

Mark Scheme (Results)

Series 2 2014

Pearson LCCI Level 1  
Book-keeping (ASE1017)

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June 2014

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**LCCI IQ SERIES 2 EXAMINATION 2014**  
**BOOK-KEEPING**  
**LEVEL 1**  
**MARKING SCHEME**

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

**Key:**  
**of = own figure**

TOTAL 100 MARKS

**QUESTION 1**

**Syllabus topics: 19 Trading and Profit & Loss; 20 Balance Sheet**

**(a) Ahad - Trading and Profit & Loss Account for the year ended 31 December 2013**

|                                     | £      | £               | £               |            |
|-------------------------------------|--------|-----------------|-----------------|------------|
| Sales                               |        | 180,326         |                 |            |
| Less returns                        |        | <u>(3,641)</u>  | 176,685         | 1          |
| <b>Cost of sales:</b>               |        |                 |                 |            |
| Stock 1 January 2013                |        | 9,500           |                 |            |
| Purchases (55,647 – 840)            | 54,807 |                 |                 |            |
| Less returns                        |        | <u>(954)</u>    | 53,853          | 1          |
|                                     |        |                 | 63,353          |            |
| Less stock 31 December 2013         |        | <u>(11,250)</u> |                 |            |
|                                     |        |                 | <u>(52,103)</u> |            |
| <b>Gross profit</b>                 |        |                 | 124,582         | 1+1 of     |
| Other income                        |        |                 |                 |            |
| Discount received                   |        | 485             |                 | 1          |
| Interest (150+50)                   |        | <u>200</u>      |                 | 1          |
|                                     |        |                 | 685             |            |
|                                     |        |                 | <u>125,267</u>  |            |
| Less Expenses                       |        |                 |                 |            |
| Discount allowed                    |        | 826             |                 | 1          |
| Wages (48,500 + 950)                |        | 49,450          |                 | 1+1 of     |
| Motor expenses (6,452 – 58)         |        | 6,394           |                 | 1+1 of     |
| General expenses                    |        | 29,070          |                 |            |
| Bad debts                           |        | 600             |                 | 1          |
| Vehicle depreciation (36,500 X 20%) |        | <u>7,300</u>    |                 | 1          |
|                                     |        |                 | <u>(93,640)</u> |            |
| <b>Net profit</b>                   |        |                 | <u>31,627</u>   | (13 marks) |

Question 1 Continued

(b)

Balance Sheet at 31 December 2013

| <b>Fixed Assets</b>          | <b>Cost</b>   | <b>Aggregate depreciation</b> | <b>Net Book Value</b> |            |
|------------------------------|---------------|-------------------------------|-----------------------|------------|
|                              | <b>£</b>      | <b>£</b>                      | <b>£</b>              |            |
| Motor vehicles               | <u>36,500</u> | <u>(21,900)</u>               | 14,600                | 1+1of      |
| <b>Current Assets</b>        |               |                               |                       |            |
| Stock                        |               | 11,250                        |                       | 1          |
| Debtors                      |               | 33,475                        |                       | 1          |
| Prepayments                  |               | 58                            |                       | 1          |
| Accrued income               |               | 50                            |                       | 1          |
| Bank                         |               |                               |                       |            |
| Current account              | 842           |                               |                       |            |
| Deposit account              | <u>4,000</u>  | 4,842                         |                       | 1          |
| Cash                         |               | <u>150</u>                    |                       | 1          |
|                              |               | <u>49,825</u>                 |                       |            |
| <b>Current Liabilities</b>   |               |                               |                       |            |
| Creditors                    | 9,468         |                               |                       | 1          |
| Accruals                     | <u>950</u>    |                               |                       | 1          |
|                              |               | <u>(10,418)</u>               |                       |            |
| <b>Net Current Assets</b>    |               |                               | <u>39,407</u>         |            |
|                              |               |                               | <u>54,007</u>         |            |
| <b>Financed by:</b>          |               |                               |                       |            |
| Capital 1 January 2013       |               |                               | 35,220                |            |
| Add Net Profit               |               |                               | <u>31,627</u>         | 1of        |
|                              |               |                               | 66,847                |            |
| Less Drawings (12,000 + 840) |               |                               | <u>(12,840)</u>       | 1          |
| Capital 31 December 2013     |               |                               | <u>54,007</u>         | (12 marks) |

