



Pearson LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ) (ASE20093)

SPECIFICATION

Issue 4

First teaching from September 2015

Edexcel, BTEC and LCCI qualifications

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This specification is Issue 4. 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 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).

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.

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

- Business
- Financial and Quantitative
- Marketing

Please note: All the qualifications in the LCCI Business and Marketing suites will be retired as of April 2022. The last examination entry date will be February 2022.

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 2 Certificate in Bookkeeping and Accounting (VRQ) meets the following purpose.

The purpose of this qualification is to give students a thorough foundation in bookkeeping and basic accounting practices, including double-entry bookkeeping.

A review of the qualification requirements at this level identified the main functions of bookkeeping and accounting in a business. This qualification therefore includes content on these main functions:

- double-entry bookkeeping
- maintain up-to-date records of all financial transactions in an appropriate format using accounting record books (the ledgers)
- financial statements
- financial statements of different enterprises (sole traders, partnerships, companies, manufacturers).

This qualification is appropriate for students who are already in a role, and for those aspiring to a role where they are responsible for the detailed recording of all the financial transactions of a business, maintaining these records using double-entry bookkeeping and for ensuring that all monetary transactions made by the business are recorded accurately.

Qualification aim

The Pearson LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ) and the legacy qualification are established and valued by employers worldwide and recognised by professional bodies. All businesses require accurate bookkeeping records that are maintained on a regular basis. Consequently, there is a demand for employees who possess these skills.

This qualification is intended for students who wish to gain a thorough foundation in bookkeeping and accounting practices, including double-entry bookkeeping. It is also for students who wish to understand bookkeeping and accounting in accordance with the International Accounting Standards Board (IASB). The qualification is also for those who are working, or who are preparing to work, in an accounting environment maintaining financial records and preparing accounts.

This qualification will give students the opportunity to develop an understanding of the basic principles underlying the recording of business transactions. It will also give students the ability to prepare and interpret accounts for sole traders, partnerships, limited companies, manufacturing and non-profit making organisations.

The Pearson LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ) will allow progression to other LCCI Level 3 Accounting qualifications and professional body qualifications, as well as supporting progression to the job market, for example to a bookkeeping and accounting role within a large company's finance department. The Pearson LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ) will support students who run their own business and who need to carry out their own bookkeeping and those already working in accounting who would like to enhance their skills.

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Specification at a glance

The Pearson LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ) consists of one externally-examined paper.

Title: Pearson LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ)	
<ul style="list-style-type: none">Externally assessed.	100% of the total qualification
Overview of content <ul style="list-style-type: none">Recording Financial TransactionsControl AccountsCorrection of Errors and the JournalAdjustments in Financial StatementsPreparation of Financial StatementsAccounting Ratios	
Overview of assessment <ul style="list-style-type: none">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 five questions.Candidates should answer all questions.The questions comprise table completion, account preparation, calculations, multiple choice, short open response and medium open response questions.	

Knowledge, skills and understanding

Content

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

1. Recording Financial Transactions

Subject content	What students need to learn:
1.1 The principles of double-entry accounting	a) The functions of the ledger (general ledger and subsidiary ledgers)
	b) The importance of the documentation used in recording and monitoring business transactions

2. Control Accounts

Subject content	What students need to learn:
2.1 The preparation of control accounts	a) Understanding of the sources of information for control accounts
	b) Preparation of control accounts, to include dealing with minority balances
	c) Recording control account balances in the statement of financial position
2.2 Reconciliation of control accounts	a) Preparation of a statement reconciling the trade receivables ledger control account to the sum of the balances in the trade receivables ledger, including correction of errors.
	b) Preparation of a statement reconciling the trade payables ledger control account to sum of the balances in the trade payables ledger, including correction of errors

3. Correction of Errors and the Journal

Subject content	What students need to learn:
3.1 Correction of errors not affecting the trial balance	a) Identification and correction of errors that do not affect the trial balance
	b) Preparation of journal entries to record correction of errors
3.2 Correction of errors affecting the trial balance	a) Identification and correction of errors that affect the trial balance
	b) Opening and posting entries to a suspense account
	c) Preparation of journal entries to record correction of errors
	d) Preparation of a revised statement of profit or loss after correction of errors
	e) Preparation of a revised statement of financial position
3.3 The Journal	a) Understand other uses of the journal: <ul style="list-style-type: none"> • to open or close a set of books • purchase or sale of a non-current asset • transfer of period end balances to the financial statements • internal transfers of balances

4. Adjustments in Financial Statements

Subject content	What students need to learn:
4.1 Accounting concepts	<p>a) The understanding and application of the following accounting concepts:</p> <ul style="list-style-type: none"> • accruals • business entity • consistency • going concern • materiality • prudence • realisation
4.2 Accounting for depreciation	a) What is depreciation and what are the causes of depreciation?
	b) Understanding of the need to account for depreciation of non-current assets
	<p>c) The recording of the depreciation charge and accumulated depreciation in the ledger using:</p> <ul style="list-style-type: none"> • straight line method • reducing (diminishing) balance method • revaluation method
	d) Accounting entries for the acquisition and disposal of non-current assets, to include the calculation of profit or loss on disposal
4.3 Accounting for irrecoverable debts and allowance for doubtful debts	a) Understanding of the need to account for irrecoverable debts
	b) Understanding of the need for maintaining an allowance for doubtful debts
	c) Accounting entries for irrecoverable debts and the allowance for doubtful debts
	d) Accounting entries for irrecoverable debts recovered
4.4 Accounting for accruals and prepayments	a) Understanding of the need to account for accrued and prepaid expenses and income
	b) Accounting entries for accrued and prepaid expenses and income

5. Preparation of Financial Statements

Subject content	What students need to learn:
5.1 Partnerships	a) Understand the advantages and disadvantages of forming partnerships
	b) Understanding of the need for a partnership agreement and the implications for the business if one is not drawn up
	c) The correct treatment of interest on partners' loans
	d) Purpose and preparation of: <ul style="list-style-type: none"> current accounts capital accounts in both ledger format and as part of the statement of financial position
	e) Understanding of the nature and purpose of an appropriation account
	f) Preparation of: <p>an appropriation account to include:</p> <ul style="list-style-type: none"> interest on drawings interest on capitals partners' salaries share of profits <p>a statement of financial position to include:</p> <ul style="list-style-type: none"> partners' capital balances partners' current account balances
	g) Accounting entries on the admission of a new partner, including the correct treatment of goodwill to include the preparation of a revaluation account
	h) Accounting entries on retirement of partners to include the correct treatment of goodwill to include the preparation of a revaluation account
	i) Accounting entries for a change in partnership interests, to include preparation of a revaluation account
	j) Accounting entries for the dissolution of a partnership, to include the preparation of a realisation account

Subject content	What students need to learn:
5.2 Limited liability companies	a) Understanding of the term 'limited liability'
	b) Understand the difference between: <ul style="list-style-type: none"> public limited company (PLC) and private limited company (Ltd) ordinary shares and preference shares share capital and loan capital capital reserves and provisions
	c) Preparation for internal uses of: <ul style="list-style-type: none"> statement of profit or loss statement of changes in equity statement of financial position
5.3 Incomplete records of a sole trader	a) Preparation of opening and closing statements of affairs to calculate capital or profit for the year
	b) Calculation of revenue and cost of purchases from incomplete data
	c) Calculation and application of accounting ratios to calculate gross profit and profit for the year, to include: <ul style="list-style-type: none"> gross profit as a percentage of revenue (margin) gross profit as a percentage of cost of sales (mark-up) profit for the year as a percentage of revenue
	d) Preparation of: <ul style="list-style-type: none"> statement of profit or loss statement of financial position

Subject content	What students need to learn:
5.4 Manufacturing businesses	a) Understanding of the difference between direct and indirect costs
	b) Understanding of the difference between the following inventories: <ul style="list-style-type: none"> • raw materials • work in progress • finished goods Candidates will not be required to carry out detailed inventory valuation calculations
	c) Preparation of a manufacturing account to show: <ul style="list-style-type: none"> • prime cost • production cost • total cost Candidates will not be required to make entries for unrealised profit, or make entries for manufacturing profit (transfer pricing)
	d) Preparation of: <ul style="list-style-type: none"> • statement of profit or loss • statement of financial position for a manufacturing business

Subject content	What students need to learn:
5.5 Non-profit making organisations	a) The nature of the accumulated fund
	b) The calculation of the accumulated fund
	c) Preparation of a subscriptions account, including the correct treatment of: <ul style="list-style-type: none"> • subscriptions in arrears • subscriptions in advance • subscriptions unpaid • life subscriptions
	d) Understanding of the difference between: <ul style="list-style-type: none"> • receipts and payments account • income and expenditure account
	e) Preparation of a receipts and payment account to show: <ul style="list-style-type: none"> • closing cash and bank balances
	f) Preparation of a trading account for fund raising activities to identify profit from fund raising activity
	g) Preparation of an income and expenditure account to show: <ul style="list-style-type: none"> • surplus/deficit of income over expenditure for the year
	h) Preparation of a statement of financial position

6. Accounting Ratios

Subject content	What students need to learn:
6.1 The calculation and interpretation of accounting ratios	a) Profitability and liquidity ratios: <ul style="list-style-type: none"> • gross profit as a percentage of revenue (margin) • gross profit as a percentage of cost of sales sold (mark up) • profit for the year as a percentage of revenue • Return on Capital Employed (ROCE) • current (working capital) ratio • liquid (acid test) ratio • accounts receivables collection period • accounts payables payment period • rate of inventory turnover

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) use appropriate numeracy skills for the calculation of accounting data
	c) prepare control accounts for trade receivables and trade payables
	d) prepare journal entries and ledger accounts with accuracy
	e) correct errors in accounts and show the use of a suspense account
	f) adjust financial statements after the correction of errors
	g) make adjustments to given data at period end for: <ul style="list-style-type: none"> irrecoverable debts and allowance for doubtful debts depreciation of non-current assets accrued and prepaid income and expenditure
	h) prepare financial statements for sole traders, partnerships, limited companies, manufacturing and non-trading organisations
	i) calculate and interpret ratios

Assessment

Assessment summary

Pearson LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ)

First teaching: September 2015

Number of series: 6

Overview of content

- Recording Financial Transactions
- Control Accounts
- Correction of Errors and the Journal
- Adjustments in Financial Statements
- Preparation of Financial Statements
- Accounting Ratios.

