

<b>Title</b>	<b>Demonstrate and apply knowledge of costing for an activity within an entity</b>		
<b>Level</b>	<b>5</b>	<b>Credits</b>	<b>6</b>

<b>Purpose</b>	<p>People credited with this unit standard are able to, for an activity within an entity: explain and classify costs; determine and allocate costs; and make recommendations based on cost information.</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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<b>Classification</b>	Financial Management > Financial Skills
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<b>Available grade</b>	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.
- 3 *Activity* may include but is not limited to – manufacturing, retail, event, service provision. The activity must be suitable to enable the demonstration and application of knowledge to meet the criteria for level 5 in the NQF Levels Descriptors, available at <http://www.nzqa.govt.nz/framework/levels.html>.

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### Outcomes and performance criteria

#### Outcome 1

Explain and classify costs for an activity within an entity.

#### Performance criteria

- 1.1 Costs are classified in relation to the activity.

Range	costs, as relevant to the activity – direct, indirect, fixed, variable, product, period, overhead; evidence is required for four costs.
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- 1.2 Costing terms are explained in terms of the activity.  
Range break-even point, variable, fixed, direct, indirect.
- 1.3 Cost sources are described in terms of their effect on the activity.  
Range cost sources, as relevant to the activity – labour, materials, overheads, capital, depreciation;  
evidence is required for four cost sources.
- 1.4 Costing methods are described in terms of whether or not they are suitable for the activity.  
Range historical, unit, standard, zero-based, job, process;  
evidence is required for at least three methods, including the cost method used for the activity.

## Outcome 2

Determine and allocate costs for an activity within an entity.

### Performance criteria

- 2.1 Direct and indirect resource costs are determined and allocated for the activity.  
Range resources – plant, materials, human.
- 2.2 Indirect operational costs are determined and allocated for the activity.  
Range operational costs may include but are not limited to – consumables, machinery, maintenance, capital;  
evidence is required for two operational costs.
- 2.3 Overhead costs are determined and allocated for the activity.  
Range costs – management, sales and marketing, administration, compliance;  
allocation options may include but are not limited to – materials, labour, overheads, work in progress, completed jobs.

## Outcome 3

Make recommendations for an activity within an entity, based on cost information.

- Range the activity and/or the cost information may be those from outcome 2;  
recommendations will address at least two of – planning, quotations, estimates, pricing, capital investment, production, make/buy, cost-control.

**Performance criteria**

- 3.1 The recommendations are justified in terms of the activity’s purpose.
- 3.2 The recommendations are justified in terms of the cost information.

<b>Replacement information</b>	This unit standard replaced unit standard 1858 and unit standard 6409.
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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 and Revision	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

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