



**Mapping of the Pre-2015 Level 2 Certificate in
Book-keeping and Accounts International
Accounting Standards (IAS) - ASE2007**

To:

**Pearson LCCI Level 2 Certificate in Bookkeeping
and Accounting (VRQ) – Issue 2 (First teaching
September 2015) - ASE20093**

Legacy qualification: Level 2 Certificate in Bookkeeping and Accounts International Accounting Standards (IAS) - ASE2007		Pearson LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ) – Issue 2 (First teaching September 2015) - ASE20093	
Syllabus Topic	Items Covered	Map: State whether Fully covered/Partially covered/ Not covered and the subject content area reference(s), e.g. 2.1 (a)	
1. Advanced aspects of the: syllabus for Level 1 Bookkeeping	1.1 Undertake more advanced examples of any syllabus topic contained in the syllabus at Level 1 and not covered elsewhere in this syllabus. Special reference will be made to the following:	<ul style="list-style-type: none"> • Recording transactions through double entry • The Journal • Errors in the accounts • The income statement • The statement of financial position 	Fully covered throughout
	1.2 Advanced Aspects of Depreciation (including purpose of depreciation Disposal) Methods include: Straight-line Reducing/Diminishing Balance	1.2.1 State the significance and purpose of depreciation	Fully covered 4.2 (a)
		1.2.2 Distinguish between different methods of depreciation, determining the effect of each method on the charge to the income statement and upon the presentation of the asset on the statement of financial position	Fully covered 4.2 (a)
		1.2.3 Recognise the relationship between the type of asset and the depreciation method chosen	Fully covered 4.2 (b)

		1.2.4 Prepare asset accounts maintained at cost	Fully covered 4.2 (c)
		1.2.5 Determine the difference between the depreciation expense account and the accumulated depreciation account	Fully covered 4.2 (c)
		1.2.6 Prepare entries in the depreciation expense account including transfer to the income statement at the financial year end	Fully covered 4.2 (c)
		1.2.7 Prepare entries in the accumulated depreciation account, and balance the account at each financial year end	Fully covered 4.2 (c)
		1.2.8 Prepare an asset disposal account	Fully covered 4.2 (d)
		1.2.9 Calculate the profit or loss on the disposal of an asset	Fully covered 4.2 (d)
		1.2.10 Prepare entries for assets sold for cash, or traded in or exchanged for a replacement asset	Fully covered 4.2 (d)
	1.3 Adjusting for accruals and prepayments	1.3.1 State the significance of accruals	Fully covered 4.4 (a)

		1.3.2 Prepare end-of-period adjustments in expense accounts for accruals	Fully covered 4.4 (b)
		1.3.3 State the significance of prepaid expenses	Fully covered 4.4 (a)
		1.3.4 Prepare end-of-period adjustments in expense accounts for prepaid expenses	Fully covered 4.4 (b)
		1.3.5 Make adjustments for end-of-period accruals and prepayments in the income statement and statement of financial position	Fully covered 4.4 (b)
		1.3.6 Make adjustments in the statement of financial position for end-of-period 'outstanding' purchases, i.e. goods received but invoices still awaited	Fully covered 4.4 (b)
		1.3.7 State the significance of accrued income	Fully covered 4.4 (b)
		1.3.8 Make end-of-period adjustments in income account for accrued income	Fully covered 4.4 (b)
		1.3.9 State the significance of unearned income	Fully covered 4.4 (b)
		1.3.10 Make end-of-period adjustments in income account for the unearned income	Fully covered 4.4 (b)

		1.3.11 Make adjustments for end-of-period accrued income and unearned income in the income statement and statement of financial position	Fully covered 4.4 (b)
		1.3.12 Prepare the recording of 2 areas of expense within the one expense account, with distinctive balances, e.g. Rent and Rates Account	Fully covered 4.4 (b)
	1.4 Bad debts and allowance for doubtful debts	1.4.1 Prepare entries for the recovery of doubtful debts bad debts previously written off in the year in which the bad debt is recovered	Fully covered 4.3 (d)
		1.4.2 Prepare entries for the recovery of bad debts previously written off in the year prior to the year in which the bad debt is recovered	Fully covered 4.3 (d)
		1.4.3 State the reason why an allowance for doubtful debts is made at the financial year end	Fully covered 4.3 (b)
		1.4.4 State the difference between a specific allowance for doubtful debts and a general allowance for doubtful debts	Fully covered 4.3 (b)
		1.4.5 Prepare the Allowance for Doubtful Debts Account for a number of years, and adjust the allowance at the end of each financial year	Fully covered 4.3 (c)