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 five questions.
- Candidates answer all questions.
- The questions comprise table completion, account preparation, calculations, multiple choice, short open response and medium open response questions.
- Calculators may be used in the examination.
- Bilingual dictionaries are permitted for use in the examination.

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.

Assessment Objective		Weighting
AO1	Recall Recall accounting facts, terms, definitions, processes and formulae	12%
AO2	Perform procedures Record business transactions Use accounting techniques Prepare financial statements	78%
AO3	Demonstrate understanding Demonstrate understanding of accounting processes, procedures and techniques	6%
AO4	Analyse Compare, classify and deconstruct information Interpret financial data and information Recognise patterns and correlations	4%

Performance descriptors

Grade	Descriptor
Pass	<p>Candidates can recall, use and apply bookkeeping and accounting facts, terms definitions, processes and formulae.</p> <p>Candidates can demonstrate basic understanding of accounting processes, procedures and techniques.</p> <p>Candidates can record business transactions using correct accounting techniques.</p> <p>Candidates can prepare financial statements with routine transactions for different organisations.</p> <p>Candidates can select and use accounting information.</p>
Distinction	<p>Candidates can demonstrate a detailed knowledge of bookkeeping and accounting facts, terms, definitions, processes and formulae using them consistently and effectively in given scenarios.</p> <p>Candidates can demonstrate a detailed understanding of accounting processes, procedures and techniques.</p> <p>Candidates can record business transactions using correct accounting techniques with precision.</p> <p>Candidates can prepare financial statements with non-routine transactions for different organisations.</p> <p>Candidates can select and use relevant information from redundant information.</p> <p>Candidates can select and use relevant accounting information to analyse accounting problems.</p> <p>Candidates can make limited judgements.</p>

Performance descriptors may be revised following 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 2 Certificate in Bookkeeping and 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 2 Certificate in Bookkeeping and Accounting (VRQ) 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, 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

Total Qualification Time and Guided Learning Hours

For all regulated qualifications, we specify a total number of hours that learners are expected to undertake in order to complete and show achievement for the qualification – this is the Total Qualification Time (TQT). The TQT value indicates the size of a qualification.

Within the TQT, we identify the number of Guided Learning Hours (GLH) that a centre delivering the qualification needs to provide. Guided learning means activities that directly or immediately involve tutors and assessors in teaching, supervising, and invigilating learners, for example lectures, tutorials, online instruction and supervised study.

As well as guided learning, there may be other required learning that is directed by tutors or assessors. This includes, for example, private study, preparation for assessment and undertaking assessment when not under supervision, such as preparatory reading, revision and independent research.

TQT and guided learning hours are assigned after consultation with users of the qualifications.

This qualification has a TQT value of 200 and a GLH of 150.

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

LCCI qualifications are designed to allow students to pursue different routes as outlined below.

Enter a chosen field of work, pursue a promotion, or change their field of work

The Pearson LCCI Level 2 Certificate in Bookkeeping and Accounting supports progression into employment, for example to a bookkeeping and accounting role in a large company's finance department. The qualification also supports students who run their own businesses and who need to carry out their own bookkeeping, and those who are already working in accounting and would like to enhance their skills.

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

Progress to further study, such as the next LCCI level or externally with a professional body or education provider

This qualification allows progression to LCCI Level 3 accounting qualifications, such as the Pearson LCCI Level 3 Certificate in Accounting (VRQ), as well as qualifications across the LCCI suites. Completing different LCCI qualifications could potentially lead to gaining an LCCI Diploma. Please refer to the 'Exemptions' section of this specification for information on recognition from external providers, or the latest LCCI Information Manual for more information about Diplomas.

Exemptions

We are continuously gaining new and updated exemptions for our LCCI qualifications from professional bodies and organisations. For the latest list of agreements, and to check this specific qualification, please visit the Pearson LCCI website: <https://qualifications.pearson.com/en/qualifications/lcci/progress-with-lcci.html>

National Occupational Standards

The Pearson LCCI Level 2 Certificate in Bookkeeping and 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 601/5166/3.

The subject code for the Pearson LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ) is ASE20093. 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 2 Certificate in Bookkeeping and Accounting (VRQ) Sample Assessment Materials document (ISBN 9781446947333) 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 terminology	25
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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	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	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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Pearson LCCI Level 2 Certificate in Business Calculations (ASE20105)

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First teaching from September 2019

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About Pearson

Pearson is the world's leading learning company, with 22,500 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

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.)

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- Financial and Quantitative
- Marketing

Please note: All the qualifications in the LCCI Business and Marketing suites will be retired as of April 2022. The last examination entry date will be February 2022.

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 satisfy 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.

Rationale

The purpose of the Pearson LCCI Level 2 Certificate in Business Calculations is to allow students to develop the skills they need to enable them to complete a range of business calculations manually, which replicate those that might be required in the workplace. The qualification gives students a foundation if they want to progress to the Pearson LCCI Level 3 Certificate in Advanced Business Calculations.

A review of the qualification requirements at this level identified the main function of calculation in a business. This qualification therefore includes content relating to these types of calculations:

- overhead expenses
- gross and profit for the year
- job costing
- cash budgets
- wages, salaries and commissions
- partnerships
- trading documents (orders, invoices, credit notes and statements)
- currency exchange
- hire purchase and leasing
- simple and compound interest
- averages

The qualification supports students who wish to progress into assistant-level finance roles at non-finance organisations, such as retail or manufacturing businesses. It can also be used by small business owners or entrepreneurs when setting up their businesses. When used in conjunctions with other LCCI Level 2 Financial and Quantitative qualifications, the Pearson LCCI Level 2 Certificate in Business Calculations provides students with the well-rounded technical skills required to work at assistant level within the financial sector.

Qualification aim

The Pearson LCCI Level 2 Certificate in Business Calculations and the legacy qualification are established and valued by employers worldwide. All businesses require a range of calculations to be accurately undertaken and consequently, there is a demand for employees who possess these skills.

This qualification is intended for students who wish to gain a foundation in key business calculations, including calculating interest, averages, wages, salaries and currency exchanges. Students will also learn how to complete the calculations needed to be able to produce hire purchase and leasing agreements. Students will also develop the skills needed to produce key business trading documents, such as invoices and credit notes.

The Pearson LCCI Level 2 Certificate in Business Calculations is designed for those who are working, or who are preparing to work, in a finance-related role in a wide range of business environments. The qualification is also ideal as an introduction to the basic business calculations for sole traders, small business owners and entrepreneurs who are running their own businesses.

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Specification at a glance

The Pearson LCCI Level 2 Certificate in Business Calculations consists of one externally-examined paper.

Title: Pearson LCCI Level 2 Certificate in Business Calculations	
<ul style="list-style-type: none">Externally assessed	100% of the total qualification
<p>Overview of content</p> <ol style="list-style-type: none">1 The small business2 Wages, salaries and commission3 Partnerships4 Business trading documents5 Currency exchange6 Hire purchase and leasing7 Simple and compound interest8 Averages	
<p>Overview of assessment</p> <ul style="list-style-type: none">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.The paper contains five questions.Students are required to answer all questions.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 questions comprise table completion, calculations, short open-response and medium open-response questions.Ruler, protractor, calculator and formula sheet may be used in the examination.	

Knowledge, skills and understanding

Content

To prepare students for the final assessment of this qualification, the following content must be covered.

1 The small business

Subject content	What students need to learn
1.1 Terminology and concepts	<p>a) Knowledge and understanding of different terminology and concepts in operating a small business:</p> <p>Gross profit, profit for the year, overhead expense, cost price, selling price, sales volume, profit margin, markup, utilities, transports, advertising, processing costs, total cost, insurance, premium, fixed charges, outsourcing, claims and settlement, turnover, budget, cash flow, forecast, deposit, borrowing.</p>
1.2 Overhead expenses	<p>a) Understanding the similarities and differences between various overhead expenses, and how, why and when they are used and their impact on profitability.</p>
	<p>b) Calculations involving:</p> <ul style="list-style-type: none">• charges for utilities, including fixed charges and per use charges• transport costs, including running costs of vehicles, insurance, and use of couriers/outsourcing of delivery, costs per delivery/order or per kilometre travelled• advertising costs, including in traditional print media, television and radio, and online• processing costs, including banking costs, payment processing costs and online settlement systems• insurance costs for buildings, contents and vehicles, considering gross premiums and premiums after discount, claims and settlement.

Subject content	What students need to learn
1.3 Gross profit	a) Calculation of a level of gross profit or sales required to generate a gross profit, given suitable information.
	b) Calculation of: <ul style="list-style-type: none"> gross profit of a business over a period gross profit as a percentage of turnover selling price required to create a given gross profit amount or percentage.
1.4 Profit for the year	a) Calculation of a level of profit for the year, or sales required to generate a profit for the year, given suitable information.
	b) Calculation of: <ul style="list-style-type: none"> total of overhead expenses profit for the year profit for the year as a percentage of turnover profit for the year as a percentage of gross profit.
1.5 Job costing	a) Knowledge and understanding of job costing, the different elements involved in the overall job costing and the effects these elements have on the job costing.
	b) Calculation of: <ul style="list-style-type: none"> individual elements of a job, to include materials and components, labour, services and overhead expenses total costs of a job, or series of jobs charge to be made by the supplier to generate a given level of profit.
1.6 Online trading	a) Knowledge and understanding of the sales processes and costs involved in trading online.
	b) Calculation of: <ul style="list-style-type: none"> total of orders placed by customers online (simple principles) costs of processing, to include website development and hosting, advertising and promotion, payment processing, pre-fulfilment and delivery.
	c) Comparison of use of offline sales methods and online business.

