

Pearson LCCI Level 1 Certificate in Book-keeping

Model Answers Series 2 2013 (ASE1017)

Level 1 Certificate in Book-keeping

Series 2 2013

How to use this booklet

Model Answers have been developed to offer additional information and guidance to Centres, teachers and candidates as they prepare for LCCI International Qualifications. The contents of this booklet are divided into 3 elements:

- (1) Questions – reproduced from the printed examination paper
- (2) Model Answers – summary of the main points that the Chief Examiner expected to see in the answers to each question in the examination paper, plus a fully worked example or sample answer (where applicable)
- (3) Helpful Hints – where appropriate, additional guidance relating to individual questions or to examination technique

Teachers and candidates should find this booklet an invaluable teaching tool and an aid to success.

Pearson provides Model Answers to help candidates gain a general understanding of the standard required. The general standard of model answers is one that would achieve a Distinction grade. Pearson accepts that candidates may offer other answers that could be equally valid.

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**EDI
LCCI IQ SERIES 2 EXAMINATION 2013
BOOK-KEEPING
LEVEL 1
MARKING SCHEME**

**DISTINCTION MARK 75%
MERIT MARK 60%
PASS MARK 50%**

**Key:
of = own figure**

TOTAL 100 MARKS

QUESTION 1

(a) (i)

			Capital Account						
			£			£			
April	21	Balance c/d	<u>500</u>		April	1	Bank	<u>500</u>	1
						22	Balance b/d	500	

(ii)

			Bank Account						
			£			£			
April	1	Capital	500	1	April	2	Rent	100	1
	14	Sales	295	1		21	Alice	114	1
			<u>795</u>				Balance c/d	<u>581</u>	
	22	Balance b/d	581					<u>795</u>	

(iii)

			Rent Account						
			£			£			
April	2	Bank	<u>100</u>	1	April	21	Balance c/d	<u>100</u>	
	22	Balance b/d	100						

(iv)

			Alice Account						
			£			£			
April	20	Purchase returns	15	1	April	3	Purchases	120	1
	21	Bank Discount received	114	1of		14	Purchases	505	
			6	1of				<u>625</u>	
		Balance c/d	<u>490</u>			22	Balance b/d	490	1of
			<u>625</u>						

(v)

			Zac Account						
			£			£			
April	13	Sales	60	1	April	20	Sales returns	10	1
			<u>60</u>			21	Balance c/d	<u>50</u>	
	22	Balance b/d	50					<u>60</u>	

(vi)

			Sales Account						
			£			£			
April	21	Balance c/d	<u>355</u>		April	13	Zac	60	1
			<u>355</u>			14	Bank	<u>295</u>	1
								<u>355</u>	
						22	Balance b/d	355	

QUESTION 1 CONTINUED

(vii)	Purchases Account							
			£			£		
April	3	Alice	120					
	14	Alice	<u>505</u>	1	April	21	Balance c/d	<u>625</u>
			<u>625</u>					<u>625</u>
	22	Balance b/d	625	1of				

(viii)	Sales Returns Account							
			£			£		
April	20	Zac	<u>10</u>	1	April	21	Balance c/d	<u>10</u>
	22	Balance b/d	10					

	Purchases Returns Account								
			£			£			
April	21	Balance c/d	<u>15</u>		April	20	Alice	<u>15</u>	1
						22	Balance b/d	15	

(x)	Discount Received Account								
			£			£			
April	21	Balance c/d	<u>6</u>		April	21	Alice	<u>6</u>	1
						22	Balance b/d	6	

(20 marks)

(b)	Igor – Trial Balance at 21 April			
		Dr	Cr	
		£	£	
Capital			500	
Bank		581		
Rent		100		
Alice			490	1of
Zac		50		1of
Sales			355	
Purchases		625		
Sales returns		10		1of
Purchases returns			15	1of
Discount received			6	1of
		1,366	1,366	

(5 marks)

(Total 25 marks)

