

Level 3 Certificate in Advanced Business Calculations



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Qualifications from EDI

Syllabus

Effective from 2001

INTRODUCTION

EDI is a leading international awarding body that was formed through the merger of the London Chamber of Commerce and Industry Examinations Board (LCCI) and GOAL a leading online assessment provider. EDI now delivers LCCI International Qualifications (LCCI IQ) through a network of over 5000 registered centres in more than 120 countries worldwide. Our range of business-related qualifications are trusted and valued by employers worldwide and recognised by universities and professional bodies.

Level 3 certificate in Advanced Business Calculations

Aims

The aims of this syllabus are to enable candidates to develop:

- A broad knowledge and understanding of advanced business calculations in relation to simple and compound interest, stock exchanges, business ownership, profitability and liquidity, investment appraisal, bankruptcy, depreciation of business assets and index numbers
- The ability to apply this knowledge and understanding in a business situation
- A knowledge and understanding of related terminology

Target Audience and Candidate Progression

This qualification is intended for candidates who have already passed the LCCI IQ Business Calculations Level 2 or equivalent.

It is specifically designed for persons intending to perform a range of advanced business calculations within a business environment.

It provides a suitable mathematical preparation for the LCCI IQ Level 4 examination, Cost Accounting and Quantitative Methods.

Taken with other LCCI IQ business courses, it provides a suitable preparation for candidates intending to work at an advanced level in a business environment.

The syllabus is also suitable for the student with a general interest in the subject.

Level of English Required

Candidates should have a standard of English equivalent to LCCI IQ English for Business Level 2, together with a standard knowledge of mathematical English equivalent to that used in LCCI IQ Business Calculations Level 2.

Structure of the Qualification

The level 3 Certificate in Business Calculations is a single unit qualification that consists of the range of topics detailed below.

- 1 Simple and compound interest
- 2 Stock exchanges
- 3 Business ownership
- 4 Profitability and liquidity
- 5 Investment appraisal
- 6 Bankruptcy
- 7 Depreciation of business assets
- 8 Index numbers

Guided Learning Hours

EDI recommends that 140 - 160 Guided Learning Hours (GLHs) provide a suitable course duration for an "average" candidate at this level. This figure includes direct contact hours as well as other time when candidates' work is being supervised by teachers. Ultimately, however, it is the responsibility of training centres to determine the appropriate course duration based on their candidates' ability and level of existing knowledge. EDI experience indicates that the number of GLHs can vary significantly from one training centre to another.

ASSESSMENT

Assessment Objectives

After successfully completing this examination candidates will be able to:

- Calculate simple and compound interest in business situations over periods measured in days, months, or years, including the use of the appropriate formulae
- Perform standard business calculations involving shares, debentures, stocks and unit trusts
- Perform standard business calculations involving revenue and costs, trading and profit and loss accounts, balance sheets, and including break-even analysis
- Perform standard business calculations involving the more common ratios used to assess profitability and liquidity
- Perform standard investment appraisal involving payback, average rate of return, internal rate of return, and net present value
- Perform standard bankruptcy calculations involving assets and liabilities, secured and unsecured creditors, and dividends
- Perform standard calculations of the depreciation of business assets involving the equal installment method and the diminishing balance method
- Perform calculations of index numbers involving basic indices relative to price and to quantity, including a change in the base year
- Use and understand appropriate mathematical and business terminology

Coverage of syllabus topics in examinations

Each examination will be broadly representative of the balance of topics in the detailed syllabus. Some flexibility is appropriate in order to provide a suitable variety of questions and business contexts, and to maintain an appropriate balance of difficulty.

Each examination will include topics from most or all sections of the syllabus. A single question may relate to a single section of the syllabus, or to more than one section.

Important Note

The topics listed in the extended syllabus for Level 1 Commercial Calculations and Level 2 Business Calculations are also examinable in Level 3 Advanced Business Calculations examinations.

Examination format

- The time allowance for the examination is 3 hours
- Questions will normally be set within an appropriate business context
- Candidates will be required to answer all 8 questions

Candidate Answer Guidance

Marks are awarded for correct working as well as for correct answers and for an appropriate level of accuracy. Where a correct answer is seen, without working, a candidate will normally be given full marks for that section. However, where a question asks for a specific method, then that method must be used and shown, otherwise the candidate will normally receive no marks for that section. Candidates are advised that it is normally to their advantage to show all working.

Candidates who make an error at an early stage in a question will be given credit for later work if it involves a correct method, appropriate to the question.

Candidate Performance Measurement

Questions will not necessarily carry equal marks. Questions of different difficulty or different length will normally carry different marks.

Marks will be awarded for the appropriateness of the method used as well as for the accuracy of the answer.

Marks will not normally be reserved for appropriate use of English, correct use of grammar, for a specific format of answer, or for presentation, except where specifically stated in the question (such as asking for the answer in a particular format). Candidates should, however, be aware of the need for clear, intelligible and unambiguous answers. An answer must be comprehensible in order to gain marks.

Certification

Successful candidates will be awarded the level 2 Certificate in Advanced Business Calculations based on the achievement of the percentages and grades below.

Pass	50%
Merit	60%
Distinction	75%

Recommended Reading List and Support Material

Reading List

Title	Author(s)	Publisher	ISBN Code
Quantitative Methods	D Friend	Longman	0582 22969 6 X
Accounting for Non-Accounting Students (4th edition)	J R Dyson	Pitmans	0273 625756
Accounting in a Business Context	Aidan Berry & Robin Jarvis	Pitmans	0993 611052

Support Material

Model answers and past question papers as well as Annual Qualification Reviews (AQR's) are available from the LCCI website, www.lcci.org.uk

How To Offer This Qualification

To offer this qualification you must be an LCCI IQ registered examination centre. To gain centre approval please contact Customer Support on 08700 818008 between the hours of 0830 and 1700 (GMT) Monday to Friday or by email on centresupport@ediplc.com. Alternatively you may contact your Regional LCCI Office or Co-ordinating Authority.

Syllabus Topic

Items Covered

1 Simple and compound interest

1.1 Terminology

Candidates must be able to:

a) Understand the terms: principal, rate of interest, time period, loan, overdraft, investor, borrower, drawer, drawee, acceptor, negotiable instrument, endorsement, banker's discount, maturity, face value, tender, at par, redemption, hire purchase terms, deposit, instalment payment, balance owing, present value

1.2 Simple interest

b) Calculate the amount of simple interest on a sum borrowed or deposited for:

- (i) a single year
- (ii) a number of years
- (iii) a number of months
- (iv) a number of days
- (v) a combination of the above, which may involve a fractional or decimal form

c) Calculate simple interest, using the formula:

$$\text{Interest} = \frac{\text{Principal} \times \text{Rate}(\text{percent}) \times \text{Number of years}}{100}$$

$$I = \frac{PRN}{100}$$

d) Use a rearranged formula to calculate:

(i) rate of interest: $R = \frac{100I}{PN}$

(ii) principal borrowed or deposited:
 $P = \frac{100I}{RN}$

(iii) the number of years for which the principal was borrowed or deposited:

$$N = \frac{100I}{PR}$$

e) Use the formula to calculate:

(i) the rate of interest charged for discounting a bill of exchange
(ii) the present value of a bill of exchange

(iii) the amount of interest payable on a discounted bill of exchange

- (iv) the amount of interest payable on a treasury bill before redemption
 - (v) the amount of interest charged on a hire purchase transaction
 - (vi) the rate of interest charged on a hire purchase transaction
- f) Use the 'products method' to calculate the amount of simple interest:
- (i) Payable to the holder of a bank account
 - (ii) Payable by the holder of a bank account
- g) Calculate the final balance figure on a bank account

1.3 Compound interest

- a) Calculate the amount of compound Interest on a sum deposited or borrowed for:
- (i) a single year
 - (ii) a number of years
 - (iii) a number of months
 - (iv) a number of days
 - (v) a combination of the above, which may involve a fractional or decimal form

- b) Calculate compound interest, using the formula:

Amount = Principal

$$\left(1 + \frac{\text{Rate of interest}}{100}\right)^{\text{Number of years}}$$

$$A = P \left(1 + \frac{R}{100}\right)^N$$

- c) Use the compound interest formula to calculate:
- (i) appreciation in value of property
 - (ii) an increase in a sum deposited in an interest bearing account
 - (iii) an increase in a sum borrowed
 - (iv) an increase in the value of an investment

- d) Compare amounts of compound interest and simple interest on a sum borrowed or deposited
- e) Compare an appreciation in value of property at compound interest with the cost of a loan at simple interest to purchase the property
- f) Use the rearranged compound interest formula to calculate:

- (i) The present value (P) of an investment

$$P = \frac{A}{\left(1 + \frac{R}{100}\right)^N}$$

- (ii) The rate of interest (R) using $\left(1 + \frac{R}{100}\right)^N = \frac{A}{P}$

2 Stock exchanges

2.1 Terminology

Candidates must be able to:

- a) Understand the terms: issued capital, ordinary shares, preference shares, par (or nominal) value, market value, share dividend, percentage yield, debenture, interest rate, stock, unit price, bid and offer prices, commission charge, investor's income

2.2 Company shares

- b) Calculate the value of a purchase and/or a sale of shares
- c) Calculate commission costs in the purchase and sale of shares
- d) Calculate profits or losses from the purchase and sale of shares
- e) Calculate dividend payments on shares
- f) Calculate the percentage yield on an investment in shares

2.3 Debentures

- a) Calculate the value of a purchase and/or a sale of debentures
- b) Calculate the interest/payment on debentures

- c) Calculate the profit remaining for shareholders after payment of interest on debentures
- d) Calculate the percentage yield on an investment in debentures

2.4 Stocks

- a) Calculate the value of a purchase and/or a sale of stock
- b) Calculate commission costs in the purchase and sale of stock
- c) Calculate interest payments on stock
- d) Calculate profits or losses from the purchase and sale of stock
- e) Calculate the percentage yield on an investment in stock

2.5 Unit trusts

- a) Calculate the value of a purchase and/or a sale of units
- b) Calculate commission charges in the purchase and sale of units
- c) Calculate the profits or losses from the purchase and sale of units
- d) Calculate dividend payments on units
- e) Calculate the percentage yield on an investment in units

3 Business ownership

3.1 Terminology

Candidates must be able to:

- a) Understand the terms: sole trader, partnership, limited company, fixed costs, variable costs, total costs, cost price, selling price, opening stock, closing stock, average stock, cost of stock sold (cost of sales or cost of goods sold), gross profit or loss, net profit or loss, revenue break-even point, overhead expenses, turnover, fixed assets, current assets, amounts due after more than 1 year (long term liabilities), amounts due within 1 year, (current liabilities), capital invested, net worth

3.2 Revenue and costs

- a) Calculate fixed costs
- b) Calculate variable costs
- c) Calculate total costs
- d) Interpret a figure for total costs
- e) Calculate sales revenue

3.3 Break-even analysis

- a) Draw and interpret a break-even chart
- b) Use a break-even chart to estimate:
 - (i) A break-even point
 - (ii) The level of output which yields a specific level of profit
 - (iii) The profit or loss at a specific level of output
- c) Calculate a break-even point
- d) Calculate the level of output which yields a specific level of profit
- e) Calculate the profit or loss at a specific level of output
- f) Calculate the contribution per unit

3.4 Trading and profit and loss accounts

- a) Calculate average stock
- b) Calculate cost of stock sold
- c) Calculate gross profit
- d) Calculate overhead expenses
- e) Calculate net profit

3.5 Balance sheets

- a) Calculate fixed assets
- b) Calculate current assets
- c) Calculate amounts due after more than 1 year (long term liabilities)
- d) Calculate amounts due within 1 year (current liabilities)
- e) Calculate total assets and total Liabilities

- f) Calculate capital
 - (i) At the start of a year
 - (ii) At the end of a year
- g) Calculate net worth

4 Profitability and liquidity

4.1 Terminology

Candidates must be able to:

- a) Understand the terms: ratio, turnover, working capital, total borrowings, stockturn

4.2 Ratios to assess profitability

- a) Calculate a gross profit percentage
- b) Calculate a rate of stock turnover per annum, in weeks and in days
- c) Calculate a net profit percentage
- d) Calculate an expense ratio
- e) Calculate a percentage return on capital invested
- f) Interpret ratios to assess profitability

4.3 Ratios to assess Liquidity

- a) Calculate a working capital (current) ratio
- b) Calculate an acid test ratio (quick asset ratio, liquid capital ratio)
- c) Calculate a borrowing (gearing) ratio
- d) Calculate an average credit granted ratio
- e) Calculate an average credit taken ratio
- f) Interpret ratios to assess liquidity

5 Investment appraisal

5.1 Terminology

Candidates must be able to:

- a) Understand the terms: opportunity cost, depreciation, investment project

5.2 Payback

- a) Calculate, using the payback method of investment appraisal

5.3 Average rate of return

- a) Calculate, using the average rate of return method of investment appraisal

5.4 Net present value

- a) Calculate, using the net present value method of investment appraisal

5.5 Internal rate of return

- a) Calculate, using the internal rate of return method of investment appraisal

5.6 Appraisal

- a) Interpret calculations of investment appraisal
- b) Make a judgement on alternative investment projects

6 Bankruptcy

6.1 Terminology

Candidates must be able to:

- a) Understand the terms: assets and liabilities, secured and unsecured creditors, rate of dividend, insolvency, winding up expenses

6.2 Assets and liabilities

- a) Calculate the liabilities and assets of an insolvent business
- b) Express the assets as:
 - (i) a fraction of the liabilities
 - (ii) a percentage of the liabilities
- c) Calculate the net assets of an insolvent business
- d) Calculate the value of assets, given the rate of dividend, expenses of winding up the business and any liabilities

6.3 Secured and unsecured creditors

- a) Calculate the sum owing to secured creditors
- b) Calculate the sum available for unsecured creditors

6.4 Dividend

- a) Calculate the dividend available for unsecured creditors
- b) Calculate the sum payable to an unsecured creditor
- c) Calculate the amount owed to an unsecured creditor who receives a stated payment

7 Depreciation of business assets

7.1 Terminology

Candidates must be able to:

- a) Understand the terms: asset, depreciation, book value, residual (scrap) value, working life, depreciation schedule

7.2 Equal instalment method

- a) Calculate total depreciation over a period of years after allowing for any residual (scrap) value
- b) Calculate annual depreciation
- c) Calculate the book value of an asset after deduction of depreciation
- d) Prepare a depreciation schedule to show annual depreciation, accumulated depreciation and book value at the year end

7.3 Diminishing balance method

- a) Calculate annual depreciation
- b) Calculate the book value of an asset after deduction of depreciation
- c) Prepare a depreciation schedule to show annual depreciation, accumulated depreciation and book value at the year end

8 Index numbers

8.1 Terminology

Candidates must be able to:

- a) Understand the terms: base year, current year, price index, quantity index, composite (or general) index, weighted

8.2 Price index number

- a) Calculate a price relative

8.3 Quantity index number

- b) Calculate a quantity relative

8.4 Composite (or general) index number

- c) Calculate a weighted average index number

8.5 Change of base year

- a) Calculate a change of base year for a given index number
- b) Calculate a chain base index

Note: Candidates will not be expected to use Laspeyre, Marshall-Edgeworth, Fisher or Paasche indices.

