

Costs and Revenues

Mapping of your evidence to outcomes and criteria

Title (and reference number)		Principles of Costing (K)			
Level 3					
Learning outcomes – learners will:		Assessment criteria – learners can:		Your evidence*	Assessor (tick)
1	Demonstrate an understanding of the role of costing within the organisation.	1.1	Explain the purpose of internal reporting and providing accurate information to management in terms of decision making, planning and control.		
		1.2	Explain the relationship between the various costing and accounting systems within an organisation.		
		1.3	Identify the responsibility centres, cost centres, profit centres and investment centres within an organisation.		
		1.4	Explain the characteristics of different types of cost classifications and their use in costing.		
2	Advise on the most appropriate costing methods to use within an organisation.	2.1	Identify the most appropriate methods of stock control and valuation		
		2.2	Identify costs and the correct classification <ul style="list-style-type: none"> • fixed • variable • semi-variable • stepped. 		
		2.3	Identify the differences between marginal and absorption costing.		
		2.4	Identify the bases of allocating and apportioning indirect costs to cost centres		

			<ul style="list-style-type: none"> • direct • step down methods. 		
		2.5	Identify the bases used for absorption, and the reasons for their use <ul style="list-style-type: none"> • machine hours • labour hours. 		
		2.6	Identify the most appropriate costing system <ul style="list-style-type: none"> • job • batch • unit • process • service 		
		2.7	Recognise stock in its various stages <ul style="list-style-type: none"> • raw materials • part-finish goods (work in progress) • finished goods. 		
3	Understand the principles of using costing as a decision making tool.	3.1	Explain the effect of changing activity levels on unit costs.		
		3.2	Explain the principles of discounted cash flow.		
		3.3	Identify the considerations affecting short-term decision making using <ul style="list-style-type: none"> • relevant costs • break-even analysis • margin of safety • target profit • profit-volume analysis • limiting factors. 		
		3.4	Identify the considerations affecting long-term decision-making using <ul style="list-style-type: none"> • payback • discounted cash flow. 		

*You can use a number of different types of evidence to demonstrate your competence, for example a letter, excel spreadsheet, report or witness testimony. Your training provider will be able to give you guidance so it is important that you discuss it with them. As you may be referring to an individual piece of evidence more than once in your evidence summary you will need to cross reference all pieces of evidence by giving each a unique number and refer to page number, paragraph number etc. This number should be included in the evidence document name when you submit it.

Costs and Revenues

Mapping of your evidence to outcomes and criteria

Title (and reference number)		Providing Cost and Revenue Information (S)			
Level 3					
Learning outcomes – learners will:		Assessment criteria – learners can:		Your evidence*	Assessor (tick)
1	Record and analyse information relating to costs.	1.1	Record and analyse costs in accordance with the organisation's costing procedures.		
		1.2	Analyse cost information for materials, labour and expenses.		
2	Apportion costs according to organisational requirements.	2.1	Attribute overhead costs to production and service cost centres in accordance with agreed bases of allocation and apportionment.		
		2.2	Calculate overhead absorption rates in accordance with agreed bases of absorption.		
		2.3	Make adjustments for under and over recovered overhead costs in accordance with established procedures.		
		2.4	Review methods of allocation, apportionment and absorption at regular intervals and implement agreed changes to methods.		
		2.5	Communicate with relevant staff to resolve any queries in overhead cost data.		
3	Correctly identify any significant deviations and report these to management.	3.1	Compare budget costs with actual costs and note any variances.		

		3.2	Analyse variances accurately and prepare relevant reports for management.	
		3.3	Inform budget holders and other managers of any significant variances; making valid suggestions for remedial action.	
		3.4	Prepare estimates of future income and costs for decision making.	
		3.5	Prepare reports in an appropriate format and present these to management within the required timescales.	

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