



London Chamber  
of Commerce &  
Industry

# IAB LCCI Level 3 Certificate in Advanced Business Calculations

Qualification Number: 610/3031/4

Specification Version 3 (published February 2026)

Regulated by the Office of Qualifications and Examinations Regulation (Ofqual)

## Document history

The below table highlights updates made to the IAB LCCI Level 3 Certificate in Advanced Business Calculations since its first publication in June 2023.

Version	Date	Changes and updates	Authorised by
Version 3.0	February 2026	Revision of specification format with changes to layout and credit value	Professional Standards Committee
Version 2.0	September 2025	Review and minor revisions to format	Chief Executive Officer
Version 1.0	June 2023	IAB LCCI Document specification created	IAB Board

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## 1. About IAB & LCCI

Since our establishment in 1973, the IAB have provided accessible, high-quality qualifications that meet the needs of a modern global economy. Our long-standing reputation for credibility and rigour reflects our commitment to ensuring every qualification we offer supports learners to develop the knowledge and skills required for professional competence.

Our close collaboration with governments, employers, and education partners worldwide informs the development of our qualifications and ensures they remain relevant to current and emerging industry practice. Each programme is designed with a clear purpose: to deliver practical, job-ready skills that enable learners to progress directly into meaningful employment or further professional study.

As an internationally recognised awarding organisation with deep expertise in the finance and business sectors, the IAB offer structured pathways that support learners at every stage of their career. Our Ofqual-regulated qualifications at Levels 1–3 provide a solid foundation for entry into the profession, while our Level 4 and above qualifications enable advancement into more specialised or senior roles.

Rooted in real-world expectations and developed with input from industry practitioners, our qualifications emphasise accuracy, professional standards, and the practical competencies required by employers. Through studying with the IAB learners have the potential to achieve professional membership and invest in a trusted route to professional achievement and long-term career progression.

The London Chamber of Commerce and Industry (LCCI) have a heritage of over 120 years and a proud history rooted in advancing professional education. In 2023 the IAB became the awarding body for LCCI qualifications, marking a new chapter in the IAB offering. As with IAB, at the heart of our approach with LCCI was a simple but powerful principle, getting learners 'Job Ready' bridging the gap between classroom learning and workplace readiness, ensuring that students graduate with work-relevant skills, greater confidence, and job-readiness.

LCCI qualifications are built to reflect the complexity and diversity of modern business roles equipping learners not only for careers in bookkeeping, accountancy, and payroll, but also for positions across finance operations, business support, and commercial environments. This broader, Levels 1 -3 skills-based approach makes LCCI qualifications adaptable and relevant, opening more doors for learners and aligning closely with real-world employer expectations.

Upon being awarded IABLCCI Levels 2 and 3 learners can achieve AIAB and MIAB professional recognition respectively from the IAB should they wish to demonstrate their professional status.

### 1.1 Raising the standards in business and finance

In addition to our responsibility as an awarding organisation the IAB is also a professional membership organisation. Our members must meet published IAB Professional Standards and abide by IAB Byelaws as a condition of membership recognition. These required standards are monitored and regulated by the IAB to ensure integrity and best practice amongst our members to protect the public interest and maintain public confidence.

### 1.2 Registering for an IAB LCCI qualification

IAB LCCI qualifications are available through a global network of approved Centres which ensures learners can access high quality teaching and assessment across the globe. Details of IAB LCCI approved Centres can be found on our website at [www.iablcci.org.uk/centres/](http://www.iablcci.org.uk/centres/).

Further details about the requirements of an IAB LCCI accredited centre can be found at Section 6 of this specification.

## 2. IAB LCCI Level 3 Certificate in Advanced Business Calculations

### 2.1 Qualification at a glance

Qualification Title	IAB LCCI Level 3 Certificate in Advanced Business Calculations
<b>Level</b>	Level 3
<b>Objective</b>	To provide learners with the necessary skills required to enable them to manually complete a range of advanced business calculations, which replicate those that might be required in the workplace.
<b>Qualification Number</b>	610/3031/4
<b>Qualification Type</b>	Vocationally Related Qualification This qualification is not part of an apprenticeship
<b>Entry Requirements</b>	Although there are no formal entry requirements it is recommended that learners have completed and achieved the Level 2 Certificate in Business Calculations or equivalent.  For learners studying in a local language B1 level of English on the Common European Framework of Reference (CEFR) or equivalent is recommended.
<b>Total Qualification Time (How long it takes)</b>	200 hours
<b>Guided Learning Hours</b>	160 hours
<b>Method of Assessment</b>	1 x online examination taken under controlled conditions (2 hours)
<b>Progression Routes</b>	<ul style="list-style-type: none"> <li>• Allows progression into finance-related roles at an officer or executive level, within a wide range of business environments.</li> <li>• Further study such as the IAB level 4 suite of qualifications thereby further developing knowledge and skills at a higher level.</li> </ul>
<b>Availability</b>	England and International (via Accredited Centres)
<b>Target Groups</b>	Learners who: <ul style="list-style-type: none"> <li>• wish to progress into finance roles in non-finance organisations, such as retail or manufacturing businesses</li> <li>• are sole traders, small business owners and entrepreneurs to support the development of their business</li> </ul>
<b>Career Opportunities</b>	Accounts assistant Finance assistant Trainee analyst

Junior business analyst Administrative officer Business support assistant Trainee accountant
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## 2.2 Why study this qualification?