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and performance

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**Pearson
LCCI Level 3 Certificate
in Accounting (VRQ)
(ASE20104)**

SPECIFICATION

First teaching from October 2015

Pearson LCCI Level 3 Certificate in Accounting (VRQ) (ASE20104)

Specification

First teaching from October 2015



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Introduction

LCCI qualifications

LCCI qualifications are widely regarded by employers to prepare learners for key functions of modern international business. The qualifications are recognised worldwide by employers, universities and professional bodies, such as the Association of Chartered Certified Accountants (ACCA).

This new and engaging range of qualifications has been developed in collaboration with professional bodies, employers and customers. We have conducted in-depth, independent consultation to ensure that the qualifications develop the breadth and depth of knowledge, skills and understanding that students need to be effective employees, and that the qualifications support progression pathways.

LCCI offers a wide range of qualifications that are available at levels 1 to 4 across the following subject areas:

- English Language
- Marketing and Customer Service
- Business, Administration and IT
- Financial and Quantitative.

This specification is part of the Financial and Quantitative suite of LCCI qualifications. Please refer to the Pearson website for details of other qualifications in this suite.

This qualification replaces the Pearson LCCI Level 3 Certificate in Accounting (VRQ) (ASE3012X) and the Pearson LCCI Level 3 Certificate in Accounting (IAS) (VRQ) (ASE3902).

Purpose of the specification

This specification sets out:

- the objectives of the qualification
- any other qualification(s) that a student must have completed before taking the qualification
- any prior knowledge and skills that the student is required to have before taking the qualification
- any other requirements that a student must have satisfied before they will be assessed or before the qualification will be awarded
- the knowledge, understanding and skills that will be assessed as part of the qualification
- the method of assessment and any associated requirements relating to it
- the criteria (such as assessment criteria) against which a student's level of attainment will be measured.

Rationale

The Pearson LCCI Level 3 Certificate in Accounting (VRQ) gives students an overview of the fundamental accounting principles and concepts that underlie all financial accounting.

Students are introduced to topic areas they are likely to encounter in their working lives in practical, scenario-based situations. This qualification includes content on these main functions:

- maintaining up-to-date records of all financial transactions in an appropriate format using accounting record books (ledgers)
- preparation of extended trial balances
- preparation and interpretation of financial statements of different businesses (sole traders, partnerships, limited companies and groups of companies).
- preparation of financial records from incomplete records
- budgeting
- applying the principles of decision making.

The qualification has been developed to allow students to progress to the Pearson LCCI Level 4 Certificate in Financial Accounting (VRQ), which extends and introduces new advanced topic areas in this field.

This qualification is appropriate for students who are already in a related role. The qualification is also appropriate for those aspiring to a role in which they are responsible for the detailed recording of financial transactions, maintaining financial records using appropriate methods, and for ensuring that monetary transactions are recorded accurately.

Qualification aim

This qualification aims to enable students to develop:

- an understanding of the basic principles underlying the recording of financial transactions
- the ability to prepare and interpret accounts for sole traders, partnerships, limited companies and groups of companies in accordance with basic accounting conventions and current accounting practice
- the ability to apply the principles of decision making.

This qualification is suitable for students who work, or who wish to work, in an advanced area of accountancy.

All businesses require suitably skilled people who are able to prepare and maintain accurate accountancy records. They must also be able to produce regular accountancy statements and explain their meaning to management.

This qualification is trusted and valued by employers worldwide and is recognised by universities and professional bodies. This will increase students' employability in the sector and allow them to continue their academic development by progressing to the Pearson LCCI Level 4 Certificate in Financial Accounting (VRQ) or other professional accountancy qualifications.

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Specification at a glance

The Pearson LCCI Level 3 Certificate in Accounting (VRQ) consists of one externally-examined paper.

Title: Pearson LCCI Level 3 Certificate in Accounting (VRQ)	
<ul style="list-style-type: none">Externally assessed.	100% of the total qualification
Overview of content: <ul style="list-style-type: none">accounting concepts and frameworkrecording financial transactionspreparation of an extended trial balancepreparation of financial statementspreparation of accounting from incomplete recordsinterpretation of financial statementsbudgetary controlintroduction to decision making.	
Overview of assessment <ul style="list-style-type: none">one written, externally-set and marked paper, contributing 100% of the overall grade of the qualificationthe examination will be 3 hoursthe examination will consist of 115 marksstudents will be graded Pass/Merit/Distinction. A result of Fail will be recorded where students do not achieve the required marks for a Passthe paper comprises five questionsstudents should answer all questionsquestions comprise short, written answer, calculations and preparation of financial statements, analysis and evaluation of results obtained.	

Knowledge, skills and understanding

Content

The following content must be covered to prepare students for the final assessment of this qualification.

1. Accounting concepts and framework

Subject content	What students need to learn:
1.1 The financial accounting function	a) The difference between financial accounting and management accounting.
	b) The principles incorporated in the following accounting standard: <ul style="list-style-type: none">• IAS 1 – presentation of financial statements.
	c) The elements, nature and purpose of financial statements, including: <ul style="list-style-type: none">• statement of profit or loss and other comprehensive income• statement of changes in equity• statement of financial position• statement of cash flows.
	d) The application and underlying assumptions of the following concepts: <ul style="list-style-type: none">• going concern• accruals• prudence• consistency.
	e) The qualitative characteristics of financial reporting under the International Accounting Standards Board (IASB) framework, including: <ul style="list-style-type: none">• relevance• faithful representation• comparability• verifiability• timeliness• understandability.

Subject content	What students need to learn:
1.2 Types of business organisations	a) The purpose, characteristics, advantages and disadvantages of different types of businesses, including: <ul style="list-style-type: none"> • sole trader • partnership • limited liability partnership • private limited companies (Ltd) • public limited companies (Plc) • franchise.
1.3 How financial statements contribute towards meeting the needs of different stakeholders and users	a) The main stakeholders in business and reasons for their interests (needs) in financial statements. Stakeholders to include: <ul style="list-style-type: none"> • owners • managers • suppliers • customers • employees • government • investors • providers of external finance • competitors • local community • trade associations • trade unions.
1.4 Introduction to ethical behaviour in accounting practices	a) The fundamental principles of professional ethics, including: <ul style="list-style-type: none"> • professional behaviour • professional/technical competence and due care • confidentiality • integrity • objectivity. b) The impact of professional ethics in accounting roles and functions.

2. Recording financial transactions

Subject content	What students need to learn:
2.1 Account for inventory	a) The objectives of inventory control and accounts, including perpetual and periodic inventory valuation.
	b) The principles incorporated in the following accounting standard: <ul style="list-style-type: none"> • IAS 2 – inventories.
	c) The methods of inventory valuation which may be used by businesses: <ul style="list-style-type: none"> • first-in, first-out (FIFO) • last-in, first-out (LIFO) • weighted average cost (AVCO) • standard cost.
	d) The effect on profit or loss of business due to change in the method of inventory valuation.
	e) The adjustments of inventory movement before or after the end of accounting period in the absence of physical inventory count.
	f) The reconciliation of inventory ledger balance with physical inventory count.
	g) The adjustments at period end in relation to inventory.
2.2 Account for tangible and intangible non-current assets	a) The differences between tangible and intangible non-current assets.
	b) The principles incorporated in the following accounting standard: <ul style="list-style-type: none"> • IAS 16 – property, plant and equipment.
	c) The capital expenditure on purchase of non-current assets, including all costs.
	d) An understanding of the methods of funding the purchase of non-current assets, including: <ul style="list-style-type: none"> • internal sources (owner’s capital, bank, cash) • external sources (borrowed capital, bank loan, commercial mortgage) • hire purchase/leasing • part exchange.
	e) The accounting treatment, including journals and ledger postings for acquisition and disposal of non-current assets.
	f) The importance of maintaining an up-to-date non-current assets register for acquisition and disposal of non-current assets and its contents.

Subject content	What students need to learn:
2.3 Account for depreciation	a) The purpose of depreciation.
	b) The principles and operation of depreciation for non-current assets, including journals and ledger postings, using the following methods: <ul style="list-style-type: none"> • straight line • reducing (diminishing) balance.
	c) The importance of maintaining an up-to-date non-current assets register for depreciation and accumulated depreciation.
	d) The effect on profit or loss of business due to change in the basis of depreciation of non-current assets.
	e) The effect on depreciation charge due to change in the life and/or residual value of non-current assets.

3. Preparation of an extended trial balance

Subject content	What students need to learn:
3.1 The preparation of the extended trial balance	a) The adjustments of trial balance figures for the following at the period end to prepare financial statements for different businesses or adjustments in an extended trial balance: <ul style="list-style-type: none"> • inventory • accrued and prepaid income and expenditure • depreciation of non-current assets • irrecoverable debts and allowance for doubtful debts • correction of errors.
	b) The extension of the ledger balance and adjustments columns into statement of profit or loss and statement of financial position columns.
	c) The profit or loss for the period from the statement of profit or loss columns of extended trial balance.

4. Preparation of financial statements

Subject content	What students need to learn:
4.1 Partnerships	a) The purpose of partnership agreement.

Subject content	What students need to learn:
	<p>b) The purpose and preparation of:</p> <ul style="list-style-type: none"> • current accounts • capital accounts. <p>Including drawings for the partners in columnar format for ledgers, and as a part of the statement of financial position.</p> <p>c) The statement of profit or loss appropriation account, including changes in partnership interests during the year, including:</p> <ul style="list-style-type: none"> • interest on drawings • interest on capitals • partner’s salaries • share of profits or losses. <p>d) The merger of sole traders to form a partnership.</p> <p>e) The merger of partnerships, or conversion of a partnership into a limited company or partnership taken over by a limited company, including:</p> <ul style="list-style-type: none"> • purchase consideration • accounting treatment – journal and ledger postings in relation to realisation account • distribution of proceeds between partners • closure of ledger accounts relating to partners’ current and capital accounts in partnership books on dissolution of partnership.
4.2 Limited Liability Companies	<p>a) The differences between:</p> <ul style="list-style-type: none"> • redeemable and irredeemable shares • rights issues and bonus issues • debentures and loan stock. <p>b) The preparation of financial statements (including notes) with adjustments, including:</p> <ul style="list-style-type: none"> • statement of profit or loss • statement of changes in equity • statement of financial position • statement of cash flows (IAS 7 format).
4.3 Accounting for groups of companies	<p>a) The principles incorporated in the following accounting standards:</p> <ul style="list-style-type: none"> • IFRS 3 – accounting for business combinations • IAS 27 – consolidated financial statements.

Subject content	What students need to learn:
	b) The understanding of the following terms: <ul style="list-style-type: none"> • parent • subsidiary • non-controlling interest • goodwill • fair values • pre- and post-acquisition profits • profits • equity.
	c) The calculation of goodwill arising on consolidation.
	d) The calculation and treatment of pre- and post-acquisition profits, including non-controlling interest.
	e) The preparation of consolidated statements of profit or loss with one subsidiary company.
	f) The preparation of consolidated statement of financial position with one subsidiary company.

5. Preparation of accounting from incomplete records

Subject content	What students need to learn:
5.1 Preparation of accounting records from incomplete records	a) The use of accounting ratios to calculate revenue, cost of purchases, inventory, gross profit and profit for the year due to loss of records as a result of theft, fire or natural disaster, including: <ul style="list-style-type: none"> • gross profit as a percentage of revenue (margin) • gross profit as a percentage of cost of sales (markup) • profit for the year as a percentage of revenue • opening and closing statement of affairs to calculate capital or profit for the year.
	b) The statement of profit or loss and statement of financial position from incomplete records for different types of businesses, including sole traders, partnerships and companies.

6. Interpretation of financial statements

Subject content	What students need to learn:
6.1 The calculation and interpretation of accounting ratios	a) The importance of measuring business performance.
	b) The elements of business performance that can be measured by the main financial statement used in business.
	c) The calculation and use of the following ratios to produce financial statements: <ul style="list-style-type: none"> • gross profit percentage/margin • net profit percentage • current ratio • quick ratio (acid test) • return on capital employed (ROCE) • trade receivables collection period • trade payables payment period • inventory turnover • asset turnover.
	d) The analysis of results obtained from different ratios to make recommendations and decisions.

7. Budgetary control

Subject content	What students need to learn:
7.1 Budgets	a) The purposes of budgeting.
	b) The preparation and interpretation of the following budgets for a given period: <ul style="list-style-type: none"> • cash budget • inventory budget • trade receivables budget • trade payables budget.
	c) The preparation and interpretation of the following budgeted statements: <ul style="list-style-type: none"> • statement of profit or loss • statement of financial position.

