

**Pearson LCCI  
Level 1 Certificate in Book-  
keeping  
(ASE1017)**

**Annual Qualification  
Review  
2013/2014**

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## **INTRODUCTION**

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The annual qualification review provides qualification-specific support and guidance to centres. This information is designed to help teachers preparing to teach the subject and to help candidates preparing to take the examination.

The reviews are published in September and take into account candidate performance, demonstrated in both on demand and series examinations, over the preceding 12 months. Global pass rates are published so you can measure the performance of your centre against these.

The review identifies candidate strengths and weaknesses by syllabus topic area and provides examples of good and poorer candidate responses. It should therefore be read in conjunction with details of the structure and learning objectives contained within the syllabus for this qualification found on the website.

The review also identifies any actual or proposed changes to the syllabus or question types together with their implications.

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## **PASS RATE STATISTICS**

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The following statistics are based on the performance of candidates who sat this qualification between 1 September 2013 and 31 August 2014.

Global pass rate 73.7%\*

Grade distributions of candidates achieving pass or higher

Pass 11.3%

Merit 21.4%

Distinction 41.0%

\* This figure excludes absences on the day of the exam

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## GENERAL STRENGTHS AND WEAKNESSES

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### Strengths

- Most candidates attempt all four questions on the paper and only rarely is a question omitted, or only partially attempted.
- The presentation of accounts shows that practice has been undertaken by candidates to consolidate their knowledge.
- Where the above applies, candidates achieve a reasonable level of success in the examination.

### Weaknesses

- Some questions are omitted, or, only partially attempted.
- Poor presentation of answers suggests a weak understanding of syllabus topics. The use of previous papers to practice is recommended.
- As previously, the written components of questions are often omitted.

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## TEACHING POINTS BY SYLLABUS TOPIC

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### **Syllabus topic 1: The Accounting Equation**

- A key topic, this is the foundation of developing a sound understanding of double entry procedures. If this is weak, other topics on the syllabus will not be adequately developed.

### **Syllabus topic 2: Recording transactions through double entry**

- As indicated above, if topic 1 is not thoroughly understood then progress in this topic will not be satisfactory.
- Practice is of primary importance in order that the required entries in a question can be correctly recorded.
- The use of dates and an appropriate narrative are essential.
- With practice, double entry should become a routine procedure.

### **Syllabus topic 3: Balancing Accounts**

- Where topic 1 and topic 2 are understood, the procedure for balancing accounts should not prove to be a difficulty.
- A weakness is that after calculating a balance, candidates often fail to bring down the balance to the commencement of the next month. This will result in a loss of marks. The own figure rule generally applies here.

### **Syllabus topic 4: Purchases and sales Returns**

- The previous comments on topic 2 above apply to this topic, i.e. they are interrelated with regard to the necessary double entry.

### **Syllabus topic 5: The Ledger: Its subdivision**

- Responses to this topic are still variable. .

### **Syllabus topic 6: Day Books**

- A good response to this topic from the majority of candidates. As stated in previous years, a failing is in relation to the deduction of trade discounts from returns when a list price is given. This regularly occurs when the trade discount had been calculated correctly with regard to a sales or purchases figures.

### **Syllabus topic 7: Bank Facilities**

- Centre variations apply to written question on this topic, i.e. either attempted or omitted.

### **Syllabus topic 8: Cash Book and Cash Discount**

- With a reasonable understanding of double entry, candidates produce a good response to this topic.
- A weakness is the use of incorrect narratives, e.g. if cash sales are indicated then the appropriate corresponding account entry is sales, not cash, although cash sales would be accepted. The key rule that *the narrative is the title of the other account involved* is not reinforced.
- Again; as stated previously, candidates often do not bring balances down to the commencement of the next month.

### **Syllabus topic 9: Bank Reconciliation Statements**

- The majority of questions on this topic require the updating of a Cash Book balance prior to extracting a Bank Reconciliation statement.
- Centre variation in performance on this topic is noted.
- The presentation of Bank Reconciliation Statements is often less than adequate with regard to appropriate narratives. Practice again is essential in order to achieve success.

### **Syllabus topic 10: Petty Cash Book**

As in previous years this topic always produces very good responses.

- The transaction that still causes problems is the receipt of money from a debtor or the payment of a creditor.
- Inattention to transaction dates, narratives and the failure to include voucher numbers can cause marks not to be awarded.

### **Syllabus topic 11: Trial Balance**

- The comments made previously regarding topics 1,2,3 and 4 again are applicable.
- When double entry is not well appreciated, the requirement to draw up a Trial Balance from a list of balances results in the presentation of incorrect entries.

### **Syllabus topic 12: Accruals and Prepayments**

- This topic is tested in conjunction with questions on topic 19, Final Accounts and topic 20, Balance sheets.
- The majority of candidates provide the necessary adjustments correctly.

### **Syllabus topic 13: Depreciation of Fixed Assets**

As stated in previous reports, responses to this topic always produce centre variations with regard to candidate responses to questions. The main failings are:

- the inclusion of asset cost in the Provision Account
- the entry of depreciation charges in the Asset Account
- a failure to identify correctly the years to which a depreciation charge relates
- a minimal understanding of the reducing balance method.