**(Total 25 marks)**

**QUESTION 2.**

**Syllabus topics: 21 Control accounts; 6, 8, 10, 15 Prime/original entries**

(a)

|             |    | <b>Sales Ledger Control Account</b> |                |     |             |          |             |                |           |
|-------------|----|-------------------------------------|----------------|-----|-------------|----------|-------------|----------------|-----------|
| <b>2014</b> |    | <b>£</b>                            |                |     | <b>2014</b> | <b>£</b> |             |                |           |
| Jan         | 1  | Balance b/d                         | 128,427        | 1   | Jan         | 31       | Bad debts   | 156            | 1         |
|             | 31 | Sales                               | 69,294         | 1   |             |          | Returns     |                |           |
|             |    |                                     |                |     |             |          | inwards     | 65             | 1         |
|             |    |                                     |                |     |             |          | Bank        | 72,169         | 1         |
|             |    |                                     |                |     |             |          | Cash        | 145            | 1         |
|             |    |                                     |                |     |             |          | Discount    |                |           |
|             |    |                                     |                |     |             |          | allowed     | 686            | 1         |
|             |    |                                     |                |     |             |          | Balance c/d | 124,500        | 1         |
|             |    |                                     | <u>197,721</u> |     |             |          |             | <u>197,721</u> |           |
| Feb         | 1  | Balance b/d                         | 124,500        | 1of |             |          |             |                | (9 marks) |

(ii)

|             |    | <b>Purchases Ledger Control Account</b> |               |   |             |          |             |               |           |
|-------------|----|---|---------------|---|-------------|----------|-------------|---------------|-----------|
| <b>2014</b> |    | <b>£</b>                                |               |   | <b>2014</b> | <b>£</b> |             |               |           |
| Jan         | 31 | Discount received                       | 325           | 1 | Jan         | 1        | Balance b/d | 48,354        | 1         |
|             |    | Returns                                 |               |   | Jan         | 3        | Purchases   | 22,512        | 1         |
|             |    | outwards                                | 347           | 1 |             | 1        | Interest    | 54            | 1         |
|             |    | Bank                                    | 31,821        | 1 |             |          |             |               |           |
|             |    | Balance c/d                             | <u>38,427</u> | 1 |             |          |             |               |           |
|             |    |   | <u>70,920</u> |   |             |          |             | <u>70,920</u> |           |
|             |    |   |               |   | Feb         | 1        | Balance b/d | 38,427        | 1of       |
|             |    |   |               |   |             |          |             |               | (8 marks) |

(b)

**Book of prime/original entry**

|        |  |                            |   |
|--------|--|----------------------------|---|
| (i)    | An invoice from a supplier                         | Purchases Day Book         | 1 |
| (ii)   | An invoice to a customer                           | Sales Day Book             | 1 |
| (iii)  | A credit note for goods returned outwards          | Purchases Returns Day Book | 1 |
| (iv)   | A transfer to correct an entry in a ledger account | Journal                    | 1 |
| (v)    | A credit note for goods returned inwards           | Sales Returns Day Book     | 1 |
| (vi)   | A cheque payment to a supplier                     | Cash Book                  | 1 |
| (vii)  | A bad debt   | Journal                    | 1 |
| (viii) | An item of discount received                       | Cash Book                  | 1 |

Note: The terms "Journal" or "Analysis Book" may be substituted for "Day Book".

