

Edexcel, BTEC and LCCI qualifications

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Acknowledgements

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Introduction

LCCI qualifications

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

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

- English Language
- Marketing
- Business
- 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 satisfy before they will be assessed or before the qualification will be awarded
- the knowledge, understanding and skills that will be assessed as part of the qualification
- the method of assessment and any associated requirements relating to it
- the criteria against which a student's level of attainment will be measured.

Rationale

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

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

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

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

Qualification aim

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

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

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

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Delivery guidance

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

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

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

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

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

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

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

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

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

Assessment

Assessment summary

Pearson LCCI Level 2 Certificate in Business Calculations
First Teaching: September 2019 Number of Series: 2
Overview of content <ol style="list-style-type: none">1 The small business2 Wages, salaries and commission3 Partnerships4 Business trading documents5 Currency exchange6 Hire purchase and leasing7 Simple and compound interest8 Averages
Overview of assessment <ul style="list-style-type: none">• One written externally-set and marked paper, contributing 100% of the overall grade of the qualification.• The examination will be 3 hours.• The examination will consist of 100 marks.• Students will be graded Pass/Merit/Distinction. A result of fail will be recorded where students do not achieve the required marks for a Pass.• The paper contains five questions.• Students answer all questions.• The questions comprise table completion, calculations, short open-response and medium open-response questions.• Ruler, calculator and formula sheet may be used.

Assessment objectives

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

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

Performance descriptors

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

Entry and assessment information

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

Student entry

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

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

Combinations of entry

There are no forbidden combinations of entry for this qualification.

Age

This qualification is intended for students aged 16 and above.

Resitting the qualification

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

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

Awarding and reporting

The Pearson LCCI Level 2 Certificate in Business Calculations qualification is certificated on a three-grade scale: Pass/Merit/Distinction. Pass and Distinction are awarded, Merit is arithmetically calculated.

Access arrangements, reasonable adjustments and special consideration

Access arrangements

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

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

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

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

Reasonable adjustments

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

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

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

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

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

Special consideration

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

Further information

Please see the website for further information about how to apply for access arrangements and special consideration.

For further information about access arrangements, reasonable adjustments and special consideration please refer to the JCQ website: www.jcq.org.uk.

Equality Act 2010 and Pearson equality policy

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

We are committed to making sure that:

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

You can find details of how to make adjustments for students with protected characteristics in the policy document *Access Arrangements, Reasonable Adjustments and Special Considerations*, which is on our website qualifications.pearson.com.

Malpractice

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

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

Failure to report malpractice constitutes staff or centre malpractice.

Staff/centre malpractice

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

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

Failure to report malpractice itself constitutes malpractice.

More detailed guidance on malpractice can be found in the latest version of the document *General and Vocational Qualifications Suspected Malpractice in Examinations and Assessments Policies and Procedures*, available at: www.jcq.org.uk/exams-office/malpractice.

Language of assessment

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

Other information

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

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

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

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

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

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

Student recruitment

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

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

Prior learning and other requirements

There are no formal entry requirements for this qualification.

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

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

Progression

This qualification allows progression to the Pearson LCCI Level 3 Certificate in Advanced Business Calculations. It also supports those progressing directly to employment, in finance-related roles, as well as those who operate their own businesses.

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

Exemptions

This qualification does not provide exemption to any other qualifications in the suite or to qualifications with any other awarding organisation.

Codes

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

The subject code for Pearson LCCI Level 2 Certificate in Business Calculations is ASE20105. The subject code is used by centres to enter students for a qualification.

Support, training and resources

Training

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

Specifications, sample assessment materials and teacher support materials

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

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

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Appendix 1: Formula Sheet

Currencies

The following currencies may appear in the examination paper:

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

Simple interest

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

Compound interest

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

Averages

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

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

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

Mode is most frequently occurring value

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

Appendix 2: Glossary of International Accounting Standards terminology

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

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

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

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

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