### **Syllabus topic 14: Bad Debts**

- A thorough understanding of double entry in order to respond to questions specific to this topic is a necessity.
- Responses often suggest that this topic has only been given minimal coverage or else has been omitted.

### **Syllabus topic 15: The Journal**

- When double entry is adequately understood, candidates respond well to this topic.
- If this is not the case, the presentation of the required Dr/Cr entries shows the weakness of a candidate's knowledge of double entry procedures.

### **Syllabus topic 16: Capital and Revenue Expenditure**

- As in previous series a good response to questions on this topic.
- Confusion is evident when a transaction is neither capital or revenue expenditure, e.g. loan repayment.

### **Syllabus topic 17: Errors in Accounts**

Again, it cannot be overemphasised that a good knowledge of double entry is essential to success in answering questions involving errors.

- If this is not satisfactory, questions requiring correcting journal entries, and/or, revising prior calculated net profit figure will not be attempted with any degree of success.

### **Syllabus topic 18: Effects of Profit (or Loss) and drawings upon capital**

- This topic is always incorporated into questions on topics 19 and 20 and taught as a part of those topics, and is well understood. When the requirement is to prepare the drawings and capital accounts in the General Ledger, candidates do not respond well.

### **Syllabus topic 19: Trading and Profit & Loss Accounts**

- As previously, questions on this topic produce very good, to excellent, responses.
- Many candidates see this topic as the “key” to examination success.
- If, however, there is a weakness in a candidate's overall knowledge, rote learning of this topic will not of itself be sufficient to achieve success in the examination.

### **Syllabus topic 20: Balance Sheet**

- The comments above apply to this topic.

### **Syllabus topic 21: Control Accounts - An Introduction**

- Generally responses to this topic are very good.
- Centre variations to this topic are still seen, with some candidates exhibiting only a superficial knowledge of the topic.

## **Further guidance**

The following points made in previous reports are still pertinent:

- All the topics on the syllabus must be covered in order to give candidates the opportunity to show their level of ability and achieve success.
- The use of an appropriate textbook to introduce and develop topics is a necessity.
- Consolidation practice, via past examination papers, is also essential.
- Where terminology used in International Accounting Standards is given, this will be accepted, e.g. inventory.

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## EXAMPLES OF CANDIDATE RESPONSES

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### Examples of candidate responses (high, medium, low with justification of assessment decisions)

Topic 8 for the purpose of example(s) brings out the points made above:

- An adequate, or otherwise good, understanding of double entry.
- A recognition of the syllabus requirement via parts (a), (b) and (c) of the question.
- The use of appropriate narratives.

**Series 3 2014 Question 1 – Question Paper and Marking Scheme**

**Answer ALL questions.**

- 1** On 31 January 2014, Esah had a bank balance of £183, and a cash balance of £25. The following transactions took place during February 2014:

		<b>Cheque N<sup>o</sup></b>	<b>£</b>
Feb	2 Cash sale £140		
	5 Received, and banked, a cheque for £480 from Chic, in full settlement of a debt of £500		
	6 Paid wages by cash £125		
	9 Cash sale £331		
	10 Banked £200 cash		
	12 Paid Dara's account of £240 by cheque, having deducted £12 discount	654	228
	19 Paid wages by cash £130		
	23 Received, and banked, a cheque for £680 from Desa		
	27 Paid Deris by cheque	655	95
	28 Esah drew a cheque for private use	656	150
	28 Paid Haron's account by cheque, having deducted £2 discount	657	98

**Required**

- (a) Prepare Esah's 3 column Cash Book for the month of February.

(15)

Esah's Bank Statement, received on 5 March 2014, is as follows:

<b>2014</b>		<b>Debit £</b>	<b>Credit £</b>	<b>Balance £</b>	
Feb	1 Balance			183	Cr
	5 Banking		480	663	Cr
	8 S.O. Gas	75		588	Cr
	10 Banking		200	788	Cr
	11 Charges	12		776	Cr
	15 C.T. Atan		100	876	Cr
	18 Cheque 654	228		648	Cr
	23 Banking		680	1,328	Cr
	28 Cheque 656	150		1,178	Cr

**Required**

- (b) Using information from the Bank Statement, update the bank columns of Esah's Cash Book.

(5)

- (c) Prepare the Bank Reconciliation Statement at 28 February 2014.

(5)

**(Total for Question 1 = 25 marks)**



### Example 1

An excellent answer. The candidate showed in this question a thorough understanding of the topic. All entries are correct with one exception. Neither the names or the cheque numbers were shown in part C.

