



Mark Scheme

Series 4 2014  
**Results**

Pearson LCCI Level 2 Book-keeping  
and Accounts (ASE2007)

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## General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

**Key:**  
**of = own figure**  
**w = word**

**Question 1**

**Syllabus Topic 8: Control Accounts (8.4, 8.5, 8.6, 8.7)**

(a)(i)

**Sales Ledger Control Account**

	£		£
Balance b/d	66,570	Balance b/d	500
Sales	73,950 <b>1</b>	Discount allowed	2,000 <b>1</b>
Bank: refund	800 <b>1</b>	Bad debts	900 <b>1</b>
Bank: dishonoured cheque	950 <b>1</b>	Returns inwards	3,300 <b>1</b>
Bad debts recovered	430 <b>1</b>	Bank	76,225 <b>1</b>
Balance c/d	310	Purchases ledger contra	2,600 <b>1</b>
		Bank	430 <b>1</b>
		Balance c/d	57,055
	<u>143,010</u>		<u>143,010</u>
Balance b/d	57,055 <b>1of</b>	Balance b/d	310 <b>1</b>

**No aliens**

(12 marks)

(a)(ii)

**Purchases Ledger Control Account**

	£		£
Balance b/d	800	Balance b/d	46,830
Discount received	700 <b>1</b>	Purchases	45,400 <b>1</b>
Returns outwards	1,620 <b>1</b>	Balance c/d	260
Bank	54,700 <b>1</b>		
Sales ledger contra	2,600 <b>1</b>		
Balance c/d	<u>32,070</u>		
	<u>92,490</u>		<u>92,490</u>
Balance b/d	260 <b>1</b>	Balance b/d	32,070 <b>1of</b>

**No aliens**

(7 marks)

(b)

**Syllabus Topic 1.4: Bad debts and provision for doubtful debts (1.4.2)**

	Dr £	Cr £	
Bank	430		<b>1</b>
B Lee		430	<b>1</b>
B Lee	430		<b>1</b>
Bad debts recovered		430	<b>1</b>
Bad debts recovered	430		<b>1</b>
Profit & loss		430	<b>1</b>

(6 marks)

**Do not accept debtor or bad debts**

(Total 25 marks)

## Question 2

### Syllabus Topic 2: Partnerships (2.1.3, 2.1.4, 2.2.6)

(a) (i)

#### Pavlou and Markou Journal

	Dr £	Cr £
Premises	260,000	
Fixtures and fittings	36,000	
Equipment	22,500	
Motor vehicles	24,000	
Goodwill	45,000	
Stock	31,800	
Debtors	27,000	
Bank	13,230	
Creditors		32,360
Capital: Pavlou		<u>427,170</u> <b>1+1of</b>
	<u>459,530</u>	<u>459,530</u>

Value of assets and liabilities introduced to the partnership by Pavlou **1**

#### Journal

	Dr £	Cr £
Fixtures and fittings	24,000	
Equipment	55,500	
Motor vehicles	16,000	
Goodwill	27,000	
Stock	43,200	
Debtors	21,000	
Bank	16,890	
Creditors		9,810
Capital: Markou		<u>193,780</u> <b>1+1of</b>
	<u>203,590</u>	<u>203,590</u>

Valuation of assets and liabilities introduced to the partnership by Markou **1**

(6 marks)

(ii)

#### Journal

	Dr £	Cr £
Capital: Pavlou	48,000 <b>1</b>	
Capital: Markou	24,000 <b>1</b>	
Goodwill		72,000 <b>1</b>

Writing off of goodwill **1**

(4 marks)

(b)

**Pavlou and Markou**  
**Balance Sheet at 1 May 2014**

**1 both**

**Fixed Assets**

	£	£	
Premises		260,000	{1 both
Fixtures and fittings		60,000	
Equipment		78,000	{1 both
Motor vehicles		<u>40,000</u>	
		438,000	

**Current Assets**

Stock	75,000	{1 both
Debtors	48,000	
Bank	<u>30,120</u>	
	153,120	1

**Creditors: amounts falling due within 1 year**

Creditors	<u>42,170</u>	1
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**Net Current Assets**

110,950    **1of**  
548,950

**Financed by**

		<b>1of</b>	<b>1of</b>	
Capital:	Pavlou	(427,170 - 48,000)		379,170
	Markou	(193,780 - 24,000)		<u>169,780</u>
		<b>1of</b>	<b>1of</b>	<u>548,950</u>

(11 marks)

(c)

**Award 1 mark each for any four of the following:**

1. No partner's salary
2. No interest on capital
3. No interest on current accounts
4. No interest on drawings
5. Profits and losses shared equally between the partners
6. Loans to the partnership by the partners receive interest of 5% per annum.

(4 marks)

**(Total 25 marks)**

**QUESTION 3**

**Syllabus Topic 9: Suspense Accounts (9.8, 9.9)**

(a)

**Journal**

	Dr £	Cr £
(1) Purchases	1,730	
Deng		1,730
(2) Suspense	3,500	
Rent received		3,500
(3) Motor vehicle repairs	780	
Motor vehicles		780
(4) Suspense	6,000	
Sales		6,000
(5) Insurance	1,320	
Suspense		1,320
(6) Zheng	900	
Zhu		900

(12 marks)

(b)

**Suspense Account**

	£		£
Rent received	3,500	Balance b/d	8,180
Sales	<u>6,000</u>	Insurance	<u>1,320</u>
	<u>9,500</u>		<u>9,500</u>

(5 marks)

**Calculation of corrected net profit for the year ended 30 June 2014**

	£	£
(c) <b>Original net profit</b>		74,480
Add: Rent received	3,500	
Sales	<u>6,000</u>	<u>9,500</u>
		83,980
Less: Purchases	1,730	
Motor vehicle repairs	780	
Insurance	<u>1,320</u>	<u>(3,830)</u>
<b>Corrected net profit</b>		<u>80,150</u>