		1.4.6 Demonstrate the effect that an allowance for doubtful debts has on the presentation of trade receivables on the statement of financial position	Fully covered 4.3 (c)
2. Partnerships	2.1 The formation of a partnership and the partnership agreement	2.1.1 Describe the significance of a business partnership	Fully covered 5.1 (a)
		2.1.2 State why an agreement may be drawn up and what it can be expected to include	Fully covered 5.1 (a)
		2.1.3 Explain what happens where no partnership agreement exists	Fully covered 5.1 (b)
		2.1.4 Prepare journal and ledger entries for the formation of a new partnership	This is now covered at Level 3 as it is more appropriate to learners at that level.
		2.1.5 Demonstrate how sole trader assets and liabilities become partnership assets and liabilities	This is now covered at Level 3 as it is more appropriate to learners at that level.
		2.1.6 Calculate capital introduced by a sole trader to a partnership	This is now covered at Level 3 as it is more appropriate to learners at that level.
		2.1.7 State the significance and effect of partnership goodwill and assets introduced, in the event of a sole trader joining the partnership	Fully covered 5.1 (g)
		2.1.8 Explain the purpose of the personal accounts of partners i.e. capital and current accounts	Fully covered 5.1 (d)
	2.2 Preparation of partnership financial statements	2.2.1 Demonstrate the distinction between financial statements the partnership income statement and the appropriation account	Fully covered 5.1 (f)
		2.2.2 Demonstrate how to deal with interest on a loan made by a partner to the partnership	Fully covered 5.1 (c)

		2.2.3 Explain the reason for allowing interest on capital and current account balances and for charging interest on drawings	Fully covered 5.1 (e)
		2.2.4 Calculate interest on capital and current account balances and interest on drawings	Fully covered 5.1 (e)
		2.2.5 Prepare entries for interest on drawings in the appropriation account and in partners' current accounts	Fully covered 5.1 (f)
		2.2.6 Prepare a partnership statement of financial position in horizontal or vertical format	Fully covered 5.1 (f)
	2.3 Retirement of a partner at the end of a financial year	2.3.1 Prepare a Revaluation Account	Fully covered 5.1 (g)
		2.3.2 Make adjustments for unrecorded partnership goodwill necessary on the retirement of a partner	Fully covered 5.1 (h)
		2.3.3 Calculate amounts due to a retiring partner by cash, other assets, or by transfer to a loan account	Fully covered 5.1 (h)
	2.4 Admission of a new partner at the beginning of a financial year	2.4.1 Prepare a Revaluation Account	Fully covered 5.1 (h)
		2.4.2 Make adjustments for unrecorded partnership goodwill necessary on the admission of a partner	Fully covered 5.1 (g)

		2.4.3 Record cash and other assets and Liabilities introduced by the new partner	Fully covered 5.1 (g)
	2.5 Change in the ratio in which profits and losses are shared	2.5.1 Make adjustments for unrecorded partnership goodwill necessary when a change occurs in the ratio in which profits and losses are shared	Fully covered 5.1 (i)
		2.5.2 Write off goodwill where it is not to remain as an asset in the partnership books	Fully covered 5.1 (h)
	2.6 Dissolution of partnership	2.6.1 Prepare a dissolution or realisation account	Fully covered 5.1 (j)
		2.6.2 Prepare the entries in the partnership ledger for assets and/or liabilities taken over by an individual partner	Fully covered 5.1 (j)
		2.6.3 Prepare the entries for partners' loans upon dissolution	Fully covered 5.1 (j)
		2.6.4 Prepare the entries for the sale of partnership assets for cash	Fully covered 5.1 (j)
		2.6.5 Prepare the entries for the collection of amounts from partnership trade receivables and the treatment of bad debts and discounts allowed	Fully covered 5.1 (j)
		2.6.6 Prepare the entries for the settlement of partnership trade payables and the treatment of discounts received	Fully covered 5.1 (j)
		2.6.7 Prepare the entries for the treatment of partnership goodwill on dissolution	Fully covered 5.1 (j)