The IAB LCCI Level 3 Certificate in Advanced Business Calculations qualification is internationally recognised and has been designed to provide the learner with the skills demanded by employers worldwide in carrying out complex and advanced business calculations accurately, including calculating interest, profitability, liquidity and depreciation of business assets. In addition, students will learn how to complete the calculations necessary for investment appraisal, how to analyse a statement of financial position and will develop the skills required to apply a range of indices effectively to support their business.

## 2.3 Who would benefit from this qualification?

This qualification is ideal for those who are working, or are preparing to work, in a finance-related role at an officer or executive level, within a wide range of business environments. It is also ideal as an introduction to the more advanced business calculations that would be used by sole traders, small business owners or entrepreneurs who are running their own businesses.

## 2.4 What does the qualification cover?

The IAB LCCI Level 3 Certificate in Advanced Business Calculations includes content relating to these types of calculations:

1. Business ownership
2. Profitability and liquidity
3. Depreciation of business assets
4. Investment appraisal and optimisation
5. Simple and compound interest
6. Indices and trends

For full details of Unit content please refer to Section 5 of this specification.

## 2.5 What progression routes are available after this qualification?

IAB LCCI qualifications are designed to allow learners 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 3 Certificate in Advanced Business Calculations supports progression into employment as suitable preparation for learners intending to work at an advanced level in a business environment.

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

This qualification allows progression to IAB Level 4 suite of qualifications, as well as qualifications across the IAB LCCI suites. When used in conjunction with other LCCI Level 3 qualifications, this qualification provides learners with the well-rounded technical skills required to work at officer/executive level within the finance sector.

Completing different IAB LCCI qualifications could potentially lead to gaining an IAB LCCI Diploma. Please refer to the 'Exemptions' section of this specification for information on recognition from external providers.

### **2.6 Entry Requirements**

There are no formal entry requirements for this qualification. However, it is recommended that learners have completed and achieved the IAB LCCI Level 2 Certificate in Business Calculations or equivalent.

Where learners are studying in a local language the IAB recommends learners have B1 level of English on the Common European Framework of Reference (CEFR) or equivalent. This will support access to the assessment materials and be able to communicate responses effectively.

### 3. Qualification Structure

The following table sets out the qualification structure, units, sizing information, and assessment type for the IAB LCCI Level 3 Certificate in Advanced Business Calculations. Further details of each unit are included at Section 5 of this specification.

IAB LCCI Level 3 Certificate in Advanced Business Calculations	
<b>Level</b>	<b>3</b>
<b>Guided Learning Hours (GLH)</b>	<b>160</b>
<b>Total Qualification Time (TQT)</b>	<b>200</b>
<b>Assessment Method</b>	<b>Online examination (2 hours)</b>

#### 3.1 Qualification Framework

This is a Level 3 qualification defined with reference to the Regulated Qualifications Framework (RQF). IAB LCCI qualifications comply with level descriptors set by the regulators.

The descriptors below set out the generic knowledge and skills associated with the typical holder of a qualification at this level.

<b>Knowledge &amp; Understanding Descriptor</b> The learner:	<b>Skills Descriptor</b> The learner can:
<ul style="list-style-type: none"> <li>• Has factual, procedural and theoretical knowledge and understanding of a subject or field of work to complete tasks and address problems that while well-defined, may be complex and non-routine.</li> <li>• Can interpret and evaluate relevant information and ideas.</li> <li>• Is aware of the nature of the area of study or work.</li> <li>• Is aware of different perspectives or approaches within the area of study or work.</li> </ul>	<ul style="list-style-type: none"> <li>• Identify, select and use appropriate cognitive and practical skills, methods and procedures to address problems that while well-defined, may be complex and non-routine.</li> <li>• Use appropriate investigation to inform actions.</li> <li>• Review how effective methods and actions have been.</li> </ul>

#### 3.2 Total Qualification and Guided Learning Hours

For all regulated qualifications, the total number of hours that learners are expected to undertake to complete and show achievement for the qualification is specified – this is known as the Total Qualification Time (TQT) and indicates the size of a qualification. The TQT value includes both guided learning and unsupervised learning.

