



## Learning and Delivery Support

Mapping of Pearson LCCI Level 3 Certificate in Accounting (2015 version) ASE20104

To:

Frank Wood's Business Accounting  
Volumes 1 and 2 (13th edition)

### **Frank Wood's Business Accounting**

Volume 1

- **ISBN-10:** 1292084669
- **ISBN-13:** 978-1292084664

Volume 2

- **ISBN-10:** 1292085053
- **ISBN-13:** 978-1292085050

Pearson LCCI Level 3 Certificate in Accounting (ASE20104)		Frank Wood's Business Accounting Vol 1 and 2
Syllabus Topic and subject	What students need to learn	Map: Yes / No / Partial and the chapter reference, e.g. 2.1a
<b>1. Accounting concepts and framework</b>		
1.1 The financial accounting function	a) The difference between financial accounting and management accounting.	Fully covered – FW 1 – Ch 1 – The background and the main features of financial accounting.
	b) The principles incorporated in the following accounting standard: IAS 1 – presentation of financial statements.	Fully covered – FW 1 – Ch 45 – An introduction to the financial statements of limited companies.
	c) The elements, nature and purpose of financial statements, including: <ul style="list-style-type: none"> <li>● statement of profit or loss and other comprehensive income</li> <li>● statement of changes in equity</li> <li>● statement of financial position</li> <li>● statement of cash flows.</li> </ul>	Fully covered – FW 1 – Part 2 – The financial statements of sole proprietors. + FW 2 – Part 2 – The financial statements of companies.
	d) The application and underlying assumptions of the following concepts: <ul style="list-style-type: none"> <li>● going concern</li> <li>● accruals</li> <li>● prudence</li> <li>● consistency.</li> </ul>	Fully covered – FW 1 – Ch 10 – Accounting concepts and assumptions.
	e) The qualitative characteristics of financial reporting under the International Accounting Standards Board (IASB) framework, including: <ul style="list-style-type: none"> <li>● relevance</li> <li>● faithful representation</li> <li>● comparability.</li> </ul>	Fully covered – FW 2 – Ch 11 – Accounting standards, related documents and accounting ethics.

<p>1.2 Types of business organisations</p>	<p>a) The purpose, characteristics, advantages and disadvantages of different types of businesses, including:</p> <ul style="list-style-type: none"><li>● sole trader</li><li>● partnership</li><li>● limited liability partnership</li><li>● private limited companies(Ltd)</li><li>● public limited companies (Plc)</li><li>● franchise.</li></ul>	<p>Not explicit but the accounting statements of all types of businesses covered throughout FW 1 and FW 2.</p>
--	--	--

<p>1.3 How financial statements contribute towards meeting the needs of different stakeholders and users.</p>	<p>a) The main stakeholders in business and reasons for their interests (needs) in financial statements.</p> <p>Stakeholders to include:</p> <ul style="list-style-type: none"> <li>● Owners</li> <li>● managers</li> <li>● suppliers</li> <li>● customers</li> <li>● employees</li> <li>● government</li> <li>● investors</li> <li>● providers of external finance</li> <li>● competitors</li> <li>● local community</li> <li>● trade associations</li> <li>● trade unions.</li> </ul>	<p>Fully covered – FW – Ch 1 – Users of financial accounting information.</p>
	<p>b) The fundamental principles of professional ethics, including:</p> <ul style="list-style-type: none"> <li>● professional behavior</li> <li>● professional/technical competence and due care</li> <li>● confidentiality</li> <li>● integrity</li> <li>● objectivity.</li> </ul>	<p>Fully covered – FW 2 – Ch 11 – Accounting standards, related documents and accounting ethics.</p>
<p>1.4 Introduction to ethical behaviour in accounting practices</p>	<p>b) The impact of professional ethics in accounting roles and functions.</p>	<p>Fully covered – FW 2 – Ch 11 – Accounting standards, related documents and accounting ethics.</p>

