



LCCI
International
Qualifications



L3

Pearson
LCCI Level 3 Certificate
in Financial Accounting
(VRQ)
(ASE20097)

SPECIFICATION

Issue 4

First teaching from September 2015

Edexcel, BTEC and LCCI qualifications

Edexcel, BTEC and LCCI qualifications are awarded by Pearson, the UK's largest awarding body offering academic and vocational qualifications that are globally recognised and benchmarked. For further information, please visit our qualification 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/contact us](http://qualifications.pearson.com/contact-us)

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This specification is Issue 4. Key changes are sidlined in the document. We will inform centres of any changes to this issue. The latest issue can be found on our website, qualifications.pearson.com

Acknowledgements

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

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.

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

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

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

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

Purpose of the specification

This specification sets out:

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

Rationale

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

This brand new qualification gives students an overview of the fundamental accounting principles and concepts that underlie all financial accounting.

Students are introduced to topic areas they are likely to encounter in their working lives in practical, scenario based situations.

The qualification has been developed with a view to allow progression on to the Pearson LCCI Level 4 Certificate in Financial Accounting (VRQ), which introduces students to advanced topic areas in this field.

Qualification aim

The Pearson LCCI Level 3 Financial Accounting (VRQ) qualification is for students who work in, or want to work in, accounting environments.

The qualification provides students with the key knowledge and understanding of accounting principles and concepts underlying all financial accounting including the preparation of accounting entries for non-current assets; advanced bookkeeping; the preparation of journals for correction of errors and year-end adjustments; the preparation of the extended trial balance to incorporate these adjustments and the preparation of financial statements for unincorporated businesses (sole traders and partnerships).

Students will gain skills to produce financial records, summarising an organisation's financial transactions over a specific accounting period, and its current financial position in terms of assets, liabilities and capital.

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

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Specification at a glance

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

Title: Pearson LCCI Level 3 Certificate in Financial Accounting (VRQ)	
<ul style="list-style-type: none">Externally assessed	100% of the total qualification
Overview of content <ol style="list-style-type: none">The purpose of maintaining financial recordsRecording financial transactionsBalancing accounts and the trial balanceAdjustments and the extended trial balanceProduce financial statements of a sole trader and partnershipIntroduction to interpretation of financial statements.	
Overview of assessment <ul style="list-style-type: none">One written externally set and marked paper, contributing 100% of the overall grade of the qualificationThe examination will be 3 hoursThe examination will consist of 100 marksStudents will be graded Pass/Merit/Distinction. A result of Fail will be recorded where students do not achieve the required marks for a PassThe paper comprises five questionsStudents should answer all questionsQuestions comprise short written questions, calculations, preparation of accounts, financial statement and completion of tables, analysis and evaluation of results obtained.	

Knowledge, skills and understanding

Content

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

1. The purpose of maintaining financial records

Subject content	What students need to learn:
1.1 The scope of the financial accounting function	a) An understanding of the differences between financial accounting and management accounting
	b) An understanding of financial statements and their purpose
	c) The understanding and application of the following accounting concepts: <ul style="list-style-type: none">• accruals• business entity• consistency• going concern• materiality• prudence• realisation
	d) Identify the qualitative characteristics of financial reporting under the International Accounting Standards Board (IASB) framework: <ul style="list-style-type: none">• relevance• faithful representation• comparability• verifiability• timeliness• understandability.
1.2 Different types of business organisations	a) The difference between the public and private sectors
	b) The understanding of the characteristics of different types of private sector business organisations: <ul style="list-style-type: none">• sole trader• partnership

Subject content	What students need to learn:
	<ul style="list-style-type: none"> • limited partnership • private limited companies (Ltd) • public limited companies (Plc)
	<p>c) The advantages and disadvantages of different types of private sector business entities</p>

Subject content	What students need to learn:
1.3 How financial statements contribute towards meeting the needs of different stakeholders and users	a) The main stakeholders in business and other users of financial statements: <ul style="list-style-type: none"> • owners • managers • suppliers • customers • employees • trade associations • government • investors • providers of external finance • competitors • local community • trade union
1.4 The importance of ethical behaviour in accounting practices	a) The principles of professional ethics: <ul style="list-style-type: none"> • honesty • integrity • objectivity • independence
	b) The application of professional ethics when undertaking accounting roles and functions

2. Recording financial transactions

Subject content	What students need to learn:
2.1 The principles of double-entry accounting	a) Understanding and application of the ledger (general ledger and subsidiary ledger)