(8 marks)

**(Total 25 marks)**

**QUESTION 3**

Syllabus topics: 13 Depreciation of fixed assets; 16 Capital and revenue expenditure

(a)

(i)

|             |             | <b>Cik</b>                    |   |             |             |               |   |
|-------------|-------------|-------------------------------|---|-------------|-------------|---------------|---|
|             |             | <b>Motor Vehicles Account</b> |   |             |             |               |   |
|             |             | <b>2011</b>                   |   | <b>2011</b> |             | <b>2011</b>   |   |
|             |             | £                             |   |             |             | £             |   |
| Jan 16      | Bank (a)    | 12,000                        | 1 | Dec 31      | Balance c/d | 12,000        | 1 |
| <b>2012</b> |             |                               |   | <b>2012</b> |             |               |   |
| Jan 1       | Balance b/d | 12,000                        | 1 | Dec 31      | Balance c/d | 27,000        |   |
| Aug 14      | Bank (b)    | 15,000                        | 1 |             |             |               |   |
|             |             | <u>27,000</u>                 |   |             |             | <u>27,000</u> |   |
| <b>2013</b> |             |                               |   | <b>2013</b> |             |               |   |
| Jan 1       | Balance b/d | 27,000                        | 1 | Dec 31      | Balance c/d | 57,000        |   |
| Mar 20      | Bank (c)    | 13,500                        | 1 |             |             |               |   |
| Nov 5       | Bank (d)    | 16,500                        | 1 |             |             |               |   |
|             |             | <u>57,000</u>                 |   |             |             | <u>57,000</u> |   |
| <b>2014</b> |             |                               |   | <b>2014</b> |             |               |   |
| Jan 1       | Balance b/d | 57,000                        | 1 |             |             |               |   |

(8 marks)

(ii)

|             |             | <b>Provision for Depreciation of Motor Vehicles Account</b> |   |             |                             |               |       |
|-------------|-------------|---|---|-------------|-----------------------------|---------------|-------|
|             |             | <b>2011</b>   |   | <b>2011</b> |                             | <b>2011</b>   |       |
|             |             | £   |   |             |                             | £             |       |
| Dec 31      | Balance c/d | 4,800   | 1 | Dec 31      | P & L A/c, dep <sup>n</sup> | 4,800         | 1     |
| <b>2012</b> |             |   |   | <b>2012</b> |                             |               |       |
| Dec 31      | Balance c/d | 13,680  |   | Jan 1       | Balance b/d                 | 4,800         | 1     |
|             |             | <u>13,680</u>   |   | Dec 31      | P & L A/c, dep <sup>n</sup> | 8,880         | 1+1of |
|             |             |   |   |             |                             | <u>13,680</u> |       |
| <b>2013</b> |             |   |   | <b>2013</b> |                             |               |       |
| Dec 31      | Balance c/d | 31,008  |   | Jan 1       | Balance b/d                 | 13,680        | 1of   |
|             |             | <u>31,008</u>   |   | Dec 31      | P & L A/c, dep <sup>n</sup> | 17,328        | 1+1of |
|             |             |   |   |             |                             | <u>31,008</u> |       |
| <b>2014</b> |             |   |   | <b>2014</b> |                             |               |       |
| Jan 1       | Balance b/d | 31,008  |   | Jan 1       | Balance b/d                 | 31,008        | 1of   |

(9 marks)

| <b>Workings</b> |                               | <b>£</b> |
|-----------------|-------------------------------|----------|
| <b>2011</b>     | 12,000 X 40%                  | 4,800    |
| <b>2012</b>     | (27,000-4,800)= 22,200 X 40%  | 8,880    |
| <b>2013</b>     | (57,000-13,680)= 43,320 X 40% | 17,328   |

(b)

| <b>Cik - Balance Sheet extract at 31 December 2013</b> |               |  |           |
|--|---------------|--|-----------|
| <b>Fixed Assets</b>                                    |               |  |           |
| Motor Vehicles at cost                                 | 57,000        |  | 1of       |
| Less aggregate depreciation                            | 31,008        |  | 1of       |
|  | <u>25,992</u> |  | (2 marks) |

