



Course title:

Pearson LCCI (Level 3) Certificate in
Accounting (ASE20104):

Introduction to the New Specification

Event Code: 15ILC04/01

Your Online Environment



- Technical difficulties & support
- Recording
- Communication in an online environment
- Asking questions
- Using polls
- Downloading documents

Aims and Objectives



- Overview of the changes in the qualification and what it means for you
- Customer feedback on previous qualification
- Steps taken by Pearson
- Review the detailed changes to the specification
- Review the changes to sample assessment materials (SAMs)
- IAS terminology
- Mode of delivery
- Teaching & assessments
- Curriculum mapping
- Resources
- Any other questions through an onscreen chat window

Poll



**Polls to
get to
know the
delegates**

Customer value proposition





Offer	Description
A range of learning and teaching resources	Specifications, Sample Assessment Materials, Schemes of Work, teacher delivery guides and student books- both free and paid for.
Training	Both online and face-to-face events to understand the qualification, improve the quality of delivery, make sure centres are fully aware of all the resources available to support them.
Exam Wizard	A free online resource designed to support learners and teachers with exam preparation and assessment, ready for 2016
ResultsPlus	Innovative and unique to Edexcel, this is a sophisticated results analysis tool that can be used to improve teaching and learning strategies, driving performance. This allows teachers and learners to understand their areas of strength and weakness. Available from June 2016 assessment
Course Finder website	Showing which universities around the world recognise LCCI qualifications - for entry on to a degree level programme, and the entry criteria at these institutions. Available from 2016.
UCAS	<p>The following Pearson LCCI Financial and Quantitative qualifications have been awarded the new UCAS Tariff points:</p> <ul style="list-style-type: none"> • Pearson LCCI Level 3 Certificate in Financial Accounting (VRQ) • Pearson LCCI Level 3 Certificate in Cost and Management Accounting (VRQ) • Pearson LCCI Level 3 in Certificate in Business Statistics (VRQ) <p>If a learner receives a Distinction they will awarded 24 points, a Merit will be awarded 18 points and a Pass 16 points.</p> <p>We are currently seeking recognition from HEI`s on our LCCI course, this will be confirmed in 2016</p>
Professional body exemptions	Please download professional exemption document to view our exemptions
Greater support	We currently have an `ask the expert` facility that centres can use to ask technical questions based on the Financial and Quantitative qualifications. We are planning to recruit a subject expert to offer a more instant query resolution service early 2016.
Increase in series	Increase in our series examinations in most of our level 1, 2 and 3 qualifications

Overview of the changes in the qualification and what it means for you



- Mixture of Financial Accounting and Management Accounting as in previous Level 3 Accounting.
- 8 subject areas compared to 11 subject areas.
- Assessments based on assessment objectives (AOs) including: memorise (AO1), perform procedures (AO2), communicate understanding (AO3), analyse (AO4) and evaluate (AO5).
- 5 compulsory questions of different weighting for each, worth a total of 115 marks compared to 4 questions out of 5 with equal weighting of 25 marks each, worth in total 100 marks.

Overview of the changes in the qualification and what it means for you



- This new qualification gives an overview of the fundamental accounting principles and concepts, relating to Financial Accounting and different techniques used in Management Accounting to make informed decisions in business.
- The subject areas encountered in real practice and scenario based situations.

Overview of the changes in the qualification and what it means for you



- Gives an opportunity to study both Financial and Management Accounting.
- Candidates can progress to Level 4 to study either Financial or Management Accounting.
- Opens opportunities to work in an accounting area where detailed knowledge of Financial Accounting is required along with knowledge of Management Accounting techniques for decision making.

Customer feedback on previous qualification



- The centres wanted to continue with legacy qualifications.
- The centres wanted a qualification in Accounting rather than exclusive qualification in Financial Accounting.
- Centres recommended to keep both topics on short term and long term decision making in new qualification.
- Centres felt that company accounts including the group accounts for companies should be included at Level 3.

Steps taken by Pearson



- Feedback provided by the centres helped to structure the new qualification.
- Centres were consulted on proposed structure of new qualification.
- The topics to be included or excluded led to discussions.
- Majority of the centres agreed with proposed structure of the qualification.
- Pearson took account of the feedback provided by the centres before and after the proposed structure of the qualification and developed a new qualification - Level 3 Certificate in Accounting.



