

# Checklist

## What you should know

By the end of this subtopic, you should be able to:

- define the following terms: (AO1)
  - budget
  - profit centres
  - cost centres
  - variance analysis
  - favourable variance
  - adverse variance
- distinguish between cost centres and profit centres (AO2)
- explain the roles of cost centres and profit centres (AO2)
- explain and construct a budget (AO2, AO4)
- explain and calculate variances (AO2, AO4)
- explain the importance of budgets and variances in decision-making (AO2)