**FINANCIAL AND BUSINESS MANAGEMENT FOR ROAD CONTRACTORS**

**MODULE TWO: MANAGEMENT REPORTING AND REPORTING.**

**Training Session Plan**

**Module Training Objectives:**

The objective of this module is to enable trainees appreciate the importance of regular management reporting, management control systems, and to create an understanding of why businesses must budget. The training will stress the importance of planning for value for money delivery and major taxes in road construction.

**Training outcome:**

By the end of this module, trainees will be able to appreciate and request management reports regularly on a daily, weekly, monthly, quarterly and annual basis. They will be able to understand and explain major variances, and anticipate key taxes and delivery of value for money.

**Sessions outline**

The module is broken down into six; two hour sessions as follows:

**Session 1: Introduction to business reporting**

1. Introducing types of management reports
2. Purpose and role of management reports

**Session 2: Introduction to budgets**

1. Explain the meaning and role of a budget
2. Relate annual budgets to the business plan
3. Budget for depreciation
4. Prepare and use control budgets

**Session 3: Budget control and management**

1. Relating performance to budgets
2. Variance analysis
3. Variance responsibility
4. Control action

**Session 4: Revenue budget control and management (Understanding variances better)**

1. Relating revenue performance to budget
2. Identify revenue budgets
3. Determine possible action on variances
4. Develop a strategic profit budget

**Session 5: Value for money and business performance**

1. Demonstrate value for money issues in road construction
2. Develop quality assurance measures
3. Create awareness of Key Performance Indicators

**Session 6: Tax planning**

1. Identify the rationale for payment of taxes
2. Analyze the impact of different taxes on profits
3. Discover strategy to reduce the tax liability within the law

**DETAILED TRAINING SESSION PLANS**

**SESSION ONE: INTRODUCTION TO BUSINESS REPORTING (2HRS)**

Training objective: To introduce to the trainees the role, types and importance of financial reports and to relate them to strategic plans.

Training outcome: By the end of the session the trainees will be aware of the need and nature of reports necessary at different intervals for effective management and also relate the reports to the already approved business plans

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| **Training Activity** | **Methodology** | **Time** | **Results** |
| Introduction | 1. Self-introduction by participants.  2. The facilitator recaps of module two and relates it to module three.  3. The facilitator introduces the Module and solicits for participants’ training expectations and fears.  4. Write the expectations and fears on a flip chart and display for further reference. | 10.minutes | 1. Relationship between business planning and budgeting and reporting. 2. Expectations and fears. 3. Comments on trainees expectations. |
| Introduction of Objectives and outcomes. Short lecture on key issues in management reports. | Use PowerPoint presentation and short lecture to introduce the key learning objectives and outcomes of the module then of the session and the subject.  . | 30 minutes | A. To appreciate management budgeting and reporting systems as tools for effective management of road contractor business.  B. Understand importance of the following;   1. Definition of management reports 2. Appreciation of relevance of management reports 3. Outline of sample reports |
| Group discussions | Group activity (All)   1. Discuss the relevance and challenges of regular reporting in micro construction firms. 2. What reports and information are expected at the site office on a day to day basis. 3. Suggest reports that would be relevant for Munaku on a monthly basis 4. Assuming 10kms have been constructed in the first six months given the actuals, outline issues to appear in management reporting and for what purpose. | 30 minutes | 1. Types of reports required 2. Who is responsible for creation of reports 3. Role of reports appreciated |
| Group presentations to plenary | Group Presentations and facilitators’ overall comments and direction. | 40 minutes | Sharing of experiences;  flip charts presentation and comments made. |
| Wrap up and action points | Facilitator wrap up the discussions emphasizing the reporting challenges to road contractors | 10 minutes | Action lines and summary of issues and way forward. |
| Training aid | Case study, PowerPoint presentation, flip chart presentations, handout. |  |  |

**SESSION TWO: INTRODUCTION TO BUDGETS (2 HRS)**

Training objectives: To enable trainees to prepare budgets from business plans.

Training outcome: By the end of the session trainees will be able to derive budgets from business plans and relate them to performance and be able to prepare control and periodic budgets.

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| **Activity** | **Methodology** | **Time** | **Results** |
| Recap of business planning work and introductory module one session six | Question to trainees of what problems they encounter in preparing and using budgets | 5 minutes | Record of challenges of budget preparation and use. |
| Lecture on key issues and session content | PowerPoint presentation and flip chart | 30 minutes | 1. What a budget is 2. Relating budgets to business plans 3. Budget formats for materials, labour, machinery. 4. Cash budget |
| Group activity | Using the data in the case study (Appendix V)   1. Develop a budget of the contract for six months 2. Develop a cash budget for the contract for the same period | 30 minutes | Participants relate the case study to keys session issues and identify challenges in budgeting process |
| Group presentations to plenary | * Each group presents their findings. * Facilitators give overall comment and direction | 30 minutes | Detailed understanding of budget issues. |
| Wrap up and action points | Facilitators wrap up the discussions emphasizing the challenges of preparing budgets | 5 minutes | Summary of issues and way forward. |

**SESSION THREE: BUDGET CONTROL AND MANAGEMENT (2HRS)**

Training objective: To enable trainees to use the budget as a control tool.

Training outcome: Trainees will be able to compare budgeted to actual performance and derive and interpret cost variances.

