

Financial and management control

Unit level 5

Unit code Y/650/9647

GLH 60

Credit value 30

Unit grading structure

Pass-Merit-Distinction

Unit aims

The aim of this unit is to develop the financial management skills of those who manage or seek to provide information for performance management, continuous improvement, budgetary and financial control and the management of internal risk in small and medium enterprises (SMEs) and small and medium practices (SMPs).

Learning outcomes The learner:	Assessment criteria The learner can:	Merit	Distinction
1. Understands how to improve business performance.	Pass 1. Evaluate cost reduction methods using value engineering, value analysis and life cycle costing methods. 2. Propose appropriate business performance improvements. 3. Evaluate actual business performance against business targets.	1. Assess continuous quality improvement techniques.	
2. Can prepare budgets for organisations and analyse causes of costs and sales variances.	1. Prepare sensitivity analysis and flexible budgets. 2. Apply budgetary techniques and use incremental budgeting, activity-based budgeting and zero-based budgeting. 3. Using costs and sales variances, propose appropriate improvement plans to address issues. 4. Reconcile actual contribution or profit to budgeted contribution or profit.	1. Assess the main elements of costs in standard costing.	1. Assess how limiting factors affect organizational budgets.
3. Understands internal and external factors that affect organisations.	1. Analyse the internal and external factors that materially affect organisations. 2. Analyse the different risk management processes and controls appropriate to a range of internal and external factors affecting organisations. 3. Prepare performance reports for management evaluating the financial and non-financial dimensions of the organisation.		

Indicative content

1. Understand how to improve business performance

- Target setting.
- Strategic management accounting practices, such as value engineering, value analysis and life cycle costing
- Balanced scorecard.
- Understanding of cost drivers, cost functions and cost behaviours.

2. Can prepare budgets for organisations and analyse causes of costs and sales variances

- Budgeting process.
 - Functions and administration of budgets.
 - Sales/production budgets.
 - Sensitivity analysis (What if analysis).
 - The features, organisational implications and advantages and disadvantages of different approaches to budgeting:
 - Flexible budgets
 - Incremental budgeting
 - Activity-based budgeting
 - Zero-based budgeting
 - Limits to budgeting.
 - Operation of a standard costing system.
 - Variance analysis, including the ability to suggest improvements.
 - How standards are set.
 - Reconciliation of budgeted profit to actual profit (or contribution).
 - Analysis of variances and reconciliation of budgeted and actual profit.
- ### 3. Understand internal and external factors that affect organisations
- Internal factors, for example liquidity, credit risk, operational risk.
 - External factors, for example taxes, inflation, exchange rates and interest rates.
 - Risk management processes and controls:
 - Understanding of key business risks, people risks, process risks
 - Different kinds of controls, e.g. behavioural, social and output
 - Financial controls – detective, preventative and corrective controls
 - Controls, feedback and feed forward controls
 - Advantages and disadvantages of different risk management processes and controls.
 - Performance reports
 - Collating and analysing information for financial and non-financial dimensions from a range of sources.
 - Ways to improve financial and non-financial performance and monitoring.
 - Principles and theories related to the development of budgets and forecasts.

Suggested resources

Textbooks

Bamber, M. and Parry, S. (2021), *Accounting and finance for managers a business decision making approach*, London: KoganPage

Drury, J. C. (2007) *Management and Cost Accounting*; 7th edition, Chapman and Hall

Weetman, P. (2019) *Financial and Management Accounting* (8th edition), Harlow, Pearson

Websites

Accounting Tools, Budgetary Control Definition, <https://www.accountingtools.com/articles/budgetary-control>

Finance Strategists, Budget and Budgetary Control, <https://www.financestrategists.com/accounting/management-accounting/budget-and-budgetary-control/>

My Accounting Course, What is Budgetary Control, <https://www.myaccountingcourse.com/accounting-dictionary/budgetary-control>

Videos

<https://youtube.com>

Introduction to Cost and Management Accounting, Step-by-Step Guide, Mike Werner

What is Budgeting? | Budgetary control | Advantages & Limitations of Budgeting, Educationleaves

Unit assessment

The assessment for each unit is based on the achievement of the learning outcomes at the standards set by the assessment criteria for that unit. The learner can achieve a Pass, Merit, Distinction or Fail for each unit based on the quality of the work submitted and the assessor's judgements made against the criteria provided.


The assessment is completed through the submission of internally assessed learner work which is subject to external moderation or verification.

Institute of Financial Accountants

CS111, Clerkenwell Workshops,
27-31 Clerkenwell Close, Farringdon,
London EC1R 0AT

 @INSTITUTEFA

 INSTITUTE OF FINANCIAL ACCOUNTANTS

 INSTITUTEOFFINANCIALACCOUNTANTS



INSTITUTE OF
FINANCIAL
ACCOUNTANTS®
A MEMBER OF THE IPA GROUP