**This qualification has a TQT value of 200 hours.**

Incorporated within the TQT is the number of Guided Learning Hours (GLH) that a centre delivering the qualification is expected 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.

**This qualification has a GLH value of 160 hours.**

The GLH is provided by the IAB as a recommendation. However, some learners may require more or less guidance than the set value. Centres approved to deliver IAB LCCI qualifications may adapt these as required. However, centres must assure themselves that learners are provided with adequate guidance defined by the needs of their students and that any restrictions such as funding requirements are met.

In addition to guided learning, there may be other required learning that is directed by tutors or assessors but is unsupervised. This includes, for example, private study, preparation for assessment and undertaking assessment when not under supervision, such as preparatory reading, revision and independent research.

### 3.3 Exemptions

IAB 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 contact our awarding team via [awarding@iablcci.org.uk](mailto:awarding@iablcci.org.uk).

## 4. Assessment

### 4.1 Assessment at a glance

IAB LCCI Level 3 Certificate in Advanced Business Calculations	
<ul style="list-style-type: none"><li>One online examination set and marked by the IAB</li></ul>	<b>100% of the total qualification</b>
<i>Overview of content</i> <ul style="list-style-type: none"><li>Business ownership</li><li>Profitability and liquidity</li><li>Depreciation of business assets</li><li>Investment appraisal and optimisation</li><li>Simple and compound interest</li><li>Indices and trends</li></ul>	
<i>Overview of assessment</i> <ul style="list-style-type: none"><li>One online examination set and marked by the IAB, contributing to 100% of the overall grade of the qualification.</li><li>The examination must be taken at approved training Centres and assessment venues under controlled conditions</li><li>The examination will be 2 hours.</li><li>The examination will consist of 100 marks.</li><li>Learners will be graded Pass/Merit/Distinction. A result of Fail will be recorded where learners do not achieve the required marks for a Pass.</li><li>The examination contains 30 questions.</li><li>Learners are required to answer all questions.</li><li>The questions comprise table completion, calculations, short open-response and medium open-response questions.</li><li>Ruler, protractor, non-programmable calculator, and formula sheet may be used in the examination.</li><li>Assessment is in English language.</li></ul>	

## 4.2 Assessment Objectives (AO)

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

Learners must:		% of qualification
AO1	<p><b>Recall</b></p> <p>Recall business facts, terminology and formulae.</p>	8
AO2	<p><b>Perform procedures</b></p> <p>Extract and manipulate data (e.g. putting data into cumulative terms).</p> <p>Convert figures from one form to another (e.g. currency, percentage).</p> <p>Use and apply calculations in a range of business contexts, including any of financial data, manufacturing, inventory and pricing, investment appraisal, bankruptcy and economic indicators.</p>	69
AO3	<p><b>Demonstrate understanding</b></p> <p>Select appropriate calculation methods as an aid in solving business problems and making business decisions.</p> <p>Display and present data in tables or charts.</p> <p>Present information in appropriate format (e.g., using correct currency symbol, figures to appropriate decimal places, present ratios in correct format, indices).</p> <p>Demonstrate understanding of business processes and procedures.</p>	13
AO4	<p><b>Analyse</b></p> <p>Classify and compare results of calculations, diagrams, tables, charts, and graphs.</p> <p>Interpret results from business calculations, diagrams, tables, charts, and graphs.</p> <p>Recognise patterns and correlations.</p>	6

AO5	<p><b>Evaluate</b></p> <p>Build a reasoned decision.</p> <p>Make judgements about the significance of information.</p> <p>Predict consequences.</p> <p>Make recommendations</p>	4
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### 4.3 Schedule of assessments

Examinations are scheduled in advance throughout the year. Centres should refer to the published examination timetable available at [www.iablcci.org.uk/centres/](http://www.iablcci.org.uk/centres/) for scheduled examination dates.

### 4.4 Student Entry

Learners should only be entered for an assessment when it is believed they hold the skills and knowledge expected to pass the examination. For details on how to enter learners for the examination for this qualification please contact the IAB awarding team at [awarding@iablcci.org.uk](mailto:awarding@iablcci.org.uk).

The closing date for entries is approximately six weeks before the start of each examination series.

### 4.5 Delivering Assessments under controlled conditions

Examinations for this qualification will involve scenario-based questions. The questions give a business situation and ask learners to identify concepts, carry out calculations and analyse aspects of that situation. The questions are set in this way to give learners the opportunity to think about scenarios that they are likely to face in future employment.

While not all topics in the content list will be examined on every exam, it is expected that all the material will be examined at some point in the life of the specification. Learners should be prepared to answer questions on all sections of the content.

Several elements in the content section refer to 'suitable information'. This means that the scenario presented in a question will determine what that information might be. Full details of Unit content can be found in the next section.

