



**London Chamber
of Commerce &
Industry** Member of the IAB Group

Qualification Specification

LCCI Level 2 Certificate in Bookkeeping and Accounting

LCCI qualifications

LCCI qualifications are awarded by the IAB, the UK's largest awarding body offering academic and vocational qualifications that are globally recognised and benchmarked. For further information, please visit our qualifications website at <https://www.iablcci.org.uk/qualifications/>

About IAB

LCCI [qualifications](#) have been offered internationally for over 120 years and were started by the London Chamber of Commerce and Industry to meet the need for reliable, high-quality standards across international workforces.

As the way we do business evolves and becomes more fluid on a global scale the demand for internationally recognised standards has never been greater and is a sentiment that is echoed by the [IAB](#) who have been supporting financial professionals globally for 50 years.

Based on these shared values from September 2023, the IAB and LCCI will join to continue to offer and develop high-quality, professional qualifications for the finance sector and a range of other professions.

This specification is Issue 4. We will inform centres of any changes to this issue. The latest issue can be found on our website, [qualifications.iab.com](https://www.iablcci.org.uk/qualifications/)

Acknowledgements

This specification has been produced by IAB based on consultation with teachers, examiners, consultants and other interested parties. IAB would like to thank all those who contributed their time and expertise to the specification's development.

References to third party material made in this specification are made in good faith. IAB does not endorse, approve or accept responsibility for the content of materials, which may be subject to change, or any opinions expressed therein. (Material may include textbooks, journals, magazines and other publications and websites.)

All information in this specification is correct at the time of publication.

Introduction

LCCI qualifications

LCCI qualifications are widely regarded by employers as preparing students to carry out the 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).

This new and engaging range of qualifications has been developed in collaboration with professional bodies, employers and customers. We have conducted in-depth, independent consultation to ensure that the qualifications develop the breadth and depth of knowledge, skills and understanding that students need to be effective employees, and that the qualifications support progression pathways.

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

- Business
- Financial accounting and Payroll

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 have satisfied 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 (such as assessment criteria).

Rationale

The IAB LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ) meets the following purpose.

The purpose of this qualification is to give students a thorough foundation in bookkeeping and basic accounting practices, including double-entry bookkeeping.

A review of the qualification requirements at this level identified the main functions of bookkeeping and accounting in a business. This qualification therefore includes content on these main functions:

- double-entry bookkeeping
- maintain up-to-date records of all financial transactions in an appropriate format using accounting record books (the ledgers)
- financial statements
- financial statements of different enterprises (sole traders, partnerships, companies, manufacturers).

This qualification is appropriate for students who are already in a role, and for those aspiring to a role where they are responsible for the detailed recording of all the financial transactions of a business, maintaining these records using double-entry bookkeeping and for ensuring that all monetary transactions made by the business are recorded accurately.

Qualification aim

The IAB LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ) and the legacy qualification are established and valued by employers worldwide and recognised by professional bodies. All businesses require accurate bookkeeping records that are maintained on a regular basis. Consequently, there is a demand for employees who possess these skills.

This qualification is intended for students who wish to gain a thorough foundation in bookkeeping and accounting practices, including double-entry bookkeeping. It is also for students who wish to understand bookkeeping and accounting in accordance with the International Accounting Standards Board (IASB). The qualification is also for those who are working, or who are preparing to work, in an accounting environment maintaining financial records and preparing accounts.

This qualification will give students the opportunity to develop an understanding of the basic principles underlying the recording of business transactions. It will also give students the ability to prepare and interpret accounts for sole traders, partnerships, limited companies, manufacturing and non-profit making organisations.

The IAB LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ) will allow progression to other LCCI Level 3 Accounting qualifications and professional body qualifications, as well as supporting progression to the job market, for example to a bookkeeping and accounting role within a large company's finance department. The IAB LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ) will support students who run their own business and who need to carry out their own bookkeeping and those already working in accounting who would like to enhance their skills.

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Specification at a glance

The IAB LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ) consists of one online examination.