Subject content	What students need to learn:
2.2 Recording sales and purchases	a) Recording sales, sales returns, purchases and purchase returns in the relevant ledger accounts
	b) The understanding and application for recording discounts in respect of sales and purchases
2.3 Recording cash transactions	a) The role and operation of the cash book in the accounting system
2.4 Undertake a bank reconciliation	a) The role and operations of bank reconciliation
	b) The preparation of a bank reconciliation statement from a given data set
2.5 Recording receivables and payables	a) The principles and operation of receivables and payables
	b) The principles and operation of irrecoverable receivables and allowance for doubtful debt
2.6 Recording changes in inventory	a) The principles and valuation of inventory in accordance with the relevant international financial reporting standards (IAS 2 – inventories)
2.7 Make adjustments for accruals and prepayments	a) The principles and operation of accruals and prepayments
2.8 The accounting treatment of tangible and non-current assets	a) The classification of revenue and capital in accounting systems
	b) The principles and operation of non-current assets, including acquisitions, disposals and depreciation
	c) The importance and maintenance of an up-to-date non-current asset register
2.9 Account for depreciation costs	<p>a) The principles and operation of depreciation for non-current assets, including journals and ledger postings, using the following methods:</p> <ul style="list-style-type: none"> • straight line • revaluation • reducing (diminishing) balance

3. Balancing accounts and the trial balance

Subject content	What students need to learn:
3.1 The purpose of the trial balance	a) The errors which may be made in a double-entry accounting system
	b) The purpose and limitations of a trial balance
3.2 Correction of errors in transaction recording	a) Errors following the preparation of the trial balance
3.3 Operate a control account	a) The principles and operations of control accounts
	b) Balancing control accounts, following the correction of errors
3.4 Operate a suspense account	a) The principles and operation of a suspense account

4. Adjustments and the extended trial balance

Subject content	What students need to learn:
4.1 The purpose of the extended trial balance	a) To process adjustments of trial balance figures at the period end to prepare financial statements for business: <ul style="list-style-type: none"> • inventory • accrued and prepaid income and expenditure • depreciation of non-current assets • irrecoverable debts and allowance for doubtful debts • correction of errors
	b) The extension of the ledger balance and adjustment column into the statement of profit or loss, and the statement of financial position columns
	c) Calculate the profit or loss for the period from the statement of profit or loss columns of the extended trial balance

5. Produce financial statements of a sole trader and partnership

Subject content	What students need to learn:
5.1 Prepare the main financial statements	a) The purpose of the main financial statements
	b) The preparation of a statement of financial position from a given data set for a sole trader and partnership
	c) The preparation of a statement of profit or loss from a given data set for a sole trader and partnership
	d) The preparation of a statement of financial position and statement of profit or loss from incomplete records, including mark-up and margin
	e) The preparation of an appropriation account for a partnership
	f) The preparation of a statement of cash flows for a company from a given data set

6. Introduction to interpretation of financial statements

Subject content	What students need to learn:
6.1 The contribution of financial statements measuring business performance	a) The importance of measuring business performance
	b) The elements of business performance which can be measured by the main financial statement used in business
	c) The calculation and use of the following ratios to produce financial statements: <ul style="list-style-type: none"> • gross profit percentage/margin • profit for the year as a percentage of revenue • current ratio • quick ratio (acid test) • return on capital employed (ROCE) • trade receivables collection period • trade payables payment period • inventory turnover • asset turnover

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

Skills	Students should:
	a) Record financial transactions and understand their importance
	b) Understand and record transactions undertaken by a business, including: <ul style="list-style-type: none"> • double-entry accounting • sales and purchases • cash and credit transactions • accounting for receivables, irrecoverable debts and allowance for receivables • accruals and prepayments • accounting for tangible non-current assets, including acquisitions, disposals and depreciation
	c) Construct a trial balance including correction of errors and bank reconciliation
	d) Prepare the statement of profit or loss and the statement of financial position for a sole trader
	e) Calculate main ratios for the measurement of financial performance

Assessment

Assessment summary

Pearson LCCI Level 3 Certificate in Financial Accounting (VRQ)

First teaching: September 2015

Number of series: 8

Overview of content

- 1 The purpose of maintaining financial records
- 2 Recording financial transactions
- 3 Balancing accounts and the trial balance
- 4 Adjustments and the extended trial balance
- 5 Produce final statements of a sole trader and partnership
- 6 Introduction to interpretation of financial statements

Overview of assessment

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

Assessment Objectives

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

Assessment Objective		Weighting %
A01	Recall Recall accounting facts, terms, definitions, processes and formulae.	12
A02	Perform Procedures Record business transactions Use accounting techniques Prepare financial statements	74
A03	Demonstrate Understanding Demonstrate understanding of accounting processes, procedures and techniques	8
A04	Analyse Compare, classify and deconstruct information Interpret financial data and information Recognise patterns and correlations	4
A05	Evaluate Build a reasoned decision Make judgments about significance of information Predict consequences	2

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> <p>Candidates can make judgements which are supported with limited evidence.</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 judgements that are supported and justified with evidence.</p>

Performance descriptors may be revised following the first award.

Entry and assessment information

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

Student entry

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

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

Combinations of entry

There are no forbidden combinations of entry for this qualification.

Age

This qualification is intended for learners aged 16 and above.