		2.6.8 Prepare the entries to close partners' personal accounts	Fully covered 5.1 (j)
		2.6.9 Prepare the entries necessary to deal with outstanding debit balances on partner's' personal accounts. Apply the rule in Garner v Murray	Fully covered 5.1 (j)
		2.6.10 Prepare the entries to deal with the sale of a partnership as a going concern and the settlement of the purchase consideration whether received in cash or in securities such as shares or loan notes	Fully covered 5.1 (j)
		2.6.11 Make the transfer of securities to the partners on an agreed basis	Fully covered 5.1 (j)
3. Limited liability companies	3.1 Formation of a company - meaning, purpose and effect	3.1.1 Distinguish between a private company (limited) and a public company (Public Limited Company, i.e. plc)	Fully covered 5.2 (b)
		3.1.2 Explain the difference between irredeemable preferred share capital and ordinary share capital and the nature of the return that each expects to receive	Fully covered 5.2 (b)
		3.1.3 Explain the difference between authorised share capital and called up share capital	Fully covered 5.2 (b)
		3.1.4 State the difference between share capital and loan capital	Fully covered 5.2 (b)
		3.1.5 Differentiate between the types of loan capital e.g. loan notes, bank loan	Fully covered 5.2 (b)
		3.1.6 Calculate the finance costs on amounts borrowed and recognise the amount calculated as a charge to the	Fully covered 5.2 (b)

		income statement	
	3.2 Preparation of financial for a limited company	3.2.1 Prepare an income statement in vertical format to show the profit for company the year of a company	Fully covered 5.2 (c)
		3.2.2 Enter the payment of the company directors' fees and/or salaries in the income statement	Fully covered 5.2 (c)
		3.2.3 Prepare the Statement of Changes in Equity	Fully covered 5.2 (c)
		3.2.4 Calculate dividends by using the nominal % for irredeemable preferred share capital and a monetary amount per share for ordinary share capital	Fully covered 5.2 (c)
		3.2.5 Differentiate between an interim dividend and a recommended final dividend on ordinary share capital	Fully covered 5.2 (c)
		3.2.6 Calculate the retained earnings for the year	Fully covered 5.2 (c)
		3.2.7 Prepare a vertical statement of financial position in good format	Fully covered 5.2 (c)
		3.2.8 Differentiate between current liabilities and noncurrent liabilities	Fully covered 5.2 (c)
		3.2.9 Differentiate between provisions and reserves	Fully covered 5.2 (c)
		3.2.10 Determine what is included under the heading 'Capital and reserves'	Fully covered 5.2 (c)
		3.2.11 State the significance of the main reserve headings, retained earnings, share premium,	Fully covered 5.2 (c)

		revaluation	
		3.2.12 Present the non-current assets on the statement of financial position showing their cost, accumulated depreciation and net book value	Fully covered 5.2 (c)
		3.2.13 Present the current assets in an orderly manner in the statement of financial position	Fully covered 5.2 (c)
4. Incomplete Records	4.1 Calculation of profit for the year in the absence of proper records	4.1.1 State the significance and use of statement of affairs	Fully covered 5.3 (a)
		4.1.2 Calculate apparent profit by measuring the increase in capital	Fully covered 5.3 (a)
		4.1.3 Make adjustments for drawings and for new capital introduced in order to arrive at the profit for the year	Fully covered 5.3 (a)
	4.2 Factors in the production of detailed financial statements from incomplete records	4.2.1 Calculate a total revenue figure for a period from opening and closing trade receivables, cash received from customers, bad debts written off, discounts allowed, etc.	Fully covered 5.3 (b)
		4.2.2 Calculate a total purchases figure for a period from opening and closing trade payables, cash paid to suppliers, discounts received, etc.	Fully covered 5.3 (b)
		4.2.3 Construct expense accounts	Fully covered 5.3 (b)
		4.2.4 Construct an income statement and a statement of financial position from incomplete records, for a sole trader	Fully covered 5.3 (d)
		4.2.5 Construct an income statement (including appropriation) and a statement of financial position, from	Fully covered 5.3 (d)

