

Existing NVQ standards for units 8,9 (Management Accounting)



AAT Unit 33 for the Diploma Pathway: Management Accounting

**MAPPING OF EXISTING NVQ STANDARDS FOR UNITS 8
AND 9 AGAINST THE PROPOSED UNIT 33**

February 2005

Existing NVQ standards for units 8,9 (Management Accounting)

Unit 8 Contributing to the Management of Performance and the Enhancement of Value

Elements contained within this unit are:

Element 8.1 Collect, analyse and disseminate information about costs

Element 8.2 Monitor performance and make recommendations to enhance value

Knowledge and Understanding

	Mapped to Unit 33 Knowledge and Understanding
<i>The business environment</i>	
1 External sources of information on costs and prices: government statistics, trade associations, financial press, quotations, price lists (Elements 8.1 and 8.2)	1.External sources of information on costs, prices, demand and availability of resources (Elements 1,2 and 3)
2 General economic environment (Elements 8.1 and 8.2)	2 General economic environment (Elements 1,2 and 3)
<i>Accounting techniques</i>	
3 Basic statistical methods: index numbers; sampling techniques; time series analysis (moving averages, linear regression and seasonal trends) (Element 8.1)	3 Basic statistical methods: index numbers; sampling techniques; time series analysis (moving averages, linear regression and seasonal trends); the limitations of published statistics (Elements 1 and 2) Unit 33 adds in here the limitations of published statistics, which maps to 8.1 k and u 10
4 Use of relevant computer packages (Elements 8.1 and 8.2)	4 Use of relevant computer packages (Elements 1,2 and 3)
5 Methods of presenting information in graphical, diagrammatic and tabular form (Element 8.1)	8 Methods of presenting information that satisfy the needs of different users (Elements 1 and 2)
6 Performance indicators: efficiency, effectiveness, productivity; balanced scorecard, benchmarking; unit costs; control ratios (efficiency, capacity and activity), scenario planning ('what-if' analysis) (Element 8.2)	10 Performance indicators: efficiency, effectiveness, productivity; balanced scorecard, benchmarking; unit costs; control ratios (efficiency, capacity and activity), scenario planning ('what-if' analysis) (Element 3)
7 Standard costing (Element 8.1)	9 Standard costing and variance analysis (Elements 1 and 2)

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	Mapped to Unit 33 Knowledge and Understanding
	Explicitly specifies variance analysis
<i>Accounting principles and theory</i>	
8 Marginal and absorption costing: cost recording, cost reporting, cost behaviour (Elements 8.1 and 8.2)	11 Marginal and absorption costing: cost recording, cost reporting and cost behaviour (Elements 1,2 and 3)
9 Cost management: life cycle costing; target costing (including value engineering); activity based costing; principles of Total Quality Management (including cost of quality) (Element 8.2)	12 Cost management: life cycle costing; target costing (including value engineering); activity based costing; principles of Total Quality Management (including cost of quality) (Elements 1,2 and 3)
10 The use and limitation of published statistics (Element 8.1)	(See note above (8.1 k and u 3))
11 Effect of accounting controls on behaviour of managers and other employees (Elements 8.1 and 8.2)	13 Effect of accounting controls on the behaviour and motivation of managers and other employees (Elements 1,2 and 3) Unit 33 adds in motivational aspects
<i>The organisation</i>	
12 How the accounting systems of an organisation are affected by its organisational structure, its administrative systems and procedures and the nature of its business transactions (Elements 8.1 and 8.2)	16 How the accounting systems of an organisation are affected by its organisational structure, its administrative systems and procedures and the nature of its business transactions (Elements 1,2 and 3)
13 The organisation's external environment and specific external costs (Element 8.1)	17 The organisation's external environment (Elements 1,2 and 3) Specific external costs are no longer explicitly included in unit 33
14 The contribution of functional specialists in an organisation (e.g. marketing, design, engineering, quality control, etc.) to cost reduction and value enhancement (Element 8.2)	18 The contribution of functional specialists in an organisation (e.g. marketing, design, engineering, quality control, etc.) to cost reduction and value enhancement (Elements 1 and 3)

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Element 8.1: Collect, analyse and disseminate information about costs

Performance Criteria

	Mapped to Unit 33 Performance Criteria
A Identify valid, relevant information from internal and external sources	33.1 A Identify relevant data for preparing forecasts and budgets from internal and external sources 33.2 A Identify valid, relevant information from internal and external sources Unit 33 specifies The purpose of the data to be identified
B Monitor and analyse on a regular basis current and forecast trends in prices and market conditions	Not specifically covered in unit 33*
C Compare trends with previous experience and identify potential implications	Not specifically covered in unit 33*
D Compare standard costs with actual costs and analyse any variances	33.2 B Compare standard costs with actual costs and analyse any variances
E Analyse the effect of organisational accounting policies on reported costs	33.2 C Analyse the effect of organisational accounting policies on reported costs
F Consult relevant staff in the organisation about the analysis of trends and variances	33.2 D Consult relevant staff in the organisation about the analysis of variances Unit 33 removes the emphasis on trends
G Present reports to management that summarize data, present information using appropriate methods and highlight significant trends	33.2 E Present reports to management in an appropriate format that highlight significant variances Change of emphasis from presenting information on trends to reporting on significant variances