Subject content	What students need to learn
1.7 Cash budgets	<p>a) Knowledge of various factors that impact the amount of cash available within a business and ability to manipulate information about these factors to create and interpret a cash flow forecast, given suitable information.</p> <p>Factors:</p> <ul style="list-style-type: none"> • amount and period of credit offered to customers • amount and period of credit offered by suppliers • changes in sales and revenue levels • seasonal adjustments • cost of bank loans • availability of bank finance.
	<p>b) Calculation of:</p> <ul style="list-style-type: none"> • cash flow in current trading period • cash flow forecast for successive periods, such as a number of future months.
	<p>c) Presentation of cash budget information in correct columnar format showing net cash flow.</p>
	<p>d) Interpretation of:</p> <ul style="list-style-type: none"> • requirement for borrowing for a business • facility for short-term deposit of funds for a business.

2 Wages, salaries and commission

Subject content	What students need to learn
2.1 Terminology and concepts	<p>a) Knowledge and understanding of different ways in which staff may be paid in a business:</p> <p>Wages, salaries, gross pay, net pay, deductions, basic rate of pay, overtime rate, piece rate, commission, bonus, tax, social insurance, pension, outsourcing, fulfilment, time and a quarter, time and a half, double time, basic pay.</p>
2.2 Gross/net wages and salaries	<p>a) Knowledge and understanding of gross and net wages, given suitable information about deductions.</p> <p>b) Calculation of:</p> <ul style="list-style-type: none"> • an employer's overall salary/wage cost • number of hours worked by an employee, basic rate of pay, overtime pay • gross pay for a period, or number of hours, or for output of workers on piece rate • total of deductions from gross pay, including tax, insurance, and pension • net pay using figures for gross pay and total deductions • ratio of net pay to gross pay. <p>Students may be required to complete a payslip.</p>
2.3 Commission	<p>a) Knowledge and understanding of different bases on which commission can be calculated. These are commission based on number of units sold, or value or goods sold, and commission at one rate for an initial amount of sales, with higher or lower rate payable for additional sales.</p> <p>b) Calculation of:</p> <ul style="list-style-type: none"> • commission payments to staff, based on percentage of sales, graduated commission, and quantity commission • sales generated, based on commission earned • changes to gross pay due to commission earned, in nominal and percentage terms.
2.4 Fulfilment	<p>a) Knowledge and understanding of different options available to businesses to perform fulfilment, administrative or customer service functions.</p>

Subject content	What students need to learn
	b) Calculation of costs of outsourcing to complete business-related tasks, which include manufacture, packaging and delivery of products, sales and finance.
	c) Comparison of use of outsourcing to payment to own staff.

3 Partnerships

Subject content	What students need to learn
3.1 Terminology and concepts	<p>a) Knowledge and understanding of different terminology and concepts in partnership businesses:</p> <p>Partners, profit, capital accounts, interest on capital, division of profit, withdrawal, distribution, dissolution.</p>
3.2 Capital	<p>a) Knowledge and understanding of capital invested in a partnership by different partners, given suitable information.</p>
	<p>b) Calculation of:</p> <ul style="list-style-type: none">• additions to or withdrawals from capital• interest on partners' capital• profit available for distribution.
3.3 Division of profit	<p>a) Knowledge and understanding of different methods for dividing profits or losses of a partnership, given suitable information (in equal amounts, in proportion to capital invested).</p>
	<p>b) Calculations involving:</p> <ul style="list-style-type: none">• division of profit in equal amounts• division in proportion to capital invested, including explanation of advantages and disadvantages of such division to different partners• adjustment of profits where one or more partners is employed within the business• total income received by a partner from interest, distribution and salary.

4 Business trading documents

Subject content	What students need to learn
4.1 Terminology and concepts	<p>a) Knowledge and understanding of different documents used in a business to support sales and their appropriate use:</p> <ul style="list-style-type: none">• Retail, wholesale• Order, invoice, credit note, statement• Trade discount, cash discount, profit margin, online, amounts payable, amounts receivable, output, settlement, balance, delivery, sales tax.
4.2 Trading documents	<p>a) Produce different documents used in a business to support sales, including calculation of amounts payable or receivable.</p>
	<p>b) Preparation and presentation of:</p> <ul style="list-style-type: none">• orders, including value of an order, based on quantities and prices; time required to complete an order, based on daily or weekly output and quantity ordered; delivery costs• invoices, including value of orders, trade discount as a percentage of total invoice value, and invoice total after discount• credit notes, considering returns from customers, including delivery costs• statements, based on a series of orders, including cash discount for early settlement, and total balance outstanding, and overdue amounts.

5 Currency exchange

Subject content	What students need to learn
5.1 Terminology and concepts	a) Knowledge and understanding of how exchange of currencies can impact a business: Currency, rate of exchange, depreciation, appreciation, commission, currency denomination.
	b) Knowledge of currencies in circulation in different parts of the world.
5.2 Rate of exchange	a) Knowledge and understanding that the rate of exchange between any two currencies may vary over time. Knowledge and understanding that the price of internationally traded goods may increase or decrease over time.
	b) Calculation of: <ul style="list-style-type: none">• conversion of an amount of one currency to another currency at a stated exchange rate• exchange rate between currencies based on equal values of the two currencies• commission charged by agencies for conversion• comparison of amounts of currency converted at different rates of exchange and at different times.

6 Hire purchase and leasing

Subject content	What students need to learn
6.1 Terminology and concepts	<p>a) Knowledge and understanding of different types of purchase and leasing arrangements available to businesses:</p> <p>Hire purchase, credit purchase and leasing arrangements</p> <p>Deposit, balance, interest charge, instalment, early settlement, default.</p>
6.2 Hire purchase	<p>a) Calculation of:</p> <ul style="list-style-type: none"> • amount of deposit as percentage of cash price • amount of interest charged on balance outstanding • total amount to be repaid, and monthly or periodic instalment payments to be made • number of instalments to be made • alterations due to early settlement <p>Calculation of assets, understanding that the goods are the property of the customer following hire purchase completion.</p>
6.3 Credit purchase	<p>a) Calculation of:</p> <ul style="list-style-type: none"> • amount of interest payable • amount to be paid in monthly or periodic instalments • number of instalments to be made • amount of final payment • total amount to be paid • assets, understanding that the goods are the property of the customer once the credit purchase agreement has been signed and the customer has possession of the goods.
6.4 Leasing	<p>a) Calculation of:</p> <ul style="list-style-type: none"> • amount to be paid in monthly or periodic instalments • number of instalments to be made • assets, understanding that the goods are not the property of the customer following the leasing agreement • additional payments which may be required at the end of a leasing agreement.

Subject content	What students need to learn
6.5 Comparison	a) Understanding of how to compare different arrangements.
	b) Comparison and explanation of: <ul style="list-style-type: none"> • different purchase and leasing arrangements • advantages and disadvantages of particular sets of terms, although only in financial terms • impact of early settlement • impact of non-payment.

7 Simple and compound interest

Subject content	What students need to learn
7.1 Terminology and concepts	<p>a) Knowledge and understanding of different terminology and concepts in simple and compound interest:</p> <p>Principal, rate of interest, loan, investment, period, withdrawal, repayment.</p>
7.2 Calculating interest	a) Knowledge and understanding of the differences between simple and compound interest and their uses within a business environment.
	b) Knowledge and understanding of how interest impacts loans and investments in terms of adding or removing value over time.
	c) The relationship between amount of interest, amount of principal, rate of interest paid or chargeable and the period of a loan or investment.
	d) Ability to select the correct formula for simple or compound interest.
	e) Ability to rearrange the simple interest formula given in order to make principle, rate or time the subject.
	f) Ability to rearrange the compound interest formula given in order to make principal or rate the subject.
	<p>g) Calculation of:</p> <ul style="list-style-type: none"> • amount of interest paid/payable after a single period or a number of complete periods • in the case of simple interest only, the rate of interest used in arriving at a given amount of interest • principal borrowed or invested, given the interest paid/payable over a given time period • in the case of simple interest only, the number of periods for which the principal was invested/borrowed, given the amount and rate of interest paid/payable.

Subject content	What students need to learn
7.3 Comparison	<p>a) Calculations involving:</p> <ul style="list-style-type: none"> • comparison between amounts of simple and compound interest payable on an investment or loan • comparison of interest where compounding occurs over different periods, such as annual, quarterly or monthly compounding, involving only whole numbers of periods.

8 Averages

Subject content	What students need to learn
8.1 Terminology and concepts	<p>a) Knowledge and understanding of different types of mathematical average:</p> <p>Estimated mean, median, mode, modal class, median class, frequency, range, weighted average.</p>
8.2 Averages	<p>a) Knowledge and understanding of the uses of different averages.</p> <p>b) Calculations involving:</p> <ul style="list-style-type: none"> • sum and number of given quantities • identification of the interval containing the median value in a grouped frequency example • ordering of data to determine median value • average (mean) of given data, which may be an estimated average (mean) in a grouped frequency example • identification of mode or modal class • multiplication of components of each class by a factor reflecting their importance in order to achieve a weighted average.
8.3 Presentation of findings	<p>a) Knowledge and understanding of the ways in which findings can be presented.</p> <p>b) Presentation of:</p> <ul style="list-style-type: none"> • tabulated data, to indicate median, mode or range including estimated values • graphical presentation of data, to include bar charts, pie charts, scatter graphs, stem and leaf diagrams and histograms, dealing with equal class intervals.