		incomplete records, for a partnership	
5. Manufacturing Accounts	5.1 Prepare manufacturing accounts in vertical and T-account format		Fully covered 5.4 (c)
	5.2 Define cost accounting terms: direct materials, direct labour, direct expense, prime cost, factory or production overhead and production cost		Fully covered 5.4 (a)
	5.3 Make adjustments for the change in work in progress and show its location in the manufacturing account		Fully covered 5.4 (c)
	5.4 Transfer completed production at cost		Fully covered 5.4 (c)
	5.5 Transfer completed production at cost plus a margin of profit		At this level learners will be expected to only have to deal with transferring production at cost price. Manufacturing profit will be assessed at Level 3.
	5.6 Make the corresponding entry for manufacturing profit		At this level learners will be expected to only have to deal with transferring production at cost price. Manufacturing profit will be assessed at Level 3.
	5.7 Make a provision for unrealised manufacturing profit		At this level learners will be expected to only have to deal with transferring production at cost price. Manufacturing profit will be assessed at Level 3.
6. Inventory Valuation	6.1 Value inventory when a choice has to be made between cost and net realisable value		This is now covered at Level 2 Cost Accounting as this is more relevant to management accounting. At Bookkeeping and Accounting Level 2 learners may be required to deal with inventory which has a stated valuation. Additionally learners at Level 3 Financial Accounting will be required to apply the theory of inventory valuation.
	6.2 Physical inventory count as a basis for inventory valuation	6.2.1 Show the effect on inventory valuation of goods in customers' hands, e.g. on sale or return and of customers' goods on our premises	This topic is now covered by the specifications at Levels 3 and 4 as it is more appropriate to learners at this stage of their studies.

		6.2.2 Calculate the value of inventory at the end of the reporting period/financial year when the physical inventory count occurs before or after the end of the reporting period/financial year	This topic is now covered by the specifications at Levels 3 and 4 as it is more appropriate to learners at this stage of their studies.
		6.2.3, In 6.2.2, adjustments will mainly be for sales, sales returns, purchases and purchases returns	This topic is now covered by the specifications at Levels 3 and 4 as it is more appropriate to learners at this stage of their studies.
	6.3 Inventory losses	6.3.1 Calculate the cost of goods stolen from inventory	Accounting for inventory losses is now included in the specification for Levels 3 and 4. Additionally aspects of this will be assessed through the cost and management accounting specifications.
		6.3.2 Calculate the loss of inventory arising from fire, flood, etc.	Accounting for inventory losses is now included in the specification for Levels 3 and 4. Additionally aspects of this will be assessed through the cost and management accounting specifications.
		6.3.3 Record appropriate entries for an insurance claim arising from loss of, or damage to, inventory	Accounting for inventory losses is now included in the specification for Levels 3 and 4. Additionally aspects of this will be assessed through the cost and management accounting specifications.
7. Non-trading organisations	7.1 Receipts and payments account	7.1.1 Prepare a summary of cash and bank transactions	Fully covered 5.5 (e)
		7.1.2 Distinguish between capital and revenue items in the receipts and payments account	Fully covered 5.5 (e)
		7.1.3 Reconcile closing balance on the receipts and payments account with the cash in hand and cash at bank	Fully covered 5.5 (e)