8 main subject areas for Level 3 Certificate in Accounting

1. Accounting concepts and framework.
2. Recording financial transactions.
3. Preparation of an extended trial balance.
4. Preparation of financial statements.
5. Preparation of accounting statements from incomplete records.
6. Interpretation of financial statements.
7. Budgetary control.
8. Introduction to decision making.

Changes to the specification in more detail



- New subject area added:
 - Extended trial balance with adjustment columns and columns for financial statements.
- Combination of related topics under one subject area compared to previous qualification.
- Accounting standards added to relevant topics rather than stand alone as in previous qualification.

Individual topic area - 1



Accounting concepts and framework



1.1 The financial accounting function

- Difference between Financial and Management Accounting.
- IAS 1 – presentation of financial statements
- Elements, nature and purpose of financial statements (listed individual financial statements).
- The concepts assessed will be only **four** compared to **eleven** under previous qualification.
- Qualitative characteristics of Financial Reporting (individual characteristics listed).

1.2 Different types of business organisations



New topic area includes :

The purpose, characteristics, advantages and disadvantages of different types of businesses, including:

- Sole trader
- Partnership
- Limited liability partnership
- Private limited companies (Ltd)
- Public limited companies (plc)
- Franchise.



1.3 How financial statements contribute towards meeting the needs of different stakeholders and users

- New topic added is:

The main stakeholders in business and reasons for their interests (needs) in financial statements.

- Stakeholders to include:

Owners, managers, suppliers, customers, employees, Government, investors, providers of external finance, Competitors, local community, trade associations, trade unions.



1.4 Introduction to ethical behaviour in accounting practices

New topics added are:

a) The fundamental principles of professional ethics, including:

- Professional behaviour
- Professional/technical competence and due care
- Confidentiality
- Integrity
- Objectivity.

b) The impact of professional ethics in accounting roles and functions.

Individual topic area - 2



Recording financial transactions

2.1 Account for inventory



- IAS 2 – for valuation of inventory.
- Four methods of inventory valuation (Replacement cost as method of inventory valuation has been replaced with LIFO).
- Covering the topics such as change in profit due to change in the techniques (periodic and perpetual inventory valuation), methods for inventory
- Valuations (FIFO, LIFO, AVCO and standard cost) and due to adjustments at the year end or due to physical movement of inventory.



2.2 Account for tangible and intangible non-current assets

- Previously covered under valuation of fixed assets.
- Detailed description of topics covered.
- IAS 16 - Property, plant and equipment.
- Difference of tangible and intangible assets including the costs to include as capital expenditure.
- Different methods for funding the acquisitions are listed (numerical questions for accounting treatment will not be assessed such as recording of lease payments).
- Updating non-current assets register for acquisitions and disposal.

2.3 Account for depreciation



- Previously covered under valuation of fixed assets.
- Purpose of depreciation and accounting treatment including only two methods (straight line and reducing (diminishing) balance) for depreciation compared to additional four methods (Units of output, machine hour, sum of year's digits, annual revaluation) in previous qualification.
- Effect of change profit due to change in depreciation method.
- Effect of change in depreciation due to change in the life or residue value of non current assets.
- Updating non-current assets register for depreciation.

Individual topic area - 3



Preparation of an extended trial balance



3.1 The preparation of the extended trial balance

- The new topic added to extend the trial balance to include the columns for adjustments, statement of profit or loss and statement of financial position.
- The adjustments will relate to these topics:
 - Inventory
 - Accrued and prepaid income and expenditure
 - Depreciation of non-current assets
 - Irrecoverable debts and allowance for doubtful debts
 - Correction of errors.

Individual topic area - 4



Preparation of financial statements



4.1 Partnerships

Same as previous qualification except the following changes:

- New topic on merger of sole traders into partnership has been added.
- Conversion of partnership into company will be assessed but only up to closing off partnership accounts.
- Preparation of company accounts after conversion of partnership will not be assessed at this level.

