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| Title: | | **Understanding costs and budgets in an organisation** | | |
| Level: | | **3** | | |
| Credit value: | | **1** | | |
| Unit guided learning hours | | **7** | | |
| Learning outcomes (the learner will) | | | Assessment criteria (the learner can) | |
| 1. Understand budgets within an organisation | | | 1.1  1.2  1.3  1.4 | Explain the importance of agreeing to a budget and operating within it  Describe the process by which a budget is agreed in an organisation  Explain the process of gathering information to be used for the determination and/or revision of budgets  Describe a method to monitor variance between actual and budgeted performance |
| 1. Understand costs within an organisation | | | 2.1  2.2  2.3  2.4  2.5 | Explain fixed and variable costs in relation to the organisation  Explain the concept of break even in relation to the organisation  Explain the purpose and nature of basic cost statements  Explain the value of standard costing and its role as a control mechanism  Describe mechanisms in the organisation to maintain control of costs |
| **Additional information about the unit** | | |  | |
| Unit purpose and aim(s) | | | To develop knowledge and understanding of costs and budgets in an organisation as required by a practising or potential first line manager. | |
| Details of the relationship between the unit and relevant national occupational standards or professional standards or curricula (if appropriate) | | | Links to Management & Leadership 2008 NOS: E1 | |
| Assessment requirements or guidance specified by a sector or regulatory body (if appropriate) | | |  | |
| Support for the unit from a sector skills council or other appropriate body (if required) | | | Council for Administration (CfA) | |
| Equivalencies agreed for the unit (if required) | | | M3.27 - Working with costs and budgets | |
| Location of the unit within the subject/sector classification system | | | 15.3 – Business Management | |
| **Additional Guidance about the Unit** | | | | |
| **Indicative Content:** | | | | |
| 1 | * The nature and purpose of budgets, and the advantages of budgetary control * Methods to monitor variance of actual performance against budget * Causes of variance, their significance and ways of reducing adverse effects * How to gather information for use in determining and/or revising budgets | | | |
| 2 | * Definition of fixed and variable costs; concept of break even, especially in relation to own organisation * The purpose and nature of basic cost statements; use of standard costs * Role of the manager in cost control * Mechanisms to maintain control of costs, and how to select the optimum method | | | |