



## **Mapping of the pre-2015 Level 3 Certificate in Management Accounting - ASE3024**

**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 Management Accounting ASE3024		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)
<b>1 Short term cost behaviour</b>	1.1 Define given costs as variable, semi-variable, stepped or fixed	<b>Not covered</b> but assumed knowledge from L2 Cost Accounting
	1.2 Separate costs into fixed and variable elements according to their behavior and characteristics	<b>Not covered</b> but assumed knowledge from L2 Cost Accounting
	1.3 Use the high/low method to identify cost behaviour with or without price changes	Fully covered 2.1 (a)
	1.4 Calculate costs per period or unit from fixed, variable, semi-variable or stepped patterns	Fully covered 2.1 (b)
	1.5 Forecast costs using the high/low method	Fully covered 2.1 (c)
	1.6 Explain the effect of time on cost behaviour	Fully covered 2.1 (h)
<b>2 Cost/Volume/ Profit (CVP) Analysis</b>	2.1 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)
	2.2 Explain and calculate the break-even point in both single product and multi-product situations	Fully covered 2.2 (b)
	2.3 Explain and calculate the margin of safety	Fully covered 2.2 (c)
	2.4 Apply CVP analysis in given situations	Fully covered 2.2 (d)
	2.5 Construct the following charts for a single product or multiple products: <ul style="list-style-type: none"> <li>• Conventional break-even</li> <li>• Contribution break even</li> <li>• Profit-volume (PV)</li> </ul>	Fully covered 2.2 (e)
	2.6 Read the break-even point and the margin of safety from a chart	Fully covered 2.2 (f)
	2.7 Discuss the assumptions and limitations of CVP analysis	Fully covered 2.2 (d)

<b>3 Short term decision making</b>	3.1 Explain the terms marginal costing and absorption costing	Fully covered 2.3 (a)
	3.2 Prepare statements in both marginal and absorption form as the basis for decision making	Fully covered 2.3 (b)
	3.3 Discuss the usefulness of both marginal costing and absorption costing as the basis for decision making	<b>Not covered</b> but assumed knowledge from L2 Cost Accounting – Section on marginal costing
	3.4 Explain the key terms used in decision making e.g. <ul style="list-style-type: none"> <li>● Sunk cost</li> <li>● Differential/incremental cost.</li> <li>● Opportunity cost</li> <li>● Avoidable cost</li> <li>● Relevant cost</li> </ul>	Fully covered 2.1 (d)
	3.5 Explain and identify limiting factors within an organisation	Fully covered 2.1 (e)
	3.6 Calculate the contribution per unit of the limiting factor, and recommend the product mix to maximise profits	Fully covered 2.1 (f) and 2.1 (g)
	3.7 Discuss other factors that may influence the product mix decision in limiting factor situations	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting
	3.8 Solve linear programming problems using the graphical method	No longer covered as part of the cost and management accounting specifications
	3.9 Evaluate sub-contracting alternatives with or without limiting factors	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting
	3.10 Use relevant cost principles for special order decisions	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting
	3.11 Identify products or departments that may be considered for closure, differentiating between general and specific fixed costs	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting
	3.12 Discuss the limitations of short term decision making techniques	<b>Not covered</b> but assumed knowledge from L2 Cost Accounting
	3.13 Calculate a selling price for a product or service from given price/demand relationship	<b>Not covered</b> but assumed knowledge from L2 Cost Accounting
	3.14 Calculate a selling price for a product or service to achieve a given profit margin	<b>Not covered</b> but assumed knowledge from L2 Cost Accounting

<b>4 Budgetary planning and control</b>	4.1 Explain the difference between a forecast and a budget	<b>Not covered</b> 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 Discuss factors influencing the choice of budget period	Fully covered 4.1 (h)
	4.5 Prepare the following budgets: <ul style="list-style-type: none"> <li>• Sales</li> <li>• Production</li> <li>• Material usage</li> <li>• Materials purchases</li> <li>• Direct labour</li> <li>• Profit/loss</li> <li>• Balance sheet</li> </ul>	The preparation of operational budgets is included in 4.1.  The preparation of budgeted financial statements is now included in L4 Management Accounting.
	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 Prepare a flexed budget, compare with actual costs/revenues and interpret the variances	Fully covered 4.1 (f)
	4.9 Discuss alternative approaches to budgeting, e.g.zero-based budgeting, rolling/continuous budgets and activity based budgeting	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting
	4.10 Discuss the human behavioural aspects of budgeting	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting
<b>5 Cash and working capital management</b>	5.1 Explain why liquidity and cash flow management are important for the successful operation of any business	Fully covered 5.1 (a)
	5.2 Prepare detailed cash budgets on a monthly or quarterly basis	Fully covered 5.1 (b)
	5.3 Discuss the implications of, and ways to deal with, a cash surplus/deficit	Fully covered 5.1 (c)