In *Content area 4: Investment appraisal and optimisation*, 'suitable information' for calculating payback periods would include cash inflows and outflows in the different years of a project's lifetime. The details of this will be different in each examination.

Similarly, suitable information in the subsection on Net Present Value (NPV) would include information about cash inflows and outflows, as well as discount factors or a discount rate to be applied. Comparable information would allow for calculations in the areas of internal and average rates of return.

Examinations for this qualification will use several different currencies in circulation in different countries in the world. A list of the currencies that may be used is provided in the formula sheet given to learners at each examination. Learners are expected to recognise these currencies and the countries from which they originate, and to recognise and write the currency symbols.

The examinations will not include currencies not provided in the formula sheet.

The IAB 'Assessment Delivery Policy' applies to all IAB LCCI qualifications and assessments and must be followed by accredited centres to ensure that IAB LCCI assessments are delivered in accordance with the requirements.

A copy of this Policy is made available to centres upon accreditation approval. The Policy can also be requested from the IAB awarding team at [awarding@iablcci.org.uk](mailto:awarding@iablcci.org.uk).

#### 4.6 Marking and Moderation

Marking is undertaken by the IAB. Moderation is a process undertaken following the marking of assessments prior to a result being released to learners. Moderation acts as a filter, which ensures that an assessment outcome (for example a mark and / or grade) is fair, valid, and reliable. It also ensures that assessment criteria have been applied consistently, and that any differences in academic judgement between individual markers can be acknowledged and addressed. It provides consistency in marking within cohorts and throughout the academic year and is undertaken by a separate independent tutor.

#### 4.7 Achievement and grading

The IAB LCCI Level 3 Certificate in Advanced Business Calculations is certificated on a three-grade scale: Pass/Merit/Distinction. The below table illustrated the grade that will be awarded based on the percentage score achieved by the learner in the assessment.

<b>Distinction</b>	<b>Merit</b>	<b>Pass</b>	<b>Fail</b>
90% and above	75%-89%%	60%-74%%	59% and below

## 4.8 Performance descriptors

The below table provides descriptions of required learner performance associated with each grade.

Grade	Descriptors
Pass	<p>Learners can recall, use and apply business facts, terms, processes and formulae applicable to large businesses.</p> <p>Learners can manipulate data and perform routine calculations. They can convert figures from one form to another.</p> <p>Learners can produce and understand a variety of appropriate tables and charts.</p> <p>Learners can demonstrate an understanding of business processes and procedures.</p>
Merit	<p>Learners can demonstrate knowledge and understanding of business processes and procedures by using and applying business facts, terms, processes and formulae in given situations.</p> <p>Learners can manipulate data and perform routine calculations and convert figures from one form to another accurately.</p> <p>Learners can produce, understand and use simple data through tables and charts.</p> <p>Learners can demonstrate an ability to analyse and interpret business data upon which decision makers can make short-term judgements.</p>

<p>Distinction</p>	<p>Learners can demonstrate a detailed knowledge and understanding of business processes and procedures using business facts, terms, and formulae consistently and effectively in given scenarios applicable to large businesses.</p> <p>Learners can perform more complex multi-step business calculations over a range of topics accurately. They can convert figures from one form to another consistently and with precision.</p> <p>Learners display depth of understanding of data through detailed tables and charts</p> <p>Learners can evaluate analysing and interpreting business data and make strategic recommendations.</p>
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#### 4.9 Resitting the qualification

Learners can re-sit the examination for the IAB LCCI Level 3 Certificate in Advanced Business Calculations. It is strongly advised that learners do not register to undertake a re-sit until they have received the results from their previous examination.

#### 4.10 Enquiry of results and Appeals

The IAB 'Enquiries and Appeals Policy' must be followed if a learner has an enquiry about a result or wishes to appeal against an assessment decision or reasonable adjustments or special consideration request decisions.

A copy of this Policy is made available to Centres upon accreditation approval. The Policy can also be requested from the IAB awarding team at [awarding@iablcci.org.uk](mailto:awarding@iablcci.org.uk).