Delivery guidance

Examinations for this qualification will involve scenario-based questions. The questions give a business situation and ask students to identify concepts, carry out calculations and analyse aspects of that situation. The questions are set in this way to give students the opportunity to think about scenarios that they are likely to face in future employment.

There will be five questions on the examination paper, and all should be attempted. While not all topics in the content list will be examined on every exam paper, it is expected that all of the material will be examined at some point in the life of the specification. Students should be prepared to answer questions on all sections of the content.

A number of elements in the content section refer to 'suitable information'. This means that the scenario presented in a question will determine what that information might be.

In *Content area 1: The small business*, 'suitable information' for calculating profits would include levels of sales, amounts of overhead expenses, the cost of stock purchased for the business, and so on. The detail of this will be different in each examination.

In *1.5: Job costing*, the 'different elements' of the costs of a job will include the number of staff required, their hours spent and rates of pay, the cost of materials used in a job, the cost of transport to and from a job, and so on. Again, the detail of this will be different in each examination.

In *1.7: Cash budgets*, the 'suitable information' will include sales and revenues for a business, opening and closing bank balances, apportionment of costs in particular months, details of cash and credit transactions, purchase of new machinery, recruitment of staff, and other elements that would impact on the cash position of a business.

In *Section 2: Wages, salaries and commission*, 'suitable information' will involve amounts and rates of deductions for social insurance, tax, pension contributions and other common deductions from employees' wages.

In *Section 3: Partnerships*, 'suitable information' will include amounts and proportions of investment into a partnership, to allow calculation of ratios; and amounts of profit or loss made by a partnership, to allow calculation of individual profits or losses for individual partners.

Examinations for this qualification will use a number of different currencies in circulation in different countries in the world. A list of the currencies that may be used is given in the formula sheet given to students at the start of each examination. Students are expected to recognise these currencies and the countries from which they originate, and to recognise and be able to reproduce their currency symbols. The examinations will not include currencies not provided in the formula sheet.

Assessment

Assessment summary

Pearson LCCI Level 2 Certificate in Business Calculations	
First Teaching: September 2019	
Number of Series: 2	
Overview of content	
<ol style="list-style-type: none">1 The small business2 Wages, salaries and commission3 Partnerships4 Business trading documents5 Currency exchange6 Hire purchase and leasing7 Simple and compound interest8 Averages	
Overview of assessment	
<ul style="list-style-type: none">• 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 contains five questions.• Students answer all questions.• The questions comprise table completion, calculations, short open-response and medium open-response questions.• Ruler, protractor, calculator and formula sheet may be used.	

Assessment objectives

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

Students must:		% of qualification
AO1	Recall Recall business facts, terminology and formulae.	11
AO2	Perform procedures Extract and manipulate data (e.g. putting data into cumulative terms). Convert figures from one form to another (e.g. currency, percentage). Carry out calculations relating to a business context.	77
AO3	Demonstrate understanding Display and present data in tables or charts. Present information in appropriate format (e.g. using correct currency symbol, figures to appropriate decimal places, present ratios in correct format, indices). Demonstrate understanding of business processes and procedures.	8
AO4	Analyse Classify and compare results of calculations. Interpret results from business calculations. Recognise patterns and correlations.	4
Total		100

Performance descriptors

Grade	Descriptors
Pass	<p>Students can recall, use and apply business facts, terms, processes and formulae applicable to a small business.</p> <p>Students can manipulate data and perform routine calculations. They are able to convert figures from one form to another.</p> <p>Students can produce and understand simple data through tables and charts.</p> <p>Students can demonstrate a basic understanding of business processes and procedures.</p>
Distinction	<p>Students can demonstrate a detailed knowledge and understanding of business processes and procedures using business facts, terms and formulae consistently and effectively in given scenarios applicable to small businesses.</p> <p>Students can perform routine multistep business calculations. They are able to convert figures from one form to another consistently.</p> <p>Students display depth of understanding of data through detailed tables and charts.</p> <p>Students can make short-term judgements by analysing and interpreting business data.</p>

Entry and assessment information

Please see the *Pearson Information Manual* and the *Pearson LCCI examination regulations*, available on our website: qualifications.pearson.com

Student entry

Details on how to enter students for the examination for this qualification can be found on our website.

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

Students can resit the examination for Pearson LCCI Level 2 Certificate in Business Calculations.

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

Awarding and reporting

The Pearson LCCI Level 2 Certificate in Business Calculations 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 their 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
- effectiveness of the adjustment
- cost of the adjustment; and
- 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, has untenable 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 or assessment, which has had, or is reasonably likely to have had, a material effect on a student's ability to take an assessment or demonstrate their level of attainment in an assessment.

Further information

Please see the website 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: www.jcq.org.uk.

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 of 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 qualifications.pearson.com.

Malpractice

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

Student 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 can be 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 student 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 M2(a)* (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 *General and Vocational Qualifications Suspected Malpractice in Examinations and Assessments Policies and Procedures*, 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

Total Qualification Time (TQT) and Guided Learning Hours (GLH)

For all regulated qualifications, we specify a total number of hours that students are expected to undertake in order to complete and show achievement for the qualification – this is the Total Qualification Time (TQT). The TQT value indicates the size of a qualification.

Within the TQT, we identify the number of Guided Learning Hours (GLH) that a centre delivering the qualification needs to provide. Guided learning means activities that directly or immediately involve tutors and assessors in teaching, supervising, and invigilating students, for example lectures, tutorials, online instruction and supervised study.

As well as guided learning, there may be other required learning that is directed by tutors or assessors. This includes, for example, private study, preparation for assessment and undertaking assessment when not under supervision, such as preparatory reading, revision and independent research.

TQT and GLH are assigned after consultation with users of the qualifications.

This qualification has a TQT value of 200 hours and a GLH of between 140–160 GLH.

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 responses effectively.

Pearson's *Recognition of prior learning policy and process* document can be found at: qualifications.pearson.com/policies

Progression

LCCI qualifications are designed to allow students to pursue different routes as outlined below.

Enter a chosen field of work, pursue a promotion, or change their field of work

The Pearson LCCI Level 2 Certificate in Business Calculations qualification supports those progressing directly to employment in finance-related roles, as well as those who operate their own businesses.

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

Progress to further study, such as the next LCCI level or externally with a professional body or education provider

This qualification allows progression to LCCI Level 3 accounting qualifications, such as the Pearson LCCI Level 3 Certificate in Advanced Business Calculations, as well as qualifications across the LCCI suites. Completing different LCCI qualifications could potentially lead to gaining an LCCI Diploma. Please refer to the 'Exemptions' section of this specification for information on recognition from external providers, or the latest LCCI Information Manual for more information about Diplomas.

Exemptions

We are continuously gaining new and updated exemptions for our LCCI qualifications from professional bodies and organisations. For the latest list of agreements, and to check this specific qualification, please visit the Pearson LCCI website:

<https://qualifications.pearson.com/en/qualifications/lcci/progress-with-lcci.html>

Codes

The qualification is approved by Ofqual and meets the Ofqual General Conditions for inclusion on the Register of Regulated Qualifications. The Qualification Number (QN) is: 603/3659/6

The subject code for Pearson LCCI Level 2 Certificate in Business Calculations is ASE20105. 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 the standard of delivery and preparing students to meet the assessment requirements.

Specifications, sample assessment materials and teacher support materials

The Pearson LCCI Level 2 Certificate in Business Calculations Sample assessment materials can be downloaded from our website.

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

Appendices

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Appendix 1: Formula Sheet

Currencies

The following currencies may appear in the examination paper:

British pound sterling (£)	US dollar (\$)
euro (€)	Australian dollar (AU\$)
Thai baht (฿)	Singapore dollar (S\$)
Myanmar kyat (K)	Brunei dollar (B\$)
Malaysian ringgit (RM)	Indonesian rupiah (Rp)
South Korean won (₩)	Japanese yen (¥)
Philippines peso (₱)	Canadian dollar (\$)

Simple interest

$$\text{Simple Interest} = \frac{\text{Principal} \times \text{Rate} \times \text{Time}}{100}$$
$$I = \frac{PRT}{100}$$

Compound interest

$$\text{Accrued value} = \text{Principal} \times \left(1 + \frac{\text{Rate}}{100}\right)^{\text{Time}}$$
$$A = P \left(1 + \frac{R}{100}\right)^T$$

Averages

Mean of ungrouped data: $\bar{x} = \frac{(x_1 + x_2 + \dots + x_n)}{n}$

or $\bar{x} = \frac{\left(\sum_{i=1}^n x_i\right)}{n}$

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

Mode is most frequently occurring value

Median of an ordered list of n elements is the $\frac{n+1}{2}$ th element

Appendix 2: Glossary of International Accounting Standards terminology

The following list 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 Financial 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 profit or loss	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	Profit for the year
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 value	Net book value

June 2021

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L2

Pearson LCCI Level 2 Certificate in Business Statistics (ASE20108)

SPECIFICATION

First teaching from September 2019

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 qualifications website at qualifications.pearson.com. 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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Acknowledgements

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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 for key functions of modern international business. Employers, universities and professional bodies such as the Association of Chartered Certified Accountants (ACCA), the Chartered Institute of Management Accountants (CIMA) and the Institute of Chartered Accountants of England and Wales (ICAEW) recognise them across the world.

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

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

- Business
- Financial and Quantitative
- Marketing

Please note: All the qualifications in the LCCI Business and Marketing suites will be retired as of April 2022. The last examination entry date will be February 2022.

