

You will monitor and control budgets – these may be budgets produced by others, or those you were involved in producing. This will include monitoring and control of revenue, costs, cash, working capital and capital assets. You will detect and analyse variations between budgets and actual figures and communicate your findings clearly to the appropriate people.

**TO PERFORM EFFECTIVELY YOU NEED TO:**

- identify and record actual revenue and costs on a timely basis
- compare actual figures with budget and identify and explain any differences
- ensure that forecasts are reviewed regularly to provide accurate management information
- summarise and report to management on the analysis of budgets.

Achievement of this performance objective requires consistent performance over a period of time.

**EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:**

- preparing regular variance analysis reports
- giving explanations and making recommendations based on variance analysis
- incorporating significant variances in future budget planning.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

**KEY KNOWLEDGE AND UNDERSTANDING: PERFORMANCE MEASUREMENT AND MANAGEMENT ACCOUNTING**

- Plan, monitor, and control the use of business and financial resources
- Analyse, evaluate and report on the financial performance and position of entities from internally available data and information.

**LINKED EXAM PAPERS**

Paper F2, Management Accounting

Paper F5, Performance Management

Paper P5, Advanced Performance Management.