	7.2 The accumulated fund	7.2.1 Define the meaning of the term accumulated fund	Fully covered 5.5 (a)
		7.2.2 State the causes for an increase or decrease in the accumulated fund	Fully covered 5.5 (a)
		7.2.3 Calculate the amount of the accumulated fund at the start of a financial year	Fully covered 5.5 (b)
		7.2.4 Make entries for donations as a direct entry to the accumulated fund	Fully covered 5.5 (b)
	7.3 Trading activities within a non-trading organisation, e.g. a restaurant trading sales account	7.3.1 Make adjustments to cash paid and, received to calculate purchases and sales respectively	Fully covered 5.5 (f)
		7.3.2 Account for those expenses properly chargeable to the trading activity of the non-trading organisation	Fully covered 5.5 (f)
		7.3.3 Calculate the trading profit	Fully covered 5.5 (f)
	7.4 Income and expenditure account	7.4.1 Recognise the nature and purpose of an income and expenditure account	Fully covered 5.5 (g)
		7.4.2 Account for subscriptions received during the financial year	Fully covered 5.5 (c)
		7.4.3 Account for subscriptions in arrears or in advance at the start of the financial year	Fully covered 5.5 (c)
		7.4.4 Account for subscriptions in arrears or in advance at the end of the financial year	Fully covered 5.5 (c)
		7.4.5 Account for lifetime subscriptions	Fully covered 5.5 (c)

		7.4.6 Account for donations which are not treated as capital receipts	Fully covered 5.5 (g)
		7.4.7 Determine appropriate expenses to be debited to the income and expenditure account	Fully covered 5.5 (g)
		7.4.8 Calculate the balance of the income and expenditure account	Fully covered 5.5 (g)
		7.4.9 Identify the balance as either an excess of income over expenditure (surplus) or as an excess of expenditure over income (deficit)	Fully covered 5.5 (g)
		7.4.10 Prepare an Income & Expenditure account from a Receipts & Payments account, with adjustments	Fully covered 5.5 (g)
	7.5 Statement of financial position	7.5.1 Present all the organisation's assets and liabilities on the statement of financial position	Fully covered 5.5 (h)
		7.5.2 Present lifetime subscriptions on the statement of financial position	Fully covered 5.5 (h)
		7.5.3 Present subscriptions in arrears and in advance on the statement of financial position	Fully covered 5.5 (h)
8. Control Accounts	8.1 State the purpose of control accounts		Fully covered 2.1 (a)
	8.2 State the importance of control accounts with reference to the preparation of a trial balance and a statement of financial position		Fully covered 2.1 (a)
	8.3 Identify areas where control accounts are particularly appropriate e.g.		Fully covered 2.1 (a)

	trade receivables, trade payables, non current assets, accumulated depreciation on non-current assets, inventory, etc.		
	8.4 Identify the items most likely to appear in a sales ledger control account		Fully covered 2.1 (a)
	8.5 Identify the items most likely to appear in a purchases ledger control account		Fully covered 2.1 (a)
	8.6 Prepare the entries for transfers between the purchases ledger and the sales ledger		Fully covered 2.1 (b)
	8.7 Prepare control accounts from given balances and summary transactions for a period		Fully covered 2.1 (b)
	8.8 Interpret the balances on the ledger control account and, in particular, the meaning of credit balances in the sales ledger		Fully covered 2.1 (b)
	8.9 Interpret the balances on the purchases ledger control account and, in particular, the meaning of debit balances in the purchases ledger		Fully covered 2.1 (b)
	8.10 Present balances on the sales ledger control account and the purchases ledger control account on the statement of financial position		Fully covered 2.1 (c)
	8.11 Reconcile the balance on the control account with the total of the list of balances in		Fully covered 2.2 (a b)

	the subsidiary ledger		
9. Suspense Accounts	9.1 Explain different types of error		Fully covered 3.1 (a)
	9.2 Determine which errors will prevent the trial balance from balancing and which errors will not		Fully covered 3.1 (a)
	9.3 Correct errors in customer and supplier accounts where control accounts are not in use		Fully covered 3.1 (a)
	9.4 Determine, where control accounts are in use, the effect of errors made in the sales ledger, as opposed to errors made in the sales ledger control account		Fully covered 3.1 (a)
	9.5 Determine, where control accounts are in use, the effect of errors made in the purchases ledger, as opposed to errors made in the purchases ledger control account		Fully covered 3.1 (a)
	9.6 Explain that the use of the suspense account is a temporary measure to balance the trial balance		Fully covered 3.2 (a)
	9.7 Correct errors through the journal where the suspense account is unaffected		Fully covered 3.2 (a)
	9.8 Correct errors through the journal where the suspense account is affected		Fully covered 3.2 (a)