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

This qualification replaces the Pearson LCCI Level 2 Certificate in Business Statistics (601/5168/7).

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 satisfy 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 2 Certificate in Business Statistics meets the following purpose:

This qualification is for students who work in, or want to work in business and research environments’.

A review of the qualification requirements at this level identified the main content areas. This qualification therefore includes content on basic statistical techniques and the ability to apply this knowledge and understanding in solving business problems, interpreting data graphically and diagrammatically, basic statistical methodology, the suitability of statistical methods and models and applying statistical method to real world and commercial situations.

Qualification aim

The Pearson LCCI Level 2 Certificate in Business Statistics qualification is for students who work in, or want to work in, business and research environments. Students should have a level of English sufficient to evaluate and explain the appropriateness of methods and outcomes.

This qualification will allow students to apply statistical techniques to business data in order to assist in analysing the business environment and to support the planning and decision-making process. Therefore it is likely that students will study this qualification as part of a programme of study in business, finance and accounting.

Students will have the opportunity to develop knowledge, understanding and skills of some basic statistical techniques and to apply this knowledge and understanding in solving business problems. Students will be able to present, understand and interpret business data graphically and diagrammatically, understand basic statistical methodology, assess the suitability of statistical methods and models and apply statistical method to real world and commercial situations.

The Pearson LCCI Level 2 Certificate in Business Statistics qualification is established and valued by employers worldwide and recognised by professional bodies. This qualification will enhance the numeracy skills and knowledge of students, a requirement of employers, allowing them to handle, understand and interpret business data.

It will allow progression into the job market in areas such as forecasting, data collection and analysis, finance and accountancy. It will enable students to appreciate and understand data analysis in a business and finance environment.

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Specification at a glance

The Pearson LCCI Level 2 Certificate in Business Statistics consist(s) of one externally examined paper.

Title: Pearson LCCI Level 2 Certificate in Business Statistics	
<ul style="list-style-type: none"> Externally assessed 	100% of the total qualification
<p>Overview of content</p> <p>1 Management Information: The External and Internal Business Environment</p> <p>1.1 Data collection</p> <p>1.2 Data presentation</p> <p>1.3 Descriptive statistics</p> <p>2 Forecasting for Business Decisions</p> <p>2.1 Correlation and regression</p> <p>2.2 Time-based data</p> <p>3 Risk Management and Business Decision Making</p> <p>3.1 Probability</p>	
<p>Overview of assessment</p> <ul style="list-style-type: none"> One written externally set and marked paper contributing 100% of the overall grade of the qualification Assessment construction – examination consisting of five or six questions. The questions comprise short open response, calculations, chart/diagram construction/drawing and chart/diagram interpretation questions The examination will be 2 hours and 30 minutes 	

Knowledge, skills and understanding

Content

To prepare students for the final assessment of this qualification, the following content must be covered.

1. Managing Information: The External and Internal Business Environment

Subject content	What students need to learn
	Students will need to apply their knowledge and understanding of the following content in a business context.
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 and the sampling fraction
	f) The different methods of sampling: <ul style="list-style-type: none">• random• systematic• quota
	g) Advantages and disadvantages of the different sampling methods
	h) The role of stratification in sample design
	i) Advantages and disadvantages of the various methods of data collection: <ul style="list-style-type: none">• interview• postal questionnaire• email survey
	j) Principles of questionnaire design

Subject content	What students need to learn
1.2 Data Presentation	a) Alternative forms of data including categorical, discrete and continuous
	b) The circumstances in which the various graphs/diagrams/charts should be used
	c) Types of bar chart, pie chart and the Lorenz curve
	d) Interpretation of graphs/diagrams/charts/calculation
1.3 Descriptive statistics	a) Calculations: <ul style="list-style-type: none"> the mean, median, mode and quartiles for ungrouped data the range, quartile deviation, mean deviation and standard deviation for ungrouped data obtain the median and quartiles from the cumulative frequency curve or by calculation the mean and standard deviation for grouped data a coefficient of variation
	b) Diagrams, charts and graphs: <ul style="list-style-type: none"> a histogram, dealing with unequal class intervals a cumulative frequency curve a box plot using the median and quartiles
	c) Interpretation of the measures of location and dispersion including the coefficient of variation

2. Forecasting for Business Decisions

Subject content	What students need to learn
	Students will need to apply their knowledge and understanding of the following content in a business context.
2.1 Correlation and regression	a) Response and explanatory variables
	b) Scatter diagram, interpreting the relationship shown including the possible presence of outliers
	c) Calculations: <ul style="list-style-type: none"> the product moment correlation coefficient Spearman's rank correlation coefficient a regression equation

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"> • a suitable moving average to identify the trend • the seasonal factors using the additive model • a weighted index number for price, quantity and cost • Laspeyres and Paasche index numbers including their advantages and disadvantages
	c) Diagrams, charts and graphs: <ul style="list-style-type: none"> • a time series graph • the trend on the time series graph
	d) Seasonally adjusted values and their uses
	e) Forecasting future values and their accuracy
	f) A national index of retail prices
	g) Change of base year and its effects

3. Risk Management and Business Decision Making

Subject content	What students need to learn
	Students will need to apply their knowledge and understanding of the following content in a business context.
3.1 Probability	a) Uses of probability and its application within a business environment
	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

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

Skills	Students should:
	a) Use statistical techniques in a range of business contexts, including market research, financial data, staffing records and economic information
	b) Collect, present, analyse and interpret results of diagrams, charts and graphs and information in the context of practical business situations
	c) Perform statistical calculations as an aid in solving business problems and making business decisions

Delivery guidance

In delivering this qualification, teachers are encouraged to use a variety of examples and scenarios drawn from the business environment.

Business scenarios and short case studies can be useful when used in small-group work as they give students the opportunity to work with their peers to identify key issues and how they can be addressed. This is particularly useful in developing the skills required when analysing different approaches to specific business contexts. Examinations for this qualification will use the dollar (\$) as standard currency.

Assessment

Assessment summary

Pearson LCCI Level 2 Certificate in Business Statistics	
First teaching: September 2019 First assessment: June 2020 Number of series: 2	
Overview of content	
<ol style="list-style-type: none">1 Management Information: The External and Internal Business Environment<ol style="list-style-type: none">1.1 Data collection1.2 Data presentation1.3 Descriptive statistics2 Forecasting for Business Decisions<ol style="list-style-type: none">2.1 Correlation and regression2.2 Time-based data3 Risk Management and Business Decision Making<ol style="list-style-type: none">3.3 Probability	
Overview of assessment	
<ul style="list-style-type: none">• One written externally set and marked paper, contributing 100% of the overall grade of the qualification• The examination will be 2 hours and 30 minutes• 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 five or six questions• Candidates answer all questions• The questions comprise short open response, calculations, chart/diagram construction/drawing and chart/diagram interpretation questions	

Pearson LCCI Level 2 Certificate in Business Statistics

- Candidates are expected to have available a calculator with at least the following keys: $+$, $-$, \times , \div , 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

Students must:		% of qualification
AO1	Memorise Recall statistical procedures used in a business context Recall statistical terms and definitions Recall statistical processes and formulae	7
AO2	Perform procedures Carry out calculations using descriptive statistics Carry out statistical calculations involving correlation, regression and time-based data Carry out calculations involving probability Present/display data in tables or charts	63
AO3	Communicate understanding Demonstrate understanding of statistical concepts within a business context, understanding statistical techniques Demonstrate understanding of the use of appropriate scales, axes and labels on graphs and charts Demonstrate understanding of data collection techniques	25
AO4	Analyse Interpret, compare and analyse data and information Recognise patterns, correlations and make predictions Apply concepts to a given business scenario.	5
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.</p> <p>Candidates can collect and manipulate raw data with occasional errors, using appropriate statistical calculations which have been set in a business context.</p> <p>Candidates can carry out simple computations accurately. They carry out more complex computations with some errors. They can present solutions and data using tables, graphs, charts and diagrams with occasional errors.</p> <p>Candidates can analyse data and information, recognise patterns and make basic connections to predict consequences.</p>
Distinction	<p>Candidates can recall and communicate thorough understanding of statistical procedures, terms, definitions, processes and formulae in a business context, and explain statistical concepts.</p> <p>Candidates can consistently collect and manipulate raw data, using appropriate statistical calculations to interpret outcomes accurately, sometimes applying these in a business context.</p> <p>Candidates can carry out complex computations accurately. They can present tables, graphs, charts and diagrams accurately.</p> <p>Candidates can sometimes analyse data or information to make reasoned judgements and interpretations.</p>

Performance descriptors may be revised following the first award.

Entry and assessment information

Student entry

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

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

Students must be a minimum of 16 years old to be entered for this qualification.

Resitting the qualification

Candidates must leave one series between the previous examination and the next planned examination entry.

Awarding and reporting

The Pearson LCCI Level 2 Certificate in Business Statistics qualification is graded and certificated on a three-grade scale: Pass/Merit/Distinction.

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, has untenable 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 or 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 the website 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: www.jcq.org.uk.

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 of 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 qualifications.pearson.com

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 can be 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 M2(a)* (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 *General and Vocational Qualifications Suspected Malpractice in Examinations and Assessments Policies and Procedures*, 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

Total Qualification Time (TQT) and Guided Learning Hours (GLH)

For all regulated qualifications, we specify a total number of hours that students are expected to undertake in order to complete and show achievement for the qualification – this is the Total Qualification Time (TQT). The TQT value indicates the size of a qualification.

Within the TQT, we identify the number of Guided Learning Hours (GLH) that a centre delivering the qualification needs to provide. Guided learning means activities that directly or immediately involve tutors and assessors in teaching, supervising, and invigilating students, for example lectures, tutorials, online instruction and supervised study.