(c)

|       |                                    |         |   |           |
|-------|------------------------------------|---------|---|-----------|
| (i)   | Decorating the business' office    | Revenue | 1 |           |
| (ii)  | New computer for use in the office | Capital | 1 |           |
| (iii) | Private medical bill               | Neither | 1 |           |
| (iv)  | Office celebration dinner          | Revenue | 1 |           |
| (v)   | Reimbursing the petty cash imprest | Neither | 1 |           |
| (vi)  | Extending to the business office   | Capital | 1 | (6 marks) |

**(Total 25 marks)**

**QUESTION 4**

**Syllabus topics: 10 Petty cash book; 2 Recording through double entry**

(a) **Dian – Petty Cash Book**

| Receipts      |      |     |               | Payments       |                     |                  |                     |                   |
|---------------|------|-----|---------------|----------------|---------------------|------------------|---------------------|-------------------|
|               |      |     |               | N <sup>o</sup> | Total               | Postage & Stat'y | Travelling expenses | Office Refresh'ts |
| 63.75         | Jan  | 1   | Balance b/d   |                |                     |                  |                     |                   |
| 36.25         | 1    |     | Bank          |                |                     |                  |                     |                   |
|               |      | 5   | Refreshments  | 76             | 12.24               |                  |                     | 12.24             |
|               |      | 7   | Envelopes     | 77             | 9.99                | 9.99             |                     |                   |
|               |      | 15  | Petrol        | 78             | 24.64               |                  | 24.64               |                   |
|               |      | 20  | Postage       | 79             | 20.00               | 20.00            |                     |                   |
|               |      | 25  | Refreshments  | 80             | 6.50                |                  |                     | 6.50              |
|               |      |     |               |                | 73.37               | 29.99            | 24.64               | 18.74             |
|               |      | 31  | Balance c/d   |                | 26.63               | 1                |                     |                   |
| <u>100.00</u> |      |     |               |                | <u>100.00</u>       |                  |                     |                   |
| 26.63         | Feb  | 1   | Balance b/d   |                |                     |                  |                     |                   |
| 73.37         | 1 of |     | Bank          |                |                     |                  |                     |                   |
|               |      | 4   | Pens, pencils | 81             | 7.50                | 7.50             |                     |                   |
| 5.00          | 1    | 6   | Postage sale  |                |                     |                  |                     |                   |
|               |      | 12  | Rail fare     | 82             | 32.60               |                  | 32.60               |                   |
|               |      | 13  | Refreshments  | 83             | 9.68                |                  |                     | 9.68              |
|               |      | 21  | Postage       | 84             | 25.00               | 25.00            |                     |                   |
|               |      | 26  | Petrol        | 85             | 16.73               |                  | 16.73               |                   |
|               |      |     |               |                | 91.51               | 32.50            | 49.33               | 9.68              |
|               |      | 28  | Balance c/d   |                | 13.49               | 1                |                     |                   |
| <u>105.00</u> |      |     |               |                | <u>105.00</u>       |                  |                     |                   |
| 13.49         | 1 of | Mar | 1             | Balance b/d    | 1 (voucher numbers) |                  |                     |                   |
| 86.51         | 1 of |     |               | Bank           |                     |                  |                     |                   |

(20 marks)

(b) (i) **Postage and Stationery Account**

| 2014 |    | £   | 2014  |     | £          |      |   |
|------|----|-----|-------|-----|------------|------|---|
| Jan  | 31 | PCB | 29.99 | 1of | Feb 28 PCB | 5.00 | 1 |
| Feb  | 28 | PCB | 32.50 | 1of |            |      |   |

(b) (ii) **Travelling Expenses Account**

| 2014 |    | £   | 2014  |     | £ |
|------|----|-----|-------|-----|---|
| Jan  | 31 | PCB | 24.64 | 1of |   |
| Feb  | 28 | PCB | 49.33 | 1of |   |

(5 marks)

Note: "Total", "Total for month" or "Sundries" may be substituted for "PCB". **(Total 25 marks)**