	9.9 Prepare the suspense account to arrive at the opening difference in the trial balance where this is not given by the Examiner		Fully covered 3.2 (a)
10. Calculation and interpretation Candidates must be able to: of ratios	10.1 Accounting Ratio Formulae	10.1.1 State formulae for ratios included in the syllabus	Fully covered 6.1
	10.2 ROCE (Return on Capital employed) for a sole trader or partnership	10.2.1 Calculate profit as a percentage of capital employed	Fully covered 6.1 (a)
		10.2.2 Calculate ROCE where no funds are borrowed	Fully covered 6.1 (a)
		10.2.3 Calculate ROCE where funds are borrowed	Fully covered 6.1 (a)
	10.3 ROCE for a limited company	10.3.1 Calculate return on total shareholders' funds	Fully covered 6.1 (a)
		10.3.2 Calculate return on ordinary shareholders' funds	Fully covered 6.1 (a)
		10.3.3 Calculate return on total capital employed, i.e. including borrowed funds	Fully covered 6.1 (a)
	10.4 Profit to revenue	10.4.1 Calculate gross profit as a percentage of sales revenue (margin) and gross profit as a percentage of cost (mark up)	Fully covered 6.1 (a)
		10.4.2 Calculate profit for the year as a percentage of sales revenue	Fully covered 6.1 (a)
		10.4.3 Calculate profit for the year before finance costs/interest as a percentage of sales revenue	Fully covered 6.1 (a)

	10.5 Sales to capital employed	10.5.1 Understand the importance of measuring revenue generated for each £ of capital employed (investment)	This type of ratio is now covered by Level 4 Financial Accounting as this is a more appropriate specification for it to be assessed.
		10.5.2 Calculate capital employed turnover i.e. revenue divided by capital employed	This type of ratio is now covered by Level 4 Financial Accounting as this is a more appropriate specification for it to be assessed.
	10.6 Current/Working Capital ratio	10.6.1 State the importance of working capital	Fully covered 6.1 (b)
		10.6.2 Identify the current/working capital ratio as being current assets to current liabilities	Fully covered 6.1 (b)
		10.6.3 Calculate the current/working capital ratio	Fully covered 6.1 (b)
		10.6.4 State the effect that certain transactions will have upon working capital	Fully covered 6.1 (b)
		10.6.5 State the effect that certain transactions will have upon the current/working capital ratio	Fully covered 6.1 (b)
	10.7 Liquidity/Acid Test ratio	10.7.1 State the importance of liquidity to an organisation	Fully covered 6.1 (b)
		10.7.2 Calculate the liquid/acid test ratio	Fully covered 6.1 (b)
		10.7.3 State the effect that given transactions will have upon liquid funds	Fully covered 6.1 (b)
		10.7.4 State the effect that given transactions will have upon the liquid/acid test ratio	Fully covered 6.1 (b)
	10.8 Rate of inventory turnover	10.8.1 State the importance of inventory turnover	Fully covered 6.1 (b)

		10.8.2 Calculate average inventory	Fully covered 6.1 (b)
		10.8.3 Calculate annual rate of inventory turnover, expressed as number of times per year	Fully covered 6.1 (b)
		10.8.4 Calculate average time that goods are carried in inventory (inventory holding period) at the end of the financial year	Fully covered 6.1 (b)
	10.9 Trade receivables' collection period	10.9.1 Calculate trade receivables' collection period	Fully covered 6.1 (b)
	10.10 Trade payables' settlement period	10.10.1 Calculate trade payables' settlement	Fully covered 6.1 (b)
	10.11 Interpret ratios	10.11.1 Analyse and interpret the results of the above ratios	Fully covered 6.1
11. Preparation, by the use of ratios, of simple financial statements	11.1 Prepare, by the use of ratios, simple planned financial statements, i.e. income statement and statement of financial position		Fully covered 5.3 (c)