Title: IAB LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ)	
<ul style="list-style-type: none"> Externally assessed. 	100% of the total qualification
<p>Overview of content</p> <ul style="list-style-type: none"> Recording Financial Transactions Control Accounts Correction of Errors and the Journal Adjustments in Financial Statements Preparation of Financial Statements Accounting Ratios 	
<p>Overview of assessment</p> <ul style="list-style-type: none"> One online, externally set and marked examination, contributing to 100% of the overall grade of the qualification. The examination will be 2 hours. The examination will consist of 100 marks. Candidates will be graded Pass/Merit/Distinction. A result of Fail will be recorded where candidates do not achieve the required marks for a Pass. The examination contains 30 questions. Candidates should answer all questions. The questions comprise table completion, account preparation, calculations, multiple choice, short open response and medium open response questions. 	

Knowledge, skills and understanding

Content

The following content must be covered to prepare students for the final assessment of this qualification.

1. Recording Financial Transactions

Subject content	What students need to learn:
1.1 The principles of double- entry accounting	a) The functions of the ledger (general ledger and subsidiary ledgers)
	b) The importance of the documentation used in recording and monitoring business transactions

2. Control Accounts

Subject content	What students need to learn:
2.1 The preparation of control accounts	a) Understanding of the sources of information for control accounts
	b) Preparation of control accounts, to include dealing with minority balances
	c) Recording control account balances in the statement of financial position
2.2 Reconciliation of control accounts	a) Preparation of a statement reconciling the trade receivables ledger control account to the sum of the balances in the trade receivables ledger, including correction of errors.
	b) Preparation of a statement reconciling the trade payables ledger control account to sum of the balances in the trade payables ledger, including correction of errors

3. Correction of Errors and the Journal

Subject content	What students need to learn:
3.1 Correction of errors not affecting the trial balance	a) Identification and correction of errors that do not affect the trial balance
	b) Preparation of journal entries to record correction of errors
3.2 Correction of errors affecting the trial balance	a) Identification and correction of errors that affect the trial balance
	b) Opening and posting entries to a suspense account
	c) Preparation of journal entries to record correction of errors
	d) Preparation of a revised statement of profit or loss after correction of errors
	e) Preparation of a revised statement of financial position
3.3 The Journal	a) Understand other uses of the journal: <ul style="list-style-type: none"> • to open or close a set of books • purchase or sale of a non-current asset • transfer of period end balances to the financial statements • internal transfers of balances

4. Adjustments in Financial Statements

Subject content	What students need to learn:
4.1 Accounting concepts	a) The understanding and application of the following accounting concepts: <ul style="list-style-type: none"> • accruals • business entity • consistency • going concern • materiality • prudence • realisation
4.2 Accounting for depreciation	a) What is depreciation and what are the causes of depreciation?
	b) Understanding of the need to account for depreciation of non-current assets
	c) The recording of the depreciation charge and accumulated depreciation in the ledger using: <ul style="list-style-type: none"> • straight line method • reducing (diminishing) balance method • revaluation method
	d) accounting entries for the acquisition and disposal of non-current assets, to include the calculation of profit or loss on disposal
4.3 Accounting for irrecoverable debts and allowance for doubtful debts	a) Understanding of the need to account for irrecoverable debts
	b) Understanding of the need for maintaining an allowance for doubtful debts
	c) accounting entries for irrecoverable debts and the allowance for doubtful debts
	d) accounting entries for irrecoverable debts recovered
4.4 Accounting for accruals and prepayments	a) Understanding of the need to account for accrued and prepaid expenses and income
	b) accounting entries for accrued and prepaid expenses and income

