



Mapping of the pre-2015 Level 3 Certificate in Cost Accounting ASE3017

To:

**Pearson LCCI Level 3 Certificate in Cost and
Management Accounting (VRQ) – Issue 2 (First
teaching September 2015) - ASE20098**

Pre-2015 qualification: Level 3 Certificate in Cost Accounting ASE3017		Pearson LCCI Level 3 Certificate in Cost and Management Accounting ASE20098 (VRQ) – Issue 2 (First teaching September 2015)
Syllabus Topic	Items Covered	Map: Fully covered/Partially covered/Not covered and the subject content area reference, e.g. 2.1 (a)
1. Materials and stock control	1.1 Calculate the amount and cost of materials needed to meet the production plan, taking into account process wastage and products rejects	Fully covered 1.1 (b)
	1.2 List and explain the costs of holding stock and of running out of stock	Fully covered 1.1 (d)
	1.3 Calculate reorder level, maximum stock control level, minimum stock control level, average stock and average stock investment	Fully covered 1.1 (e)
	1.4 Use the EOQ formula to calculate the economic order quantity at a constant purchase price	Fully covered 1.1 (f)
	1.5 Tabulate the stock ordering and stock holding costs for discrete order quantities to select the optimal order quantity without using the EOQ formula	Fully covered 1.1 (g)
	1.6 Calculate the order quantity to minimise cost where quantity discounts are available	Fully covered 1.1 (h)
	1.7 Explain the meaning of allocated and free stock	Not covered as part of L3 but would be assumed knowledge from L2 Cost Accounting – 2.1 Material Costs
	1.8 Make calculations for a particular material and present a stock record showing orders placed, stock in hand, allocated stock and free stock	Not covered as part of L3 but would be assumed knowledge from L2 Cost Accounting – 2.1 Material Costs
	1.9 Explain the principles, and implications, of a just-in-time (JIT) approach to stock management	Not covered at L3. Is now assessed at L4 Management Accounting (2.1 k & l)
2. Costing methods and systems	2.1 Describe the principles of activity based costing (ABC) and contrast ABC with traditional approaches	Fully covered 3.2 (a)
	2.2 Calculate cost driver rates and unit production costs based on ABC principles	Fully covered 3.2 (b)
(NB. In 2.3 and 2.5 candidates may be		

asked to prepare accounts or statements for the first process and/or any subsequent process)	2.3 Prepare process accounts or statements where losses or gains occur along with their associated scrap values or disposal costs	Fully covered 7.1 (b)
	2.4 Prepare abnormal loss and gain accounts	Fully covered 7.1 (e)
	2.5 Value completed production and work-in-progress using equivalent units, and using a FIFO or weighted average approach	Fully covered 7.1 (f)
	2.6 Account for joint products apportioning joint costs on the basis of physical units, sales value or net sales value	Fully covered 7.1 (g)
	2.7 Interpret the results of joint product accounting	Fully covered 7.1 (h)
	2.8 Explain the terms marginal costing and absorption costing	Fully covered 2.3 (a)
	2.9 Prepare profit statements applying both absorption and marginal costing (including the over/under absorption of overhead in absorption costing)	Fully covered 2.3 (b)
	2.10 Reconcile reported profits between absorption and marginal costing and explain the difference	Fully covered 2.3 (c)
3. Cost-volume-profit (CVP) analysis	3.1 Calculate the contribution/sales (C/S) ratio for a single product and the weighted C/S ratio for a mix of products	Fully covered 2.2 (a)
	3.2 Explain and calculate the break-even point in both single product and multi-product situations	Fully covered 2.2 (b)
	3.3 Explain and calculate the margin of safety	Fully covered 2.2 (c)
	3.4 Apply CVP analysis in given situations	Fully covered 2.2 (d)
	3.5 Construct the following charts for both single product and multi-product situations: <ul style="list-style-type: none"> ● conventional break-even ● contribution break-even ● profit-volume (PV) 	Fully covered 2.2 (e)