As well as guided learning, there may be other required learning that is directed by tutors or assessors. This includes, for example, private study, preparation for assessment and undertaking assessment when not under supervision, such as preparatory reading, revision and independent research.

TQT and guided learning hours are assigned after consultation with users of the qualifications.

This qualification has a TQT value of 140 and a GLH of 120.

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.

Pearson's *Recognition of prior learning policy and process* document can be found at qualifications.pearson.com/policies

Progression

LCCI qualifications are designed to allow students to pursue different routes as outlined below.

Enter a chosen field of work, pursue a promotion, or change their field of work

The Pearson LCCI Level 2 Certificate in Business Statistics qualification is designed to support student knowledge and understanding of statistics relevant to their portfolio of learning in business, finance and accounting. The qualification will support progression into the job market in areas such as forecasting, data collection and analysis, finance and accountancy.

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

Progress to further study, such as the next LCCI level or externally with a professional body or education provider

This qualification allows progression to LCCI Level 3 accounting qualifications, such as the Pearson LCCI Level 3 Certificate in Business Statistics, as well as qualifications across the LCCI suites. Completing different LCCI qualifications could potentially lead to gaining an LCCI Diploma. Please refer to the 'Exemptions' section of this specification for information on recognition from external providers, or the latest LCCI Information Manual for more information about Diplomas.

Exemptions

We are continuously gaining new and updated exemptions for our LCCI qualifications from professional bodies and organisations. For the latest list of agreements, and to check this specific qualification, please visit the Pearson LCCI website:

<https://qualifications.pearson.com/en/qualifications/lcci/progress-with-lcci.html>

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: 603/5080/5.

The subject code for Pearson LCCI Level 2 Certificate in Business Statistics is: ASE20108. The subject code is used by centres to enter students for a qualification. Centres will need to use the entry codes only when claiming students' qualifications.

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 2 Certificate in Business Statistics Sample Assessment Materials document (ISBN 9781446961186) can be downloaded from qualifications.pearson.com/lcci

To find a list of all the support documents available please visit qualifications.pearson.com/lcci

Appendix 1: Pearson LCCI Level 2 Certificate in Business Statistics – formulae sheet

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

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 $s = \sqrt{\frac{\sum fx^2}{\sum f} - \left(\frac{\sum fx}{\sum f}\right)^2}$

Quartile deviation $\frac{Q_3 - Q_1}{2}$

Mean deviation $\frac{\sum f|x - \text{mean}|}{\sum f}$

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

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 $\hat{y} = a + bx$

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

	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	$\frac{\sum WI}{\sum W}$	

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

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

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Pearson LCCI Level 2 Award in Computerised Bookkeeping (VRQ) (ASE20095)

SPECIFICATION

Issue 2

First teaching from May 2015

Edexcel, BTEC and LCCI qualifications

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About Pearson

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

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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).

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.

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

- Business
- Financial and Quantitative
- Marketing

Please note: All the qualifications in the LCCI Business and Marketing suites will be retired as of April 2022. The last examination entry date will be February 2022.

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

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

This qualification replaces the LCCI Level 2 Award in Computerised Book-keeping Skills and contains elements from the LCCI Level 3 Award in Computerised Accounting Skills.

Purpose of the specification

This specification sets out:

- the objectives of the qualification
- any other qualification 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 2 Award in Computerised Bookkeeping (VRQ) meets the following purpose:

The purpose of the qualification is to develop students' skills and competence in using computerised accounting software. Students will produce accurate, professional and well-presented accounting information, employing an appropriate range of accounting procedures while adhering to accounting conventions. The qualification aims in particular to develop skills in:

- setting up company data and making journal and ledger entries
- processing routine payments and receipts
- producing appropriate accounting reports for management purposes.

Qualification aim

The Pearson LCCI Level 2 Award in Computerised Bookkeeping (VRQ) is trusted and valued by employers worldwide and recognised by professional bodies. All businesses require accurate accounting records that are maintained on a regular basis. Consequently, there is a demand for employees who possess these skills.

The qualification gives students the opportunity to gain the knowledge, understanding and skills needed to ensure that routine transactions made by the business are accurately recorded using computerised accounting software.

This qualification is designed to increase students' employability skills in a variety of roles involving accurate data recording, such as bookkeeping in a company's finance department. The qualification also supports students who run their own businesses and carry out their own bookkeeping, and those who are already working in accounting and who would like to enhance their skills by obtaining a formal qualification.

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Specification at a glance

The Pearson LCCI Level 2 Award in Computerised Bookkeeping (VRQ) consists of one externally examined paper.

Title: Pearson LCCI Level 2 Award in Computerised Bookkeeping (VRQ)	
<ul style="list-style-type: none"> Externally assessed 	100% of the total qualification
<p>Overview of content</p> <ul style="list-style-type: none"> Creating, entering and amending company data Processing routine transactions Processing non-routine transactions Processing journals Bank accounts reconciliation Management reports Data security. 	
<p>Overview of assessment</p> <ul style="list-style-type: none"> One externally set and marked paper, consisting of 100% of the overall grade of the qualification The examination will be 2 hours 45 minutes The examination will consist of 180 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 two sections Students answer all tasks from Section A and Section B Students are required to generate and save all tasks in PDF format Section A comprises one extended, open-response question broken down into a number of parts Section A requires the use of word processing software and PDF conversion software, if not already part of the word processing software package Section B comprises a scenario in which it is assumed that the candidate is working in an accounting department using a computerised accounting system. The scenario requires candidates to process a variety of business transactions using commercially available computerised accounting software Section B requires the use of dedicated computerised accounting software and PDF conversion software, if not already part of the computerised accounting software package. The examination is compatible with the following computerised accounting software: Sage 50, Sage Instant, Sage UBS, MYOB, Pegasus, TASBooks, QuickBooks and Microsoft Accounting. This list is not exhaustive and other computerised accounting software may be used. 	

Centres must ensure the computerised accounting software they are using is equivalent to those listed and will enable candidates to successfully complete the examination without disadvantage.
<ul style="list-style-type: none"> • Computerised accounting software must accept currencies to 2 decimal places, for example sterling, dollars, euros, yen.
<p>Conduct of the assessment</p> <ul style="list-style-type: none"> • The procedures and conduct of the examination are given in the <i>Instructions for the Conduct of Examinations (ICE)</i> document found on our website.

Knowledge, skills and understanding

Content

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

1. Creating, entering and amending company data

Subject content	What students need to learn:
1.1 Create, enter and amend company data	a) Company name and address
	b) Relevant national purchase tax
	c) Nominal ledger accounts
	d) Sales ledger accounts
	e) Purchases ledger accounts
	f) Bank accounts

2. Processing routine transactions

Subject content	What students need to learn:
2.1 Record routine transactions	a) Input data using the provided house style
2.2 Process and record complex credit transactions	a) Customer invoices and credit notes
	b) Supplier invoices and credit notes
	c) Settlement discounts
	d) Trade discounts
	e) Customer receipts by cheques, cash and automated transfer
	f) Supplier payments by cheques, cash and automated transfer
2.3 Process and record non-credit transactions	a) Non-customer receipts and payments
	b) Non-supplier receipts and payments
	c) Cash transactions
	d) Credit card transactions
	e) Petty cash (imprest and non-imprest)

3. Processing non-routine transactions

Subject content	What students need to learn:
3.1 Process and record customer account adjustments	a) Write off a customer bad debt
	b) Contra entries between customer and supplier accounts
	c) Process a customer's returned/cancelled payment
	d) Correction of errors (using available facilities from within the accounting software)
3.2 Process and record supplier account adjustments	a) Contra entries between customer and supplier accounts
	b) Process a payment to a supplier that has been returned/cancelled
	c) Correction of errors (using available facilities from within the accounting software)

4. Processing journals

Subject content	What students need to learn:
4.1 Use different types of journal entries	a) Process corrections of errors
	b) Introduction of non-current assets
	c) Goods taken for personal use
	d) Wages/salaries

5. Bank accounts reconciliation

Subject content	What students need to learn:
5.1 Carry out bank account reconciliation	a) Matching items from bank statement to appropriate nominal ledger bank account
	b) Identify transactions that cannot be matched on both the bank statement and nominal ledger bank
	c) Update computer bank records with unmatched items
	d) Finalise the reconciliation procedure

6. Management reports

Subject content	What students need to learn:
6.1 Generate period end management reports	a) Audit Trail
	b) Trial Balance
	c) Customer and Supplier Details
	d) Customer and Supplier Transactional Activity
	e) Nominal Ledger Account Activity
	f) Aged Trade Receivables and Trade Payables
	g) Customer Statements
	h) Bank Reconciled/Unreconciled Items

7. Data security

Subject content	What students need to learn:
7.1 Restore, back up and enable data security	a) The methods and importance of enabling data security: <ul style="list-style-type: none">• restore and back-up of data• passwords• confidentiality• loss of data• access rights.
	b) The strengths and weaknesses of methods of enabling data security: <ul style="list-style-type: none">• restore and back-up of data• passwords• confidentiality• loss of data• access rights.

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

Skills	Students should:
	a) Demonstrate accuracy and orderliness to present accounting information
	b) Process different types of transactions, sales, purchases and nominal ledgers
	c) Process a variety of accounting journals using the double entry concept
	d) Carry out reconciliation of banking records
	e) Prepare ledger accounts and management information
	f) Understand the need for data security

Assessment

Assessment summary

Pearson LCCI Level 2 Award in Computerised Bookkeeping (VRQ)

First teaching: May 2015

First assessment: September 2015

The examination is available on demand.

Overview of content

- Creating, entering and amending company data
- Processing routine transactions
- Processing non-routine transactions
- Processing journals
- Bank accounts reconciliation
- Management reports
- Data security.