8. Introduction to decision making

Subject content	What students need to learn:
8.1 Short-term decision making	a) The different costing techniques, including: <ul style="list-style-type: none"> • absorption costing • marginal costing.
	b) The use of marginal costing for: <ul style="list-style-type: none"> • breakeven point, both in sales units and sales value • profit or loss for a given number of units sold • number of units required in order to generate targeted profit • the interpretation of the results obtained by using marginal costing techniques and making recommendations.
8.2 Long-term decision making	a) The characteristics, advantages and disadvantages of the following methods of investment appraisal: <ul style="list-style-type: none"> • payback period • accounting rate of return <p style="text-align: center;">formula = (average profit/average investment) * 100</p> <ul style="list-style-type: none"> • net present value.
	b) The calculation and interpretation of the results obtained for different projects to make recommendations and decisions by using the following methods: <ul style="list-style-type: none"> • payback period • accounting rate of return • net present value.

The following skills should be developed throughout the course of study.

Skills	Students should:
	a) Demonstrate accuracy, orderliness and appropriate presentation of accounting information.
	b) Demonstrate an understanding of the principles of professional ethics.
	c) Demonstrate a knowledge of accounting concepts and principles.
	d) Make adjustments using journals and ledger accounts.
	e) Prepare and extend a trial balance for adjustments and to calculate profit or loss for the period.
	f) Prepare financial statements with adjustments and from incomplete records for sole trader, partnership and group, including: <ul style="list-style-type: none"> • statement of profit or loss • statement of profit or loss appropriation • statement of financial position • statement of change in equity • statement of cash flows.
	g) Calculate and analyse ratios to make recommendations and decisions.
	h) Prepare cash, inventories, trade receivables, trade payables and master budgets.
	i) Use breakeven analysis for decision making.
	j) Calculate, analyse the results and make recommendations and decisions by using payback period, accounting rate of return and net present value for investment appraisal.

Assessment

Assessment summary

Pearson LCCI Level 3 Certificate in Accounting (VRQ)

First teaching: October 2015

First assessment: June 2016

Overview of content

- accounting concepts and framework
- recording financial transactions
- preparation of an extended trial balance
- preparation of financial statements
- preparation of accounting from incomplete records
- interpretation of financial statements
- budgetary control
- introduction to decision making.

Overview of assessment

- one written, externally-set and marked paper, contributing 100% of the overall grade of the qualification
- the examination will be 3 hours
- the examination will consist of 115 marks
- students will be graded Pass/Merit/Distinction. A result of Fail will be recorded where students do not achieve the required marks for a Pass
- the paper comprises five questions
- students should answer all questions
- questions comprise short, written answer, calculations and preparation of financial statements, analysis and evaluation of results obtained.
- calculators may be used in the exam
- bilingual dictionaries are permitted for use in the exam.

Assessment Objectives

Students must:		% of qualification
A01	<p>Memorise</p> <p>Recall accounting facts, terms, definitions, processes and formulae.</p>	15–19
A02	<p>Perform procedures</p> <p>Record business transactions.</p> <p>Use accounting techniques.</p> <p>Carry out computations.</p> <p>Prepare financial reports and/or statements using business formats.</p> <p>Apply knowledge to different contexts and circumstances.</p>	71–75
A03	<p>Communicate understanding</p> <p>Describe and explain accounting concepts.</p> <p>Explain accounting standards and conventions to professionals and non-professionals.</p> <p>Explain the impact of professional ethics on accounting roles and functions.</p> <p>Understand accounting techniques.</p> <p>Present/display data in tables or charts.</p>	2–6
A04	<p>Analyse</p> <p>Classify, compare and analyse information.</p> <p>Interpret financial data and information.</p> <p>Recognise patterns and correlations.</p> <p>Predict consequences.</p> <p>Apply concepts/make connections.</p> <p>Break down issues.</p>	2–6
A05	<p>Evaluate</p> <p>Weigh up evidence in order to build a reasoned decision.</p> <p>Draw conclusions.</p> <p>Make judgements about significance of information collected.</p>	2–4
Total		100

Performance descriptors

Grade	Descriptor
Pass	<p>Candidates can recall, describe, explain and use basic accounting facts, terms and definitions, applying processes and formulae.</p> <p>Candidates can record business transactions using correct accounting techniques.</p> <p>Candidates can prepare advanced financial statements in different contexts.</p> <p>Candidates can select and use accounting information to analyse accounting problems accurately.</p> <p>Candidates can make reasoned judgements and present conclusions.</p>
Distinction	<p>Candidates can recall, describe, explain and use basic and complex bookkeeping and accounting facts, terms and definitions, applying processes and formulae.</p> <p>Candidates can record business transactions using correct accounting techniques with high precision.</p> <p>Candidates can prepare advanced financial statements in different contexts with high precision.</p> <p>Candidates can select and use accounting information to analyse accounting problems with a high degree of accuracy.</p> <p>Candidates can evaluate accounting information effectively and present accurate and logical conclusions.</p>

Performance descriptors may be revised following the first award.

Entry and assessment information

Please see the *LCCI International Qualification Operations Guide for Centres* and the *Pearson LCCI Examination Regulations*, available on our website: qualifications.pearson.com/lcci

Student entry

Details on how to enter candidates for the examination for this qualification can be found on our website: qualifications.pearson.com/lcci

The closing date for entries is approximately six weeks before the start of each examination series. Centres should refer to the published examination timetable for examination dates.

Combinations of entry

There are no forbidden combinations of entry for this qualification.

Age

This qualification is intended for students aged 16 and above.

Resitting the qualification

Candidates can resit the examination for the qualification.

It is strongly advised that candidates do not register for a resit until they have received the results from their previous examination.

Awarding and reporting

The qualification is certificated on a three-grade scale: Pass/Merit/Distinction. Pass and Distinction are awarded, Merit is arithmetically calculated.

Access arrangements, reasonable adjustments and special consideration

Access arrangements

Access arrangements are agreed before an assessment. They allow students with special educational needs, disabilities or temporary injuries to:

- access the assessment
- show what they know and can do without changing the demands of the assessment.

The intention behind an access arrangement is to meet the particular needs of an individual student with a disability without affecting the integrity of the assessment. Access arrangements are the principal way in which awarding bodies comply with the duty under the Equality Act 2010 to make 'reasonable adjustments'.

Access arrangements should always be processed at the start of the course. Students will then know what is available and have the access arrangement(s) in place for assessment.

Reasonable adjustments

The Equality Act 2010 requires an awarding organisation to make reasonable adjustments where a person with a disability would be at a substantial disadvantage in undertaking an assessment. The awarding organisation is required to take reasonable steps to overcome that disadvantage.

A reasonable adjustment for a particular person may be unique to that individual and therefore might not be in the list of available access arrangements.

Whether an adjustment will be considered reasonable will depend on a number of factors, including:

- the needs of the student with the disability
- the effectiveness of the adjustment
- the cost of the adjustment; and
- the likely impact of the adjustment on the student with the disability and other students.

An adjustment will not be approved if it involves unreasonable costs to the awarding organisation, timeframes or affects the security or integrity of the assessment. This is because the adjustment is not 'reasonable'.

Special consideration

Special consideration is a post-examination adjustment to a student's mark or grade to reflect temporary injury, illness or other indisposition at the time of the examination/assessment, which has had, or is reasonably likely to have had, a material effect on a candidate's ability to take an assessment or demonstrate their level of attainment in an assessment.

Further information

Please see our website or email internationalenquiries@pearson.com for further information on how to apply for access arrangements and special consideration.

For further information about access arrangements, reasonable adjustments and special consideration please go to the Joint Council for Qualifications (JCQ) website:

<http://www.jcq.org.uk/examination-system/access-arrangements-and-special-consideration>

Equality Act 2010 and Pearson equality policy

Equality and fairness are central to our work. Our equality policy requires all students to have equal opportunity to access our qualifications and assessments, and our qualifications to be awarded in a way that is fair to every student.

We are committed to making sure that:

- students with a protected characteristic (as defined by the Equality Act 2010) are not, when they are undertaking one of our qualifications, disadvantaged in comparison to students who do not share that characteristic
- all students achieve the recognition they deserve for undertaking a qualification and that this achievement can be compared fairly to the achievement of their peers.

You can find details on how to make adjustments for students with protected characteristics in our policy documents *Access Arrangements, Reasonable Adjustments and Special Considerations*, on our website:

qualifications.pearson.com/en/support/support-topics/exams/special-requirements.html

Malpractice

For up-to-date information on malpractice, please refer to the latest JCQ *Suspected Malpractice in Examinations and Assessments* document, available on the JCQ website: www.jcq.org.uk/exams-office/malpractice

Candidate malpractice

Candidate malpractice refers to any act by a candidate that compromises or seeks to compromise the process of assessment, or which undermines the integrity of the qualifications or the validity of results/certificates.

Candidate malpractice in examinations must be reported to Pearson using a JCQ Form M1 (available at www.jcq.org.uk/exams-office/malpractice). The form can be emailed to pqsmalpractice@pearson.com or posted to Investigations Team, Pearson, 190 High Holborn, London, WC1V 7BH. Please provide as much information and supporting documentation as possible. Note that the final decision regarding appropriate sanctions lies with Pearson.

Failure to report malpractice constitutes staff or centre malpractice.

Staff/centre malpractice

Staff and centre malpractice includes both deliberate malpractice and maladministration of our qualifications. As with candidate malpractice, staff and centre malpractice is any act that compromises or seeks to compromise the process of assessment or which undermines the integrity of the qualifications or the validity of results/certificates.

All cases of suspected staff malpractice and maladministration must be reported immediately, before any investigation is undertaken by the centre, to Pearson on a JCQ Form M2a (available at www.jcq.org.uk/exams-office/malpractice). The form, supporting documentation and as much information as possible can be emailed to pqsmalpractice@pearson.com or posted to Investigations Team, Pearson, 190 High Holborn, London, WC1V 7BH. Note that the final decision regarding appropriate sanctions lies with Pearson.

Failure to report malpractice itself constitutes malpractice. More detailed guidance on malpractice can be found in the latest version of the JCQ document *Suspected Malpractice in Examinations and Assessments*, available at www.jcq.org.uk/examsoffice/malpractice

Language of assessment

Assessment of this specification will be in English only. Assessment materials will be published in English only and all work submitted for examination must be in English only.

Other information

Guided Learning Hours (GLH)

Guided Learning Hours: the number of teacher-led contact hours required to support student achievement for a qualification.

The Pearson LCCI Level 3 Certificate in Accounting (VRQ) requires 150 GLH.

Centres should ensure students have additional time for self-study and preparation for the final examination, which is in addition to the GLH stated above.

Student recruitment

Pearson follows the JCQ policy concerning recruitment to our qualifications in that:

- they must be available to anyone who is capable of reaching the required standard
- they must be free from barriers that restrict access and progression
- equal opportunities exist for all students.

Prior learning and other requirements

There are no formal entry requirements for this qualification.

Students may be studying in a local language but the assessment will be in English. Pearson recommends students have B1 level of English on the Common European Framework of Reference (CEFR). This will support access to the assessment materials and ensure that students are able to communicate their responses effectively.

Progression

This qualification will allow progression to the Pearson LCCI Level 4 Certificate in Financial Accounting (VRQ).

As there is a Level 2 and a Level 4 version of this qualification available, centres must ensure that they choose the most appropriate qualification level for their students' needs, using appropriate internal processes.

Exemptions

We are seeking exemptions for our qualifications from a number of professional bodies. For the latest list of exemptions, please visit the Pearson website, and choose your relevant qualification.

<http://qualifications.pearson.com/content/dam/pdf/LCCI/2014/Recognition-from-PBs-for-LCCI-qualifications-July-2015.pdf>

Codes

This qualification is approved by Ofqual and meets the Ofqual General Conditions for inclusion on the Register of Regulated Qualifications. The Qualification Number (QN) is: 601/7932/6

The subject code for Pearson LCCI Level 3 Certificate in Accounting (VRQ) is: ASE20104. The subject code is used by centres to enter students for a qualification.

Support, training and resources

Training

Pearson offers support and training to teachers on standard of delivery and preparing students to meet the assessment requirements.

Specifications, sample assessment materials and teacher support materials

The Pearson LCCI Level 3 Certificate in Accounting (VRQ) sample assessment materials document (ISBN 9781446929513) can be downloaded from our website.

To find a list of all the support documents available, please visit our website.



Appendix

Appendix 1: Glossary of International Accounting Standards (IAS) terminology

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Appendix 1: Glossary of International Accounting Standards (IAS) terminology

The following is a glossary of the comparison between the International Accounting Standards (IAS) terminology and the UK Generally Accepted Accounting Practice (GAAP) terminology. IAS terminology is used in the content of the LCCI Financial and Quantitative suite of qualifications but not all terms are present in all levels of the qualifications.

Centres should be aware that these terms are also referred to as International Finance Reporting Standards (IFRS) in certain contexts in the industry, however the definitions and meaning remain the same.