	5.4 Define working capital and explain why its management is important in the day-to day operation of any business	<b>Not covered</b> but assumed knowledge from L2 Cost Accounting - 5.1
	5.5 Prepare working capital budgets	Fully covered 5.1 (d)
	5.6 Demonstrate the effects of sales and production expansion or contraction upon working capital requirements	<b>Not covered</b> but assumed knowledge from L2 Cost Accounting - 5.1
	5.7 Reconcile profit budgets and cash budgets and explain why this reconciliation is important	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting (2.1e)
	5.8 Calculate and interpret ratios for stock turnover, debtor collection, creditor settlement and liquidity	Fully covered 5.1 (e & f)
	5.9 Use given ratios to calculate elements of working capital	Fully covered 5.1 (e)
	5.10 Explain and calculate the working capital cycle	Fully covered 5.1 (f)
<b>6 Standard costing and variances</b>	6.1 Explain the meaning of standard cost, and differentiate between the types of standard: ideal and attainable	Fully covered 6.1 (a & b)
	6.2 Calculate the total sales variance and analyse this to selling price and sales volume variances using absorption and marginal costing	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting
	6.3 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)
	6.4 Explain and use the standard hour as a measure of output for a department or a mix of products	Fully covered 6.1 (e)
	6.5 Calculate the total direct labour variance and analyse this to rate and efficiency variances	Fully covered 6.1 (f)
	6.6 Calculate the total fixed production overhead variance and analyse this when using absorption costing, to expenditure and volume variances	Fully covered 6.1 (h)

	6.7 Analyse the fixed production overhead volume variance to efficiency and capacity variances	Fully covered 6.1 (h)
	6.8 Reconcile budgeted and actual profit using appropriate variances	Fully covered 6.1 (k)
	6.9 Use given cost and sales variances to calculate standard or actual production costs or revenues	<b>All covered</b> (6.1) with the <b>exception</b> of sales variances
	6.10 Explain and illustrate how standard costs and variances can be used for cost control including the use of control charts	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting
	6.11 Interpret variances and possible relationships between them	Fully covered 6.1 (g&p)
	6.12 Calculate ratios of production volume (activity), production efficiency and capacity	Fully covered 6.1 (j)
	6.13 Explain the use of ex-ante and ex-post standards	No longer covered as part of the cost and management accounting specifications
	6.14 Calculate and interpret planning and operational variances	No longer covered as part of the cost and management accounting specifications
<b>7 Long term decision making</b>	7.1 Explain the difference between long term and short term decision making	Fully covered 8.1 (a)
<b>Candidates must be able to:</b>	7.2 Identify relevant and irrelevant costs in capital investment appraisal	No longer covered as part of the cost and management accounting specifications
	7.3 Prepare capital investment appraisals using the traditional techniques of Payback and/or Accounting Rate of Return	<b>Not covered</b> but assumed knowledge from L2 Cost Accounting
	7.4 Evaluate the effectiveness of these traditional techniques, and identify their limitations	Fully covered 8.1 (b)
	7.5 Explain what is meant by Discounted Cash Flow (DCF), and explain how discounting overcomes the main limitation of traditional techniques	Fully covered 8.1 (b)

	7.6 Explain Net Present Value (NPV) and Internal Rate of Return (IRR) discounting methods	Fully covered 8.1 (c)
	7.7 Calculate the Net Present Value (NPV) of a proposed capital investment	Fully covered 8.1 (d)
	7.8 Calculate the Internal Rate of Return (IRR) of a proposed capital investment	Fully covered 8.1 (e)
	7.9 Compare IRR and NPV methods and explain why the two techniques do not necessarily rank projects in the same order	Fully covered 8.1 (g)
	7.10 Calculate the discounted payback of a proposed capital investment	Fully covered 8.1 (h)
	7.11 Calculate a Profitability Index, and explain its significance.	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting
	7.12 Calculate and use a weighted average cost of capital	No longer covered as part of the cost and management accounting specifications
	7.13 Apply elementary aspects of risk analysis including sensitivity analysis and expected value using probabilities	No longer covered as part of the cost and management accounting specifications
	7.14 Incorporate elementary aspects of the impact of inflation in capital investment appraisals	<b>Not covered</b> but assumed knowledge from L2 Cost Accounting – 6.1
	7.15 Interpret the results of capital investment appraisals	Fully covered 8.1 (f)
<b>8 Performance evaluation and transfer pricing</b>	8.1 Explain why an enterprise may wish to decentralise and describe the advantages and disadvantages of decentralisation	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting
	8.2 Define and contrast cost centres, profit centres and investment centres	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting
	8.3 Evaluate centres on the basis of ratios and in particular be able to calculate Return on Capital Employed (ROCE) and Residual Income (RI)	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting

	8.4 Contrast ROCE with RI and describe the strengths and weaknesses of the two ratios	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting
	8.5 Calculate and interpret Profitability and Use of Assets ratios	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting
	8.6 Discuss the use of the balanced scorecard approach to performance evaluation	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting
	8.7 Calculate and interpret both financial and non-financial performance measures in various organisations	<b>Not covered</b> at L3. Is now assessed at L4 Management Accounting
	8.8 Explain why transfer pricing is necessary and the objectives that should be met	No longer covered as part of the cost and management accounting specifications
	8.9 Calculate and use market and cost based transfer prices and evaluate the consequences for buyers, sellers and the group as a whole, of the different methods	No longer covered as part of the cost and management accounting specifications