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| **Activity** | **Methodology** | **Duration** | **Results** |
| Introduction of session objectives and purpose | PowerPoint presentation | 5 | Initial appreciation of budget control and management. |
| Lecture on key issues. | PowerPoint presentation and flip chart | 30 minutes | 1. Comparing performance and budgets 2. Variance analysis,   Variance responsibility and corrective action. |
| Group discussions | Participants break into groups and discuss the following Questions;   1. Using the budget developed from the previous session and the actual performance provided, find out the causes of cost variances and suggest persons responsible. 2. Develop a simple control budget for Munaku 3. Use the control budget to propose a budget for 5kms of road done. | 30 minutes | Variance analysis and corrective action |
| Group presentations to plenary | 1. Brief discussions are made on each presentation 2. Facilitators give overall comment and direction | 50 minutes | Anchoring of variance analysis and interpretation skills |
| Wrap up and action points | Facilitator wraps up the discussions emphasizing the challenges to road contractors in an uncertain business environment. | 10 minutes | Summary of issues and way forward. |

**SESSION FOUR: REVENUE BUDGET CONTROL AND MANAGEMENT (2HRS)**

**Training objectives: To enable trainees make a revenue budget and to determine and analyze revenue variances.**

**Training outcome:** By the end of the session trainees will be able to develop a forecasted revenue budget and to analyze and discuss revenue variances and how they relate to profitability and cash.

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| **Activity** | **Methodology** | **Duration** | **Results** |
| Introduction of Objectives and outcomes | PowerPoint presentation | 5 minutes | Get introduced to the topic |
| Presentation of key issues | PowerPoint presentation and flip chart | 30minutes | 1. Making revenue projections, identification of revenue variances and assigning responsibility for them |
| Group discussions | Trainees break into groups and discuss the following questions:   1. Analyze the causes of revenue variances for the provided case. 2. Identify variances that are un-controllable and controllable from the provided case and from your experience. | 30minutes | Sharing and anchoring knowledge. |
| Group presentations to plenary | * Each group presents their findings. * Facilitators give overall comment and direction | 50 minutes | 1. sharing and anchoring knowledge and skills |
| Wrap up and action points | Facilitators wrap up the discussions emphasizing the challenges of revenue management. | 5 minutes | Summary of issues and way forward. |

**SESSION FIVE: VALUE FOR MONEY AND BUSINESS PERFORMANCE (2HRS)**

**Training objective:** To relate business performance with delivery of value for money.

**Training outcome:** By the end of this session trainees will be familiar with value for money issues in road construction, aware of the need to develop quality assurance standards and be aware of key performance indicators in road construction.

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| **Activity** | **Methodology** | **Duration** | **Results** |
| Introduction of the session objectives and outcomes | PowerPoint presentation | 5 | Get introduced to the topic |
| Lecture on key issues and session content | PowerPoint presentation and flip chart | 30 minutes | 1. Recap of value for money 2. Key performance indicators identified 3. Quality standards awareness |
| Group discussion and case study | Participants break into groups and discuss the following questions;   1. Identify stakeholders in road construction and state their perception of value for money 2. List tactics you can use to ensure quality control without compromising profitability; 3. Identifying quality assurance challenges in road construction and state how quality service impacts business growth; 4. Discuss advantages and disadvantages of a high quality business strategy. 5. Discuss factors that lead to compromising value for money delivery. | 30 minutes | Identification of performance standards and relating them to competition  Quality assurance strategy  VFM and client  Relate the issues to the case study |
| Group presentations to plenary | Brief discussions are made about each presentation and consensus reached.  Facilitators give overall comment and direction | 50 minutes | Sharing experiences  Display of key findings and solutions in reference to both case study and own experience |
| Wrap up and action points | Facilitators wrap up the discussions emphasizing the challenges to road contractors. | 5 minutes | Summary of issues and way forward. |

**SESSION SIX: TAX PLANNING**

**Training objective:**

**To enable trainees anticipate and include taxes in their business plans.**

**Training outcome:** By the end of the session trainees will be aware of the common taxes and how they affect their business operations. Identify the rationale for payment of taxes, analyze the impact of different taxes on profits and become aware of strategy to reduce the tax liability within the law.

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| **Activity** | **Methodology** | **Duration** | **Results** |
| Introduction of Objectives and outcomes | PowerPoint presentation | 5 minutes | General appreciation of the topic |
| Lecture on key issues and session content | PowerPoint presentation and flip chart | 30minutes | Acquired knowledge on;  a. Taxation, tax evasion  b. Knowledge of which taxes are payable and when  c. Exemptions, incentives and allowances,  d. Identification of ways to reduce tax burden |
| Group discussions | Participants break into groups and discuss the following questions;   1. Justify the payment of taxes in Uganda and discuss the implications of not paying taxes for a road construction company; 2. List the requirements for tax clearance when bidding and evaluate them 3. Identifying the different taxes and indicate how they affect your business operations 4. Which are the allowable deductions for income tax purposes? List any incentives available to road contractors. 5. State ways in which you may reduce your tax liability. | 30 minutes | Sharing and deepening knowledge on taxation matters |
| Group presentations to plenary | Presentation and comments from facilitators | 50 minutes | Deepening of taxation knowledge |
| Wrap up and action points | Facilitators wrap up the discussions  Course evaluation | 5 minutes | Summary of issues and way forward. |