<b>2. Recording financial transactions</b>		
2.1 Account for inventory	a) The objectives of inventory control and accounts, including perpetual and periodic inventory valuation.	Fully covered - FW 1 – Ch 29 The Valuation of inventory.
	b) The principles incorporated in the following accounting standard: IAS 2 – inventories.	Fully covered – FW 2 – Ch 11 IAS 2 Inventories
	c) The methods of inventory valuation which may be used by businesses: <ul style="list-style-type: none"> <li>● first-in, first-out (FIFO)</li> <li>● last-in, first-out (LIFO)</li> <li>● weighted average cost (AVCO)</li> <li>● standard cost</li> </ul>	Fully covered - FW 1 – Ch 29 The Valuation of inventory.
	d) The effect on profit or loss of business due to change in the method of inventory valuation.	Fully covered - FW 1 – Ch 29 The Valuation of inventory.
	e) The adjustments of inventory movement before or after the end of accounting period in the absence of physical inventory count.	Fully covered - FW 1 – Ch 29 The Valuation of inventory.
	f) The reconciliation of inventory ledger balance with physical inventory count.	Fully covered - FW 1 – Ch 29 The Valuation of inventory.
	g) The adjustments at period end in relation to inventory.	Fully covered - FW 1 – Ch 29 The Valuation of inventory.
2.2 Account for tangible and intangible non-current assets	a) The differences between tangible and intangible non-current assets.	Not covered but a good source of reference for this topic is Accounting Preparation Tutorial by David Cox available from Osborne Books - <b>ISBN:</b> 978 1909173 149 <a href="http://www.osbornebooksshop.co.uk/p/accounts_preparation_tutorial">http://www.osbornebooksshop.co.uk/p/accounts_preparation_tutorial</a>
	b) The principles incorporated in the following accounting standard: IAS 16 – property, plant and equipment.	Fully covered – FW 2 – Ch 11 – Accounting standards, related documents and accounting ethics.

	c) The capital expenditure on purchase of non-current assets, including all costs.	Fully covered – FW 1 – Ch 24 Capital expenditure and revenue expenditure.
	d) An understanding of the methods of funding the purchase of non-current assets, including: <ul style="list-style-type: none"> <li>● internal sources (owner’s capital, bank, cash)</li> <li>● external sources (borrowed capital, bank loan, commercial mortgage)</li> <li>● hire purchase/leasing part exchange.</li> </ul>	Not explicit but covered throughout.
	e) The accounting treatment, including journals and ledger postings for acquisition and disposal of non - current assets.	Fully covered – FW 1 – Ch 27 Double entry records for depreciation.
	f) The importance of maintaining an up-to- date non-current assets register for acquisition and disposal of non-current assets and its contents.	Not covered but guidance available from: <a href="https://www.clearbooks.co.uk/support/guides/tools/fixedassets/fixedassets/">https://www.clearbooks.co.uk/support/guides/tools/fixedassets/fixedassets/</a>
2.3 Account for depreciation	a) The purpose of depreciation.	Fully covered – FW 1 – Ch 26 Depreciation of non-current assets: nature and calculations.
	b) The principles and operation of depreciation for non-current assets, including journals and ledger postings, using the following methods: straight line; reducing (diminishing) balance.	Fully covered – FW 1 – Ch 26 Depreciation of non-current assets: nature and calculations.
	c) The importance of maintaining an up-to- date non-current assets register for depreciation and accumulated depreciation.	Not covered but guidance available from: <a href="https://www.clearbooks.co.uk/support/guides/tools/fixedassets/fixedassets/">https://www.clearbooks.co.uk/support/guides/tools/fixedassets/fixedassets/</a>
	d) The effect on profit or loss of business due to change in the basis of depreciation of non-current assets.	Fully covered – FW 1 – Ch 27 Double entry records for depreciation.
	e) The effect on depreciation charge due to change in the life and/or residual value of non-current assets.	Not covered but guidance available from: <a href="https://www.clearbooks.co.uk/support/guides/tools/fixedassets/fixedassets/">https://www.clearbooks.co.uk/support/guides/tools/fixedassets/fixedassets/</a>