## 5. Units

### 5.1 Unit content

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

#### 1. The small business

Subject content	What students need to learn:
1.1 Terminology and concepts	<p>a) Knowledge and understanding of different terminology and concepts in business ownership: Sole trader, partnership, limited company, fixed cost, variable cost, price, ordinary share, preference share, nominal value, par, market value, stock, dividend, redeem, redemption, commission, current and non-current assets, break-even point, output, sales, revenue, contribution, gross profit or loss, net profit or loss, overhead expenses, supply, demand, marginal costs, average costs, revenue maximisation, profit maximisation.</p>
1.2 Revenue and costs	<p>a) Knowledge and understanding of the differences between various costs and assessing their usage.</p>
	<p>b) Calculations of:</p> <ul style="list-style-type: none"> <li>• value of fixed costs, variable costs, and total costs</li> <li>• total revenue based on sales and prices</li> <li>• gross and net profit in absolute and percentage terms</li> </ul>
1.3 Break-even analysis	<p>a) Knowledge and understanding of break-even analysis and its use in business planning</p>
	<p>b) Calculations of:</p> <ul style="list-style-type: none"> <li>• break-even point in units of production and/or revenue</li> <li>• level of output to yield a given level of profit</li> <li>• level of profit at a given level of output</li> <li>• contribution per unit.</li> </ul>
1.4 Presentation of findings	<p>a) Presentation and calculation of findings through graphical means:</p> <ul style="list-style-type: none"> <li>• graph of costs against output</li> <li>• break-even chart</li> <li>• graph of supply and demand</li> <li>• graph of marginal and/or average costs.</li> </ul>

		Note: Where graphs are curved, knowledge of the equation of the curve will not be expected.
1.5	Comparison	<p>a) Understanding of how to compare projects using a variety of methods.</p> <p>b) Comparison of two or more projects with varying fixed and variable costs.</p> <p>c) Evaluation of circumstances for choosing one project in preference to others, with reasoning</p> <p>d) Comparison using graphical methods</p>
1.6	Company shares	<p>a) Knowledge and understanding of company shares, and how profits or losses can be accrued through their purchase or sale.</p> <p>b) Calculations relating to ordinary and/or preference shares:</p> <ul style="list-style-type: none"> <li>• value of a purchase/sale of shares</li> <li>• associated commission costs</li> <li>• profit and dividend payments on shares</li> <li>• percentage yield on an investment</li> <li>• comparison of competing investments.</li> </ul>

## 2. Profitability and liquidity

Subject content	What students need to learn:
2.1 Terminology and concepts	<p>a) Knowledge and understanding of different terminology and concepts in profitability and liquidity.</p> <p>Turnover, receivables, payables, working capital, shelf life, inventory turnover, equity, current, non-current, liabilities, bankrupt, secured debt, unsecured debt, dividend, gearing ratio, current ratio, acid-test ratio.</p>
2.2 Ratios to assess profitability and liquidity	<p>a) Knowledge and understanding of different ratios used in business, and how these relate to the health of a business.</p> <p>b) Calculation of:</p> <ul style="list-style-type: none"> <li>• gross profit percentage</li> <li>• percentage profit for the year</li> <li>• expense ratio</li> <li>• percentage return on capital employed</li> <li>• working capital (current) ratio</li> </ul>

	<ul style="list-style-type: none"> <li>• acid test ratio</li> <li>• gearing ratio</li> <li>• trade receivables collection period</li> <li>• trade payables payment period</li> <li>• shelf-life and stock turn.</li> </ul>
2.3 Statement of financial position (SOFP)	a) Knowledge and understanding of statements of financial position (SOFP), and the calculations that may be performed from figures in a SOFP.
	b) Calculation of: <ul style="list-style-type: none"> <li>• current and non-current assets</li> <li>• current and non-current liabilities</li> <li>• equity.</li> </ul>
	c) Completion of a statement of financial position
	d) Analysis of a statement of financial position
2.4 Bankruptcy	a) Knowledge and understanding of bankruptcy and the division of assets among various creditors.
	b) Calculations, given assets and liabilities of a bankrupt business: <ul style="list-style-type: none"> <li>• sums owing to secured creditors</li> <li>• sums available to unsecured creditors</li> <li>• dividend available for unsecured creditors</li> <li>• sum payable to an unsecured creditor owed a stated amount</li> <li>• amount owed to an unsecured creditor paid a stated amount</li> <li>• segregation of debts of a creditor with both secured and unsecured debts paid a stated amount</li> </ul>

### 3. Depreciation of business assets

Subject content	What students need to learn:
3.1 Terminology and concepts	<p>a) Knowledge and understanding of different concepts in depreciation.</p> <p>Current asset, non-current asset, depreciation, carrying value, working life, depreciation schedule, scrap value, reducing balance depreciation, straight line depreciation.</p>
3.2 Straight line depreciation	<p>a) Knowledge and understanding of straight-line depreciation and how to apply it to a business situation.</p>