(Total 25 marks)

**Question 4**

**Syllabus Topic 4.1 Calculation of net profit in the absence of proper records (4.1.1, 4.1.2, 4.1.3)**  
**Syllabus Topic 4.2: Factors in the production of detailed final accounts from incomplete records (4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5)**

(a)

**Statement of Affairs at 1 January 2013**

<b>Assets</b>		<b>Liabilities</b>	
	<b>£</b>		<b>£</b>
Bank	810	Creditors	11,248
Stock	27,724	Rent accrued	<u>300</u>
Debtors	18,062		11,548 <b>1</b>
Rates prepaid	420	Capital	40,468 <b>1+1of</b>
Fixtures	<u>5,000</u>		<u>52,016</u>
	<u>52,016</u> <b>1</b>		

(4 marks)

(b)

**Yu**

**Trading and Profit & Loss account for the year ended 31 December 2013**

	<b>£</b>	<b>£</b>
Sales ((75,872 + 17,248 <b>1</b> ) + 19,260 <b>1</b> - 18,062 <b>1</b> )		94,318
<b>Less Cost of sales:</b>		
Opening stock	27,724	
Add Purchases (58,974 + 14,778 <b>1</b> ) + 5,988 <b>1</b> - 11,248 <b>1</b> )	<u>68,492</u>	
	96,216	
Less Closing stock	<u>(30,288)</u>	<u>(65,928)</u>
<b>Gross profit</b>		28,390
<b>Less Expenses:</b>		
Wages	10,944	
Rent (3,300 - 300)	3,000 <b>1</b>	
Rates (1,780 + 420 <b>1</b> - 450 <b>1</b> )	1,750	
Sundry expenses	750	
Depreciation (5,000 - 4,500)	500 <b>1</b>	
Provision for doubtful debts	<u>400</u> <b>1</b>	<u>(17,344)</u>
<b>Net profit</b>		<u>11,046</u> <b>1w+of</b>

(12 marks)



**Question 4 continued**

(c)

**Balance Sheet at 31 December 2013**

	£	£	£
<b>Fixed Assets</b>			
Fixtures			4,500
<b>Current Assets</b>			
Stock		30,288	
Debtors	17,248		
Less provision	<u>(400)</u>	16,848	1
Prepayments		<u>450</u>	1
		47,586	
<b>Creditors: amounts falling due within 1 year</b>			
Creditors	14,778		
Bank overdraft	<u>1,204</u>	<u>(15,982)</u>	
<b>Net Current Assets</b>			<u>31,604</u>
			<u>36,104</u>
<b>Financed by</b>			
Opening capital			40,468
Add Net profit			<u>11,046</u>
			51,514
Less Drawings (2,328 1 + 13,082 1)			<u>(15,410)</u>
			<u>36,104</u>

(7 marks)

- (d) It can assist in calculating the increase or decrease in capital 1 and the calculation of the net profit. 1

(2 marks)

**(Total 25 marks)**

**Question 5**

**Syllabus Topic 7: Non-trading organisations (7.1.1, 7.1.2, 7.2.3, 7.3.1, 7.3.2, 7.3.3, 7.4.2, 7.4.3, 7.4.4, 7.4.7, 7.4.8, 7.4.9)**

(a) (i)

**Receipts and Payments Account**

	£		£	
Balance b/d	8,420	1	Purchases of refreshments	10,400
Sales of refreshments	18,200		Wages and salaries	72,200
Subscriptions	117,380		Insurance	7,300
Donations	2,000		Light and heat	2,860
			General expenses	16,200
			New equipment	36,200
			Balance c/d	<u>840</u>
	<u>146,000</u>	1		<u>146,000</u>

(3 marks)

(ii)

**Subscriptions Account**

	£		£	
Balance b/d	4,420	1	Balance b/d	500
Income and expenditure a/c	116,760	1of	Bank	117,380
Balance c/d	600		Bad debts	280
			Balance c/d	<u>3,620</u>
	<u>121,780</u>			<u>121,780</u>
Balance b/d	3,620	1	Balance b/d	600

(6 marks)

(iii)

**Easton Sports Club  
Refreshment Trading Account for the year ended 31 December 2013**

	£	£
Sales		18,200
Opening stock	560	
Add Purchases (10,400 - 1,240 1 + 800 1)	<u>9,960</u>	
	10,520	
Less Closing stock	<u>(1,080)</u>	
		<u>9,440</u>
<b>Gross profit</b>		8,760
Wages and salaries		<u>(8,000)</u>
<b>Net profit</b>		<u>760</u>

(5 marks)

**Question 5 continued**

(iv)

**Easton Sports Club  
Income and Expenditure Account for the year ended 31 December 2013**

	£	£
Income:		
Subscriptions		116,760 <b>1of</b>
Profit on sales of refreshments		<u>760</u> <b>1of</b>
		117,520
Less expenditure:		
Wages and salaries (72,200 - 8,000)	64,200 <b>1</b>	
Insurance	7,300	
General expenses	16,200	
Bad debts	280 <b>1of</b>	
Lighting and heating	2,860	
Depreciation of equipment (47,200 + 36,200 <b>1 both</b> ) x 20% <b>1</b>	<u>16,680</u>	
		<u>(107,520)</u>
<b>Surplus</b>		<u>10,000</u> <b>1of</b>

(7 marks)

(b) (i) Accumulated surplus and deficits over a number of years **1** of a non-profit organisation **1**

(2 marks)

(ii)

- surplus for the year
- donation
- life membership

**1 mark each for any two of the above**

(2 marks)

**(Total 25 marks)**