## SKILLS FRAMEWORK FOR ACCOUNTANCY
### TECHNICAL SKILLS AND COMPETENCIES (TSC) REFERENCE DOCUMENT

<table>
<thead>
<tr>
<th>TSC Category</th>
<th>Management Accounting</th>
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<tbody>
<tr>
<td><strong>TSC</strong></td>
<td>Cost Management</td>
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<tr>
<td><strong>TSC Description</strong></td>
<td>Analyse, plan and manage costs for cost efficiency and expense reduction</td>
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### TSC Proficiency Description

<table>
<thead>
<tr>
<th>TSC Proficiency Description</th>
<th>Level 1</th>
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<tbody>
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**Knowledge**
- Types of cost
- Methods of profit reporting and inventory valuation
- Product and service costing using activity-based costing system

**Abilities**
- Types of costs
- Standard costing methods including the reconciliation of budgeted and actual profit margins
- Planning and operational variances
- Material and labour costs
- Variable and fixed overheads
- Sales variances
- Planning and operational variances
- Organisation’s costs locally, regionally and globally
- Variance analysis
- Standard costing and its use in the contemporary business environment
- Impact of just-in-time (JIT) manufacturing methods on cost accounting quality costing and environmental costing
- Organisation’s costs locally, regionally and globally

**Knowledge**
- Apply cost accounting and techniques to analyse and manage cost
- Determine cost and profit variances using costing methods
- Analyse variances through application of costing methods
- Drive cost efficiency and expense reduction

**Abilities**
- Apply marginal and absorption costing methods in respect of profit reporting and inventory valuation
- Compare and contrast activity based costing with traditional marginal and absorption costing methods.
- Apply standard costing methods including the reconciliation of budgeted and actual profit margins.
- Distinguish between planning and operational variances.
- Conduct variance analysis for direct material costs
- Conduct variance analysis for labour costs
- Conduct variance analysis for variable and fixed overheads
- Interpret variances and understand the interrelationship between variances
- Articulate the advantages and disadvantages of standard costing in various sectors and its appropriateness in the contemporary business environment.
- Explain the impact of just-in-time (JIT) production on cost accounting and performance measurement systems.
- Discuss the role of quality costing as a part of total quality management (TQM) system.
- Explain the role of environmental costing as part of an environmental management system
- Guide finance teams to identify areas for cost and expense reduction