* Covered in unit 6

Element 8.1: Collect, analyse and disseminate information about costs

Range Statements

	Mapped to Unit 33 Range Statement
Information:	
<ul style="list-style-type: none"> Movements in prices charged by suppliers, competitors, and providers of services 	33.1 Information about suppliers 33.1 Information about customers and markets Specific emphasis on prices charged changed to wider generic information
<ul style="list-style-type: none"> General price changes 	33.1 General economic information Specific emphasis on inflation only changed to wider general economic information
Methods of summarising data:	
<ul style="list-style-type: none"> Time series (moving averages, linear regression, seasonal variations) 	33.1 Trends 33.1 Seasonal variations Wider concept of trends introduced
<ul style="list-style-type: none"> Index numbers and sampling 	Generally covered in the concept of trends
Methods of presenting information in reports:	
<ul style="list-style-type: none"> Written analysis and explanation 	33.2 Written analysis and explanation
<ul style="list-style-type: none"> Tables 	33.3 Tables
<ul style="list-style-type: none"> Diagrams 	Diagrams removed from unit 33*
Variance analysis:	
<ul style="list-style-type: none"> Material price and usage variances 	33.2 Material price and usage variances
<ul style="list-style-type: none"> Labour rate and efficiency variances 	33.2 Labour rate and efficiency variances
<ul style="list-style-type: none"> Fixed overhead expenditure, volume, capacity and efficiency variances 	33.2 Fixed overhead expenditure, volume, capacity and efficiency variances
<ul style="list-style-type: none"> Subdivision of variances 	33.2 Sales volume and sales price variances. 33.2 Subdivision of variances
The build up of costs:	
<ul style="list-style-type: none"> Absorption costing 	33.2 Absorption costing
<ul style="list-style-type: none"> Marginal costing, 	33.2 Marginal costing
<ul style="list-style-type: none"> Activity-based costing 	33.2 Activity-based costing

* Covered in other units e.g. Work Skills

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Element 8.2 Monitor performance and make recommendations to enhance value

Performance Criteria

	Mapped to Unit 33 Performance criteria
A Analyse routine cost reports, compare them with other sources of information and identify any implications	33.3 A Analyse routine cost reports and budgets, compare them with other sources of information and identify any implications New emphasis on budgets, as well as cost reports
B Prepare and monitor relevant performance indicators, interpret the results, identify potential improvements and estimate the value of potential improvements	33.3 B Prepare and monitor relevant performance indicators, interpret the results, identify potential improvements and estimate the value of potential improvements
C Consult relevant specialists and assist in identifying ways to reduce costs and enhance value	33.3 C Consult relevant specialists and assist in identifying ways to reduce costs and enhance value
D Prepare exception reports to identify matters which require further investigation	33.3 D Prepare exception reports to identify matters which require further investigation
E Make specific recommendations to management in a clear and appropriate form	33.3 E Make specific recommendations to management in a clear and appropriate form

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Element 8.2 Monitor performance and make recommendations to enhance value

Range Statements

	Mapped to Unit 33 Management Accounting
<i>Performance indicators to measure:</i>	
<ul style="list-style-type: none"> Financial, customer, internal business, and learning and growth perspectives 	33.3 Financial, customer, internal business, and learning and growth perspectives
<ul style="list-style-type: none"> Efficiency, effectiveness and productivity 	33.3 Efficiency, effectiveness and productivity
<ul style="list-style-type: none"> Unit costs; resource utilisation 	33.3 Unit costs; resource utilization
<ul style="list-style-type: none"> Profitability 	33.3 Profitability
<ul style="list-style-type: none"> Quality of service 	33.3 Quality of service
<ul style="list-style-type: none"> Cost of quality 	33.3 Cost of quality
Recommendations:	
<ul style="list-style-type: none"> Efficiencies 	33.3 Efficiencies
<ul style="list-style-type: none"> Modifications to work processes 	33.3 Modifications to work processes
<ul style="list-style-type: none"> Benchmarking 	33.3 Benchmarking

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Unit 9 Contributing to the Planning and Control of Resources

Elements contained within this unit are:

Element 9.1 Prepare forecasts of income and expenditure

Element 9.2 Prepare draft budget proposals

Element 9.3 Monitor the performance of responsibility centres against budgets

Knowledge and Understanding

	Mapped to Unit 33 Knowledge and Understanding
<i>The business environment</i>	
1 External sources of information on costs, prices demand and availability of resources: (Elements 9.1, 9.2 and 9.3)	1 External sources of information on costs, prices demand and availability of resources Unit 8 k and u is identical to unit 9 here
2 General economic environment (Elements 9.1, 9.2 and 9.2)	General economic environment Unit 8 k and u is identical to unit 9 here
<i>Accounting techniques</i>	
3 Basic statistical methods: time series (moving averages, linear regression and seasonal variations), sampling techniques; index numbers (Element 9. 1)	3 Basic statistical methods: index numbers; sampling techniques; time series analysis (moving averages, linear regression and seasonal trends); the limitations of published statistics (Elements 1 and 2) Unit 33 adds in here the limitations of published statistics, which maps to 8.1 k and u 10 Unit 8 k and u is identical to unit 9 here
4 Use of relevant computer packages (Element 9.1, 9.2 and 9.3)	4 Use of relevant computer packages (Elements 1,2 and 3) Unit 8 k and u is identical to unit 9 here
5 Development of production, resource and revenue budgets from forecast sales data	5 Development of production, resource and revenue budgets from forecast sales data (Element 1)
6 Co-ordination of the budget system (Elements 9.2 & 9.3)	Budgets for control, planning and co-ordination (Elements 1 and 2)
7 The effect of capacity constraints, other production constraints and sales constraints on budgets; limiting (key or budget) factor (Elements 9.2 & 9.3)	7 The effect of capacity constraints, other production constraints and sales constraints on budgets; limiting (key or budget) factor (Element 1)
8 Budgets for control: flexible budgets, marginal costing	Budgets for control, planning and co-ordination (Elements 1 and 2)

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	Mapped to Unit 33 Knowledge and Understanding
	Removal of marginal costing from this section
9 The effect of budgetary systems on the behaviour and motivation of managers and other employees (Element 9.2)	13 The effect of budgetary systems on the behaviour and motivation of managers and other employees (Elements 1,2 and 3) Unit 8 k and u is identical to unit 9 here
10 Analysing the significance of budget variances and possible responses required by managers (Element 9.3)	9 Standard costing and variance analysis (Elements 1 and 2)
11 Presentation of budget data in a form that satisfies the differing needs of budget holders	8 Methods of presenting information that satisfy the needs of different users (Elements 1 and 2)
Accounting principles and theory	
12 Marginal and absorption costing: cost recording, cost reporting, cost behaviour (Elements 9.2	11 Marginal and absorption costing: cost recording, cost reporting and cost behaviour (Elements 1,2 and 3) Unit 8 k and u is identical to unit 9 here
13 Uses of budgetary control: planning, co-ordinating, authorising, cost control (Elements 9.1, 9.2 & 9.3)	7 Budgets for control, planning and co-ordination (Elements 1 and 2)
14 Relationship between budgets, forecasts and planning and product-life cycles (Elements 9.1, 9.2 & 9.3)	14 The relationship between long term plans, product life cycles and budgets
15 Different types of budgets: budgets for income and expenditure; resource budgets (production, material, labour and other resource budgets); capital budgets (Elements 9.2 & 9.3)	Not specified in unit 33, but can expect this to be examined as part of the generic subject of budgets
The organisation	
16 How the accounting systems of an organisation are affected by its organisational structure, its administrative systems and procedures and the nature of its business transactions (Elements 9.1, 9.2 & 9.3)	16 How the accounting systems of an organisation are affected by its organisational structure, its administrative systems and procedures and the nature of its business transactions (Elements 1,2 and 3) Unit 8 k and u is identical to unit 9 here
17 The structure of the organisation and its responsibility centres and an understanding of the inter-relationships between departments and functions is required (Elements 9.1, 9.2 & 9.3)	18 The structure of the organisation and its responsibility centres (expense, profit and investment centres) (Elements 1,2 and 3)
18 Responsibility centres: expense centres; profit centres; investment centres (Element 9.3)	18 The structure of the organisation and its responsibility centres (expense, profit and investment centres) (Elements 1,2 and 3)

Existing NVQ standards for units 8,9 (Management Accounting)

Element 9.1 Prepare forecasts of income and expenditure

Performance Criteria

	Mapped to Unit 33 Performance criteria
A Identify relevant data for projecting forecasts from internal and external sources	33.1 A Identify relevant data for preparing forecasts from internal and external sources Unit 8 k and u is identical to unit 9 here
B Communicate with relevant individuals and give them the opportunity to raise queries and to clarify forecasts	33.1 B Communicate with budget holders and agree draft budgets with them Change in emphasis
C Prepare forecasts in a clear format with explanations of assumptions, projections and Adjustments	33.3 C Prepare forecasts and budgets in a clear format with explanations of assumptions and projections Change in emphasis
D Review and revise the validity of forecasts in the light of any significant anticipated changes	33.3 D Review and revise the validity of forecasts in the light of any significant anticipated changes