IAS terminology	Previously used UK GAAP terminology
Financial statements	Final accounts
Statement of comprehensive income	Trading and profit and loss account
Revenue	Sales
Raw materials/ordinary goods purchased	Purchases
Cost of sales	Cost of goods sold
Inventory	Stock
Work in progress	Work in progress
Gross profit	Gross profit
Other operating expenses	Sundry expenses
Allowance for doubtful debt	Provision for doubtful debt
Other operating income	Sundry income
Investment revenues/finance income	Interest receivable
Finance costs	Interest payable
Profit for the year before tax or after tax	Net profit
Retained earnings	Profit/loss balance
Statement of changes in equity (limited companies)	Appropriation account
Statement of financial position	Balance sheet

Non-current assets	Fixed assets
Property	Land and buildings
Plant and equipment	Plant and equipment
Investment property	Investments
Intangible assets	Goodwill etc
Current assets	Current assets
Inventory	Stock
Trade receivables	Debtors
Other receivables	Prepayments
Cash and cash equivalents	Bank and cash
Current liabilities	Current liabilities/creditors: amounts due within 12 months
Trade payables	Creditors
Other payables	Accruals
Bank overdraft and loans	Loans repayable within 12 months
Non-current liabilities	Long term liabilities/creditors: amounts falling due after 12 months
Bank (and other) loans	Loans repayable after 12 months
Capital or equity	Capital
Share capital	Share capital
Statement of cash flows	Cash flow statement
Other terms	
Inventory count	Stocktake
Carrying over	Net book value

October 2015

For more information on LCCI qualifications
please visit our website: qualifications.pearson.com/lcci

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Pearson LCCI Level 3 Certificate in Business Statistics (VRQ) (ASE20100)

SPECIFICATION

Issue 2

First teaching from September 2015

Pearson LCCI Level 3 Certificate in Business Statistics (VRQ) (ASE20100)

Specification

Issue 2

First teaching from September 2015

Edexcel, BTEC and LCCI qualifications

Edexcel, BTEC and LCCI qualifications are awarded by Pearson, the UK's largest awarding body offering academic and vocational qualifications that are globally recognised and benchmarked. For further information, please visit our qualification websites at www.edexcel.com, www.btec.co.uk or www.lcci.org.uk. Alternatively, you can get in touch with us using the details on our contact us page at qualifications.pearson.com/contactus

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This specification is Issue 2. Key changes are sidlined in the document. We will inform centres of any changes to this issue. The latest issue can be found on our website, qualifications.pearson.com

Acknowledgements

This specification has been produced by Pearson on the basis of consultation with teachers, examiners, consultants and other interested parties. Pearson would like to thank all those who contributed their time and expertise to the specification's development.

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All information in this specification is correct at time of publication.

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Introduction

LCCI qualifications

LCCI qualifications are widely regarded by employers as preparing students to carry out the key functions of modern international business. The qualifications are recognised worldwide by employers, universities and professional bodies such as the Association of Chartered Certified Accountants (ACCA) recognise them across the world.

This new and engaging range of qualifications has been developed in collaboration with professional bodies, employers and customers. We have conducted in-depth, independent consultation to ensure that the qualifications develop the breadth and depth of knowledge, skills and understanding that students need to be effective employees, and that the qualifications support progression pathways.

LCCI offers a wider range of qualifications; they are available at levels 1 to 4 across the following subject areas:

- English Language
- Marketing and Customer Service
- Business, Administration and IT
- Financial and Quantitative.

This specification is part of the Financial and Quantitative suite of LCCI qualifications.

Please refer to the Pearson website for details of other qualifications in the suite.

Purpose of the specification

This specification sets out:

- the objectives of the qualification
- any other qualification(s) that a student must have completed before taking the qualification
- any prior knowledge and skills that the student is required to have before taking the qualification
- any other requirements that a student must have satisfied before they will be assessed or before the qualification will be awarded
- the knowledge, understanding and skills that will be assessed as part of the qualification
- the method of assessment and any associated requirements relating to it
- the criteria against which a student's level of attainment will be measured (such as assessment criteria).

Rationale

The Pearson LCCI Level 3 Certificate in Business Statistics (VRQ) meets the following purpose:

This qualification is for students who work in or want to work in business and research environments. This qualification is appropriate for students aiming for a career in business and finance where they will be sourcing and analysing business related data.

A review of the qualification requirements at this level identified the main content areas. This qualification therefore includes content on basic concepts of statistical problem solving in real-life situations, statistical methods and concepts, probability, and an awareness of the potential and limitations of data and methods.

Qualification aim

The Pearson LCCI Level 3 Certificate in Business Statistics (VRQ) qualification is for students who work in, or who want to work in, business and research environments. Students will be aiming for a career in business and finance where they will be sourcing and analysing business related data. Students should have a level of English sufficient to evaluate and explain the appropriateness of methods and outcomes.

This qualification will enable students to apply statistical techniques to business data in order to plan and control business operations, evaluate and manage risk and support the decision-making process.

Students will gain an understanding of the basic concepts of statistical problem solving in business situations, develop knowledge, understanding and skills of statistical methods and concepts and in probability, including an awareness of the potential and limitations of data and methods.

Students will develop a critical perspective on statistics, including recognition of collection errors, misleading forms of presentation, improper analysis and invalid inferences and conclusions. Students will be encouraged to actively engage in the process of enquiry, communicate clearly using standard statistical conventions and notations and develop as effective and independent students.

The Pearson LCCI Level 3 Certificate in Business Statistics (VRQ) qualification and legacy qualification are established and valued by employers worldwide and recognised by professional bodies. This qualification will enhance student's statistical knowledge and abilities, a requirement of employers, enabling them to handle, understand, analyse, and interpret business data and question statistical method and models.

Together with other Pearson LCCI Level 3 business, accounting and finance qualifications, the Pearson LCCI Level 3 Certificate in Business Statistics (VRQ) qualification allows progression to more advanced administrative, business and management qualifications and supports progression into the job market in areas such as forecasting, data collection and analysis, finance and accountancy.

This qualification will give students a suitable foundation for first year undergraduate programmes in business, finance and related fields.

It will give students an appreciation and understanding of data analysis, including its limitations, in a business and finance environment.

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Specification at a glance

The Pearson LCCI Level 3 Certificate in Business Statistics (VRQ) consists of one externally examined paper.

Title: Pearson LCCI Level 3 Certificate in Business Statistics (VRQ)	
<ul style="list-style-type: none">Externally assessed	100% of the total qualification
Overview of content	
1 Management Information: The External and Internal Business Environment	
1.1 Data collection	
1.2 Descriptive statistics	
2 Business Planning Models	
2.1 Correlation and regression	
2.2 Time-based data	
3 Risk Management and Business Decision Making	
3.1 Probability, including the normal distribution	
3.2 Estimation and confidence intervals	
3.3 Significance testing	
3.4 Chi squared test	
4 Quality Assurance and Control	
4.1 Quality control	
Overview of assessment	
<ul style="list-style-type: none">One written externally set and marked paper, contributing 100% of the overall grade of the qualificationAssessment construction – examination consisting of five questions. The questions comprise short open response, calculations, chart/diagram construction/drawing and chart/diagram interpretation questionsThe examination will be 3 hours	

Knowledge, skills and understanding

Content

The following content must be covered to prepare students for the final assessment of this qualification.

1. Management Information: The External and Internal Business Environment

Subject content	What students need to learn:
1.1 Data collection	a) Planning for data collection
	b) The difference between primary and secondary sources of business data
	c) The difference between a census and a survey and their relative advantages and disadvantages
	d) The need for a pilot survey before conducting a large scale survey
	e) The sample frame
	f) The determinants of sample size
	g) Alternative sampling methods: <ul style="list-style-type: none">• random• systematic• multi stage• quota
	h) Advantages and disadvantages of the various sampling methods
	i) The role of stratification in sample design
	j) Advantages and disadvantages of the different methods of data collection including: <ul style="list-style-type: none">• observation• telephone• interview• postal questionnaire• email survey• internet survey

Subject content	What students need to learn:
	k) Statistical bias
	l) Principles of questionnaire design
	m) Non-response and the methods of attempting to overcome this problem when dealing with business data
1.2 Descriptive statistics	a) Calculations: <ul style="list-style-type: none"> the mode from either a histogram or by calculation the median and quartiles from the cumulative frequency curve or by calculation the mean and standard deviation for grouped data coefficient of variation
	b) Diagrams, charts and graphs: <ul style="list-style-type: none"> histogram, dealing with unequal class intervals cumulative frequency curve
	c) Interpretation of the measures of location and dispersion including the coefficient of variation
	d) Skewness by calculation or graphically

2. Business Planning Models

Subject content	What students need to learn:
2.1 Correlation and regression	a) Response and explanatory variables
	b) Scatter diagram, interpreting the relationship shown on a scatter diagram including the possible presence of outliers
	c) Calculations <ul style="list-style-type: none"> regression equation the product moment correlation coefficient Spearman's rank correlation coefficient
	d) Plot a least squares regression line
	e) Forecasting and forecast accuracy
	f) Testing for significance of the product moment correlation coefficient
	g) Meaning and interpretation of regression and correlation coefficients

Subject content	What students need to learn:
2.2 Time-based data	a) Components of a time series
	b) Calculations: <ul style="list-style-type: none"> • suitable moving average to identify the trend • the seasonal factors using either the additive or multiplicative model • weighted index number for price, quantity, cost and value • Laspeyres and Paasche index numbers including their advantages and disadvantages
	c) Diagrams, charts and graphs: <ul style="list-style-type: none"> • time series graph • the trend on the time series graph
	d) Choice of additive or multiplicative model
	e) Seasonally adjusted values and their uses
	f) Forecasting future values and their accuracy
	g) A national index of retail prices
	h) Change of base year and its effects
	i) Index linking for comparative purposes

3. Risk Management and Business Decision Making

Subject content	What students need to learn:
3.1 Probability, including the normal distribution	a) Uses of probability in the management of risk
	b) Probability concepts including mutually exclusive and independent events
	c) The addition and multiplication rules of probability
	d) Presentation of business outcomes including the use of tabulation and Venn and tree diagrams
	e) Problems involving conditional probability
	f) Applications of Bayes theorem
	g) Problems involving mathematical expectation
	h) Characteristics of normally distributed data
	i) Conversion of a general normal distribution to a standard normal distribution
	j) Use of normal distribution tables

Subject content	What students need to learn:
	k) Combinations of two or more independent normal distributions and including applications in a business context
3.2 Estimation and confidence intervals	a) Concept of a sampling distribution and a confidence interval
	b) Confidence interval for a mean using the normal distribution for large samples
	c) Confidence interval for a mean using the t distribution for small samples
	d) Confidence interval for a proportion
	e) Sample number required to obtain a confidence interval of a given size for a stated probability
3.3 Significance testing	a) Stages for carrying out statistical tests
	b) Use of a confidence interval in significance testing
	c) Type 1 and Type 2 errors and which of these might arise as a result of a significance test
	d) One tailed and two tailed test
	e) Choice of an appropriate test: <ul style="list-style-type: none"> • single mean test for large samples using the normal distribution • single mean test for small samples using the t distribution • single proportion test • two means test for large samples using the normal distribution • two means test for small samples using the t distribution • paired comparison test using the t distribution • two proportion test
3.4 Chi squared test	a) The appropriate use of a chi squared test
	b) Chi squared test for association using contingency tables
	c) Test for goodness of fit when percentages are given
	d) Differences between observed and expected values

4. Quality Assurance and Control

Subject content	What students need to learn:
4.1 Quality control	a) Advantages to management of setting up quality control charts
	b) The use of control charts for mean and range
	c) Diagrams, charts and graphs: <ul style="list-style-type: none"> • a mean chart using the normal distribution 0.025 point for the warning line and 0.001 point for the action line and interpreting the results • interpretation of results

The following skills should be developed throughout the course of study.

Skills	Students should:
	a) Use and apply statistical techniques in a range of business contexts, including market research, financial data, manufacturing, business forecasting and economic indicators
	b) Select and justify appropriate statistical methods and tests as an aid in solving business problems and business decisions
	c) Collect, analyse and interpret results of diagrams, charts and graphs and information in the context of business situations

Assessment

Assessment summary

Pearson LCCI Level 3 Certificate Business Statistics (VRQ)

First teaching September 2015

Number of series: 4

Overview of content

1 Management Information: The External and Internal Business Environment

1.1 Data collection

1.2 Descriptive statistics

2 Business Planning Models

2.1 Correlation and regression

2.2 Time-based data

3 Risk Management and Business Decision Making

3.1 Probability, including the normal distribution

3.2 Estimation and confidence intervals

3.3 Significance testing

3.4 Chi squared test

4 Quality Assurance and Control

4.1 Quality control

Pearson LCCI Level 3 Certificate Business Statistics (VRQ)

Overview of assessment

- One written externally set and marked paper, contributing 100% of the overall grade of the qualification
- The examination will be 3 hours
- The examination will consist of 100 marks
- Candidates will be graded Pass/Merit/Distinction. A result of Fail will be recorded where candidates do not achieve the required marks for a Pass
- The paper contains 5 questions
- Candidates answer all questions
- The questions comprise short open response, calculations, chart/diagram construction/drawing and chart/diagram interpretation questions
- Candidates are expected to have available a calculator with at least the following keys: +, -, ×, ÷, π , x^2 , \sqrt{x} , $\frac{1}{x}$, x^y , $\ln x$, e^x , $x!$, sine, cosine and tangent and their inverses in degrees and decimals of a degree, and in radians; memory. Calculators with a facility for symbolic algebra, differentiation and/or integration are not permitted
- A formulae sheet will be provided
- Bilingual dictionaries are permitted for use in the exam

Assessment Objectives

Assessment objectives have been developed for this qualification to ensure that examinations are appropriately targeted. They describe the abilities that students should be able to demonstrate. Each question targets one or more assessment objectives. They are applied to the examination in the proportions below.

Students must:		% of qualification
AO1	Memorise Recall statistical procedures used in a business context; recall statistical terms and definitions; recall statistical processes and formulae	1-5
AO2	Perform procedures Select and use appropriate statistical techniques in a business context, carry out computations using standard statistical methods, present solutions in an appropriate format	59-63
AO3	Communicate understanding Interpret and explain statistical concepts and conclusions; present and summarise business data using suitable tables, charts /graphs and diagrams	28-32
AO4	Analyse Analyse data collected from primary and secondary sources; recognise patterns; make inferences; forecast outcomes; identify correlations/associations; distinguish different forms of statistical distributions (including their use) and interpret results to establish acceptance or otherwise of a given hypothesis.	4-8
Total		100

Performance descriptors

Grade	Descriptor
Pass	<p>Candidates can recall statistical procedures, terms, definitions, processes and formulae in a business context, showing an understanding of statistical concepts and conclusions.</p> <p>Candidates can select mostly appropriate statistical techniques and use them in a business context. They carry out computations with some accuracy using standard statistical methods, presenting solutions and data using tables, graphs, charts, diagrams with occasional errors.</p> <p>Candidates can analyse data from a range of sources, recognise significant patterns, make inferences and interpret the main issues in results. They draw on evidence to interpret results.</p>
Distinction	<p>Candidates can recall, and communicate thorough understanding of statistical procedures, terms, definitions, processes and formulae in a business context and statistical concepts and conclusions.</p> <p>Candidates can consistently select appropriate statistical techniques and interpret outcomes accurately, applying these in a business context. They carry out computations with precision using statistical methods, presenting tables/graphs/charts/diagrams appropriately and accurately.</p> <p>Candidates can make reasoned judgements and substantiated interpretations, drawing on sophisticated analyses.</p>

Performance descriptors may be revised following the first award.