	<p>b) Calculation of:</p> <ul style="list-style-type: none"> <li>• total depreciation over a period of years using straight line depreciation</li> <li>• annual depreciation</li> <li>• carrying value of a non-current asset after deduction of depreciation</li> <li>• comparison of these figures with another straight-line depreciation scenario.</li> </ul>
3.3 Reducing balance depreciation	<p>a) Knowledge and understanding of reducing balance depreciation and how to apply it to a business situation.</p>
	<p>b) Calculation of:</p> <ul style="list-style-type: none"> <li>• total depreciation over a period of years using reducing balance depreciation</li> <li>• amount of annual depreciation in any single year</li> <li>• rate of annual depreciation</li> <li>• carrying value of a non-current asset after deduction of depreciation</li> <li>• comparison of these figures with another reducing balance depreciation scenario.</li> </ul>
3.4 Presentation of findings	<p>a) Presentation of calculations through:</p> <ul style="list-style-type: none"> <li>• preparation of a depreciation schedule for either method of depreciation, showing annual and accumulated depreciation over the lifetime of the non-current asset, and the carrying value at the end of each year</li> <li>• drawing a graph of carrying value against time for one or more depreciation calculations.</li> </ul>
3.5 Comparison	<p>a) Knowledge and understanding of how to compare depreciation methods.</p>
	<p>b) Comparison and explanation of:</p> <ul style="list-style-type: none"> <li>• most appropriate method for depreciation</li> <li>• comparative values at points in time.</li> </ul>

#### 4. Investment appraisal and optimisation

Subject content	What students need to learn:
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4.1 Terminology and concepts	a) Knowledge and understanding of terminology and concepts in investment appraisal. Net Present Value (NPV), Internal Rate of Return (IRR), Average Rate of Return (ARR), depreciation, discount factor, payback, payback period, cash flow.
	b) Knowledge and understanding of different terminology and concepts in logistics and inventory management. Logistics, scheduling, demand, stock, buffer stock, profit maximisation, sales maximisation, credit taken, credit granted, insurance.
4.2 Payback	a) Knowledge and understanding of payback periods, and calculation of a payback period given suitable information.
	b) Appraisal of an investment project on the basis of the period required to pay back the initial sum invested.
4.3 Net Present Value (NPV)	a) Knowledge and understanding of NPV, given suitable information.
	b) Calculation of: <ul style="list-style-type: none"> <li>• NPV given outflows and inflows for a project and a set discount factor</li> <li>• discount factor given information about the estimated time value of money.</li> </ul>
4.4 Internal Rate of Return (IRR)	a) Knowledge and understanding of IRR, given suitable information.
	b) Calculation of: <ul style="list-style-type: none"> <li>• IRR of an investment project, given information about net present values at different discount factors</li> <li>• NPV at a particular discount factor, given information about NPV at a different factor and given the IRR.</li> </ul>
4.5 Annual Rate of Return (ARR)	a) Knowledge and understanding of ARR, given suitable information.
	b) Calculation of: <ul style="list-style-type: none"> <li>• assessment of charges over the lifetime of a project</li> <li>• total return of a project over its lifetime</li> <li>• Average Rate of Return.</li> </ul>
4.6 Optimisation	a) Knowledge and understanding of the principles of ordering, scheduling and resource allocation to maximise output, profit, or sales.
	b) Calculations relating to:

	<ul style="list-style-type: none"> <li>• matching of tasks to be performed to different staff members, and the way in which these can be allocated to maximise output, including finding complete matchings and including use of bipartite graphs</li> <li>• linear programming by deriving equations or inequalities from given data concerning two variables and using an objective function to find a feasible or optimal solution</li> <li>• graphical solution of two variable problems using ruler and vertex methods, to find maximum profit, maximum output, or minimum cost, including consideration of integer value solutions</li> <li>• modelling of a project to find the most advantageous schedule, using a Gantt chart, limited to four elements to be sequenced.</li> </ul>
4.7 Inventory	<p>a) Knowledge and understanding of different methods of managing inventory, and the ordering costs involved.</p> <p>b) Calculations relating to:</p> <ul style="list-style-type: none"> <li>• Economic Order Quantity (EOQ)</li> <li>• ordering cost</li> <li>• holding cost</li> <li>• total cost</li> <li>• changes to include given buffer stock or supplier discount.</li> </ul>
4.8 Presentation of findings	<p>a) Knowledge and understanding of the ways in which findings can be presented.</p> <p>b) Presentation of calculations through:</p> <ul style="list-style-type: none"> <li>• preparation of a Net Present Value table, showing annual cash inflow and/or outflow over the lifetime of the proposed investment, discount factors, and the carrying value at the end of each year</li> <li>• drawing a graph of Internal Rate of Return against net present value, or of cash inflow against Net Present Value or Internal Rate of Return, in which all relationships will be assumed to be linear</li> <li>• other graphs involving inventory, credit taken or given</li> <li>• preparation of bipartite graphs to efficiently allocate resources, such as staff members</li> <li>• preparation of Gantt charts with up to four elements, showing the dependency of one element upon another.</li> </ul>
4.9 Comparison	<p>a) Understanding of how to compare investment projects and appraisals, find the optimum for a linear programming problem, or assess use of an Economic Order Quantity.</p>