Resitting the qualification

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

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

Awarding and reporting

The Pearson LCCI Level 3 Certificate in Financial 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

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

This qualification will also support progression into employment, for example, into a junior accountant or cost account role within a large company's finance department.

Using appropriate internal processes, centres must ensure they choose the most appropriate qualification level for their learners' needs as there is a level 4 version of this qualification available.

Exemptions

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

<https://qualifications.pearson.com/content/dam/pdf/LCCI/2014/Recognition-from-PBs-for-LCCI-qualifications-March-2016.pdf>

National Occupational Standards

The Pearson LCCI Level 3 Certificate in Financial 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: 601/5186/9

The subject code for the Pearson LCCI Level 3 Certificate in Financial Accounting (VRQ) is: ASE20097. The subject code is used by centres to enter students for a qualification.

Support, training and resources

Training

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

Specifications, Sample Assessment Materials and Teacher Support Materials

The Pearson LCCI Level 3 Certificate in Financial Accounting (VRQ) Sample Assessment Materials document (ISBN 9781446947357) can be downloaded from our website.

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

Appendix

Appendix 1: Glossary of International Accounting Standards terminology

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Appendix 1: Glossary of International Accounting Standards terminology

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

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

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

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

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

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LCCI

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L4

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SPECIFICATION

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About Pearson

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

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

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- Business, Administration and IT
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- 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 4 Certificate in Management Accounting (VRQ) meets the following purpose:

The purpose of this qualification is to enable students, currently working in or wanting to work in a managerial or supervisory role in the area of management accounting, to meet international professional body standards and to progress to higher professional qualifications and membership of professional bodies, increasing their employability in the sector.

The qualification at Level 4 also provides progression to a higher level qualification in the same specialised area for students completing the Pearson LCCI Level 3 Certificate in Cost and Management qualification (VRQ) or equivalent.

Qualification aim

The Pearson LCCI Level 4 Certificate in Management Accounting (VRQ) qualification is for students who work in, or who want to work in, a supervisory or managerial role within the area of management accounting.

The qualification gives students advanced knowledge and understanding of management accounting techniques in business, budget setting, monitoring, variance analysis and business performance.

Students will gain the skills to use a range of techniques to prepare complex financial information. They will construct budgets for planning and control, apply contribution theory for short-term decision making, and apply forecasting techniques and scenario planning to optimise profitability. Students will also analyse financial performance and evaluate information for management to support decision making and planning.

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

Students who have completed the Pearson LCCI Level 3 Certificate in Cost and Management Accounting (VRQ) qualification or equivalent can progress to this Pearson LCCI Level 4 Certificate in Management Accounting (VRQ) qualification.

Students can progress from this Pearson LCCI Level 4 Certificate in Management Accounting (VRQ) qualification by working towards higher professional qualifications and membership of professional bodies, increasing their employability in the sector. Students can continue their academic development by progressing to degree courses in management or financial accounting.

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Specification at a glance

The Pearson LCCI Level 4 Certificate in Management Accounting (VRQ) consists of one externally examined paper.

Pearson LCCI Level 4 Certificate in Management Accounting (VRQ)	
<ul style="list-style-type: none">Externally assessed	100% of the total qualification
Overview of content	
<ul style="list-style-type: none">Standard costingBudgetingShort-term decision makingForecastingPerformance measurementScenario planningCorporate social responsibility	
Overview of assessment	
<ul style="list-style-type: none">One written externally set and marked paper, contributing 100% of the overall grade of the qualificationThe examination will be 3 hoursThe examination will consist of 120 marksStudents will be graded Pass/Merit/Distinction. A result of Fail will be recorded where students do not achieve the required marks for a PassThe paper comprises five questionsStudents answer all questions	

Knowledge, skills and understanding

Content

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

1. Standard costing

Subject content	What students need to learn:
1.1 Variance analysis	a) Preparation of a standard cost card
	b) Types of standards: <ul style="list-style-type: none">• ideal• target• normal• basic
	c) Calculation of total sales variance
	d) Analysis of total sales variance to selling price and sales volume variances (absorption and marginal costing)
	e) Calculation of total direct material variance
	f) Analysis of total direct material variance to price and usage variances and reconciliation to actual costs
	g) Calculation of total direct labour variance
	h) Analysis of total direct labour variance to rate, efficiency and idle time variances and reconciliation to actual costs
	i) Calculate the standard hours of production
	J) Calculation of total, price and expenditure variable variances
	k) Calculation of total fixed production overhead variance, expenditure, volume, capacity and efficiency variance
	l) Relationship of fixed production overhead volume variance to efficiency and capacity variances
	m) Calculation of actual and standard costs
	n) Reconciliation of budgeted/standard cost to actual cost using variances (absorption and marginal costing)
	o) Use of standard costs and variances (cost control)

Subject content	What students need to learn:
	p) Relationship between material, sales, labour and fixed overhead variances
	q) Calculation of ratios of production volume (activity), production efficiency, capacity and utilisation
	r) Preparation of effective management information communicating variance analysis and causes of variances