Entry and assessment information

Please see the *LCCI International Qualification Operations Guide for centres* and the *LCCI Examination Regulations*, available from our website: qualifications.pearson.com/lcci

Student entry

Details on how to enter candidates for the examination for this qualification can be found at: qualifications.pearson.com/lcci

The closing date for entries is approximately six weeks before the start of each examination series. Centres should refer to the published examination timetable for examination dates.

Combinations of entry

There are no forbidden combinations of entry for this qualification.

Age

This qualification is intended for learners aged 16 and above.

Resitting the qualification

Candidates can resit the examination for Pearson LCCI Level 3 Certificate in Business Statistics (VRQ).

It is strongly advised that candidates do not register to undertake a resit until they have received the results from their previous examination.

Awarding and reporting

The Pearson LCCI Level 3 Certificate in Business Statistics (VRQ) qualification is graded and certificated on a three-grade scale: Pass/Merit/Distinction. Pass and Distinction are awarded, Merit is arithmetically calculated.

Access arrangements, reasonable adjustments and special consideration

Access arrangements

Access arrangements are agreed before an assessment. They allow students with special educational needs, disabilities or temporary injuries to:

- access the assessment
- show what they know and can do without changing the demands of the assessment.

The intention behind an access arrangement is to meet the particular needs of an individual student with a disability without affecting the integrity of the assessment. Access arrangements are the principal way in which awarding bodies comply with the duty under the Equality Act 2010 to make 'reasonable adjustments'.

Access arrangements should always be processed at the start of the course. Students will then know what is available and have the access arrangement(s) in place for assessment.

Reasonable adjustments

The Equality Act 2010 requires an awarding organisation to make reasonable adjustments where a person with a disability would be at a substantial disadvantage in undertaking an assessment. The awarding organisation is required to take reasonable steps to overcome that disadvantage.

A reasonable adjustment for a particular person may be unique to that individual and therefore might not be in the list of available access arrangements.

Whether an adjustment will be considered reasonable will depend on a number of factors, which will include:

- the needs of the student with the disability
- the effectiveness of the adjustment
- the cost of the adjustment; and
- the likely impact of the adjustment on the student with the disability and other students.

An adjustment will not be approved if it involves unreasonable costs to the awarding organisation, timeframes or affects the security or integrity of the assessment. This is because the adjustment is not 'reasonable'.

Special consideration

Special consideration is a post-examination adjustment to a student's mark or grade to reflect temporary injury, illness or other indisposition at the time of the examination/assessment, which has had, or is reasonably likely to have had, a material effect on a candidate's ability to take an assessment or demonstrate his or her level of attainment in an assessment.

Further information

Please see our website or email internationalenquiries@pearson.com for further information about how to apply for access arrangements and special consideration.

For further information about access arrangements, reasonable adjustments and special consideration please refer to the JCQ website: <http://www.jcq.org.uk/examination-system/access-arrangements-and-special-consideration>

Equality Act 2010 and Pearson equality policy

Equality and fairness are central to our work. Our equality policy requires all students to have equal opportunity to access our qualifications and assessments, and our qualifications to be awarded in a way that is fair to every student.

We are committed to making sure that:

- students with a protected characteristic (as defined by the Equality Act 2010) are not, when they are undertaking one of our qualifications, disadvantaged in comparison to students who do not share that characteristic
- all students achieve the recognition they deserve for undertaking a qualification and that this achievement can be compared fairly to the achievement of their peers.

You can find details on how to make adjustments for students with protected characteristics in the policy document *Access Arrangements, Reasonable Adjustments and Special Considerations*, which is on our website, <http://qualifications.pearson.com/en/support/support-topics/exams/special-requirements.html>

Malpractice

For up-to-date information on malpractice please refer to the latest Joint Council for Qualifications (JCQ) *Suspected Malpractice in Examinations and Assessments* document, available on the JCQ website: <http://www.jcq.org.uk/exams-office/malpractice/>

Candidate malpractice

Candidate malpractice refers to any act by a candidate that compromises or seeks to compromise the process of assessment or which undermines the integrity of the qualifications or the validity of results/certificates.

Candidate malpractice in examinations must be reported to Pearson using a JCQ M1 Form (available at www.jcq.org.uk/exams-office/malpractice/). The form can be emailed to pqsmalpractice@pearson.com or posted to Investigations Team, Pearson, 190 High Holborn, London, WC1V 7BH. Please provide as much information and supporting documentation as possible. Note that the final decision regarding appropriate sanctions lies with Pearson.

Failure to report malpractice constitutes staff or centre malpractice.

Staff/centre malpractice

Staff and centre malpractice includes both deliberate malpractice and maladministration of our qualifications. As with candidate malpractice, staff and centre malpractice is any act that compromises or seeks to compromise the process of assessment or which undermines the integrity of the qualifications or the validity of results/certificates.

All cases of suspected staff malpractice and maladministration must be reported immediately, before any investigation is undertaken by the centre, to Pearson on a JCQ M2 (a) Form (available at www.jcq.org.uk/exams-office/malpractice/). The form, supporting documentation and as much information as possible can be emailed to pqsmalpractice@pearson.com or posted to Investigations Team, Pearson, 190 High Holborn, London, WC1V 7BH. Note that the final decision regarding appropriate sanctions lies with Pearson.

Failure to report malpractice itself constitutes malpractice. More detailed guidance on malpractice can be found in the latest version of the document *JCQ General and Vocational Qualifications Suspected Malpractice in Examinations and Assessments*, available at www.jcq.org.uk/exams-office/malpractice/

Language of assessment

Assessment of this specification will be in English only.
Assessment materials will be published in English only and all work submitted for examination must be in English only.

Other information

Guided Learning Hours

Guided Learning Hours (GLH): the number of teacher-led contact hours required to support student achievement for a qualification.

The Pearson LCCI Level 3 Certificate in Business Statistics (VRQ) requires 135 GLH.

Centres should ensure that students have additional time for self-study and preparation for the final examination, this is in addition to the GLH stated above.

Student recruitment

Pearson follows the JCQ policy concerning recruitment to our qualifications in that:

- they must be available to anyone who is capable of reaching the required standard
- they must be free from barriers that restrict access and progression
- equal opportunities exist for all students.

Prior learning and other requirements

There are no formal entry requirements for this qualification.

Students may be studying in a local language but the assessment will be in English. Pearson recommends students have B1 level of English on the Common European Framework of Reference (CEFR). This will support access to the assessment materials and be able to communicate responses effectively.

Progression

The Pearson LCCI Level 2 and Level 3 Certificates in Business Statistics (VRQ) qualifications are designed to support student knowledge and understanding of statistics relevant to their portfolio of learning in business, finance and accounting.

Centres must ensure they choose the most appropriate qualification level for their learners' needs.

Together with other Pearson LCCI Level 3 business, accounting and finance qualifications, the Pearson LCCI Level 3 Certificate in Business Statistics (VRQ) will allow progression to more advanced administrative, business and management qualifications and supports progression into the job market in areas such as forecasting, data collection and analysis, finance and accountancy.

Exemptions

We are seeking exemptions for our qualifications from a number of Professional Bodies. For the latest list of exemptions, please visit the Pearson LCCI website, and choose your relevant qualification.

<http://qualifications.pearson.com/content/dam/pdf/LCCI/2014/Recognition-from-PBs-for-LCCI-qualifications-July-2015.pdf>

National Occupational Standards

The Pearson LCCI Level 3 Certificate in Business Statistics (VRQ) has links to the following National Occupational Standards (NOS):

- Finance and Accounting

Please see our website for further details.

Codes

This qualification is approved by Ofqual and meets the Ofqual General Conditions for inclusion on the Register of Regulated Qualifications. The Qualification Number (QN) is: 601/5171/7

The subject code for Pearson LCCI Level 3 Certificate in Business Statistics (VRQ) is: ASE20100. The subject code is used by centres to enter students for a qualification.

Support, training and resources

Training

Pearson offers support and training to teachers on standard of delivery and preparing students to meet the assessment requirements.

Specifications, Sample Assessment Materials and Teacher Support Materials

The Pearson LCCI Level 3 Certificate in Business Statistics (VRQ) Sample Assessment Materials document (ISBN 9781446926734) can be downloaded from our website.

To find a list of all the support documents available please visit the website.

Appendix

Appendix 1: Pearson LCCI Level 3 Certificate in Business Statistics
(VRQ) – formulae sheet

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Appendix 1: Pearson LCCI Level 3 Certificate in Business Statistics (VRQ) – formulae sheet

Median for grouped data $l + \frac{c_m}{f_m} \left(\frac{n}{2} - F_{m-1} \right)$

Where l_m , c_m and f_m are the lower boundary, width and frequency respectively of the median class, n is the total number of observations and F_{m-1} is the cumulative frequency corresponding to l_m .

Mean for ungrouped data $\bar{x} = \frac{\sum x}{n}$

Mean for grouped data $\bar{x} = \frac{\sum fx}{\sum f}$

Standard deviation for ungrouped data $s = \sqrt{\frac{\sum x^2}{n} - (\bar{x})^2}$

Standard deviation for grouped data $s = \sqrt{\frac{\sum fx^2}{\sum f} - \left(\frac{\sum fx}{\sum f} \right)^2}$

Pearson measure of skewness $\frac{3(\bar{x} - \text{Median})}{s}$

Coefficient of variation $\frac{s}{\bar{x}} \times 100$

Multiplication rule of probability $P(A \cap B) = P(A) \times P(B)$ if A and B independent

Addition rule of probability $P(A \cup B) = P(A) + P(B) - P(A \cap B)$

	Price	Quantity
Laspeyres index	$\frac{\sum p_1 q_0}{\sum p_0 q_0} \times 100$	$\frac{\sum p_0 q_1}{\sum p_0 q_0} \times 100$
Paasche index	$\frac{\sum p_1 q_1}{\sum p_0 q_1} \times 100$	$\frac{\sum p_1 q_1}{\sum p_1 q_0} \times 100$
Weighted index	$\frac{\sum WI}{\sum W}$	

Product moment correlation coefficient $r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{(n\sum x^2 - (\sum x)^2)(n\sum y^2 - (\sum y)^2)}}$

Spearman's rank correlation coefficient $r_s = 1 - \frac{6\sum d^2}{n(n^2 - 1)}$

Least Squares regression line $\hat{y} = a + bx$

$$b = \frac{n\sum xy - (\sum x)(\sum y)}{n\sum x^2 - (\sum x)^2}$$

$$a = \frac{\sum y}{n} - \frac{b\sum x}{n}$$

One sample z test

Mean $z = \frac{\bar{x} - \mu}{\frac{\sigma}{\sqrt{n}}}$ Proportion $z = \frac{p - \pi}{\sqrt{\frac{\pi(1-\pi)}{n}}}$

Two sample z test

Mean $z = \frac{\bar{x}_1 - \bar{x}_2}{\sqrt{\frac{s_1^2}{n_1} + \frac{s_2^2}{n_2}}}$ Proportion $z = \frac{p_1 - p_2}{\sqrt{p(1-p)\left(\frac{1}{n_1} + \frac{1}{n_2}\right)}}$

where $p = \frac{n_1 p_1 + n_2 p_2}{n_1 + n_2}$

One sample t test

$t = \frac{\bar{x} - \mu}{\frac{s}{\sqrt{n}}}$ where $s = \sqrt{\frac{\sum (x - \bar{x})^2}{n-1}}$

Independent samples t test

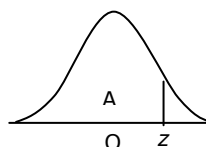
$t = \frac{\bar{x} - \bar{y}}{s\sqrt{\frac{1}{n} + \frac{1}{m}}}$ where $s = \sqrt{\frac{\sum (x - \bar{x})^2 + \sum (y - \bar{y})^2}{n+m-2}}$