	<p>b) Interpretation of:</p> <ul style="list-style-type: none"> <li>• calculations carried out on a specific project, making judgements as to whether to proceed with that project</li> <li>• calculations to compare alternative projects, making judgements as to which, if either, should be proceeded</li> <li>• linear programming graphs to find optimum values in terms of cost, profit, or output</li> <li>• the costs involved in using or not using an Economic Order Quantity.</li> </ul>
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## 5. Simple and compound interest

Subject content	What students need to learn:
5.1 Terminology and concepts	<p>a) Knowledge and understanding of different terminology and concepts in simple and compound interest.</p> <p>Principal, rate of interest, loan, investment, period, withdrawal, repayment.</p>
5.2 Calculating interest	<p>a) Knowledge and understanding of the differences between simple and compound interest and their uses within a business environment.</p>
	<p>b) Knowledge and understanding of how interest impacts loans and investments in terms of adding or removing value over time.</p>
	<p>c) The relationship between amount of interest, amount of principal, rate of interest paid or chargeable and the period of a loan or investment.</p>
	<p>d) Knowledge and understanding of how to rearrange and select the formulae relevant to simple and compound interest.</p>
	<p>e) Calculation of:</p> <ul style="list-style-type: none"> <li>• amount of interest paid/payable after a single year or number of whole years, or several months or days, or a combination of these that may include a fractional or decimal form</li> </ul>

	<ul style="list-style-type: none"> <li>• the rate of interest used in arriving at a given amount of interest</li> <li>• principal borrowed or invested, given the interest paid/payable over a given time</li> <li>• the number of years, months, or days for which the principal was invested/borrowed, given the amount and rate of interest paid/payable.</li> </ul>
5.3 Currency conversion	<p>a) Calculations will involve:</p> <ul style="list-style-type: none"> <li>• taking account of conversion fees</li> <li>• converting a different value from a third currency to facilitate comparison</li> <li>• assessing the difference between conversion at one exchange rate with conversion at a later different exchange rate.</li> </ul>
5.4 Comparison	<p>a) Knowledge and understanding of how to compare amounts and rates of interest.</p> <p>b) Calculations relating to:</p> <ul style="list-style-type: none"> <li>• comparison between amounts of simple and compound interest payable on an investment or loan</li> <li>• comparison of interest where compounding occurs over different periods, such as annual, quarterly, monthly, or daily compounding</li> </ul>

## 6. Indices and trends

Subject content	What students need to learn:
6.1 Terminology and concepts	<p>a) Knowledge and understanding of different terminology and concepts in indices and trends. Base year, current year, price index, quantity index, price relative, quantity relative, weighted index.</p>
6.2 Simple indices	<p>a) Knowledge and understanding of the uses of different simple indices.</p> <p>b) Calculation of:</p> <ul style="list-style-type: none"> <li>• price index or quantity index value from given data</li> <li>• prices or quantities from given data and knowledge of the relevant index.</li> </ul> <p>c) Conversion between indices and relatives.</p>
6.3 Composite indices	<p>a) Knowledge and understanding of the uses of different composite indices.</p>

	<p>b) Calculation of:</p> <ul style="list-style-type: none"> <li>• value of a weighted index number from given data</li> <li>• future values of prices, quantities or outputs based on given data and knowledge of the weighted index.</li> </ul>
	<p>c) Comparison of individual groups or sets to the weighted index or mean and comparison of grouped information, e.g., men, to more general information, e.g., men and women.</p>
6.4 Change of base year	<p>a) Calculations involving:</p> <ul style="list-style-type: none"> <li>• change of base year for a given index value</li> <li>• creation of a new index following change of base year</li> <li>• creation of a chain base index from a given standard index.</li> </ul>
	<p>b) Comparison and explanation of:</p> <ul style="list-style-type: none"> <li>• different purchase and leasing arrangements</li> <li>• advantages and disadvantages of particular sets of terms, although only in financial terms</li> <li>• impact of early settlement</li> <li>• impact of non-payment.</li> </ul>
6.5 Trends and graphs	<p>a) Knowledge and understanding of graphs used in business to interpret information. Creation of accurate graphs to display given or calculated information, including accurate axes and labelling.</p>
	<p>b) Calculations relating to:</p> <ul style="list-style-type: none"> <li>• gradient of a line or curve from its graph or from its equation</li> <li>• identification of intercepts from a graph or from the equation of a given line</li> <li>• identification of intersections of lines to solve problems.</li> </ul>
6.6 Presentation of findings	<p>a) Knowledge and understanding of the ways in which findings can be presented.</p>
	<p>b) Graphical presentation of data, to include bar charts, histograms, pie charts, scatter graphs, bipartite graphs, Gantt charts, stem, and leaf diagrams.</p>
	<p>c) Presentation of information by:</p> <ul style="list-style-type: none"> <li>• drawing graphs of lines with linear, quadratic, or exponential form</li> <li>• drawing and identifying intercepts and intersections.</li> </ul>



## 6. Delivering IAB Qualifications

### 6.1 Staffing and physical resource requirements for centres

The IAB, in line with regulatory requirements, has a Centre Agreement in place which covers the two-way obligations between the IAB as the Awarding Body and each centre delivering our LCCI qualifications. A key section of this agreement is to ensure a professional approach to the delivery of teaching, learning and assessment, leading to the best learner experience.

