

Finance for Non Financial Managers

A Four Day Course

Day Two: Cost Behaviour and Decision Making

Course Aims:

This is day two of a course designed to develop the financial knowledge and skills of managers whose principal responsibilities do not involve such activities.

Course Outline:

Basic Cost Analysis

- What are “costs”?
- Why bother?
- Classification of costs
- Overheads
- Absorption and planning

Fixed and Variable Costs

- Fixed costs
- Variable costs
- Semi-variable costs

Marginal Costing

– Contribution and Break Even

- Contribution margin
- Contribution ratio
- Operating leverage (or operational gearing)
- Break-even analysis
- Sales mix
- CVP analysis and the non-manufacturing environment
- CVP analysis assumptions

Absorption Versus Marginal Costing

- Costing for external reporting
- Comparing absorption and marginal costing
- Activity based costing
- Segment reporting

Control Via Standard Costs

- Standard costing
- Analysing variances by cause

Using Cost Data in Decision Making

- Relevant and irrelevant costs
- Dropping a product
- Make or buy decisions
- Using scarce resources
- Costing in pricing decisions
- New approaches to cost and management accounting

Course Prerequisites:

This course has no prerequisites but delegates must be numerate and have basic understanding of the company management and control. You must have attended day one of this course.