Chi squared test $\chi^2 = \sum \frac{(O-E)^2}{E}$

Test for $p = 0$ $t = \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$

Table 1: The Normal Distribution

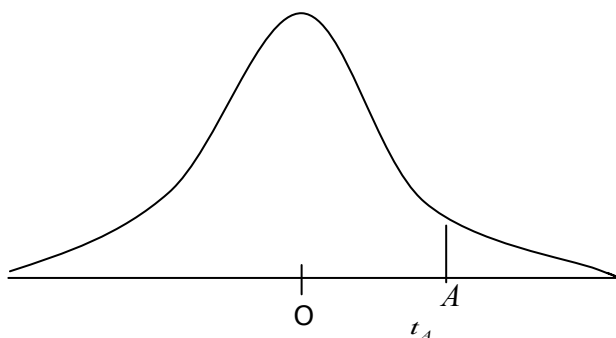
A is the area to the left of the given value of z



z	A	z	A	z	A	z	A	z	A
0.00	0.5000	0.50	0.6915	1.00	0.8413	1.50	0.9332	2.00	0.9772
0.01	0.5040	0.51	0.6950	1.01	0.8438	1.51	0.9345	2.02	0.9783
0.02	0.5080	0.52	0.6985	1.02	0.8461	1.52	0.9357	2.04	0.9793
0.03	0.5120	0.53	0.7019	1.03	0.8485	1.53	0.9370	2.06	0.9803
0.04	0.5160	0.54	0.7054	1.04	0.8508	1.54	0.9382	2.08	0.9812
0.05	0.5199	0.55	0.7088	1.05	0.8531	1.55	0.9394	2.10	0.9821
0.06	0.5239	0.56	0.7123	1.06	0.8554	1.56	0.9406	2.12	0.9830
0.07	0.5279	0.57	0.7157	1.07	0.8577	1.57	0.9418	2.14	0.9838
0.08	0.5319	0.58	0.7190	1.08	0.8599	1.58	0.9429	2.16	0.9846
0.09	0.5359	0.59	0.7224	1.09	0.8621	1.59	0.9441	2.18	0.9854
0.10	0.5398	0.60	0.7257	1.10	0.8643	1.60	0.9452	2.20	0.9861
0.11	0.5438	0.61	0.7291	1.11	0.8665	1.61	0.9463	2.22	0.9868
0.12	0.5478	0.62	0.7324	1.12	0.8686	1.62	0.9474	2.24	0.9875
0.13	0.5517	0.63	0.7357	1.13	0.8708	1.63	0.9484	2.26	0.9881
0.14	0.5557	0.64	0.7389	1.14	0.8729	1.64	0.9495	2.28	0.9887
0.15	0.5596	0.65	0.7422	1.15	0.8749	1.65	0.9505	2.30	0.9893
0.16	0.5636	0.66	0.7454	1.16	0.8770	1.66	0.9515	2.32	0.9898
0.17	0.5675	0.67	0.7486	1.17	0.8790	1.67	0.9525	2.34	0.9904
0.18	0.5714	0.68	0.7517	1.18	0.8810	1.68	0.9535	2.36	0.9909
0.19	0.5753	0.69	0.7549	1.19	0.8830	1.69	0.9545	2.38	0.9913
0.20	0.5793	0.70	0.7580	1.20	0.8849	1.70	0.9554	2.40	0.9918
0.21	0.5832	0.71	0.7611	1.21	0.8869	1.71	0.9564	2.42	0.9922
0.22	0.5871	0.72	0.7642	1.22	0.8888	1.72	0.9573	2.44	0.9927
0.23	0.5910	0.73	0.7673	1.23	0.8907	1.73	0.9582	2.46	0.9931
0.24	0.5948	0.74	0.7704	1.24	0.8925	1.74	0.9591	2.48	0.9934
0.25	0.5987	0.75	0.7734	1.25	0.8944	1.75	0.9599	2.50	0.9938
0.26	0.6026	0.76	0.7764	1.26	0.8962	1.76	0.9608	2.55	0.9946
0.27	0.6064	0.77	0.7794	1.27	0.8980	1.77	0.9616	2.60	0.9953
0.28	0.6103	0.78	0.7823	1.28	0.8997	1.78	0.9625	2.65	0.9960
0.29	0.6141	0.79	0.7852	1.29	0.9015	1.79	0.9633	2.70	0.9965
0.30	0.6179	0.80	0.7881	1.30	0.9032	1.80	0.9641	2.75	0.9970
0.31	0.6217	0.81	0.7910	1.31	0.9049	1.81	0.9649	2.80	0.9974
0.32	0.6255	0.82	0.7939	1.32	0.9066	1.82	0.9656	2.85	0.9978
0.33	0.6293	0.83	0.7967	1.33	0.9082	1.83	0.9664	2.90	0.9981
0.34	0.6331	0.84	0.7995	1.34	0.9099	1.84	0.9671	2.95	0.9984
0.35	0.6368	0.85	0.8023	1.35	0.9115	1.85	0.9678	3.00	0.9987
0.36	0.6406	0.86	0.8051	1.36	0.9131	1.86	0.9686	3.05	0.9989
0.37	0.6443	0.87	0.8078	1.37	0.9147	1.87	0.9693	3.10	0.9990
0.38	0.6480	0.88	0.8106	1.38	0.9162	1.88	0.9699	3.15	0.9992
0.39	0.6517	0.89	0.8133	1.39	0.9177	1.89	0.9706	3.20	0.9993
0.40	0.6554	0.90	0.8159	1.40	0.9192	1.90	0.9713	3.25	0.9994
0.41	0.6591	0.91	0.8186	1.41	0.9207	1.91	0.9719	3.30	0.9995
0.42	0.6628	0.92	0.8212	1.42	0.9222	1.92	0.9726	3.35	0.9996
0.43	0.6664	0.93	0.8238	1.43	0.9236	1.93	0.9732	3.40	0.9997
0.44	0.6700	0.94	0.8264	1.44	0.9251	1.94	0.9738	3.50	0.9998
0.45	0.6736	0.95	0.8289	1.45	0.9265	1.95	0.9744	3.60	0.9998
0.46	0.6772	0.96	0.8315	1.46	0.9279	1.96	0.9750	3.70	0.9999
0.47	0.6808	0.97	0.8340	1.47	0.9292	1.97	0.9756	3.80	0.9999
0.48	0.6844	0.98	0.8365	1.48	0.9306	1.98	0.9761	3.90	1.0000
0.49	0.6879	0.99	0.8389	1.49	0.9319	1.99	0.9767	4.00	1.0000
0.50	0.6915	1.00	0.8413	1.50	0.9332	2.00	0.9772		

Table 2: t Distribution

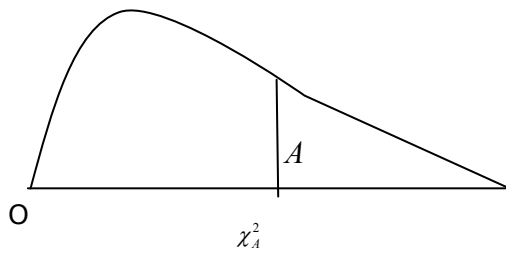
t_A is the value of the t statistic with ν degrees of freedom with area A to the right of it



ν	1	2	3	4	5	6	7	8
$t_{0.05}$	6.31	2.92	2.35	2.13	2.02	1.94	1.90	1.86
$t_{0.025}$	12.71	4.30	3.18	2.78	2.57	2.45	2.37	2.31
$t_{0.01}$	31.82	6.97	4.54	3.75	3.37	3.14	3.00	2.90
$t_{0.005}$	63.66	9.93	5.84	4.60	4.03	3.71	3.50	3.36
ν	9	10	11	12	13	14	15	16
$t_{0.05}$	1.83	1.81	1.80	1.78	1.77	1.76	1.75	1.75
$t_{0.025}$	2.26	2.23	2.20	2.18	2.16	2.15	2.13	2.12
$t_{0.01}$	2.82	2.76	2.72	2.68	2.65	2.62	2.60	2.58
$t_{0.005}$	3.25	3.17	3.11	3.05	3.01	2.98	2.95	2.92
ν	17	18	19	20	21	22	23	24
$t_{0.05}$	1.74	1.73	1.73	1.73	1.73	1.72	1.71	1.71
$t_{0.025}$	2.11	2.10	2.09	2.09	2.09	2.08	2.07	2.06
$t_{0.01}$	2.57	2.55	2.54	2.54	2.53	2.52	2.50	2.49
$t_{0.005}$	2.90	2.88	2.86	2.86	2.85	2.83	2.81	2.80

Table 3: Chi squared Distribution Table

χ_A^2 is the value of the χ^2 statistic with ν degrees of freedom with area A to the right of it



ν	1	2	3	4	5	6
$\chi_{0.05}^2$	3.84	5.99	7.81	9.49	11.07	12.59
$\chi_{0.01}^2$	6.63	9.21	11.34	13.28	15.09	16.81
ν	7	8	9	10	11	12
$\chi_{0.05}^2$	14.07	15.51	16.92	18.31	19.68	21.03
$\chi_{0.01}^2$	18.48	20.09	21.67	23.21	24.73	26.22

September 2015

For more information on LCCI qualifications
please visit our website: qualifications.pearson.com/lcci

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Registered Office: 80 Strand, London WC2R 0RL.
VAT Reg No GB 278 537121





Computerised Accounting



Level 3

Extended Syllabus

Effective from 1 March 2004

Computerised Accounting Level 3

Aims

The aim of this qualification is to assess candidates' practical ability to use MYOB computerised accounting systems.

Important Note

Computerised Accounting Level 3 is a test of practical ability although candidates will need to have a basis of accounting knowledge and understanding in order to pass. LCCI Accounting Level 3 assesses candidates' knowledge and understanding at this level; centres and candidates should note however that the detailed contents of the Computerised Accounting Level 3 and Accounting Level 3 syllabuses do not correspond exactly.

Please refer to the section below on the LCCI Level 3 Group Diploma in Computerised Accounting for information on how Computerised Accounting Level 3 and Accounting Level 3 may be combined.

Assessment Objectives and Coverage in Assignments

The examination will assess the candidate's ability to use MYOB computerised accounting software to:

Objective	Weighting
• Set up partnership and limited liability company accounts	10%
• Track department and job profitability	5%
• Enter transaction data including multi-currency transaction data	25%
• Manage debtors' accounts and bad debts	15%
• Manage inventory	30%
• Enter year-end journal entries before closing financial years	5%
• Customise and generate a variety of reports	10%

Weightings indicate the approximate percentage of marks available that each objective will carry in Computerised Accounting Level 3 assignments.

Target Candidates and Candidate Progression

This qualification is for people who wish to develop higher practical computerised accounting skills. Candidates should have achieved LCCI Computerised Accounting Level 2 or possess the equivalent skills.

LCCIEB Level 3 Diploma in Computerised Accounting

In order to obtain the LCCI Level 3 Diploma in Computerised Accounting, candidates are required to pass three Level 3 subjects within a period of 24 months as follows:

Compulsory Subjects

Computerised Accounting Level 3

Accounting or Accounting (IAS) Level 3

plus one from the following pool of options (all Level 3)

Advanced Business Calculations

Advertising

Business and Industrial Administration

Business Statistics

Customer Service

English for Business

Internet Marketing

Marketing

Selling and Sales Management

Business Administration

Business Practice

Cost Accounting

eCommerce

Management Accounting

Practical Computing

Public Relations

Principles and Practice of Management

Level of English Required

It is recommended that Computerised Accounting Level 3 candidates should have a standard of English equivalent to LCCI English for Business Level 2.

Computerised Accounting Syllabus Topics

- 1 Company Accounts
- 2 Track Profitability of Departments and Jobs
- 3 Multi-currency transactions
- 4 Debtor Management
- 5 Advanced Inventory Management
- 6 Year-End Procedures and Maintenance
- 7 Reports and Analysis

Assessment

Assessment is through a 2.5 hour practical assignment provided and marked by LCCI. The assignment may be undertaken by centres and candidates at dates and times convenient to them.

Candidate Answer Guidance

Answer Formats

Candidates will be required to produce: accounts list summaries, multi-period profit and loss statements, bank reconciliation reports, trial balances, multi-period balance sheets, transaction journal reports and budget analyses.

Candidate Performance Measurement

The marks available for each task will be indicated within each assignment.

Pass and Grade Information

100 marks are available for each assignment. The marks necessary to achieve Pass, Credit and Distinction grades are as follows:

Pass: 50 - 59 Marks

Credit: 60 - 74 Marks

Distinction: 75 - 100 Marks

MYOB Software Guidance Notes

MYOB is a leading global provider of business and accounting software solutions. Centres offering Computerised Accounting will be provided with the educational version of MYOB Premier accounting software free of charge. The educational version of MYOB Premier is a fully functional version of MYOB accounting software and is suitable for both training and assessment purposes; however it contains restrictions that prevent it being used for commercial activities.

Centres offering Computerised Accounting will receive full guidance on the installation and operation of the educational version of MYOB Premier.

Guided Learning Hours

LCCI International Qualifications recommends that 60 Guided Learning Hours (GLHs) provide a suitable course duration for an 'average' candidate at this level. This figure includes direct contact hours as well as other time when candidates' work is being supervised by teachers. Ultimately, however, it is the responsibility of centres to determine the appropriate course duration based on their candidates' ability and level of existing knowledge. LCCI's experience indicates that the number of GLHs can vary significantly from one training centre to another.

Individual centres will decide whether their students will benefit more from an intensive course or from a course lasting for an academic year. In this connection, centres may care to take into consideration that the set of practical assignments is available on demand and that there is no prescribed time and date that these assessments must be undertaken.

Recommended Reading List and Support Material

Reading List

Title	Publisher
Computerised Accounting	ER/MYOB

Support Material

A sample assignment and model answer is available from the EDI Customer Service Team and local LCCI offices.