5. Preparation of Financial Statements

Subject content	What students need to learn:
5.1 Partnerships	a) Understand the advantages and disadvantages of forming partnerships
	b) Understanding of the need for a partnership agreement and the implications for the business if one is not drawn up
	c) The correct treatment of interest on partners' loans
	d) Purpose and preparation of: <ul style="list-style-type: none"> • current accounts • capital accounts in both ledger format and as part of the statement of financial position
	e) Understanding of the nature and purpose of an appropriation account
	f) Preparation of: <p>an appropriation account to include:</p> <ul style="list-style-type: none"> • interest on drawings • interest on capitals • partners' salaries • share of profits <p>a statement of financial position to include:</p> <ul style="list-style-type: none"> • partners' capital balances • partners' current account balances
	g) accounting entries on the admission of a new partner, including the correct treatment of goodwill to include the preparation of a revaluation account
	h) accounting entries on retirement of partners to include the correct treatment of goodwill to include the preparation of a revaluation account
	i) Accounting entries for a change in partnership interests, to include preparation of a revaluation account
	j) accounting entries for the dissolution of a partnership, to include the preparation of a realisation account

Subject content	What students need to learn:
5.2 Limited liability companies	a) Understanding of the term 'limited liability'
	b) Understand the difference between: <ul style="list-style-type: none"> • public limited company (PLC) and private limited company (Ltd) • ordinary shares and preference shares • share capital and loan capital • capital reserves and provisions
	c) Preparation for internal uses of: <ul style="list-style-type: none"> • statement of profit or loss • statement of changes in equity • statement of financial position
5.3 Incomplete records of a sole trader	a) Preparation of opening and closing statements of affairs to calculate capital or profit for the year
	b) Calculation of revenue and cost of purchases from incomplete data
	c) Calculation and application of accounting ratios to calculate gross profit and profit for the year, to include: <ul style="list-style-type: none"> • gross profit as a percentage of revenue (margin) • gross profit as a percentage of cost of sales (mark-up) • profit for the year as a percentage of revenue
	d) Preparation of: <ul style="list-style-type: none"> • statement of profit or loss • statement of financial position

Subject content	What students need to learn:
5.4 Manufacturing businesses	a) Understanding of the difference between direct and indirect costs
	b) Understanding of the difference between the following inventories: <ul style="list-style-type: none"> • raw materials • work in progress • finished goods Candidates will not be required to carry out detailed inventory valuation calculations
	c) Preparation of a manufacturing account to show: <ul style="list-style-type: none"> • prime cost • production cost • total cost Candidates will not be required to make entries for unrealised profit, or make entries for manufacturing profit (transfer pricing)
	d) Preparation of: <ul style="list-style-type: none"> • statement of profit or loss • statement of financial position for a manufacturing business

Subject content	What students need to learn:
5.5 Non-profit making organisations	a) The nature of the accumulated fund
	b) The calculation of the accumulated fund
	c) Preparation of a subscriptions account, including the correct treatment of: <ul style="list-style-type: none"> • subscriptions in arrears • subscriptions in advance • subscriptions unpaid • life subscriptions
	d) Understanding of the difference between: <ul style="list-style-type: none"> • receipts and payments account • income and expenditure account
	e) Preparation of a receipts and payment account to show: <ul style="list-style-type: none"> • closing cash and bank balances
	f) Preparation of a trading account for fund raising activities to identify profit from fund raising activity
	g) Preparation of an income and expenditure account to show: <ul style="list-style-type: none"> • surplus/deficit of income over expenditure for the year
	h) Preparation of a statement of financial position

6. Accounting Ratios

Subject content	What students need to learn:
6.1 The calculation and interpretation of accounting ratios	a) Profitability and liquidity ratios: <ul style="list-style-type: none"> • gross profit as a percentage of revenue (margin) • gross profit as a percentage of cost of sales sold (markup) • profit for the year as a percentage of revenue • Return on Capital Employed (ROCE) • current (working capital) ratio • liquid (decisive test) ratio • accounts receivables collection period • accounts payables payment period • rate of inventory turnover

The following skills should be developed throughout the course of study.

