

### **Nature and Purpose of Costing and Management Accounting**

- Introduction to basic costing methodologies and cost classifications
- Differentiation between financial and management accounting
- Sources

### **Cost Classifications**

- Production vs. Non-production
- Direct & Indirect Costs

### **Cost Behavior and Cost Estimation**

- Cost Behavior - Fixed/Stepped-Fixed & Variable Costs
- High-Low Analysis Stepped Change in Fixed Costs

### **Accounting for Materials**

- Accounting for Materials - Procedures and Documentation
- Costing of Issues from Inventory

## >>>DAY 2:

### **Accounting for Labor**

- Direct and Indirect
- Labor - Remuneration Methods
- Labor efficiency and Labor Turnover

### **Accounting for Overheads**

- Definition and purpose of Absorption costing
- Stages in Absorption costing
- Overhead apportionment
- Apportionment of Service Department costs
- Overhead Absorption
- Under Absorption and Over Absorption

overheads

- Fixed and variable overheads

### **Accounting for Costs - Ledger entries Marginal Costing and Absorption Costing**

- Marginal Cost and Marginal Costing
- Reporting Profit with Marginal Costing
- Marginal Costing and Absorption costing compared
- Advantages and Disadvantages of Absorption and Marginal costing

### **Alternative Costing Systems**

- Activity based costing
- Target costing
- Life Cycle costing
- Total Quality Management



### >>>DAY 3:

#### **Budgeting**

- The budget process
- Preparing functional budgets
- Cash budgets
- Fixed, Flexible and Flexed Budgets
- Responsibility accounting
- Behavioral aspects of budgeting

#### **Standard Costing and Variance Analysis**

- Standard costs
- Cost variances
- Direct materials: price and usage of variances
- Direct labor: rate and efficiency variances
- Variable production overheads: expenditure and efficiency variances
- Fixed production overhead cost variances: absorption costing
- Sales variances: sales price and sales volume variances
- Interrelationships between variances
- Reconciling budgeted and actual profit: standard absorption costing
- Standard marginal costing
- Calculating actual costs or standard costs from variances

#### **Advanced Variance Analysis**

- Materials mix and yield variances
- Sales mix and quantity variance
- Planning and operational variances
- Market size and market share variances
- Behavioral aspects of standard costing

#### **Capital Budgeting and Discounted Cash Flows**

- Capital expenditure, investment appraisal and capital budgeting
- The time value of money: compounding and discounting
- Net present value (NPV) method
- Internal rate of return (IRR) method
- Annuities and perpetuities
- The payback method of capital investment appraisal

#### **Relevant Cost Analysis**

- The concept of relevant costing
- Identifying relevant costs

### >>>DAY 4:

#### **Cost-Volume Profit (CVP) Analysis**

- The nature of CVP analysis
- Break-even analysis
- Break-even charts and CVP charts
- Multiproduct CVP analysis

#### **Pricing Decisions**

- Factors that influence price
- Price elasticity of demand
- Demand equations, cost functions and maximizing profit
- Price strategies

#### **Make or Buy Decisions**

- Other short term decisions

#### **Standard Costing Theory**

- Using and deriving standard costs
- Allowing for waste and idle time

### >>>DAY 5:

#### **Decision Making with Risk and Uncertainty**

- Risk and uncertainty
- Using probabilities: expected values and simulation
- Sensitivity analysis
- Maximax, maximin and minimax regret

#### **Budgets and Alternative Budgeting Models**

- Zero based budgeting (ZBB)
- Activity based budgeting (ABB)