Centre Registration

Further information and centre registration details can be found at the websites www.lcciasia.com or www.lccieb.com . Alternatively please contact:

For Centres outside Asia:

Education Development International plc
International House
Siskin Parkway East
Middlemarch Business Park
Conventry CV3 4PE
United Kingdom

Telephone: +44 (0) 8707 202 909
Fax: +44 (0) 2476 516 505
Email: customerservice@ediplc.com

For Centres in Asia:

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Telephone: +65 6412 0755
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Connection 1 Tower 4
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3 Zhongshan Er Lu
Guangzhou 510080
PR China

Telephone: +86 20 3762 0448
Fax: +86 20 3762 0682
Email: info@lccichina.com

Computerised Accounting

Level 3

Note

Candidates are expected to have the skills covered in the LCCI Computerised Accounting Level 2 syllabus, in particular the ability to:

- Set up company data files
- Set up accounts lists
- Record transactions in the general ledger, banking, purchases, sales, inventory command centres

Syllabus Topic

Items Covered

1 Company Accounts

Candidates must be able to:

- 1.1 Set up the datafile and the chart of accounts for the following:
 - Partnerships
 - Limited Liability Companies
- 1.2 Generate accounts listing for the various types of companies
- 1.3 Perform the necessary steps to distribute partnership profits at the end of the accounting period
- 1.4 Record the following for a limited liability company:
 - Increase in capital contribution
 - Issuance of new shares
 - Payment of dividends

2 Tracking Profitability of Departments and Jobs

Candidates must be able to:

- 2.1 Set up various profit centres
- 2.2 Record sales and expenses and allocate these to various profit centres
- 2.3 Generate reports relating to a selected profit centre or all profit centres

3 Multi-Currency Transactions

Candidates must be able to:

- 3.1 Set up control accounts to handle multiple currencies
- 3.2 Specify currency codes and exchange rates
- 3.3 Record sales and purchases involving multiple currencies
- 3.4 Update the various exchange rates and record unrealised exchange gains or losses at the end of period
- 3.5 Generate exchange gain or loss reports

4 Debtor Management

Candidates must be able to:

- 4.1 Customise and generate the debtor ageing report
- 4.2 Perform the following tasks to factor debts to a factoring entity:
 - Set up the factoring account
 - Record payments received
 - Record factoring charges
 - Close debtor accounts
- 4.3 Account for transactions in situations where a customer is also a supplier using the following methods:
 - cash received method
 - debit note method
- 4.4 Perform the steps to record:
 - Provision for bad debts
 - Writing off bad debts

5 Advanced Inventory Management

Candidates must be able to:

- 5.1 Perform the following tasks with respect to traded-in items:
 - Modify the chart of accounts to account for traded-in items
 - Set up the traded-in inventory items
 - Record traded-in items and payments
- 5.2 Account for consignment stock as:
 - A consignor
 - A consignee

6 Year-End Procedures and Maintenance

Candidates must be able to:

- 6.1 Make end-of period adjustments to:
- Accruals
 - Prepayments
- 6.2 Close the current financial year and start a new financial year

7 Reports and Analysis

Candidates must be able to:

- 7.1 Customise and generate reports including:
- Multi-period balance sheet
 - Multi-period profit and loss statement
 - Transaction journals
 - Budget Analysis
- 7.2 Enter monthly budgets
- 7.3 Compare actual company performance against budgets



LCCI
International
Qualifications



L3

Pearson LCCI Level 3 Certificate in Cost and Management Accounting (VRQ) (ASE20098)

SPECIFICATION

Issue 2

First teaching from September 2015

Pearson LCCI Level 3 Certificate in Cost and Management Accounting (VRQ) (ASE20098)

Specification

Issue 2

First teaching from September 2015

Edexcel, BTEC and LCCI qualifications

Edexcel, BTEC and LCCI qualifications are awarded by Pearson, the UK's largest awarding body offering academic and vocational qualifications that are globally recognised and benchmarked. For further information, please visit our qualification websites at www.edexcel.com, www.btec.co.uk or www.lcci.org.uk. Alternatively, you can get in touch with us using the details on our contact us page at qualifications.pearson.com/contactus

About Pearson

Pearson is the world's leading learning company, with 40,000 employees in more than 70 countries working to help people of all ages to make measurable progress in their lives through learning. We put the learner at the centre of everything we do, because wherever learning flourishes, so do people. Find out more about how we can help you and your learners at qualifications.pearson.com

This specification is Issue 2. Key changes are sidelined in the document. We will inform centres of any changes to this issue. The latest issue can be found on our website, qualifications.pearson.com

Acknowledgements

This specification has been produced by Pearson on the basis of consultation with teachers, examiners, consultants and other interested parties. Pearson would like to thank all those who contributed their time and expertise to the specification's development.

References to third party material made in this specification are made in good faith. Pearson does not endorse, approve or accept responsibility for the content of materials, which may be subject to change, or any opinions expressed therein. (Material may include textbooks, journals, magazines and other publications and websites.)

All information in this specification is correct at time of publication.

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Introduction

LCCI qualifications

LCCI qualifications are widely regarded by employers as preparing learners to carry out the key functions of modern international business. The qualifications are recognised worldwide by employers, universities and professional bodies such as the Association of Chartered Certified Accountants (ACCA).

This new and engaging range of qualifications has been developed in collaboration with professional bodies, employers and customers. We have conducted in-depth, independent consultation to ensure that the qualifications develop the breadth and depth of knowledge, skills and understanding that students need to be effective employees, and that the qualifications support progression pathways.

LCCI offers a wider range of qualifications; they are available at levels 1 to 4 across the following subject areas:

- English Language
- Marketing and Customer Service
- Business, Administration and IT
- Financial and Quantitative.

This specification is part of the Financial and Quantitative suite of LCCI qualifications.

Please refer to the Pearson website for details of other qualifications in the suite.

This qualification replaces the LCCI Level 3 in Cost Accounting.

Purpose of the specification

This specification sets out:

- the objectives of the qualification
- any other qualification(s) that a student must have completed before taking the qualification
- any prior knowledge and skills that the student is required to have before taking the qualification
- any other requirements that a student must have satisfied before they will be assessed or before the qualification will be awarded
- the knowledge, understanding and skills that will be assessed as part of the qualification
- the method of assessment and any associated requirements relating to it
- the criteria against which a student's level of attainment will be measured (such as assessment criteria).

Rationale

The Pearson LCCI Level 3 Certificate in Cost and Management Accounting (VRQ) meets the following purpose:

The qualification builds on the Pearson LCCI Level 2 Certificate in Cost Accounting (VRQ) qualification to give students a detailed insight into the Cost and Management Accounting principles and techniques they are likely to encounter in their working lives.

The qualification at level 3 has a practical focus with students applying knowledge to various scenario-based situations. The inclusion of much more detailed Management Accounting techniques allows students to gain a greater breadth and depth of knowledge in this area, opening their progression opportunities to a wider field of specialism.

Qualification aim

The Pearson LCCI Level 3 Cost and Management Accounting (VRQ) is for students who work in, or want to work in, accounting environments where they will be required to use management accounting techniques which contribute to effective decision making and control.

This qualification provides the student with the skills, knowledge and understanding of cost and management accounting which reflects the keys skills required in business for short and long-term decision making, inventory control, accounting for overheads, working capital management, standard costing and the preparation and control of budgets.

This qualification is trusted and valued by employers worldwide and recognised by universities and professional bodies.

This will enhance their employability prospects in the accounting sector and allow progression to the Pearson LCCI Level 4 Certificate in Management Accounting (VRQ) qualification.

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Specification at a glance

The Pearson LCCI Level 3 Certificate in Cost and Management Accounting (VRQ) consists of one externally examined paper.

Title: Pearson LCCI Level 3 Certificate in Cost and Management Accounting (VRQ)

- Externally assessed

100% of the total qualification

Overview of content

- 1 Inventory management
- 2 Short-term decision making
- 3 Accounting for overheads
- 4 Budgetary planning and control
- 5 Working capital management
- 6 Standard costing and variances
- 7 Costing methods
- 8 Long-term decision making
- 9 Management Information Systems
- 10 Accounting Systems

Overview of assessment

- One written externally set and marked paper, contributing 100% of the overall grade of the qualification
- The examination will be 3 hours
- The examination will consist of 100 marks
- Students will be graded Pass/Merit/Distinction. A result of Fail will be recorded where students do not achieve the required marks for a Pass
- The paper comprises five questions
- Students should answer all questions
- Questions comprise short written answer and calculations

Knowledge, skills and understanding

Content

The following content must be covered to prepare students for the final assessment of this qualification.

1. Inventory management

Subject content	What students need to learn:
1.1 Materials and inventory control	a) The benefits of inventory management and control
	b) The calculation of the amount and cost of materials needed to meet the production plan, taking into account process wastage and products rejects
	c) The calculation of the amount and cost of opening and closing inventory levels after taking into account the production plan, with process wastage and products rejects
	d) The costs of holding inventory and of running out of inventory
	e) The calculation of the reorder level, maximum inventory control level, minimum inventory control level, average inventory and average inventory investment
	f) The Economic Order Quantity (EOQ) formula to calculate the EOQ
	g) The inventory ordering and inventory holding costs for discrete order quantities to select the optimal order quantity without using the EOQ formula
	h) The calculation of the order quantity to minimise cost where quantity discounts are available

2. Short-term decision making

Subject content	What students need to learn:
2.1 Short-term cost behaviour	a) The use of the high/low method in the identification of cost behaviour with or without price changes
	b) The calculation of costs per period or unit from fixed, variable, semi-variable or stepped patterns
	c) The forecast of costs using the high/low method
	d) The key terms used in decision making, and their definitions: <ul style="list-style-type: none"> • sunk cost • differential/incremental cost • opportunity cost • avoidable cost • relevant cost
	e) The limiting factors within an organisation
	f) The calculation of the contribution per unit of the limiting factor, and recommend the product mix to maximise profits
	g) The calculation of net profit using the optimum product mix
	h) The effect of time on cost behaviour
2.2 Break even analysis	a) The calculation of the contribution/sales (C/S) ratio for a single product and the weighted C/S ratio for a mix of products
	b) The calculation of the break-even point (revenue and units) in both single-product and multi-product situations
	c) The calculation of the margin of safety and targeted profit
	d) The application and assumptions of cost-volume-profit (CVP) analysis in given situations
	e) The construction of the following charts for a single product or multiple products: <ul style="list-style-type: none"> • conventional break-even • contribution break-even • profit-volume (PV)
	f) The determination of the break-even point and the margin of safety from a chart

Subject content	What students need to learn:
2.3 Marginal and absorption costing	a) The definition of the terms 'marginal costing' and 'absorption costing'
	b) The preparation of profit statements applying both absorption and marginal costing (including the over/under absorption of overhead in absorption costing)
	c) Reconciliation of the reported profits between absorption and marginal costing and explanation of the difference

3. Accounting for overheads

Subject content	What students need to learn:
3.1 Overhead absorption	a) The allocation of production overheads to production and service cost centres
	b) The apportionment of production overheads to production and service cost centres
	c) The re-apportionment of production overheads from service cost centres to production cost centres using repeated distribution method
	d) The reasons for using predetermined absorption rates
	e) The calculation and application of production overhead absorption rates based upon direct material cost, direct labour cost, direct labour hours, machine hours and units of output
	f) The factors influencing the choice of production overhead absorption method
	g) The calculation and use of absorption rates from a traditional production overhead budget
	h) The calculation of a rate to absorb administration, selling and distribution overheads
	i) The calculation and application of any under or over-absorption of production overhead
3.2 Activity based costing	a) The principles of activity based costing (ABC) and the contrast between ABC and traditional approaches
	b) The calculation of cost driver rates and unit production costs based on ABC principles

4. Budgetary planning and control

Subject content	What students need to learn:
4.1 Preparation of budgets	a) The purpose of preparing budgets
	b) The benefits of budgetary planning and control
	c) The meaning and importance of the principal budget factor
	d) The preparation of the following budgets <ul style="list-style-type: none"> • revenue • production • material usage • materials purchases • direct labour
	e) The differences between fixed and flexible budgets
	f) The preparation of a flexed budget, compared with actual costs/revenues, detailing the variances
	g) The bases for flexing budgets
	h) The factors influencing the choice of budget period

5. Working capital management

Subject content	What students need to learn:
5.1 Managing cash flow	a) The reasons why liquidity and cash flow management are important for the successful operation of any business
	b) The preparation of detailed cash budgets on a monthly or quarterly basis This refers to forecasted cash budgets and not statements of cash flow hence operating, investment and financial activities will not be required
	c) The implications of, and ways to deal with, a cash surplus/deficit
	d) The preparation of working capital budgets
	e) The calculation and management of the working capital ratio
	f) The calculation and management of the working capital cycle

6. Standard costing and variances

Subject content	What students need to learn:
6.1 Calculating variances	a) The meaning of standard cost
	b) The meaning and use of an ideal and an attainable standard
	c) The calculation of the standard cost
	d) The calculation of the total direct material variance and analysis of this to price and usage variances where the price variance is based upon issues
	e) The standard hour as a measure of output for a department or a mix of products
	f) The calculation of the total direct labour variance and analysis of this to rate and efficiency variances
	g) The potential relationship between labour and material variances
	h) The calculation of total fixed production overhead variance and analysis of this to expenditure and volume variance
	i) The reasons for variances
	j) The calculation of ratios of production volume (activity), production efficiency and capacity
	k) Reconciliation of budgeted and actual profit using appropriate variances
	l) Use of given cost variances to calculate standard or actual production costs

7. Costing methods

Subject content	What students need to learn:
7.1 Process costing	a) The purpose of process costing
	b) The preparation of process accounts and profit statements where normal or abnormal losses/gains occur along with their associated scrap values or disposal costs
	c) The meaning of joint and by-products
	d) The calculation of the value of by-products
	e) The preparation of normal loss, abnormal loss and abnormal gain accounts
	f) The value of completed production and work-in-progress using equivalent units, and using a First In First Out (FIFO) or weighted average (AVCO) approach
	g) The calculation of joint products apportioning joint costs on the basis of physical units, weight, sales value and net sales value
	h) The interpretation of the results of joint product accounting

8. Long-term decision making

Subject content	What students need to learn:
8.1 Investment appraisal	a) The difference between long-term and short-term decision making
	b) The Discounted Cash Flow (DCF), and how discounting overcomes the limitations of traditional techniques
	c) Net Present Value (NPV) and Internal Rate of Return (IRR) discounting methods
	d) The calculation of the NPV of proposed capital investments
	e) The calculation of the IRR of proposed capital investments
	f) The preparation of capital investment appraisals using DCF, NPV and IRR
	g) Comparison of IRR and NPV methods and explain why the two techniques do not necessarily rank projects in the same order
	h) The calculation of discounted payback of a proposed capital investment

9. Management Information Systems

Subject content	What students need to learn:
9.1 The role of Management Information Systems (MIS) in cost and management accounting	a) The characteristics of effective management information
	b) The controls in place to ensure confidentiality and security is maintained when dealing with management information

10. Accounting Systems

Subject content	What students need to learn:
10.1 Accounting Systems	a) Distinguish between integrated and non-integrated accounting systems
	b) Explain the importance, and demonstrate the use, of control accounts with particular emphasis on raw materials, work-in-progress, finished goods and production overheads
	c) Post entries in a ledger, for an integrated system using absorption or marginal costing and historic or standard costing
	d) Post entries as in (c) but for a non-integrated system
	e) Explain and demonstrate the need for reconciliation in a non-integrated system
	f) Prepare a profit reconciliation statement in a non-integrated system

The following skills should be developed throughout the course of study.