2. Budgets

Subject content	What students need to learn:
2.1 Preparation of budgets	a) Alternative approaches to traditional budgeting <ul style="list-style-type: none"> • zero-based budgeting • rolling/incremental budgets • activity based budgeting
	b) Human behavioural aspects of budgeting
	c) Budget-setting process
	d) Preparation of advanced functional budgets for: <ul style="list-style-type: none"> • revenue • production • material usage • materials purchases • direct labour • cash budget • income statement
	e) Importance of reconciliation of profit and cash budgets
	f) Reconciliation of profit and cash budgets
	g) Preparation of flexed budgets
	h) Principles of Activity Based Costing (ABC)
	i) Differences between ABC and traditional overhead allocation
	J) Calculation of cost driver rates and unit production costs based on ABC principles
	K) Principles of: <ul style="list-style-type: none"> • Just-In-Time (JIT) approach to stock management • Total Quality Management (TQM)
	L) Implications of JIT and TQM on performance

Subject content	What students need to learn:
2.2 Budget planning and control	a) Use of budgets to identify problem areas and recommend appropriate action
	b) Analysis of flexed budgets

3. Short-term decision making

Subject content	What students need to learn:
3.1 Contribution theory	a) Cost principles for special order decisions
	b) Contribution theory for short-term decision making
	c) Limiting factor analysis: <ul style="list-style-type: none"> • Limiting factors for material, direct labour and machine hours • Optimising production output for profit maximisation
	d) Contribution analysis as a decision making technique

4. Forecasting

Subject content	What students need to learn:
4.1 Forecasting methods	a) Application of linear regression: <ul style="list-style-type: none"> • $y = a + bx$ (x and b variables)
	b) Application of high/low method to forecast costs
	c) Business trends: <ul style="list-style-type: none"> • cyclical • seasonal • random
	d) Time series analysis
	e) Application of index numbers to make forecasts and evaluate performance
	f) Extrapolation to project trend data
	g) Calculation of seasonal variation to adjust trend forecasts (additive and multiplicative models)

Subject content	What students need to learn:
	h) Application and evaluation of sampling techniques: <ul style="list-style-type: none"> • random • quasi-random • stratified • quota • convenience • cluster

5. Financial performance

Subject content	What students need to learn:
5.1 Financial performance	a) Performance indicators (financial and non-financial): <ul style="list-style-type: none"> • profitability ratios • liquidity ratios • control ratios • efficiency, capacity and activity • cost per unit of input • cost per unit of output • quality indicators
	b) Calculation of ratios for profitability, liquidity and gearing against other businesses, industrial standards and previous years
	c) Effectiveness and efficiency of a business
	d) Balanced scorecard approach
	e) Target costing technique
	f) Preparation of effective management information communicating financial performance

6. Scenario planning

Subject content	What students need to learn:
6.1 Optimising profitability	a) Identification of products, activities and departments for closure, using cost-behaviour and contribution
	b) Sub-contracting alternatives (make or buy decisions) with and without limiting factors
	c) Life-cycle costing technique
	d) Impact of changes in price and cost at different levels of output

7. Corporate social responsibility

Subject content	What students need to learn:
7.1 Sustainability	a) Importance of sustainability in business organisations: <ul style="list-style-type: none"> • main findings of the Brundtland Report • factors for triple bottom line: <ul style="list-style-type: none"> – financial/economical – environmental – social factors
	b) Application of corporate social responsibility policy
	c) Budget-setting process

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

Skills	Students should
	a) Use standard costing to analyse performance
	b) Construct and interpret functional and flexed budgets for planning and control
	c) Apply appropriate accounting techniques to forecast information
	d) Use appropriate accounting techniques to measure performance and manage costs
	e) Analyse management accounting information to improve financial performance
	f) Evaluate different options and business scenarios to improve financial performance
	g) Preparation of performance information for management, communicating information effectively

Assessment

Assessment summary

Pearson LCCI Level 4 Certificate in Management Accounting (VRQ)

First teaching: September 2015

Number of series: 4

Overview of content

- Standard costing
- Budgeting
- Short-term decision making
- Forecasting
- Performance measurement
- Scenario planning
- Corporate social responsibility

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 120 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 answer all questions
- Calculators may be used in the exam
- Bilingual dictionaries are permitted for use in the exam

Assessment Objectives

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

Students must:		% of qualification
AO1	Memorise Recall cost accounting terms and definitions, and recall cost accounting processes and formulae	8-12
AO2	Perform procedures Apply costing and management accounting techniques Carry out computations Prepare costing statements and management information using appropriate formats	43-47
AO3	Communicate understanding Describe and explain costing and management information, and understand cost accounting techniques	18-22
AO4	Analyse Compare costing and management information Interpret cost and management and financial data and information, and forecast consequences Recognise patterns and correlations Predict consequences	13-17
AO5	Evaluate Consider evidence in order to build a reasoned decision and draw conclusions	8-12
Total		100