Overview of assessment

- One externally set and marked paper, consisting of 100% of the overall grade of the qualification
- The examination will be 2 hours 45 minutes
- The examination will consist of 180 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 two sections
- Students answer all tasks from Section A and Section B
- Students are required to generate and save all tasks in PDF format
- Section A comprises one extended, open-response question broken down into a number of parts
- Section A requires the use of word processing software and PDF conversion software, if not already part of the word processing software package
- Section B comprises a scenario in which it is assumed that the candidate is working in an accounting department using a computerised accounting system. The scenario requires candidates to process a variety of business transactions using commercially available computerised accounting software
- Section B requires the use of dedicated computerised accounting software and PDF conversion software, if not already part of the computerised accounting software package. The examination is compatible with the following computerised accounting software: Sage 50, Sage Instant, Sage UBS, MYOB, Pegasus, TASBooks, QuickBooks and Microsoft Accounting. This list is not

exhaustive and other computerised accounting software may be used. Centres must ensure the computerised accounting software they are using is equivalent to those listed and will enable candidates to successfully complete the examination without disadvantage.

- Computerised accounting software must accept currencies to 2 decimal places, for example sterling, dollars, euros, yen.

Conduct of the assessment

- The procedures and conduct of the examination are given in the Instructions for the Conduct of Examinations (ICE) document found on our website.

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 accounting facts Recall accounting terms and definitions Recall accounting processes and formulae	15–20
AO2	Perform procedures Record business transactions Use appropriate accounting techniques Carry out computations Prepare financial reports and/or statements using appropriate business formats Take knowledge acquired and apply it to different contexts and circumstances	80–85
AO3	Communicate understanding Understanding accounting techniques Present/display data in tables Explain the importance of data security and confidentially	2–5
Total		100

Performance descriptors

Grade	Descriptor
Pass	<p>Candidates recall accounting facts, terms and definitions applying basic accounting processes and formulae.</p> <p>They will record business transactions using some appropriate accounting techniques and present/display basic data in tables</p> <p>They prepare financial reports and/or statements using business formats applying it to different contexts and circumstances</p>
Distinction	<p>Candidates recall accounting facts, terms and definitions applying complex accounting processes and formulae.</p> <p>They will record business transactions using appropriate accounting techniques and present/display data in tables</p> <p>They prepare financial reports and/or statements using accurate and appropriate business formats applying it to a variety of different contexts and complex circumstances</p>

Performance descriptors may be revised following 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.

Student entry

Details on how to enter candidates for the examination for this qualification can be found at www.pearson.com.

Students must be entered for the examination 4 weeks prior to the intended examination date.

Combinations of entry

There are no forbidden combinations of entry for this qualification.

Age

Students must be a minimum of 16 years old to be entered onto this qualification.

Resitting the qualification

Candidates can resit the examination for Pearson LCCI Level 2 Award in Computerised Bookkeeping (VRQ). Candidates can be entered for the next examination for this qualification.

Awarding and reporting

The Pearson LCCI Level 2 Award in Computerised Bookkeeping (VRQ) 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, 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: www.jcq.org.uk.

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, www.edexcel.com/Policies.

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: www.jcq.org.uk

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

Total Qualification Time (TQT) and Guided Learning Hours (GLH)

For all regulated qualifications, we specify a total number of hours that students are expected to undertake in order to complete and show achievement for the qualification – this is the Total Qualification Time (TQT). The TQT value indicates the size of a qualification.

Within the TQT, we identify the number of Guided Learning Hours (GLH) that a centre delivering the qualification needs to provide. Guided learning means activities that directly or immediately involve tutors and assessors in teaching, supervising, and invigilating students, for example lectures, tutorials, online instruction and supervised study.

As well as guided learning, there may be other required learning that is directed by tutors or assessors. This includes, for example, private study, preparation for assessment and undertaking assessment when not under supervision, such as preparatory reading, revision and independent research.

TQT and guided learning hours are assigned after consultation with users of the qualifications.

This qualification has a TQT value of 67 and a GLH of 50.

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 2 Award in Computerised Bookkeeping (VRQ) requires 50 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

LCCI qualifications are designed to allow students to pursue different routes as outlined below.

Enter a chosen field of work, pursue a promotion, or change their field of work

The Pearson LCCI Level 2 Award in Computerised Bookkeeping is designed to increase employability skills, and students could progress to a variety of roles within a company's finance department such as bookkeeper, accounts assistant, and accounts clerk.

Progress to further study, such as the next LCCI level or externally with a professional body or education provider

This qualification allows progression to LCCI Level 3 accounting qualifications, such as the Pearson LCCI Level 3 Certificate in Accounting (VRQ), as well as qualifications across the LCCI suites. Completing different LCCI qualifications could potentially lead to gaining an LCCI Diploma. Please refer to the 'Exemptions' section of this specification for information on recognition from external providers, or the latest LCCI Information Manual for more information about Diplomas.

Exemptions

We are continuously gaining new and updated exemptions for our LCCI qualifications from professional bodies and organisations. For the latest list of agreements, and to check this specific qualification, please visit the Pearson LCCI website:

<https://qualifications.pearson.com/en/qualifications/lcci/progress-with-lcci.html>

National Occupational Standards

The Pearson LCCI Level 2 Award in Computerised Bookkeeping (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: 601/6043/3

The subject code for Pearson LCCI Level 2 Award in Computerised Bookkeeping (VRQ) is: ASE20095. The subject code is used by centres to enter students for a qualification. Centres will need to use the entry codes only when claiming students' qualifications.

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 2 Award in Computerised Bookkeeping (VRQ) Sample Assessment Materials document (ISBN 9781446930090) can be downloaded from our website.

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

Appendix

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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 (IFRP), 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	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
Bank and cash	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

June 2021

For information about Pearson Qualifications, including Pearson Edexcel, BTEC and LCCI qualifications visit [qualifications.pearson.com](https://www.pearson.com/qualifications)

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L2

Pearson LCCI Level 2 Certificate in Cost Accounting (ASE20110)

SPECIFICATION

First teaching from September 2019

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 qualifications website at qualifications.pearson.com. Alternatively, you can get in touch with us using the details on our contact us page at qualifications.pearson.com/contactus

About Pearson

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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 students for key functions of modern international business. Employers, universities and professional bodies such as the Association of Chartered Certified Accountants (ACCA), the Chartered Institute of Management Accountants (CIMA) and the Institute of Chartered Accountants of England and Wales (ICAEW) recognise them across the world.

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

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

- Business
- Financial and Quantitative
- Marketing

Please note: All the qualifications in the LCCI Business and Marketing suites will be retired as of April 2022. The last examination entry date will be February 2022.

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

This qualification replaces the Pearson LCCI Level 2 Certificate in Cost Accounting (601/5164/X).

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 satisfy 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 2 Certificate in Cost Accounting meets the following purpose:

The qualification is intended to give students an introduction into the various aspects of Cost Accounting that they are likely to encounter in their working lives.

The qualification at level 2 includes the application of knowledge to practical scenarios and introduces elements of management accounting, with a view to their progression opportunities onto qualifications in a similar field that incorporate management accounting techniques.

Qualification aim

The Pearson LCCI Level 2 Cost Accounting is for students who work in, or want to work in accounting environments where they will be required to produce cost information.

This qualification provides the key knowledge and understanding of the role of cost accounting in business; costs relating to labour, material and overheads; marginal costing; costing systems and the role of management information systems in organisations. The qualification will also introduce students to the principle of decision making for Management Accounting with a view to preparing them for the Pearson Level 3 Certificate in Cost and Management Accounting qualification.

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

This level 2 qualification will increase their employability skills in the sector and allow progression to the Pearson LCCI Level 3 Certificate in Cost and Management Accounting qualification.

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Specification at a glance

The Pearson LCCI Level 2 Certificate in Cost Accounting consists of one externally examined paper

Title: Pearson LCCI Level 2 Certificate in Cost Accounting	
<ul style="list-style-type: none"> Externally assessed 	100% of the total qualification
<p>Overview of content</p> <ol style="list-style-type: none"> 1. Introduction to cost accounting 2. Accounting for materials, labour and overheads 3. Methods of costing 4. Introduction to budgeting and standard costing 5. Working capital management 6. Decision making 7. Introduction to Management Information Systems 	
<p>Overview of assessment</p> <ul style="list-style-type: none"> 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 multiple choice questions, short written answer and calculations Ruler and calculator may be used in the examination. 	

Knowledge, skills and understanding

Content

To prepare students for the final assessment of this qualification, the following content must be covered.

