



Mark Scheme

Series 4 2014  
**Results**

Pearson LCCI Pearson LCCI Level 1  
Book-keeping (ASE1017)

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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

**QUESTION 1.**

**Syllabus topics: 19 Trading and Profit & Loss Accounts, 20 Balance Sheet, 12 Accruals etc**

(a)	<b>Hapsah</b>			1 Name and full heading
	<b>Trading and Profit &amp; Loss Account for the year ended 31 March 2014</b>			
	£	£	£	
Sales		107,248		
Less Sales Returns		<u>(486)</u>		
			106,762	1
<b>Cost of Sales:</b>				
Stock 1 April 2013		3,850		
Purchases	32,564			
Less Purchases Returns	<u>(345)</u>			
		<u>32,219</u>		1
		36,069		
Less Stock 31 March 2014		<u>(4,100)</u>		
			<u>(31,969)</u>	1+1of
<b>Gross profit</b>			74,793	1 Label + of
Less Expenses:				
Wages (28,751+570)		29,321		1
Office expenses (9,420-280)		9,140		1
Bank charges (365+115)		480		1
General expenses (12,870+45)		12,915		1
Bad debts		249		1
Depreciation:				
Premises (52,500X 2%)		1,050		1
Office equipment (15,400 X 10%)		<u>1,540</u>		1
			<u>(54,695)</u>	
<b>Net profit</b>			<u>20,098</u>	1of (No aliens)

(14 marks)

(b)

**Balance Sheet at 31 March 2014**

	<b>Cost</b>	<b>Aggregate depreciation</b>	<b>Net book value</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	
<b>Fixed Assets</b>				
Premises	52,500	16,800	35,700	1
Office equipment	15,400	7,680	7,720	1
	<u>67,900</u>	<u>24,480</u>	43,420	1of
<b>Current Assets</b>				
Stock		4,100		
Debtors (18,689 – 249)		18,440		1
Prepayments		280		1
Petty Cash (125 - 45)		80		1
		<u>22,900</u>		
<b>Current Liabilities</b>				
Bank overdraft (1,654 + 115)	1,769			1
Creditors	5,483			
Accruals	570			1
		<u>(7,822)</u>		
<b>Net Current Assets</b>			15,078	
			<u>58,498</u>	
Financed by:				
<b>Capital</b> at 1 April 2013			48,000	
Add Net profit			20,098	1+1of
			<u>68,098</u>	
Less Drawings			(9,600)	1
<b>Capital</b> at 31 March 2014			<u>58,498</u>	

(11 marks)

(Total 25 marks)

**QUESTION 2.**

**Syllabus topics: 17 Errors in Accounts, 15 Journal entries**

(a)(i) Type of error

- |  |   |           |
|--|---|-----------|
| (1) Principle; omission (accept either Principle or Omission for 1 mark) | 1 |           |
| (2) Original entry   | 1 |           |
| (3) Commission   | 1 |           |
| (4) Omission   | 1 |           |
| (5) Reversal of entries  | 1 |           |
|  |   | (5 marks) |

(ii)

Intan - Journal

	Debit £	Credit £	
(1) Motor Vehicles	12,500		1
Motor Vehicle expenses		12,500	1
Profit & Loss /Depreciation expense	2,500		1
Provision for Depreciation of Motor Vehicles		2,500	1
(2) Purchases	180		1
Angus		180	1
(3) Bank charges	57		1
Motor expenses		57	1
(4) Drawings	520		1
Purchases		520	1
(5) Bank (£200 x 2)	400		1
Interest Receivable (£200 x 2)		400	1
<i>Award marks only if the appropriate account name <b>and</b> figure is given.</i>			(12 marks)

(b)

**Correction of provisional net profit**

	£	£	£	
Net profit as per Provisional Accounts			30,000	
	Decrease in profit	Increase in profit		
(1) Motor Vehicle as expense cancelled		12,500		1
Depreciation of Motor Vehicle	2,500			1
(2) Purchase invoice understated	180			1
(3) Bank charges in wrong account	No effect	No effect		1
(4) Drawings from stock		520		1
(5) Interest received wrongly debited				
Cancelled		200		1 accept 400 for 2marks
Included as income		200		1
	2,680	13,420		
Net increase in profit			10,740	
Revised net profit			<u>40,740</u>	1 of
				(8 marks)

**(Total 25 marks)**

**QUESTION 3.**

**Syllabus topics: 2 Recording transactions, 13 Depreciation of fixed assets**

(a) **Juwita - Motor Vehicles Account**

		£				£	
<b>2011</b>				<b>2012</b>			
Apr	1	Balance b/d	<u>30,000</u>	1	Mar	31	Balance c/d <u>30,000</u>
<b>2012</b>				<b>2013</b>			
Apr	1	Balance b/d	30,000	1	Mar	31	Balance c/d 47,600
Sept		Bank	8,000	1			1+1of
<b>2013</b>				<b>2014</b>			
Jan		Bank	<u>9,600</u>	1			
			<u>47,600</u>				<u>47,600</u>
<b>2013</b>				<b>2014</b>			
Apr	1	Balance b/d	47,600	1	Mar	31	Balance c/d 56,600
June	13	Bank	<u>9,000</u>	1			1+1of
			<u>56,600</u>				<u>56,600</u>
<b>2014</b>				<b>2014</b>			
Apr	1	Balance b/d	56,600	1			