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Element 9.1 Prepare forecasts of income and expenditure

Range Statements

	Mapped to Unit 33 Range statement
Data:	
<ul style="list-style-type: none"> Accounting information 	33.1 Accounting information
<ul style="list-style-type: none"> Wage and salary information 	33.1 Wage and salary information
<ul style="list-style-type: none"> Information about suppliers and availability of inputs 	33.1 Information about suppliers and availability of inputs Unit 8 k and u is identical to unit 9 here
<ul style="list-style-type: none"> Information about customers and markets 	33.1 Information about customers and markets Unit 8 k and u is identical to unit 9 here
<ul style="list-style-type: none"> General economic information 	33.1 General economic information Unit 8 k and u is identical to unit 9 here
Forecasts:	
<ul style="list-style-type: none"> Income 	33.1 Income Unit 8 k and u is identical to unit 9 here
<ul style="list-style-type: none"> Expenditure 	33.1 Expenditure Unit 8 k and u is identical to unit 9 here
Projections:	
<ul style="list-style-type: none"> Trends 	33.1 Trends Unit 8 k and u is identical to unit 9 here
<ul style="list-style-type: none"> Seasonal variations 	33.1 Seasonal variations Unit 8 k and u is identical to unit 9 here
<ul style="list-style-type: none"> Market research 	Not in unit 33*

*Covered within unit 6

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Element 9.2 Prepare draft budget proposals

Performance Criteria

	Mapped to Unit 33 Performance criteria
A Present to management draft budget proposals in a clear and appropriate format and on schedule	33.1 B Communicate with budget holders and agree draft budgets with them 33.1 C prepare forecasts and budgets in a clear format with explanations of assumptions and projections Change in emphasis
B Verify that draft budget proposals are consistent with organisational objectives and include all relevant data and assumptions	Not specified in unit 33, but can expect this to be examined as part of the generic subject of budgets
C Break down budgets into periods appropriate to the organization	Not specified in unit 33, but can expect this to be examined as part of the generic subject of budgets
D Communicate with budget holders in a manner which maintains goodwill and ensure budget proposals are agreed with budget holders	Not specified in unit 33, but can expect this to be examined as part of the generic subject of budgets

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Element 9.2 Prepare draft budget proposals

Range Statements

	Mapped to Unit 33 Range Statement
<i>Types of budgets</i>	
Budgets for income and expenditure	33.1 Forecasts and budgets for: Income; Expenditure Emphasis now on forecasts as well as budgets
Resource budgets (production budget, material budget, labour budget fixed overhead budget)	33.1 Forecasts and budgets for: Resource budgets (production budget, material budget, labour budget fixed overhead budget) Emphasis now on forecasts as well as budgets
Capital budgets	33.1 Forecasts and budgets for: Capital budgets Emphasis now on forecasts as well budgets
Data:	
Accounting information	33.1 Accounting information
Wage and salary information	33.1 Wage and salary information
Market information	33.1 Information about customers and markets Unit 33 now specifies information about customers
General economic information	33.1 General economic information
Strategic plans	Not specified in unit 33

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Element 9.3 Monitor the performance of responsibility centres against budgets

Performance Criteria

	Mapped to Unit 33 Management Accounting
A Check and reconcile budget figures on an ongoing basis	Not specified in unit 33
B Correctly code and allocate actual cost and revenue data to responsibility centres	Not specified in unit 33
C Clearly and correctly identify variances and prepare relevant reports for management	33.2 Consult relevant staff in the organization about the analysis of variances Change in emphasis
D Discuss with budget holders and other managers any significant variances and help managers take remedial action	33.2 Present reports to management in an appropriate format that highlight significant variances Change in emphasis

Element 9.3 Monitor the performance of responsibility centres against budgets

Range Statements

	Mapped to Unit 33 Range Statement
Types of budgets:	
<ul style="list-style-type: none"> Budget for income and expenditure 	33.1 Forecasts and budgets for: Income; Expenditure Emphasis now on forecasts as well as budgets
<ul style="list-style-type: none"> Resource budget 	33.1 Forecasts and budgets for: Resource budgets (production budget, material budget, labour budget fixed overhead budget 33.3 Resource budget Emphasis now on forecasts as well as budgets
<ul style="list-style-type: none"> Fixed and flexible budgets 	33.3 Fixed and flexible budgets
Responsibility centres:	33.1 Responsibility centres (expense, profit and investment centres) Unit 33 adds in investment centres
<ul style="list-style-type: none"> Expense centres 	”
<ul style="list-style-type: none"> Profit centres 	”
Variances	33.2 Variance analysis Change in emphasis
<ul style="list-style-type: none"> Actual 	”
<ul style="list-style-type: none"> Potential 	”