

Title	Prepare and use budgets for an entity		
Level	4	Credits	5

Purpose	<p>People credited with this unit standard are, for an entity, able to: prepare operating, cash, and capital budgets; and identify and address budget variances.</p> <p>This unit standard is for people who are not financial specialists or experts but who need financial knowledge and skills in their workplace.</p>
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Classification	Financial Management > Financial Skills
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Available grade	Achieved
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Guidance Information

- 1 People must be assessed against this unit standard in their workplace using naturally occurring evidence, or in a realistic simulation of such a context. Competence must be demonstrated within timeframes expected in a commercial environment.
- 2 An *entity* may include but is not limited to – an entire organisation; a part of an organisation such as a cost-centre, department, or branch; a small-to-medium enterprise (SME), a community group such as a sports club.

Outcomes and performance criteria

Outcome 1

Prepare operating budgets for an entity.

Performance criteria

1.1 Available budget policies, guidelines, timeframes, procedures, and long-range plans are identified to inform budget preparation.

1.2 Data is gathered and validated.

Range historical data, projected data.

1.3 Internal and external factors are identified which may impact on the budget.

Range internal and external factors – political, economic, social, technological, environmental (PESTE); identification may be by – SWOT analysis, market analysis, PESTE analysis.

1.4 Budgets are prepared consistent with gathered data.

Range budgets – income, expenditure.

Outcome 2

Prepare cash budgets for an entity.

Performance criteria

2.1 Cash budgets are prepared in accordance with the predicted cash-flow needs of operating and capital budgets.

2.2 Deficiencies and surpluses in cash-flows are identified and options for dealing with them are recommended.

Outcome 3

Prepare capital budgets for an entity.

Performance criteria

3.1 Capital budgets identify the costs of proposed capital investment.

Range one of – acquiring new capital assets, developing new products, expanding services.

3.2 Capital budgets are linked to capital investment decisions as identified in long-range plans.

Outcome 4

Identify and address budget variances for an entity.

Range one of – operating budget, cash budget, capital budget.

Performance criteria

4.1 Purpose of the budget is explained in terms of its benefit to the entity.

Range purpose – planning, control, review.

4.2 Variances between budgeted and actual results are identified.

Range regularly during budget period, at end of period.

- 4.3 Corrective actions are recommended that address causes of variances that may significantly affect the entity.

Replacement information	This unit standard replaced unit standard 1857.
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This unit standard is expiring. Assessment against the standard must take place by the last date for assessment set out below.

Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Registration	1	21 May 2010	31 December 2016
Rollover	2	18 April 2013	31 December 2020
Rollover and Revision	3	17 September 2015	31 December 2022
Rollover and Revision	3	11 March 2016	31 December 2022
Review	4	10 December 2020	31 December 2022

Consent and Moderation Requirements (CMR) reference	0113
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This CMR can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.