4.2 Limited Liability Companies



- Main focus is on financial statements with adjustments.
- The statements assessed are listed individually including statement of cash flows (IAS 7 format).
- Layouts for the notes are important to show the treatment for the adjustments or changes in the assets, expenses, liabilities and incomes received during the year.

4.3 Accounting for groups of companies



- Same as previous qualification.
- Standards covered are:
 - IFRS 3 (accounting for business combinations) and
 - IAS 27 (consolidated financial statements).
- Financial statements with one subsidiary only.
- Focus is not just on calculations but also on the understanding of terminology used in consolidated accounts as listed in specification.
- Assessments, along with financial statements, can also include calculation of goodwill, pre and post acquisition profits and share of non controlling interest.

Individual topic area - 5



Preparation of accounting records from incomplete records



5.1 Preparation of accounting records from incomplete records

- Use of accounting ratios such as gross profit margin, mark-up, net profit margin to calculate missing figures.
- Opening and closing statement of affairs to calculate capital or profit for the year.
- Preparation of financial statements relating to different types of businesses such as:
 - Sole trader
 - Partnership
 - Companies

Individual topic area - 6



Interpretation of financial statements

6.1 The contribution of financial statements measuring business performance



- Investment ratios have been removed.
- The ratios to be assessed are listed individually covering profitability, liquidity and performance of business.
- Focus on analysis and evaluation to make recommendations and decisions.

Individual topic area - 7



Budgetary control

7.1 Budgets



- Focus is not just on preparation of different budgets but also on theory such as purpose of budgeting and how to interpret the information in budgets.
- Following budgets are same as in previous qualification:
 - Cash budget
 - Budgeted statement of profit or loss
 - Budgeted statement of financial position.
- New budgets added are:
 - Inventory budget
 - Trade receivables budget
 - Trade payables budget.

Individual topic area - 8



Introduction to decision making



8.1 Short-term decision making

- New topic added on different techniques of costing such as absorption and marginal costing.
- Use of marginal costing techniques to calculate the following is same as in previous qualification:
 - breakeven point, both in sales units and sales value
 - profit or loss for a given number of units sold
 - number of units required in order to generate targeted profit
 - the interpretation of the results obtained by using marginal costing techniques and making recommendations.



8.2 Long-term decision making

- The characteristics, advantages, disadvantages and interpretation of results obtained by using the following three methods of investment appraisal are same as in the previous qualification:
 - Payback period
 - Accounting rate of return
 - Net present value.
- The formula for accounting rate of return has been changed from previous qualification. The formula now is:

Accounting rate of return = (average profit / average investment) * 100

Changes to sample assessment materials (SAMs)



- Total marks 115 for Certificate in Accounting compared to 100 marks in total in previous qualification
- 5 questions (compulsory) with different weighting of marks according to assessment objectives (AOs) weighting, covering:

Assessment objective	Weighting
Memorise (AO1)	15-19%
Perform procedures (AO2)	71-75%
Communicate understanding (AO3)	2-6%
Analyse (AO4)	2-6%
Evaluate (AO5)	2-4%

Compared to the previous specification with 4 out of 5 questions of equal weighting of 25 marks each.



Changes to sample assessment materials (SAMs)

- Layout for answers in the format of ledgers.
- Detailed answers for descriptive questions.
- IAS terminology and format.

International Accounting Standards (IAS) terminology



- Be aware of these changes on pages 25 & 26 of the specification.
- IAS terminology used throughout the qualification for all types of businesses.
- IAS format used for financial statements for all types of businesses.
- IAS format used for notes for financial statements for companies.



Mode of delivery

- Mix theory and practice especially relating to the accounting standards.
- Emphasise the reason and purpose of preparing financial records.
- Use extended trial balance information to prepare financial statements.
- Practice using financial information to analyse the ratios, results obtained by using marginal costing techniques and different methods of investment appraisal to form a judgement based on reasoning.

Teaching & assessments



- First teaching: October 2015
- First assessment: June 2016
- Candidates will be graded Pass/Merit/Distinction.

Curriculum Mapping



1. Accounting concepts and framework
 - Includes standard (IAS1) and concepts as in previous qualification
 - Has additional topics such as qualitative characteristics, different types of businesses, different types of stakeholders interested in financial statements and professional ethics in accounting.