1. Introduction to cost accounting

Subject content	What students need to learn
	Students will need to be able to apply their knowledge and understanding of the following in a business context
1.1 The role of cost accounting in business	a) The meaning and purpose of cost accounting
	b) The features of cost accounting and financial accounting
	c) The classification of costs by element and function
	d) The classification of costs by behaviour into variable, semi-variable, stepped/semi-fixed and fixed categories
	e) The features and calculation of direct and indirect costs
	f) The elements of a prime cost and calculation and use of prime costs
	g) The classification of costs into cost centres and cost units
	h) The features, selection and application of suitable cost centres and cost units
	i) The principles of cost code design
	j) The construction and interpretation of a simple cost code for a given situation
	k) The purpose of the main documents used in purchases and revenue: <ul style="list-style-type: none">• purchase requisition notes• purchase orders• delivery advice notes• goods received notes• goods returns notes

Subject content	What students need to learn
	<ul style="list-style-type: none"> • purchase invoices • sales invoices • debit notes • credit notes • remittance advice notes • remittance, • statement

2. Accounting for materials, labour and overheads

Subject content	What students need to learn
	Students will need to be able to apply their knowledge and understanding of the following in a business context
2.1 Material cost	a) The purpose of the main documents used in the process of: <ul style="list-style-type: none"> • ordering materials • receiving materials • storing materials • issuing materials
	b) The calculation and implications of the reorder level, reorder quantity, maximum inventory control level and minimum inventory control level
	c) The calculation and implications of material requirements, making allowance for sales, product inventory changes and material inventory changes
	d) The price issues of inventory using First In First Out (FIFO), Last In First Out (LIFO) and weighted average (AVCO) methods
	e) The preparation and use of records of inventory movement in quantity and value terms
	f) The contrasting effects and implications of alternative pricing methods on inventory values, cost of sales and reported profits
	g) The reasons for discrepancies/differences between the inventory record and physical inventory

Subject content	What students need to learn
2.2 Labour cost	a) The purpose and application of the main documents used in labour utilisation: <ul style="list-style-type: none"> • time sheets • clock cards • job cards
	b) The costs to a business as a result of employing people (unskilled, semi-skilled and skilled) and the costs relating to labour turnover
	c) The features and implications of adopting the following methods of remuneration and their effect on unit costs: <ul style="list-style-type: none"> • basic pay • time rate • piecework rate • overtime • bonus schemes (time-saved and output-based)
	d) The calculation and use of <ul style="list-style-type: none"> • total gross earnings • overtime premium • bonus schemes • idle time
	e) The analysis of total gross earning into direct and indirect costs
	f) The meaning, use and implications of zero-hour contracts
2.3 Overhead costs	a) The sources of overhead costs
	b) The purpose of overhead allocation, apportionment and absorption
	c) Calculation and application of apportionment using an appropriate basis and its implications
	d) The calculation and application of appropriate overhead absorption rates and its implications

3. Methods of costing

Subject content	What students need to learn
	Students will need to be able to apply their knowledge and understanding of the following in a business context
3.1 Job and batch costing	a) The preparation and application of a job cost
	b) The preparation and application of a batch cost
	c) The features of job and batch costing
	d) The calculation of a selling price, total cost and profit based on mark-up or margins
	e) The application of cost plus pricing
3.2 Marginal costing	a) The application of marginal costing as a technique
	b) The features of marginal and absorption costing; including calculation of profit and inventory values
	c) Understand the aspects of marginal costing: variable cost, fixed cost, contribution, break-even point and total contribution
	d) The calculation and application of contribution, total contribution and total profit or loss
	e) The calculation and application of a contribution/sales (C/S) ratio for a single product
	f) The calculation of break-even in revenue and sales units for a single product
	g) The calculation and determination of the margin of safety in revenue and sales units
	h) The calculation and use of required sales for a given profit
	i) Construction of a single product conventional break-even chart
	j) The determination of the break-even point from a chart
	k) The assumption and limitations upon which cost-volume profit (CVP) analysis is based

4. Introduction to budgeting and standard costing

Subject content	What students need to learn
	Students will need to be able to apply their knowledge and understanding of the following in a business context
4.1 Budgetary planning and control	a) The features of a forecast and a budget
	b) Understand the use of budgets
	c) The reasons for and the advantages and disadvantages of using budgets
	d) The allocation of costs to budget areas
4.2 Standard costing and variances	a) Understand standard cost, budgeted cost, adverse variance and favourable variance
	b) The calculation of the total direct material variance and analysis of this into a material price and a material usage variances
	c) The calculation of the total direct labour variance and analysis of this into a labour rate and a labour efficiency variance
	d) Understand material variance and labour variances
	e) The calculation of the total fixed production overhead variance
	f) The reasons for and actions required as a result of labour and material calculated variances

5. Working capital management

Subject content	What students need to learn
	Students will need to be able to apply their knowledge and understanding of the following in a business context
5.1 Managing cash flow	a) Understand working capital
	b) The preparation and interpretation of a basic working capital statement
	c) The preparation and interpretation of a basic cash flow budget on a monthly basis
	d) Understand ways to deal with cash surplus or a cash deficit

6. Decision making

Subject content	What students need to learn
	Students will need to be able to apply their knowledge and understanding of the following in a business context
6.1 Investment appraisal	a) The meaning and purpose of an investment appraisal
	b) The preparation and interpretation of capital investment appraisals using <ul style="list-style-type: none">• non-discounted Payback• Accounting Rate of Return
	c) Understand non-financial factors relating to investment appraisal
	d) Understand ways to deal with cash surplus or a cash deficit

6. Introduction to Management Information Systems

Subject content	What students need to learn
	Students will need to be able to apply their knowledge and understanding of the following in a business context
7.1 The role of Management Information Systems (MIS) in cost accounting	a) Understand the information needs of a business organisation
	b) Understand the internal and external sources of data available to business
	c) The features of data and information
	d) Understand accounting software packages in cost and management accounting
	e) Understand the importance of confidentiality and security when dealing with management information

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

Skills	Students should:
	a) Understand the role of cost accounting in business and how costs are classified
	b) Account for material, labour and overhead costs
	c) Understand and prepare job and batch costs
	d) Understand and apply marginal costing techniques
	e) Plan budgets
	f) Manage cash flow through preparation of a cash flow budget
	g) Prepare capital investment appraisals using traditional techniques
	h) Understand the role of MIS in cost accounting
	i) Make recommendations and suggest appropriate actions in a range of scenarios

Delivery guidance

In delivering this qualification, teachers are encouraged to use a variety of examples and scenarios drawn from the business environment.

Business scenarios and short case studies can be useful when used in small-group work as they give students the opportunity to work with their peers to identify key issues and how they can be addressed. This is particularly useful in developing the skills required when analysing different approaches to specific business contexts. Examinations for this qualification will use the dollar (\$) as standard currency

Assessment

Assessment summary

Pearson LCCI Level 2 Certificate in Cost Accounting	
First teaching: September 2019 First assessment: April 2021 Number of series: 2	
Overview of content <ol style="list-style-type: none">1. Introduction to cost accounting2. Accounting for materials, labour and overheads3. Methods of costing4. Introduction to budgeting and standard costing5. Working capital management6. Decision making7. Introduction to Management Information Systems	
Overview of assessment <ul style="list-style-type: none">• 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 multiple choice questions, short written answer and calculations• Calculators may be used in the exam• Bilingual dictionaries are permitted for use in the exam	

Assessment Objectives

Students must:		% of qualification
AO1	Memorise Recall the facts of cost accounting in business Recall costing terms and definitions Recall costing methods and procedures	12
AO2	Perform Record business cost transactions Carry out computations Prepare financial and costing statements	74
AO3	Communicate understanding Describe and explain different costing techniques Present and display costing data	8
AO4	Analyse Compare and analyse costing information Interpret cost data and information Recognise patterns and correlations Predict consequences	4
AO5	Evaluate Weigh up evidence in order to build a reasoned decision Draw conclusions	2
Total		100

Performance descriptors

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

Entry and assessment information

Student entry

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

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

Students must be a minimum of 16 years old to be entered for this qualification.

Resitting the qualification

Candidates can resit the examination for Pearson LCCI Level 2 Certificate in Cost Accounting.

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 2 Certificate in Cost qualification is graded and certificated on a three-grade scale: Pass/Merit/Distinction.

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, has untenable 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 or 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 the website 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: www.jcq.org.uk.

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 of 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 qualifications.pearson.com

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 can be 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 M2(a)* (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 *General and Vocational Qualifications Suspected Malpractice in Examinations and Assessments Policies and Procedures*, 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

Total Qualification Time (TQT) and Guided Learning Hours (GLH)

For all regulated qualifications, we specify a total number of hours that students are expected to undertake in order to complete and show achievement for the qualification – this is the Total Qualification Time (TQT). The TQT value indicates the size of a qualification.

Within the TQT, we identify the number of Guided Learning Hours (GLH) that a centre delivering the qualification needs to provide. Guided learning means activities that directly or immediately involve tutors and assessors in teaching, supervising, and invigilating students, for example lectures, tutorials, online instruction and supervised study.

As well as guided learning, there may be other required learning that is directed by tutors or assessors. This includes, for example, private study, preparation for assessment and undertaking assessment when not under supervision, such as preparatory reading, revision and independent research.

TQT and guided learning hours are assigned after consultation with users of the qualifications.

This qualification has a TQT value of 200 and a GLH of 140.

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.

Pearson's *Recognition of prior learning policy and process* document can be found at qualifications.pearson.com/policies

Progression

LCCI qualifications are designed to allow students to pursue different routes as outlined below.

Enter a chosen field of work, pursue a promotion, or change their field of work

The Pearson LCCI Level 2 Certificate in Cost Accounting supports progression into employment, for example to an accounts and finance assistant role in a large company's finance department.

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

Progress to further study, such as the next LCCI level or externally with a professional body or education provider

This qualification allows progression to LCCI Level 3 accounting qualifications, such as the Pearson LCCI Level 3 Certificate in Cost and Management Accounting, as well as qualifications across the LCCI suites. Completing different LCCI qualifications could potentially lead to gaining an LCCI Diploma. Please refer to the 'Exemptions' section of this specification for information on recognition from external providers, or the latest LCCI Information Manual for more information about Diplomas.

Exemptions

We are continuously gaining new and updated exemptions for our LCCI qualifications from professional bodies and organisations. For the latest list of agreements, and to check this specific qualification, please visit the Pearson LCCI website:

<https://qualifications.pearson.com/en/qualifications/lcci/progress-with-lcci.html>

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: 603/5078/7.

The subject code for Pearson LCCI Level 2 Certificate in Cost Accounting is: ASE20110. The subject code is used by centres to enter students for a qualification. Centres will need to use the entry codes only when claiming students' qualifications.

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 2 Certificate in Cost Accounting Sample Assessment Materials document (ISBN 9781446961094) can be downloaded from qualifications.pearson.com/lcci

To find a list of all the support documents available please visit qualifications.pearson.com/lcci

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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