(11 marks)

(b) **Motor Vehicles - Provision for Depreciation Account**

<b>2011</b>				<b>2011</b>			
Mar	31	Balance c/d	21,600	Apr	1	Balance b/d	18,000
			<u>21,600</u>				1
<b>2012</b>				<b>2012</b>			
				Mar	31	P & L A/c / Dep	<u>3,600</u>
							1
							<u>21,600</u>
<b>2013</b>				<b>2012</b>			
Mar	31	Balance c/d	29,400	Apr	1	Balance b/d	21,600
			<u>29,400</u>				1
<b>2013</b>				<b>2013</b>			
				Mar	31	P & L A/c / Dep	<u>7,800</u>
							1+1of
							<u>29,400</u>
<b>2014</b>				<b>2013</b>			
Mar	31	Balance c/d	37,560	Apr	1	Balance b/d	29,400
			<u>37,560</u>				1
<b>2014</b>				<b>2014</b>			
				Mar	31	P & L A/c / Dep	<u>8,160</u>
							1+1of
							<u>37,560</u>
<b>2014</b>				<b>2014</b>			
Apr	1	Balance b/d	37,560	Apr	1	Balance b/d	37,560
							1+1of

(10 marks)

Reversed accounts not accepted.

Award marks only if the appropriate account name **and** figure are given in the correct year.

**QUESTION 3 (continued).**

<b>Workings</b>					
<b>Balance at</b>	<b>Before calculation</b>			<b>30%</b>	<b>Revised Aggregate</b>
	<b>Cost</b>	<b>Aggregate Depreciation</b>	<b>Net</b>		
<b>31 March</b>					
<b>2012</b>	30,000	18,000	12,000	3,600	21,600
<b>2013</b>	47,600	21,600	26,000	7,800	29,400
<b>2014</b>	56,600	29,400	27,500	8,160	37,560

(c) **Juwita – Profit & Loss Account for the year ended 31 March 2014 (extract)**

	£	
Depreciation – Motor Vehicles	8,160	1+1of

(d) **Juwita Balance Sheet at 31 March 2014 (extract)**

Fixed Assets	£	
Motor Vehicles at cost	56,600	
Less Aggregate depreciation	<u>(37,560)</u>	
	19,040	1+1of

**(Total 25 marks)**



**QUESTION 4.**

**Syllabus topics: 10 Petty Cash Book, 2 Recording transactions**

(a)

**Keffi – Petty Cash Book**

Receipts						Payments			
				N <sup>o</sup>	Total	Postage & Stat'y	Office ex'es	Ledger	Travel ex'es
43.25	1	Aug	1	Balance b/d					
156.75	1			Bank					
			3	Postage	46	30.00			1
			5	Tea and coffee	47	8.56		8.56	1
			7	Rail fare	48	16.50			16.50
25.00	1		10	Rent received					
			11	Stationery	49	5.80	5.80		
			13	Seri	50	17.50		17.50	
			16	Petrol	51	26.34			26.34
3.50	1		17	Sale of stationery					
			22	Tea and coffee	52	9.60		9.60	
			23	Rail fare	53	35.40			35.40
			27	Baba	54	22.75		22.75	
			29	Postage	55	25.00	25.00		
						197.45	60.80	18.16	40.25
						31.05			78.24
			31	Balance c/d		31.05			
<u>228.50</u>						<u>228.50</u>			
31.05	1of	Sep	1	Balance b/d					
168.95	1of			Bank					
<u>200.00</u>									

1 (voucher numbers)

(18 marks)

(b) (i)

**Postage and Stationery Account**

2014		£		2014		£	
Aug	31	PCB	60.80	1of	Mar	31	PCB
							3.50

(b) (ii)

**Travelling Expenses Account**

2014		£		2014		£	
Aug	31	PCB	78.24	1of			

(3 marks)

- (c) (i) Reasons for an organisation to have a petty cash float:
- to avoid using many small cheques
  - to accommodate situations where a cheque would be inappropriate to make payment in a timely manner.
  - to control small daily expenses
  - to minimise entries in the expenses accounts

(any 2 points – 1 mark each)

- (c) (ii) Reasons why a limit on individual petty cash payments should be imposed:

- petty cash payments are intended to be small amounts
- to minimise the total cash held by the organisation
- to match the level of authority of the person authorising payments
- to match the level of authority of the person making payments.

(any 2 points – 1 mark each)

(4 marks)

**Note: In the expense accounts PCB may be replaced by “Sundries” or “Total for month”. Other acceptable answers to (c) will be rewarded.**