Each Centre engaged with the IAB LCCI is required to ensure viable levels of staffing, managerial and financial resources are in place to enable it to effectively and efficiently deliver the Qualifications as required by the Awarding Organisation.

### 6.2 Quality assurance

Any centre approved to offer IAB LCCI qualifications is subject to a rigorous quality assurance regime to ensure compliance with the requirements set out in the Centre Agreement and any regulatory conditions. This regime includes but is not limited to policy and procedure review, performance review, on-site monitoring visits and virtual interviews to assess how well that centre operates in delivering learning for IAB qualifications.

## 7. IAB Policy & Procedure

Policies and Procedures are in place to provide a framework and outline the IAB's approach and objectives for key areas along with defined processes to be followed. These documents ensure credibility, compliance, consistency, and quality in the design, delivery, and awarding of LCCI qualifications. Relevant policies are issued to accredited Centres alongside Centre Agreements. These can also be accessed by contacting our awarding team via [awarding@iablcci.org.uk](mailto:awarding@iablcci.org.uk)

Examples of the Policies that can be found include but are not limited to:

- Adverse Effects
- Anti-Bribery and Anti-Corruption
- Assessment Delivery
- Complaints
- Conflict of interest
- Contingency Plan
- Enquiries and appeals
- Equality & Diversity and Inclusion
- Malpractice & Maladministration
- Plagiarism, Collusion and Cheating
- Reasonable Adjustments
- Recognition of Prior Learning
- Results and Certification
- Sanctions
- Special Considerations
- Withdrawal of approval

Centres delivering LCCI qualifications should refer to the relevant Policy for guidance as appropriate.

## 8. Equality and Diversity

The IAB is committed to ensuring an inclusive, safe and welcoming environment for all learners undertaking its qualifications. Our Equality, Diversity and Inclusion Policy requires all learners to have equal opportunity to access our qualifications and assessments, and our qualifications to be awarded in a way that is fair to every learner.

Accredited centres delivering LCCI qualifications must have a Policy relating to equal opportunities, diversity and inclusion to ensure a positive learning environment is provided to all learners. This is reviewed and assessed as part of our monitoring process which may include on-site inspections.

### 8.1 Reasonable Adjustments and Special Considerations

A **reasonable adjustment** request can be made 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 **special consideration** takes into account a circumstance such as 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 learner's ability to take an assessment or demonstrate their level of attainment in an assessment.

Further information and guidance on how to apply can be found in the relevant IAB Policy and Procedure as detailed in Section 7 of this Specification.

## 9. Support, training and resources

### 9.1 Training

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

### 9.2 Specifications, Sample Assessment Materials and Teacher Support Materials

The IAB LCCI Level 3 Certificate in Advanced Business Calculations Sample Assessment Materials are available from the IAB.

In addition, a glossary of terms including International Accounting Standards terminology used in the content of the IAB LCCI suite of qualifications can be found in the centre area of our website or by contacting the IAB.

Please contact our awarding team via [awarding@iablcci.org.uk](mailto:awarding@iablcci.org.uk) for a list of all the support documents available.

## 10. Appendix

### Appendix 1: Formulae Sheet

#### Simple interest

Simple interest = (Principle \* Rate \* Time) / 100

#### Compound interest

Accrued interest = Principal \* (1 + Rate/100)<sup>n</sup>

where n is the number of years

#### Averages

Mean of ungrouped data = sum of observations / N

Mean of grouped data = ( $\Sigma f * x$ ) / N

where

$\Sigma f$  is the sum of the frequencies

x is the midpoint of each class interval

N is the total number of observations

Median of an ordered list of N observations is the  $(n+1) / 2$  element.

Mode is the most frequently occurring value.

...

**Internal rate of return (IRR) formula:**

$0 = \Sigma [CF_t / (1 + r)^t]$  from t = 0 to n,

where:

CF<sub>t</sub> = Net cash flow at time t

r = IRR

t = Time periods

n = Overall number of time period

Alternatively:

$0 \text{ (NPV)} = P_0 + P_1/(1+\text{IRR}) + P_2/(1+\text{IRR})^2 + \dots + P_n/(1+\text{IRR})^n$

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