QUESTION 2

(a) (i) **Ezra – Profit & Loss Account for the year ended 31 October 2012**

	£	£	
Gross Profit (155,000-300)		154,700	1+1of
Less expenses:			
Wages (66,258+1,050)	67,308		1
General expenses	25,487		
Motor expenses	6,871		
Carriage out (945-300)	645		1
Office expenses (12,823-250)	12,573		1
Bad debt	190		1
Depreciation:			
equipment (16,200 x 10%)	1,620		1+1of
motor vehicles [(25,400-12,200) x 30%]	<u>3,960</u>		1+1of
		(118,654)	
Net Profit		<u>36,046</u>	1+1of

(12 marks)

(ii) **Ezra – Balance Sheet at 31 October 2012**

Fixed Assets	Cost £	Aggregate Depreciation £		Net Book Value £	
Equipment	16,200	9,120	1	7,080	1of
Motor vehicles	<u>25,400</u>	<u>16,160</u>	1	<u>9,240</u>	1of
	<u>41,600</u>	<u>25,280</u>		16,320	
Current Assets					
Stock		18,740	1		
Debtors (32,490-190)		32,300	1		
Prepayment		250	1		
Bank		<u>16,076</u>			
		67,366	1of		
Current Liabilities					
Creditors	17,910				
Accrual	<u>1,050</u>		1		
		(18,960)			
Net Current Assets				<u>48,406</u>	
				<u>64,726</u>	
Capital					
Balance 1 November 2011				35,000	
Add Net Profit				<u>36,046</u>	1of
				71,046	
Less Drawings				<u>(6,320)</u>	1
Balance 31 October 2012				<u>64,726</u>	

(11 marks)

(b) **Accrued expenses:**
An estimate of expense used, but not yet accounted for. Will be added to the amount accounted for during a year, to give the total P&L expense. **1**

The amount unaccounted for will also appear in the Balance Sheet as a liability. **1**

(2 marks)

(Total 25 marks)

QUESTION 3

(a)

Anil – Cash Book

		Cash £	Bank £			Cheque No.	Cash £	Bank £
Sep	1		328	1	Sep	4		115
	2	271		1		9	100	
	4		648	1				729
	9		100	1		14	165	
	14		868	1		16		135
	16		958	1				86
	21	120		1		21		120
	27	145		1		25		68
						28	165	
						30	174	1,649
							<u>604</u>	<u>2,902</u>
Oct	1	174	1,649				<u>604</u>	<u>2,902</u>

(17 marks)

(b)

Anil – Updated Cash Book

		Bank £			Bank £
	30	1,649	1 of	12	25
	3	285	1		108
				20	958
				30	843
					<u>1,934</u>
					<u>1,934</u>
Oct	1	843			

(5 marks)

(c)

Anil – Bank Reconciliation at 30 September 2012

	£
Balance as per Bank Statement	1046
Less unrepresented cheques	
Motor expenses	38
Kit	41
	<u>203</u>
Balance as per Cash Book	<u>843</u>

(3 marks)

(Total 25 marks)

QUESTION 4

(a) (i)

Sales Ledger Control Account

		£		£
2012			2012	
June	1	Balance b/d	34,649	1
	30	Sales	215,382	1
			<u>250,031</u>	
July	1	Balance b/d	32,473	1of

(9 marks)

(ii)

Purchases Ledger Control Account

		£		£
2012			2012	
June	30	Returns outwards	2,631	1
		Bank	85,721	1
		Discount received	1,030	1
		Balance c/d	<u>18,546</u>	1
			<u>107,928</u>	
July	1	Balance b/d	18,546	1of

(9 marks)

(b)	(1)	Purchase of a new car	Capital	1
	(2)	Insurance of the new car	Revenue	1
	(3)	Reimbursement of the petty cash float	Neither	1
	(4)	Decorating the business office	Revenue	1
	(5)	Purchase of machine spares	Revenue	1
	(6)	Goods taken from stock, for private use by the owner	Neither	1
	(7)	Investment in staff training.	Revenue	1

(7 marks)

(Total 25 marks)

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