2. Recording financial transactions
 - Includes accounting standards (IAS2 and IAS16) and three subject contents (account for inventory, account for tangible and intangible non current assets and account for depreciation), which will lead to Level 4.

Curriculum Mapping



3. Preparation of an extended trial balance-new topic for extending trial balance columns for adjustments and financial statements. The adjustments are:
 - Inventory
 - Accrued and prepaid income and expenditure
 - Depreciation of non-current assets
 - Irrecoverable debts and allowance for doubtful debts
 - Correction of errors.

Level 1 & 2 will be revisited for accrual, prepayments of incomes and expenses, irrecoverable debts, allowance for doubtful debts and correction of errors.

Curriculum Mapping



4. Preparation of financial statements
 - Same as previous qualification relating to partnership and company accounts including group accounts for companies and will lead to Level 4.

The preparation of opening company accounts after conversion of partnership will not be assessed at this level.

Curriculum Mapping



5. Preparation of accounting from incomplete records
 - Was covered previously at Level 3 as revisiting Level 1 & 2
 - The techniques used to complete the financial statements have been listed

6. Interpretation of financial statements
 - Topic area is on ratios which can be applied to any type of business such as sole trader, partnership or company with more focus on analysis and evaluation and will lead to Level 4.
 - Investment ratios are removed as these are more relevant to companies hence assessed at Level 4.



Curriculum Mapping

7. Budgetary control

- also covered at Level 3 Cost and Management Accounting and will lead to Level 4 Management Accounting.

8. Introduction to decision making

- also covered at Level 3 Cost and Management Accounting relating to break even analysis and methods of investment appraisal.

Level 2 Diploma



New diploma title	Structure	Qualifying period
Diploma in Book-Keeping & Accounting	<p>Core subject (<u>one</u> subject only)</p> <ul style="list-style-type: none">• Pearson LCCI Level 2 Certificate in Book-Keeping and Accounts (VRQ) <p>And Optional subject (<u>at least two</u> from the following)</p> <ul style="list-style-type: none">• Pearson LCCI Level 2 Award in Computerised Book-Keeping (VRQ)• Pearson LCCI Level 2 Certificate in Cost and Management Accounting (VRQ)• Pearson LCCI Level 2 Certificate in Business Statistics (VRQ)• Pearson LCCI Level 2 Business Calculations	24 months

Level 3 Diploma



New diploma title	Structure	Qualifying period
Diploma in Accounting & Finance	<p>Core subject (<u>two</u> subjects only)</p> <ul style="list-style-type: none">• Pearson LCCI Level 3 Certificate in Financial Accounting (VRQ)• Pearson LCCI Level 3 Certificate in Cost and Management Accounting (VRQ) <p>And Optional subject (<u>at least one</u> from the following)</p> <ul style="list-style-type: none">• Pearson LCCI Level 2 Award in Computerised Book-Keeping (VRQ)• Pearson LCCI Level 3 Certificate in Business Statistics (VRQ)• Pearson LCCI Level 3 Advanced Business Calculations	24 months

Level 4 Diploma



New diploma title	Structure	Qualifying period
Professional Diploma in Accounting & Finance	<p>Core subject (<u>three</u> subjects only)</p> <ul style="list-style-type: none"> • Pearson LCCI Level 4 Certificate in Financial Accounting (VRQ) • Pearson LCCI Level 4 Certificate in Management Accounting (VRQ) • Pearson LCCI Level 4 Certificate in Organisational Behaviour and Performance (VRQ) <p>*Optional “top-up” with following optional subjects:</p> <ul style="list-style-type: none"> • Pearson LCCI Level 4 Legal Environment • Pearson LCCI Level 4 Award in Islamic Finance and Business (QCF) • Pearson LCCI Level 4 Certificate in Applied Business Economics (QCF) 	24 months



Support

Training:

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

Resources:

Sample Assessment Materials document
qualifications.pearson.com/lccisupport

Other resources:

Past exam papers and mark schemes will become available together with examiner's reports



Any questions?

Through chat window

Thank You