Performance descriptors

Grade	Descriptor
Pass	<p>Candidates can recall, describe and explain cost accounting terms, definitions, formulae and techniques.</p> <p>Candidates can apply cost accounting techniques to present costing and management data in appropriate formats</p> <p>Candidates can select cost accounting information carry out complex computations, and prepare costing and financial statements with precision</p> <p>Candidates can compare and analyse complex costing and management information and interpret financial data and information, to derive outcomes</p> <p>Candidates can present a reasoned decision for management</p>
Distinction	<p>Candidates can recall, describe and explain cost accounting terms, definitions, formulae and techniques. Candidates can link knowledge and understanding from different management accounting contexts.</p> <p>Candidates can apply complex cost accounting techniques to present costing and management data in appropriate formats</p> <p>Candidates can select cost accounting information, carry out complex computations, and prepare costing and financial statements with high precision</p> <p>Candidates can compare and analyse complex costing and management information and interpret financial data and information to derive outcomes and forecast consequences</p> <p>Candidates can weigh up evidence, including a logical chain of reasoning to present a balanced decision for management</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 Students 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

Students can resit the examination for the Pearson LCCI Level 4 Certificate in Management Accounting (VRQ) qualification.

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 4 Certificate in Management 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 Student's ability to take an assessment or demonstrate his or her level of attainment in an assessment.

Further information

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

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

Equality Act 2010 and Pearson equality policy

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

We are committed to making sure that:

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

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

Malpractice

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

Candidate malpractice

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

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

Failure to report malpractice constitutes staff or centre malpractice.

Staff/centre malpractice

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

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

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

Language of assessment

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

Other information

Guided Learning Hours

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

The Pearson LCCI Level 4 Certificate in Management Accounting (VRQ) requires 120 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

Students can progress from this qualification by working towards higher professional qualifications and to membership of professional bodies, increasing their employability in their chosen sector. Students may also choose to continue their academic development by progressing to degree courses in various disciplines.

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

Exemptions

This qualification provides exemption from ACCA's F2 Management Accounting qualification.

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

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

National Occupational Standards

The Pearson LCCI Level 4 Certificate in Management Accounting (VRQ) has links to the following National Occupational Standards (NOS):

- Finance and Accounting

Please see our website for further details.

Codes

This qualification is approved by Ofqual and meets the Ofqual General Conditions for inclusion on the Register of Regulated Qualifications. The Qualification Number (QN) is: 601/5170/5

The subject code for the Pearson LCCI Level 4 Certificate in Management Accounting (VRQ) is ASE20102. 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 4 Certificate in Management Accounting (VRQ) Sample Assessment Materials document (ISBN 9781446926819) can be downloaded from our website.

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

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

The following is a glossary of the comparison between the International Accounting Standards 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

Appendix 2: Formulae

The following formulae support the content of this qualification.

Students will not be provided with the formulae in the examination.

Profitability ratios	
1.	Return on Capital Employed (ROCE) = (Operating Profit/Capital Employed) x 100
2.	Profit Margin = (Operating Profit/Revenue) x 100
3.	Asset Turnover = Revenue/Capital Employed
4.	Non-Current Asset Turnover = Revenue/Net Book Value Non-Current Asset
5.	Gross Profit Margin = (Gross Profit/Revenue) x 100
6.	Return on Net Assets = (Return [Profit After Tax]/Net Assets [Shareholder Funds]) x 100

Liquidity ratios	
1.	Current Ratio = Current Assets/Current Liabilities
2.	Quick Ratio (Acid test) = (Current Assets - Inventory)/Current Liabilities
3.	Trade Receivables Collection Period = (Trade Receivables/Revenue) x 365
4.	Trade Payables Payment Period = (Trade Payables/Purchases or Cost of Sales) x 365
5.	Inventory Holding Period = (Closing Inventory/Cost of Sales) x 365
6.	Inventory Turnover = Cost of Sales/Closing Inventory

Control ratios	
1.	Gearing Ratio = (Total Debt/Total Debt + Equity) x 100
2.	Debt/Equity Ratio = (Total Debt/Equity) x 100
3.	Efficiency Ratio = (Standard Hours for Actual Production/Actual Hours Worked) x 100
4.	Capacity Ratio = (Actual Hours Worked/Budgeted Hours) x 100
5.	Activity Ratio = (Standard Hours for Actual Production/Budgeted Hours) x 100

Appendix 3: Variances

The following variance formulae support the content of this qualification.

Students will not be provided with the variance formulae in the examination.