	3.6 Read the break-even point and the margin of safety from a chart	Fully covered 2.2 (f)
	3.7 Discuss the assumptions and limitations of CVP analysis	Fully covered 2.2 (d)
4. Budgetary planning and control	4.1 Explain the difference between a forecast and a budget	Not covered but assumed knowledge from L2 Cost Accounting
	4.2 Explain budgetary planning and control and the benefits expected to accrue from the use of budgets	Fully covered 4.1 (b)
	4.3 Explain the meaning and importance of the principal budget factor	Fully covered 4.1 (c)
	4.4 Prepare the following budgets: <ul style="list-style-type: none"> • Sales • Production • Materials usage • Materials purchases • Machine utilisation • Direct labour • Production overheads • Profit/loss • Cash <p>(Questions will involve greater complexity than at Level 2)</p>	<p>The preparation of operational budgets is included in 4.1. The management of working capital is included in 5.1 (b)</p> <p>The preparation of budgets for production overheads and budgeted profit and loss accounts are now included in L4 Management Accounting.</p>
	4.5 Explain the reasons for preparing a cash budget and suggest ways to deal with cash surplus or deficit	Fully covered 5.1 (c)
	4.6 Distinguish between fixed and flexible budgets	Fully covered 4.1 (e)
	4.7 Suggest bases for flexing budgets	Fully covered 4.1 (g)
	4.8 Use the high/low method to identify cost behaviour with or without price changes	Not explicit in the content but implied in 4.1 (g) the preparation of flexible budgets
	4.9 Prepare a flexed budget, compare with actual costs/revenue and interpret the variances	Fully covered 4.1 (f)
	4.10 Calculate and use absorption rates from a traditional production overhead budget	Fully covered 3.1 (g)

	4.11 Calculate and use absorption rates from an activity based production overhead budget	Not covered at L3. Is now assessed at L4 Management Accounting
5. Standard costing and variances	5.1 Explain the meaning of standard cost and differentiate between the types of standard: ideal and attainable	Fully covered 6.1 (a & b)
	5.2 Explain factors to be considered in setting the following standards: material prices, labour and overhead rates, labour efficiency, material quantities and losses/wastage	Not covered but assumed knowledge from L2 Cost Accounting 4.2 Standard Costing
	5.3 Calculate the total sales variance and analyse this to selling price and sales volume variances using absorption or marginal costing	Fully covered at L3. Is now assessed at L4 Management Accounting
	5.4 Calculate the total direct material variance and analyse this to price and usage variances where the price variance is based upon issues	Fully covered 6.1 (d)
	5.5 Calculate the direct material price variance based upon purchases and state the advantages of using this approach	Not covered at L3. Is now assessed at L4 Management Accounting
	5.6 Analyse the direct material usage variance to mix and yield variances	Not covered at L3. Is now assessed at L4 Management Accounting
	5.7 Explain and use the standard hour as a measure of output for a department or a mix of products	Fully covered 6.1 (e)
	5.8 Calculate the total direct labour variance and analyse this to rate and efficiency variances	Fully covered 6.1 (f)
	5.9 Calculate an idle time variance where appropriate	Not covered at L3. Is now assessed at L4 Management Accounting
	5.10 Calculate the total variable production overhead variance and analyse this to expenditure and efficiency	Not covered at L3. Is now assessed at L4 Management Accounting
	5.11 Calculate the total fixed production overhead variance and analyse this, when using absorption costing, to expenditure and volume variances	Fully covered 6.1 (h)
	5.12 Analyse the fixed production overhead volume variance to efficiency and capacity variances	Fully covered 6.1 (h)
	5.13 Explain the relationship between overhead variances and overhead over/under absorption	Not covered at L3. Is now assessed at L4 Management Accounting

	5.14 Reconcile budgeted and actual profit using appropriate variances	Fully covered 6.1 (k)
	5.15 Use given cost variances to calculate standard or actual production costs	Fully covered 6.1 (l)
	5.16 Explain and illustrate how standard costs and variances can be used for cost control, including the use of control charts	Not covered at L3. Is now assessed at L4 Management Accounting
	5.17 Interpret variances and possible relationships between them	Fully covered 6.1 (i)
	5.18 Calculate ratios of production volume (activity), production efficiency and capacity	Fully covered 6.1 (j)
6. Accounting systems	6.1 Distinguish between integrated and non-integrated accounting systems	Fully covered 10.1 (a)
	6.2 Explain the importance, and demonstrate the use, of control accounts with particular emphasis on raw materials, work-in-progress, finished goods and production overheads	Fully covered 10.1 (b)
	6.3 Post entries in a ledger, or prepare journal entries, for an integrated system using absorption or marginal costing and historic or standard costing	Fully covered 10.1 (c)
	6.4 Post entries or prepare journal entries as in 6.3 but for a non-integrated system	Fully covered 10.1 (d)
	6.5 Explain and demonstrate the need for reconciliation in a non-integrated system	Fully covered 10.1 (e)
	6.6 Prepare a profit reconciliation statement in a non-integrated system	Fully covered 10.1 (f)