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| **Business BTEC L3****Unit 13A: Section A: Explore absorption and marginal costing techniques for decision making** | **Road Map** |
| In this unit you will investigate business calculations and business performance**LG1**: Knowledge**LG2**: Application**LG3**: Skills | Assessment Grades |  |  |
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| **Themes** | **Learning Goals/Outcomes/Content** |  |  |  |
| **A1 Classification of costs and costing methods** | **LG1:** Define management and financial accounting**LG1:** Define costs: variable, semi variable, stepped, fixed**LG1:** Define cost centres and department overheadsDefine absorption and marginal costs and give their uses**LG2:** Give examples of variable, fixed and stepped costs**LG2:** Compare the job descriptions for management and financial accounting**LG3:** Use sources to select financial information |  |  |  |
| **A1 Classification of costs and costing methods** | **LG1:** Know that absorption costing includes all costs**LG2:** Allocate and absorbed overheads and calculate absorption costs |  |  |  |
| **A2 Use of costing methods** | **LG2: A.P2** Produce accurate absorption cost statements for given scenarios.**LG1:** Know that absorption costing includes all costs**LG2:** Allocate and absorbed overheads and calculate absorption costs |  |  |  |
| **A2 Use of costing methods** | **LG2: A.P2** Produce accurate marginal cost statements for given Scenarios.**LG1:** Know that marginal costing focuses on variable costs**LG1:** State non-financial issues to be considered**LG2:** Calculate marginal costs**LG2**: Use marginal coating techniques to carry out special order and make or buy decisions**LG3**: Make recommendations from costing information with consideration of non-financial issues |  |  |  |
| **A3: Analysis of costing methods** | **LG2: A.P2** Produce accurate absorption and marginal cost statements for given scenarios.**LG3: A.M1** Assess the appropriateness of absorption and marginal costing techniques used for decision making in given scenarios.**LG3: A.D1** Make justified recommendations to improve the financial performance of the business in the given Scenarios. |  |  |  |

**Links:**

In this unit you will learn about the role of cost and management accountants. You will develop an understanding of costings and how businesses use costing information to make decisions. You will start by learning about how costs are classified. You will then compare two different systems of costing (absorption and marginal) and use these to draw conclusions in different scenarios. Knowledge built in this unit will link to Unit 3: Personal and business finance where you will also be producing profit statements and looking at fixed and variable costs. It will lead onto Section B where you will be looking at how business use standard costing and then onto unit C where you will further develop your knowledge of budgeting. This unit will provide a foundation including knowledge of costs, profit and revenues which will be used throughout your course.