Question 1. (a) <sup>1</sup>

Esah  
CASH BOOK FOR THE MONTH OF FEBRUARY 2014

DATE	RECEIPTS	Disc	CASH	BANK	DATE	PAYMENTS	DISC	CASH	BANK
		£	£	£			£	£	£
1 Feb	Bal/ce b/d.		25	183	6 Feb	Wages		125	
2 Feb	Cash Sale		140		10 Feb	Bank c		200	
5 Feb	Chic	20		480	12 Feb	Dava	12		278
9 Feb	Cash Sale		331		19 Feb	Wages		130	
10 Feb	Cash c			200	27 Feb	Devis			95
23 Feb	Desa			680	28 Feb	Drawings			150
					28 Feb	Harons	2		98
					28 Feb	Bal/ce c/d.		41	972
		20	496	1543			14	496	1543
1 March	Bal/ce b/d.		41	972					

15

Question 1 (b)

Update the bank columns of Esah's Cash book

2014	£	2014	£
Bal/ce b/d.	972	S.O. Gas	75
C.T Atan	100	Charges	12
	1072	Bal/ce c/d.	985
			1072
Bal/ce b/d.	985		

5

Question 1 (c)

Bank Reconciliation Statement at 28 February 2014

NO	Particulars		£
1	Balance as per Bank Statement	CR	1178
2	less unpresented cheques - (95+98)		(193)
3	Balance as per Cash book	DR	985

4

24

## Example 2

A reasonable answer. However, the Cash Book was not fully completed. The update of the Cash Book repeated unnecessary items entered previously. The reconciliation statement lacked an appropriate narrative.

2

Question 1:

2014	Discount Allowed	CASH	BANK	2014	Discount Allowed	CASH	BANK
	£	£	£		£	£	£

  

CASH BOOK  
for the month of February 2014

2014	Detail	Discount Allowed	Cash	Bank	2014	Detail	Discount Receivable	Cash	Bank
		£	£	£			£	£	£
b 1	Balance c/d		25	183					
b 2	Sale		140		Feb 6	Wages		125	
b 5	Chic	20		480	Feb 12	Data #654	12		228
b 9	Sale		331		Feb 19	Wages		130	
b 10	Cash			200	Feb 27	Deris #655			95
b 23	Desa		680	680	Feb 28	Drawing #656			150
					Feb 28	Haron #657	2		98

  

CASH BOOK  
for the month of February 2014

2014	Detail	Discount Allowed	Cash	Bank	2014	Detail	Discount Receivable	Cash	Bank
		£	£	£			£	£	£
b 1	Balance c/d		25	183	Feb 6	Wages		125	
b 2	Sale		140		Feb 12	Data #654	12		228
b 5	Chic	20		480	Feb 19	<del>Deris</del> Wages		130	
b 9	Sale		331		Feb 27	Deris #655			95
b 10	Cash			200	Feb 28	Drawing #656			150
b 23	Desa			680	Feb 28	Haron #657	2		98
b 28	CF Atan		=	100	Feb 28	S.O. Gas (8 Feb)		=	75
					Feb 28	Charges (11 Feb)		=	12
					Feb 28	Balance c/d		241	985
		20	496	1643			14	496	1643

  

2014	Detail	Discount Allowed	Cash	Bank
		£	£	£
March 1	Balance b/d		241	985 =

c)

Esah

Bank Reconciliation Statement  
at 28 February 2014

Balance c/d in Cash Book on 28 Feb 2014	₹	₹
		985
add Depos # 655	95	
Haron # 657	98	193
Balance in bank account		1178

B/R 15

+

19

### Example 3

This shows a weak appreciation of the requirement. The Cash Book contains errors with regard to figures entered, incorrect narratives and dates omitted. The Cash Book update and bank reconciliation statement showed a minimal appreciation.

3

(i) Question 1 Ezzah's Cashbook for the month of February 2014

Receipts						Payments					
Date	Details	F	Discount	A/Cash	Bank	Date	Details	F	Discount	A/Cash	Bank
Feb 2014				£	£	Feb 2014			£	£	£
1	Balance	b/d		25	183	5	Bank	C		-	480
2	Sales	SL		140	1	6	Wages	GL		125	
5	<del>Cash</del> Bank	<del>SL</del> CC		480	0	10	Bank	CB		200	
9	Sales	SL		331	1	12	Debit	PL	12		240
5	Chic	SL	-	480	✓	19	Wages	GL		130	
23	Debit	SL			680	23	Re-deposit	C			680
10	Cash	C		200	×	27	Debit	PL		1	95
23	Cash	C		680	×	28	Drawings	SL			150
28	Drawings	SL			150	28	Haron's	PL	2	1	98
				<u>2326</u>	<u>1013</u>				<u>-14</u>	<u>1871</u>	<u>1730</u>
	Balance	c/d			720		Balance	b/d		1871	×
				<u>2326</u>	<u>1733</u>				<u>14</u>	<u>2326</u>	<u>1730</u>
	Balance	b/d		1871	0		Balance	b/d			720

Supplementary Cash Book

b	Balance b/d	1733	×	5.0 Gas	75	1
	Changes	12	×			
	CT Alan	100	1	Bank	228	×
				Balance c/d	1430	
		<u>1855</u>			<u>1855</u>	
	Balance b/d	1430	0			

Bank Reconciliation

Balance as per Cashbook  
Add unpresented cheques

655

↑

100

1430

.951

1525

B/F 11

2

(13)

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