Skills	Students Should:
	a) demonstrate accuracy, orderliness and appropriate presentation of accounting information
	b) use appropriate numeracy skills for the calculation of accounting data
	c) prepare control accounts for trade receivables and trade payables
	d) prepare journal entries and ledger accounts with accuracy
	e) correct errors in accounts and show the use of a suspense account
	f) adjust financial statements after the correction of errors
	g) Adjust given data at period end for: <ul style="list-style-type: none"> • irrecoverable debts and allowance for doubtful debts • depreciation of non-current assets • accrued and prepaid income and expenditure
	h) prepare financial statements for sole traders, partnerships, limited companies, manufacturing, and non-trading organisations
	i) calculate and interpret ratios

Assessment

Assessment summary

IAB LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ)
First teaching: September 2015
Number of series: 6
<p>Overview of content</p> <ul style="list-style-type: none"> • Recording Financial Transactions • Control Accounts • Correction of Errors and the Journal • Adjustments in Financial Statements • Preparation of Financial Statements • Accounting Ratios.
<p>Overview of assessment</p> <ul style="list-style-type: none"> • One online, externally set and marked examination, contributing to 100% of the overall grade of the qualification • The examination will be 2 hours. • The examination will consist of 100 marks. • Candidates will be graded Pass/Merit/Distinction. A result of Fail will be recorded where candidates do not achieve the required marks for a Pass. • The examination contains 30 questions. • Candidates answer all questions. • The questions comprise table completion, account preparation, calculations, multiple choice, short open response and medium open response questions. • Calculators may be used in the examination. • Bilingual dictionaries are permitted for use in the examination.

Assessment Objectives

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

Assessment Objective		Weighting
AO1	Recall Recall accounting facts, terms, definitions, processes and formulae	12%
AO2	Perform procedures Record business transactions Use accounting techniques Prepare financial statements	78%
AO3	Demonstrate understanding Demonstrate understanding of accounting processes, procedures and techniques	6%
AO4	Analyse Compare, classify and deconstruct information Interpret financial data and information Recognise patterns and correlations	4%

Performance descriptors

Grade	Descriptor
Pass	<p>Candidates can recall, use and apply bookkeeping and accounting facts, terms definitions, processes and formulae.</p> <p>Candidates can demonstrate a basic understanding of accounting processes, procedures and techniques.</p> <p>Candidates can record business transactions using correct accounting techniques.</p> <p>Candidates can prepare financial statements with routine transactions for different organisations.</p> <p>Candidates can select and use accounting information.</p>
Distinction	<p>Candidates can demonstrate a detailed knowledge of bookkeeping and accounting facts, terms, definitions, processes and formulae using them consistently and effectively in given scenarios.</p> <p>Candidates can demonstrate a detailed understanding of accounting processes, procedures and techniques.</p> <p>Candidates can record business transactions using correct accounting techniques with precision.</p> <p>Candidates can prepare financial statements with non-routine transactions for different organisations.</p> <p>Candidates can select and use relevant information from redundant information.</p> <p>Candidates can select and use relevant accounting information to analyse accounting problems.</p> <p>Candidates can make limited judgements.</p>

Performance descriptors may be revised following the first award.

Entry and assessment information

Please see the *LCCI International Qualification Operations Guide for centres* and the *LCCI Examination Regulations*, available through our awarding team at awarding@iablcci.org.uk or the website <https://www.iablcci.org.uk/>

Student entry

Details on how to enter candidates for the examination for this qualification can be found at awarding team at awarding@iablcci.org.uk

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 learners aged 16 and above.

Resitting the qualification

Candidates can resit the examination for the IAB LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ).

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

Awarding and reporting

The IAB LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ) 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 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 the 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 several factors, which will include:

- the needs of the student with the disability
- the effectiveness of the adjustment
- the cost of the adjustment; and
- the 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, 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/assessment, which has had, or is likely to have had, a material effect on a candidate's ability to take an assessment or demonstrate his or her level of attainment in an assessment.