Variances	
1.	Material Usage (Quantity) = (Standard Quantity - Actual Quantity) x Standard Price
2.	Material Price = (Standard Price - Actual Price) x Actual Quantity
3.	Labour Efficiency = (Standard Quantity - Actual Quantity) x Standard Rate
4.	Labour Rate = (Standard Rate - Actual Rate) x Actual Quantity
5.	Overhead Absorption Rate (OAR) = Budgeted Overheads/Budgeted Units or Hours
6.	Expenditure Variance = Budgeted Overheads - Actual Overheads
7.	Volume Variance = Overhead Absorption Rate x (Actual Output - Budgeted Output) Note: output is measured in units or standard hours.
8.	Capacity Variance = Overhead Absorption Rate x (Actual Hours - Standard Hours for Budgeted Production)
9.	Efficiency Variance = Overhead Absorption Rate x (Standard Hours for Actual Production - Actual Hours) Note: The Volume Variance is made up of the Capacity and Efficiency Variances.
10.	Sales Volume = (Budgeted Sales Volume - Actual Sales Volume) x Selling Price
11.	Sales Price = (Budgeted Selling Price - Actual Selling Price) x Actual Sales Volume

September 2015

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

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LCCI

International
Qualifications



L4

Pearson LCCI Level 4 Certificate in Organisational Behaviour and Performance (VRQ) (ASE20103)

SPECIFICATION

Issue 2

First teaching from September 2015

Pearson LCCI Level 4 Certificate in Organisational Behaviour and Performance (VRQ) (ASE20103)

Specification

Issue 2

First teaching from September 2015

Edexcel, BTEC and LCCI qualifications

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

About Pearson

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

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

Acknowledgements

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

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

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

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Introduction

LCCI qualifications

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

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

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

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

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

Please refer to the Pearson website for details of other qualification 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 4 Certificate in Organisational Behaviour and Performance (VRQ) meets the following purpose:

The purpose of this qualification is for learners to meet professional body standards for this sector and in particular, to provide learners with progression and recognition/exemption from ACCA. The qualification at Level 4 will provide progression for learners completing LCCI Level 3 qualifications. The qualification is also appropriate for learners in a supervisory or management role, or aspiring to such roles, in which they may have influence over organisational behaviour and performance. Review of qualification requirements at this level includes content on the internal and external business environment, managing people, compliance and control and governance and ethics. This qualification will address these key aspects in the context of the functional areas of a business and the wider external environment within which it operates.

Qualification aim

The Pearson LCCI Level 4 Certificate in Organisational Behaviour and Performance (VRQ) is for learners who work in, or who want to work in, an area that contributes to those aspects of the decision-making process that influence an organisation's behaviour and improve its performance. The qualification will enable learners to understand how changes in both the internal and external environment impact on an organisation and how different management practices can help shape its response to these changes. The qualification will also enable learners to understand how motivation, leadership and team working influence an organisation's performance. The qualification looks at the importance of professional ethics and its relationship to managing risk. This qualification is particularly suitable for people who hold management positions or those who aspire to become managers. The qualification is relevant to learners across different functional areas of an organisation in whichever sector it operates, including finance, HR and other business operations.

The qualification is trusted and valued by employers worldwide and recognised by universities and professional bodies. Learners can progress from this qualification by working towards higher professional qualifications and to membership of professional bodies – increasing their employability in their chosen sector. Learners could choose to continue their academic development by progressing to degree courses in various disciplines.

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Specification at a glance

The Pearson LCCI Level 4 Certificate in Organisational Behaviour and Performance (VRQ) consists of one externally examined paper.

Title: Pearson LCCI Level 4 Certificate in Organisational Behaviour and Performance (VRQ)

Externally assessed

**100% of the
total
qualification**

Overview of content

Key content areas include:

- The Internal and External Organisational Environment
- Managing People and Organisational Performance
- Organisational Compliance and Control
- Ethics, Corporate Governance and Risk Management

Overview of assessment

- One externally set and marked written paper, contributing 100% of the overall grade of the qualification
- The examination will be 2 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 four questions, broken down into parts
- Students answer all questions from all sections
- Questions 1, 2, 3 and 4 contain short- and extended-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 The Internal and External Organisational Environment

Subject content	What students need to learn:
1.1 The nature of the business environment	a) main features of competitive market economy
	b) factors of production
	c) how prices are determined in a competitive market
	d) the impact on equilibrium price of changes in conditions of demand and supply
	e) concept of opportunity cost
1.2 The nature of business activity in the public and private sectors	a) characteristics of organisations: <ul style="list-style-type: none">• vision• mission• values• strategic goals• strategies to achieve the goals• systems and processes
	b) different types of organisations in private and public sectors: <ul style="list-style-type: none">• sole traders• partnerships• limited companies• not-for-profit organisations
	c) functional, matrix, divisional, entrepreneurial and boundary-less organisational structures
	d) the management hierarchy and the scalar chain of command, including the Anthony Hierarchy
	e) concepts of authority, power, responsibility, delegation and accountability
	f) advantages and disadvantages of centralisation and decentralisation
	g) the ways in which governments seek to protect the interests of citizens