Skills	Students should:
	a) Calculate and comment on inventory costs and controls
	b) Complete inventory record cards
	c) Understand the key terms used in short term decision making, and their definitions
	d) Apply calculations including the high low method and limiting factors
	e) Understand the terms involved in break-even analysis
	f) Make calculations and apply cost-volume-profit analysis
	g) Calculate and use market and cost based transfer prices
	h) Construct break-even charts
	i) Understand the terms used in marginal and absorption costing
	j) Prepare profit statements applying both absorption and marginal costing
	k) Understand the terms used in overhead absorption
	l) Apply various techniques in overhead absorption
	m) Understand the terms and the purpose of preparing budgets
	n) Prepare both fixed and flexible budgets
	o) Understand the terms used in cash flow management
	p) Prepare working capital and detailed cash budgets
	q) Understand the term and the calculations used in standard costing
	r) Calculate labour, material and overhead variances
	s) Understand relationships between labour and material variances
	t) Understand the terms and the purpose of process costing
	u) Undertake the necessary calculations for process costing
	v) Understand the terms used in investment appraisal
	w) Calculate and apply investment appraisal techniques
	x) Understand the role of MIS in information confidentiality and security

Assessment

Assessment summary

Pearson LCCI Level 3 Certificate in Cost and Management Accounting (VRQ)

First teaching: September 2015

Number of series: 8

Overview of content

- 1 Inventory management
- 2 Short-term decision making
- 3 Accounting for overheads
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Overview of assessment

- One written externally set and marked paper, contributing 100% of the overall grade of the qualification
- The examination will be 3 hours
- The examination will consist of 100 marks
- Students will be graded Pass/Merit/Distinction. A result of Fail will be recorded where students do not achieve the required marks for a Pass
- The paper comprises five questions
- Students should answer all questions
- Questions comprise short written answer and calculations
- Calculators may be used in the exam
- Bilingual dictionaries are permitted for use in the exam

Assessment Objectives

Assessment objectives have been developed for this qualification to ensure that examinations are appropriately targeted. They describe the abilities that students should be able to demonstrate. Each question targets one or more assessment objectives. They are applied to the examination in the proportions below.

Students must:		% of qualification
AO1	Memorise Recall the facts of cost accounting in business Recall costing terms and definitions Recall costing methods and procedures	6-10
AO2	Perform Record business cost transactions Use costing and management techniques Carry out computations Prepare financial and costing statements	66-70
AO3	Communicate understanding Describe and explain different costing and management techniques Present and display cost and management data	8-12
AO4	Analyse Compare and analyse costing and management information Interpret cost and management data and information Recognise patterns and correlations Predict consequences	6-10
AO5	Evaluate Weigh up evidence in order to build a reasoned decision Draw conclusions	4-8
Total		100

Performance descriptors

Grade	Descriptor
Pass	<p>Candidates can recall, describe, explain and use basic facts of cost accounting, costing terms and definitions, costing methods, procedures and techniques.</p> <p>Candidates can carry out complex computations and prepare costing and financial statements</p> <p>Candidates can prepare financial and costing statements</p> <p>Candidates can interpret costing and management data and information in order to predict consequences</p> <p>Candidates can draw basic conclusions</p>
Distinction	<p>Candidates can recall, describe, explain and use basic and complex facts of cost accounting, costing terms and definitions, costing methods, procedures and techniques.</p> <p>Candidates can present and display costing and management data in appropriate formats with high precision</p> <p>Candidates can carry out complex computations and prepare costing and financial statements with precision</p> <p>Candidates can compare and analyse costing and management information, recognising any patterns and correlations in order to predict consequences</p> <p>Candidates can weigh up evidence to build a reasoned judgment and make recommendations to management</p>

Performance descriptors may be revised following the first award.

Entry and assessment information

Please see the *LCCI International Qualification Operations Guide for centres* and the *LCCI Examination Regulations*, available from our website: qualifications.pearson.com/lcci

Student entry

Details on how to enter candidates for the examination for this qualification can be found at: qualifications.pearson.com/lcci

The closing date for entries is approximately six weeks before the start of each examination series. Centres should refer to the published examination timetable for examination dates.

Combinations of entry

There are no forbidden combinations of entry for this qualification.

Age

This qualification is intended for learners aged 16 and above.

Resitting the qualification

Candidates can resit the examination for the Pearson LCCI Level 3 Certificate in Cost and Management Accounting (VRQ).

It is strongly advised that candidates do not register to undertake a resit until they have received the results from their previous examination.

Awarding and reporting

The Pearson LCCI Level 3 Certificate in Cost and Management Accounting (VRQ) qualification is graded and certificated on a three-grade scale: Pass/Merit/Distinction. Pass and Distinction are awarded, Merit is arithmetically calculated.

Access arrangements, reasonable adjustments and special consideration

Access arrangements

Access arrangements are agreed before an assessment. They allow students with special educational needs, disabilities or temporary injuries to:

- access the assessment
- show what they know and can do without changing the demands of the assessment.

The intention behind an access arrangement is to meet the particular needs of an individual student with a disability without affecting the integrity of the assessment. Access arrangements are the principal way in which awarding bodies comply with the duty under the Equality Act 2010 to make 'reasonable adjustments'.

Access arrangements should always be processed at the start of the course. Students will then know what is available and have the access arrangement(s) in place for assessment.

Reasonable adjustments

The Equality Act 2010 requires an awarding organisation to make reasonable adjustments where a person with a disability would be at a substantial disadvantage in undertaking an assessment. The awarding organisation is required to take reasonable steps to overcome that disadvantage.

A reasonable adjustment for a particular person may be unique to that individual and therefore might not be in the list of available access arrangements.

Whether an adjustment will be considered reasonable will depend on a number of factors, which will include:

- the needs of the student with the disability
- the effectiveness of the adjustment
- the cost of the adjustment; and
- the likely impact of the adjustment on the student with the disability and other students.

An adjustment will not be approved if it involves unreasonable costs to the awarding organisation, timeframes or affects the security or integrity of the assessment. This is because the adjustment is not 'reasonable'.

Special consideration

Special consideration is a post-examination adjustment to a student's mark or grade to reflect temporary injury, illness or other indisposition at the time of the examination/assessment, which has had, or is reasonably likely to have had, a material effect on a candidate's ability to take an assessment or demonstrate his or her level of attainment in an assessment.

Further information

Please see our website or email internationalenquiries@pearson.com for further information about how to apply for access arrangements and special consideration.

For further information about access arrangements, reasonable adjustments and special consideration please refer to the JCQ website: <http://www.jcq.org.uk/examination-system/access-arrangements-and-special-consideration>

Equality Act 2010 and Pearson equality policy

Equality and fairness are central to our work. Our equality policy requires all students to have equal opportunity to access our qualifications and assessments, and our qualifications to be awarded in a way that is fair to every student.

We are committed to making sure that:

- students with a protected characteristic (as defined by the Equality Act 2010) are not, when they are undertaking one of our qualifications, disadvantaged in comparison to students who do not share that characteristic
- all students achieve the recognition they deserve for undertaking a qualification and that this achievement can be compared fairly to the achievement of their peers.

You can find details on how to make adjustments for students with protected characteristics in the policy document *Access Arrangements, Reasonable Adjustments and Special Considerations*, which is on our website, <http://qualifications.pearson.com/en/support/support-topics/exams/special-requirements.html>

Malpractice

For up-to-date information on malpractice please refer to the latest Joint Council for Qualifications (JCQ) *Suspected Malpractice in Examinations and Assessments* document, available on the JCQ website: <http://www.jcq.org.uk/exams-office/malpractice/>

Candidate malpractice

Candidate malpractice refers to any act by a candidate that compromises or seeks to compromise the process of assessment or which undermines the integrity of the qualifications or the validity of results/certificates.

Candidate malpractice in examinations must be reported to Pearson using a JCQ M1 Form (available at www.jcq.org.uk/exams-office/malpractice/). The form can be emailed to pqsmalpractice@pearson.com or posted to Investigations Team, Pearson, 190 High Holborn, London, WC1V 7BH. Please provide as much information and supporting documentation as possible. Note that the final decision regarding appropriate sanctions lies with Pearson.

Failure to report malpractice constitutes staff or centre malpractice.

Staff/centre malpractice

Staff and centre malpractice includes both deliberate malpractice and maladministration of our qualifications. As with candidate malpractice, staff and centre malpractice is any act that compromises or seeks to compromise the process of assessment or which undermines the integrity of the qualifications or the validity of results/certificates.

All cases of suspected staff malpractice and maladministration must be reported immediately, before any investigation is undertaken by the centre, to Pearson on a JCQ M2 (a) Form (available at www.jcq.org.uk/exams-office/malpractice/). The form, supporting documentation and as much information as possible can be emailed to pqsmalpractice@pearson.com or posted to Investigations Team, Pearson, 190 High Holborn, London, WC1V 7BH. Note that the final decision regarding appropriate sanctions lies with Pearson.

Failure to report malpractice itself constitutes malpractice. More detailed guidance on malpractice can be found in the latest version of the document *JCQ General and Vocational Qualifications Suspected Malpractice in Examinations and Assessments*, available at www.jcq.org.uk/exams-office/malpractice/

Language of assessment

Assessment of this specification will be in English only.
Assessment materials will be published in English only and all work submitted for examination must be in English only.

Other information

Guided Learning Hours

Guided Learning Hours (GLH): the number of teacher-led contact hours required to support student achievement for a qualification.

The Pearson LCCI Level 3 Certificate in Cost and Management Accounting (VRQ) requires 140 GLH.

Centres should ensure that students have additional time for self-study and preparation for the final examination, this is in addition to the GLH stated above.

Student recruitment

Pearson follows the JCQ policy concerning recruitment to our qualifications in that:

- they must be available to anyone who is capable of reaching the required standard
- they must be free from barriers that restrict access and progression
- equal opportunities exist for all students.

Prior learning and other requirements

There are no formal entry requirements for this qualification.

Students may be studying in a local language but the assessment will be in English. Pearson recommends students have B1 level of English on the Common European Framework of Reference (CEFR). This will support access to the assessment materials and be able to communicate responses effectively.

Progression

The qualification will allow progression onto the Pearson LCCI Level 4 Certificate in Management Accounting (VRQ). This qualification will also support progression into employment, for example, into a junior accountant or cost account role within a large company's finance department.

Using appropriate internal processes, centres must ensure they choose the most appropriate qualification level for their learners' needs.

Exemptions

We are seeking exemptions for our qualifications from a number of Professional Bodies. For the latest list of exemptions, please visit the Pearson LCCI website, and choose your relevant qualification.

<http://qualifications.pearson.com/content/dam/pdf/LCCI/2014/Recognition-from-PBs-for-LCCI-qualifications-July-2015.pdf>

National Occupational Standards

The Pearson LCCI Level 3 Certificate in Cost and Management Accounting (VRQ) has links to the following National Occupational Standards (NOS):

- Finance and Accounting

Please see our website for further details.

Codes

This qualification is approved by Ofqual and meets the Ofqual General Conditions for inclusion on the Register of Regulated Qualifications. The Qualification Number (QN) is: 601/5169/9

The subject code for the Pearson LCCI Level 3 Certificate in Cost and Management Accounting (VRQ) is: ASE20098. The subject code is used by centres to enter students for a qualification.

Support, training and resources

Training

Pearson offers support and training to teachers on standard of delivery and preparing students to meet the assessment requirements.

Specifications, Sample Assessment Materials and Teacher Support Materials

The Pearson LCCI Level 3 Certificate in Cost and Management Accounting (VRQ) Sample Assessment Materials document (ISBN 9781446926789) can be downloaded from our website.

To find a list of all the support documents available please visit the website.

Appendix

Appendix 1: Glossary of International Accounting Standards terminology

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Appendix 1: Glossary of International Accounting Standards terminology

The following is a glossary of the comparison between the International Accounting Standards (IAS) terminology and the UK GAAP (Generally Accepted Accounting Practice in the UK) terminology. IAS terminology is used in the content of the LCCI financial and quantitative suite of qualifications but not all terms are present in all levels of the qualifications.

Centres should be aware that these terms are also referred to as International Finance Reporting Standards (IFRS), in certain contexts within the industry, however, the definitions and meaning remain the same.

IAS terminology	Previously used UK GAAP terminology
Financial statements	Final accounts
Statement of profit or loss and other comprehensive income	Trading and profit and loss account
Revenue	Sales
Raw materials/ordinary goods purchased	Purchases
Cost of sales	Cost of goods sold
Inventory	Stock
Work in progress	Work in progress
Gross profit	Gross profit
Other operating expenses	Sundry expenses
Allowance for doubtful debt	Provision for doubtful debt
Other operating income	Sundry income
Investment revenues/finance income	Interest receivable
Finance costs	Interest payable
Profit for the year before tax or after tax	Net profit
Retained earnings	Profit/loss balance
Statement of changes in equity (limited companies)	Appropriation account
Statement of financial position	Balance sheet

Non-current assets	Fixed assets
Property	Land and buildings
Plant and equipment	Plant and equipment
Investment property	Investments
Intangible assets	Goodwill etc
Current assets	Current assets
Inventory	Stock
Trade receivables	Debtors
Other receivables	Prepayments
Cash and cash equivalents	Bank and cash
Current liabilities	Current liabilities/creditors: amounts due within 12 months
Trade payables	Creditors
Other payables	Accruals
Bank overdraft and loans	Loans repayable within 12 months
Non-current liabilities	Long term liabilities/creditors: amounts falling due after 12 months
Bank (and other) loans	Loans repayable after 12 months
Capital or equity	Capital
Share capital	Share capital
Statement of cash flows	Cash flow statement
Other terms	
Inventory count	Stock take
Carrying value	Net book value

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For more information on LCCI qualifications
please visit our website: qualifications.pearson.com/lcci

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