Further information

Please see our website or email our awarding team awarding@iablcci.org.uk 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: <http://www.jcq.org.uk/examination-system/access-arrangements-and-special-consideration>

Equality Act 2010 and IAB 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 on how to make adjustments for students with protected characteristics in the policy document accessed by contacting our awarding team awarding@iablcci.org.uk

Malpractice

For up-to-date information on malpractice please refer to the latest Joint Council for Qualifications (JCQ) *Suspected Malpractice in Examinations and Assessments* document, available on the JCQ website:
<http://www.jcq.org.uk/exams-office/malpractice/>

Candidate malpractice

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

Candidate malpractice in examinations must be reported to IAB awarding team by email awarding@iablcci.org.uk clearly identifying the title or posted to the registered office 110 Bishopsgate, London, EC2N 4AY. Please provide as much information and supporting documentation as possible. Note that the final decision regarding appropriate sanctions lies with IAB.

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 candidate 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 IAB awarding team by email awarding@iablcci.org.uk clearly marked malpractice or posted to the registered office 110 Bishopsgate, London, EC2N 4AY. Please provide as much information and supporting documentation as possible. Note that the final decision regarding appropriate sanctions lies with IAB.

Failure to report malpractice itself constitutes malpractice. More detailed guidance on malpractice can be found in the latest version of the document JCQ General and Vocational Qualifications Suspected Malpractice in Examinations and Assessments, 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 and Guided Learning Hours

For all regulated qualifications, we specify the total number of hours that learners are expected to undertake 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 learners, 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 guided learning hours are assigned after consultation with users of the qualifications.

This qualification has a TQT value of 200 and a GLH of 150.

Student recruitment

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

- They must be available to anyone who can reach 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. IAB recommends students have B1 level of English on the Common European Framework of Reference (CEFR). This will support access to the assessment materials and be able to communicate responses effectively.

Progression

LCCI qualifications are designed to allow students to pursue different routes as outlined below.

Enter a chosen field of work, pursue a promotion, or change their field of work

The IAB LCCI Level 2 Certificate in Bookkeeping and Accounting supports progression into employment, for example to a bookkeeping and accounting role in a large company's finance department. The qualification also supports students who run their own businesses and who need to carry out their own bookkeeping, and those who are already working in accounting and would like to enhance their skills.

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

Progress to further study, such as the next LCCI level or externally with a professional body or education provider

This qualification allows progression to LCCI Level 3 accounting qualifications, such as the IAB LCCI Level 3 Certificate in Accounting (VRQ), as well as qualifications across the LCCI suites. Completing different LCCI qualifications could potentially lead to gaining an LCCI Diploma. Please refer to the 'Exemptions' section of this specification for information on recognition from external providers, or the latest LCCI Information Manual for more information about Diplomas.

Exemptions

We are continuously gaining new and updated exemptions for our LCCI qualifications from professional bodies and organisations. For the latest list of agreements, and to check this specific qualification, please visit the IAB LCCI website: <https://www.iablcci.org.uk/>

National Occupational Standards

The IAB LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ) has links to the following National Occupational Standards (NOS): Finance and Accounting

Please see our website for further details.

Codes

This qualification is approved by Ofqual and meets the Ofqual General Conditions for inclusion on the Register of Regulated Qualifications. The Qualification Number (QN) is 610/3020/X.

The subject code for the IAB LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ) is 3060. The subject code is used by centres to enter students for a qualification.

Support, training and resources

Training

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

Specifications, Sample Assessment Materials and Teacher Support Materials

The IAB LCCI Level 2 Certificate in Bookkeeping and Accounting (VRQ) Sample Assessment Materials document (ISBN 9781446947333) can be downloaded from our website.

To find a list of all the support documents available please visit our website.

Appendix

Appendix 1: Glossary of International Accounting Standards terminology

Appendix 1: Glossary of International Accounting Standards terminology

The following 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 Finance Reporting Standards (IFRS) in certain contexts within 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	Net profit
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	Stock take
Carrying value	Net book value

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For more information on LCCI qualifications

please visit our website: <https://www.iablcci.org.uk/qualifications/>

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