Subject content	What students need to learn:
1.3 The role of Government in promoting and controlling business activity	a) the components of aggregate demand and the circular flow of income
	b) changes in aggregate demand and the impact on equilibrium income, employment level and the price level
	c) government influence on the level of economic activity: <ul style="list-style-type: none"> • economic growth • employment opportunities • price level • international trade • public sector deficits
	d) the possible consequences of government economic policies on individuals, specific sectors (retail, manufacturing and service) and business organisations
1.4 How the interests of the stakeholder groups influence organisation activity	a) the stakeholder theory concept (Mendelow's matrix) and its application in formulating a stakeholder engagement strategy
	b) why organisations need to be accountable to stakeholders
	c) how the needs and interests of stakeholder groups influence the development of business strategies
	d) competing interests of stakeholder groups
	e) the concept of corporate social responsibility
	f) the influence of corporate social responsibility on stakeholder engagement strategy
1.5 How changes in the business environment impact on organisations	a) the use of STEEPLE/PEST, SWOT and competitor analysis techniques to analyse the business environment
	b) Porter's Five Forces Analysis and the development of business strategies

2 Managing People and Organisational Performance

Subject content	What students need to learn:
2.1 Functions of management	a) planning, organising, co-ordinating, directing and controlling
	b) how functions of management are applied in the main functional areas: <ul style="list-style-type: none"> • human resources • finance • sales • marketing • production • administration • research and development • information technology • customer service
	c) contribution of the functions of management to organisational performance
2.2 The nature of business performance measurement and its importance	a) reasons for, and importance of, measuring organisational performance
	b) key performance indicators (KPIs) relating to an organisation's revenue and expenditure and the performance of its main functional areas
	c) the target-setting process
2.3 The importance and benefits of effective workforce planning, recruitment and selection on organisational performance	a) need for a Human Resources strategy in organisations
	b) stages in the recruitment process: <ul style="list-style-type: none"> • business case for recruitment • job description • person specification • advertise the post • shortlist • references • interview and selection • job offer
	c) different recruitment and selection methods
	d) the influence of financial and non-financial factors which may influence the quality and quantity of recruitment

Subject content	What students need to learn:
2.4 Different approaches to leadership and management and their impact on organisational performance	a) differences between leadership and management
	b) principles of scientific management theories: <ul style="list-style-type: none"> • Fayol • Taylor • Weber
	c) principles of human relations management theories: <ul style="list-style-type: none"> • Mayo • Drucker
	d) Mintzberg's Managerial Roles
	e) how different approaches to management are applied: <ul style="list-style-type: none"> • contingency (Fiedler) • action-centred leadership (Adair) • change management (Kotter)
2.5 Application of theories of motivation within the workplace	a) how main theories of motivation are applied: <ul style="list-style-type: none"> • Maslow • Herzberg • McGregor • Vroom
2.6 Importance of leadership	a) leadership theories and their influence: <ul style="list-style-type: none"> • Lewin • trait theories • Blake Mouton • Ashridge
	b) how management theorists have influenced the role of management practices in relation to teams: <ul style="list-style-type: none"> • Belbin • Tuckman

Subject content	What students need to learn:
<p>2.7 The importance of developing individuals to improve overall organisational performance</p>	a) differences between coaching, mentoring and counselling
	b) the implications of investing in training and development for the individual and the organisation
	c) the purpose of the training and development process
	<p>d) the responsibilities of the individual and the organisation in identifying and addressing training needs and different learning styles</p> <ul style="list-style-type: none"> • Honey and Mumford • Kolb
	e) the contribution of performance reviews to improving individual and organisation performance
	f) the performance indicators which can be used to assess the effectiveness of an organisation's Human Resources strategy
<p>2.8 How effective communications can contribute towards improvements in personal and organisational effectiveness</p>	a) the importance of communication in an organisation
	<p>b) the stages in the communication process:</p> <ul style="list-style-type: none"> • formulate the idea • concept or instruction • encoding • medium • transmission • receiving • decoding • feedback
	c) barriers to effective communication and strategies to overcome them
	d) how communication strategies can impact on individual and team effectiveness and reduce work place conflict
	e) the impact of information technology on team communication, personal effectiveness and time management

3 Organisational Compliance and Control

Subject content	What students need to learn:
3.1 The importance of management information	<ul style="list-style-type: none"> a) differences between data and management information b) the characteristics of useful information
3.2 The role of management information in an organisation	<ul style="list-style-type: none"> a) financial and non-financial management information b) differences between planning, monitoring, controlling and forecasting in relation to financial information c) differences between financial and management accounting, and their uses d) how the management accounting function promotes efficiencies in business operations and practices
3.3 The nature and purpose of audit	<ul style="list-style-type: none"> a) differences between the purpose of internal and external audit b) the legal obligations of a business in terms of retaining and submitting audited financial records c) how internal audit can improve controls and reduce business risks relating to business systems and procedures
3.4 The role of technology in supporting organisational functions	<ul style="list-style-type: none"> a) how technology contributes to the efficient operation of organisational practices b) the contribution of technology to the generation, presentation, analysis and communication of management information c) the nature and scope of security risks within a computer network d) how security risks within a computer network can be addressed