<b>3. Preparation of an extended trial balance</b>		
3.1 The preparation of the extended trial balance	a) The adjustments of trial balance figures for the following at the period end to prepare financial statements for different businesses or adjustments in an extended trial balance: <ul style="list-style-type: none"> <li>● Inventory</li> <li>● accrued and prepaid income and expenditure</li> <li>● depreciation of non-current assets</li> <li>● irrecoverable debts and allowance for doubtful debts</li> <li>● correction of errors.</li> </ul>	Not covered but a good source of reference for this topic is Accounting Preparation Tutorial by David Cox available from Osborne Books - ISBN: 978 1909173 149. <a href="http://www.osbornebooksshop.co.uk/p/accounts_preparation_tutorial">http://www.osbornebooksshop.co.uk/p/accounts_preparation_tutorial</a>
	b) The extension of the ledger balance and adjustments columns into statement of profit or loss and statement of financial position columns.	Not covered but a good source of reference for this topic is Accounting Preparation Tutorial by David Cox available from Osborne Books - ISBN: 978 1909173 149. <a href="http://www.osbornebooksshop.co.uk/p/accounts_preparation_tutorial">http://www.osbornebooksshop.co.uk/p/accounts_preparation_tutorial</a>
	c) The profit or loss for the period from the statement of profit or loss columns of extended trial balance.	Not covered but a good source of reference for this topic is Accounting Preparation Tutorial by David Cox available from Osborne Books - ISBN: 978 1909173 149. <a href="http://www.osbornebooksshop.co.uk/p/accounts_preparation_tutorial">http://www.osbornebooksshop.co.uk/p/accounts_preparation_tutorial</a>
<b>4. Preparation of financial statements</b>		
4.1 Partnerships	a) The purpose of a partnership agreement.	Fully covered – FW 1 – Ch 41 Partnership accounts – an introduction.
	b) The purpose and preparation of: <ul style="list-style-type: none"> <li>● current accounts</li> <li>● capital accounts</li> </ul> Including drawings for the partners in columnar format for ledgers, and as a part of the statement of financial position.	Fully covered – FW 1 – Ch 41 Partnership accounts – an introduction.

	<p>c) The statement of profit or loss appropriation account, including changes in partnership interests during the year, including:</p> <ul style="list-style-type: none"> <li>● interest on drawings</li> <li>● interest on capitals</li> <li>● partner's salaries</li> <li>● share of profits or losses.</li> </ul>	Fully covered – FW 1 – Ch 41 Partnership accounts – an introduction.
	<p>d) The merger of sole traders to form a partnership.</p>	Fully covered – FW 1 – Ch 46 Purchase of existing partnership and sole proprietor businesses.
	<p>e) The merger of partnerships, or conversion of a partnership into a limited company or partnership taken over by a limited company, including:</p> <ul style="list-style-type: none"> <li>● purchase consideration</li> <li>● accounting treatment – journal and ledger postings in relation to realisation account</li> <li>● distribution of proceeds between partners</li> <li>● closure of ledger accounts relating to partners' current and capital accounts in partnership books on dissolution of partnership distribution of proceeds between partners</li> <li>● closure of ledger accounts relating to partners' current and capital accounts in partnership books on dissolution of partnership.</li> </ul>	Fully covered – FW 1 – Ch 46 Purchase of existing partnership and sole proprietor businesses.
4.2 Limited Liability Companies	<p>a) The differences between:</p> <ul style="list-style-type: none"> <li>● redeemable and irredeemable shares</li> <li>● rights issues and bonus issues</li> <li>● debentures and loan stock.</li> </ul>	Fully covered - FW 2 – Part 2 – The financial statements of companies.
	<p>b) The preparation of financial statements (including notes) with adjustments, including:</p> <ul style="list-style-type: none"> <li>● statement of profit or loss</li> <li>● statement of changes in equity; statement of financial position</li> <li>● statement of cash flows (IAS 7 format)</li> </ul>	Fully covered - FW 2 – Part 2 – The financial statements of companies.



4.3 Accounting for groups of companies	a) The principles incorporated in the following accounting standards: <ul style="list-style-type: none"> <li>● IFRS 3 – accounting for business combinations</li> <li>● IAS 27 – consolidated financial statements</li> </ul>	Fully covered - FW 2 – Part 3 – Groups.
	b) The understanding of the following terms: <ul style="list-style-type: none"> <li>● parent</li> <li>● subsidiary</li> <li>● non-controlling interest</li> <li>● goodwill</li> <li>● fair values</li> <li>● pre-and post-acquisition profits</li> <li>● profits</li> <li>● equity</li> </ul>	Fully covered – FW 2 – Ch 16 Group financial statements: an introduction.
	c) The calculation of goodwill arising on consolidation.	Fully covered – FW 2 – Ch 16 Group financial statements: an introduction.
	d) The calculation and treatment of pre-and post-acquisition profits, including non-controlling interest.	Fully covered – FW 2 – Ch 18 Consolidation of statements of financial position: basic mechanics.
	e) The preparation of consolidated statements of profit or loss with one subsidiary company.	Fully covered – FW 2 – Ch 24 Consolidated statements of profit or loss and statements of comprehensive income.
	f) The preparation of consolidated statement of financial position with one subsidiary company.	Fully covered – FW 2 – Ch 18 Consolidation of statements of financial position: basic mechanics.
<b>5. Preparation of accounting records from incomplete records</b>		
5.1 Preparation of accounting records from incomplete records	a) The use of accounting ratios to calculate revenue, cost of purchases, inventory, gross profit and profit for the year due to loss of records as a result of theft, fire or natural disaster, including: <ul style="list-style-type: none"> <li>● gross profit as a percentage of revenue (margin)</li> <li>● gross profit as a percentage of cost of sales (markup)</li> <li>● profit for the year as a percentage of revenue</li> </ul>	Fully covered – FW 1 – Ch 34 Introduction to accounting ratios.