4 Ethics, Corporate Governance and Risk Management

Subject content	What students need to learn:
4.1 The importance of ethical behaviour in organisations	a) the concepts of: <ul style="list-style-type: none"> • business ethics • public interest • corporate culture
4.2 How codes of ethics promote ethical behaviour	a) the principles upon which a professional code of ethical behaviour is based: <ul style="list-style-type: none"> • integrity • objectivity • confidentiality • professional competence • professional behaviour b) how organisational practices and culture can influence the promotion of positive corporate values c) the importance of national and international bodies in supporting and promoting ethical behaviour d) the consequences of unethical behaviour e) the safeguards addressing ethical issues
4.3 The role of corporate governance within an organisation	a) the concept of corporate governance b) the roles and responsibilities of executive and non-executive directors c) the roles, types and organisation of committees in an organisation d) the responsibilities of governance e) best practice approaches to effective corporate governance
4.4 Risk management in organisations	a) the different types of risks: <ul style="list-style-type: none"> • financial • compliance • legal • reputational b) different risk management strategies: <ul style="list-style-type: none"> • retain • minimise • transfer • control c) the importance of risk management planning

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

Skills	Students should:
	a) understand, analyse and evaluate changes in the business environment and the impact on organisations
	b) understand and apply models to improve performance of an organisation in relation to management, leadership, motivation and development
	c) understand, analyse and evaluate organisational compliance and control systems, ethics, corporate governance and business risks
	d) understand management theories and apply them to different organisational contexts
	e) interpret data and information and provide appropriate recommendations in an organisational context
	f) understand and apply business models to different organisational contexts.

Assessment

Assessment summary

Pearson LCCI Level 4 Certificate in Organisational Behaviour and Performance (VRQ)

First teaching: September 2015

Number of series: 4

Overview of content

Key content areas include:

- The Internal and External Organisational Environment
- Managing People and Organisational Performance
- Organisational Compliance and Control
- Ethics, Corporate Governance and Risk Management.

Overview of assessment

- One externally set and marked written paper, contributing 100% of the overall grade of the qualification
- The examination will be 2 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 four questions, broken down into parts
- Students answer all questions
- Questions 1, 2, 3 and 4 contain short- and extended-open response questions
- Calculators may be used in the exam
- Bilingual dictionaries are permitted for use in the exam

Assessment Objectives

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

Students must:		% of qualification
AO1	Memorise Recall facts and theories; recall terms and definitions.	17-19
AO2	Application Apply knowledge, understanding and theories to organisational practice.	17-19
AO3	Communicate understanding Describe and explain management concepts and techniques and their use in influencing organisational performance.	29-31
AO4	Analyse Classify, compare and analyse management information; interpret performance data and information; recognise patterns and correlations; predict consequences; apply concepts/make connections.	17-19
AO5	Evaluation Weigh up of evidence in order to build a reasoned decision; draw conclusions and make recommendations.	15-17
Total		100

Performance descriptors

Grade	Descriptor
Pass	Candidates recall facts, theories, terms and definitions, showing an understanding of management concepts and techniques and their use in influencing organisational performance. They apply their knowledge and understanding to organisational practice, making comparisons and conducting basic analyses of management information. They interpret performance data in order to recognise some patterns and correlations and predict consequences, evaluating evidence in order to come to a conclusion and make recommendations.
Distinction	Candidates recall facts, theories, terms and definitions, communicating a thorough understanding of management concepts and techniques and their use in influencing organisational performance. They consistently apply their knowledge and understanding to organisational practice, making detailed comparisons and conducting thorough analyses of management information. They interpret sophisticated performance data in order to recognise patterns and correlations and predict consequences, thoroughly evaluating evidence in order to come to a balanced conclusion and make reasoned judgements.

Performance descriptors may be revised following first award.

Entry and assessment information

Please see the *LCCI International Qualifications 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 4 Certificate in Organisational Behaviour and Performance (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 4 Certificate in Organisational Behaviour and Performance (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

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 4 Certificate in Organisational Behaviour and Performance (VRQ) requires 120 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 B2 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

Learners can progress from this qualification by working towards higher professional qualifications and to membership of professional bodies – increasing their employability in their chosen sector. Learners may also choose to continue their academic development by progressing to degree courses in various disciplines.

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

Exemptions

This qualification provides exemption from ACCA's F1 Accountant in Business qualification.

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

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

National Occupational Standards

The Pearson LCCI Level 4 Certificate in Organisational Behaviour and Performance (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: 601/5176/6

The subject code for the Pearson LCCI Level 4 Certificate in Organisational Behaviour and Performance (VRQ) is: ASE20103. 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 4 Certificate in Organisational Behaviour and Performance (VRQ) Sample Assessment Materials document (ISBN 9781446926833) can be downloaded from our website.

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

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

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