	<ul style="list-style-type: none"> <li>opening and closing statement of affairs to calculate capital or profit for the year.</li> </ul>	
	b) The statement of profit or loss and statement of financial position from incomplete records for different types of businesses, including sole traders, partnerships and companies.	Fully covered – FW 1 – Ch 35 Single entry and incomplete records.
<b>6. Interpretation of financial statements</b>		
6.1 The calculation and interpretation of accounting ratios	a) The importance of measuring business performance.	Fully covered – FW 1 – Ch 47 An introduction to the analysis and interpretation of accounting statements.
	b) The elements of business performance that can be measured by the main financial statement used in business.	Fully covered – FW 1 – Ch 47 An introduction to the analysis and interpretation of accounting statements.
	c) The calculation and use of the following ratios to produce financial statements: <ul style="list-style-type: none"> <li>gross profit percentage/margin</li> <li>net profit percentage</li> <li>current ratio</li> <li>quick ratio (acid test)</li> <li>return on capital employed (ROCE)</li> <li>trade receivables collection period</li> <li>trade payables payment period</li> <li>inventory turnover</li> <li>asset turnover.</li> </ul>	Fully covered – FW 1 – Ch 34 Introduction to accounting ratios.
	d) The analysis of results obtained from different ratios to make recommendations and decisions	Fully covered – FW 1 – Ch 47 An introduction to the analysis and interpretation of accounting statements.

<b>7. Budgetary control</b>		
7.1 Budgets	a) The purposes of budgeting.	Fully covered – FW 2 – Ch 43 Budgeting and budgetary control.
	b) The preparation and interpretation of the following budget for a given period: <ul style="list-style-type: none"> <li>● cash budget</li> <li>● inventory budget</li> <li>● trade receivables budget</li> <li>● trade payables budget</li> </ul>	Fully covered – FW 2 – Ch 44 Cash budgets + Ch 45 Co-ordination of budgets.
	c) The preparation and interpretation of the following budgeted statements: <ul style="list-style-type: none"> <li>● statement of profit or loss</li> <li>● statement of financial position.</li> </ul>	Fully covered – FW 2 – Ch 45 Co-ordination of budgets.
<b>8. Introduction to decision making</b>		
8.1 Short-term decision making	a) The different costing techniques, including: <ul style="list-style-type: none"> <li>● absorption costing</li> <li>● marginal costing.</li> </ul>	Fully covered – FW 2 – Ch 41 Absorption and marginal costing.
	b) The use of marginal costing for: <ul style="list-style-type: none"> <li>● breakeven point, both in sales units and sales value</li> <li>● profit or loss for a given number of units sold</li> <li>● number of units required in order to generate targeted profit</li> <li>● the interpretation of the results obtained by using marginal costing techniques and making recommendations.</li> </ul>	Fully covered – FW 2 – Ch 49 Break even analysis.
8.2 Long-term decision making	a) The characteristics, advantages and disadvantages of the following methods of investment appraisal: <ul style="list-style-type: none"> <li>● payback period</li> <li>● accounting rate of return formula = (average profit/ average investment) x 100</li> </ul>	Fully covered – FW 2 – Ch 50 Capital expenditure appraisal.

	<ul style="list-style-type: none"> <li>● net present value</li> </ul>	
	<p>b) The calculation and interpretation of the results obtained for different projects to make recommendations and decisions by using the following methods:</p> <ul style="list-style-type: none"> <li>● payback period</li> <li>● accounting rate of return</li> <li>● net present value</li> </ul>	Fully covered – FW 2 – Ch 50 Capital expenditure appraisal.