



Mark Scheme

December 2016
Results

Pearson LCCI Level 2 Certificate in
Bookkeeping and Accounting (VRQ)
(ASE20093)

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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.
- Where marks are awarded for own figure answers, these marks can only be awarded if evidence of how the candidate arrived at their values has been provided (their workings).
- If candidate's fail to provide their workings when instructed in the paper, it may not be possible to achieve all marks associated with the question, even if the final answer is correct.
- For calculation questions full marks can be awarded where correct answer is seen with no workings shown, unless question states that candidate must provide workings.

Abbreviations

of Own Figure rule

Accuracy marks can be awarded where the candidates' answer does not match the mark scheme, though is accurate based on their valid method.

cao Correct Answer Only rule

Accuracy marks will only be awarded if the candidates' answer is correct, and in line with the mark scheme.

Question Number	Answer (AO1) 1	Mark
1 (a)	<p>Award 1 mark for a correct response.</p> <ul style="list-style-type: none"> To record all transactions of a business other than that of credit customers and suppliers (1) <p>Accept debtors, creditors, receivables, payables</p>	(1)

Question Number	Answer (AO1) 5	Mark																					
1 (b)	<p>Award 1 mark for each pair of correct responses.</p> <table border="1"> <tr> <td>Transaction</td><td>Source document</td><td>Book of original entry</td></tr> <tr> <td>Goods sold on credit</td><td><i>Sales invoice</i></td><td><i>Sales day (book)</i></td></tr> <tr> <td>Goods returned to a credit supplier</td><td>Credit note</td><td>Purchases returns day (book)</td></tr> <tr> <td>Payment sent in the post to a credit supplier</td><td>Cheque Accept remittance advice</td><td>Cash (book)</td></tr> <tr> <td>Rent paid by direct debit</td><td>Bank statement</td><td>Cash (book)</td></tr> <tr> <td>Payment from a trade receivable</td><td>Remittance advice</td><td>Cash (book)</td></tr> <tr> <td>Purchase of a motor vehicle on credit</td><td>Purchase invoice</td><td>Journal</td></tr> </table>	Transaction	Source document	Book of original entry	Goods sold on credit	<i>Sales invoice</i>	<i>Sales day (book)</i>	Goods returned to a credit supplier	Credit note	Purchases returns day (book)	Payment sent in the post to a credit supplier	Cheque Accept remittance advice	Cash (book)	Rent paid by direct debit	Bank statement	Cash (book)	Payment from a trade receivable	Remittance advice	Cash (book)	Purchase of a motor vehicle on credit	Purchase invoice	Journal	(5)
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Question Number	Answer (AO1) 2	Mark
1 (c)	<p>Award 1 mark for each valid reason why the <u>business</u> produces statement of account. Max 2.</p> <ul style="list-style-type: none"> To provide customers a summary of what is recorded in our trade receivables ledger (1) Encourage/Remind customers to pay their account promptly (1) Customer can check <u>to their own records</u> (1) <p>Accept other valid responses.</p> <ul style="list-style-type: none"> Check for errors (0) 	(2)

Question Number	Answer (AO2) 6	Mark																																																								
1 (d)	<p>Award 1 mark for each correct figure on correct side in the subsidiary ledger. Award 1 mark each correct figure on correct side for 30 June in control account and sales account if no other figures given in column.</p> <table><tr><th>Date</th><th colspan="2"></th><th colspan="4">General Ledger</th></tr><tr><th>2016</th><th colspan="2">Subsidiary Ledger</th><th colspan="2">Control Account</th><th colspan="2">Sales Account</th></tr><tr><th></th><th>Debit \$</th><th>Credit \$</th><th>Debit \$</th><th>Credit \$</th><th>Debit \$</th><th>Credit \$</th></tr><tr><td>2 June</td><td>1 050 (1)</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>10 June</td><td>750 (1)</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>12 June</td><td>1 555 (1)</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>15 June</td><td>2 070 (1)</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>30 June</td><td></td><td></td><td>5 425 (1)</td><td></td><td></td><td>5 425 (1)</td></tr></table>	Date			General Ledger				2016	Subsidiary Ledger		Control Account		Sales Account			Debit \$	Credit \$	Debit \$	Credit \$	Debit \$	Credit \$	2 June	1 050 (1)						10 June	750 (1)						12 June	1 555 (1)						15 June	2 070 (1)						30 June			5 425 (1)			5 425 (1)	(6)
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(Total for Question 1 = 14 Marks)

Question Number	Answer (AO2) 10	Mark																																																												
2 (a)	<p>Award marks for correct figure on the correct side. To award the 1 November 2016 balance b/d marks the account must be arithmetically correct. Award 1 mark for correct dates and narratives.</p> <p style="text-align: center;">Trade Receivables Control Account</p> <table><tr><th>Date</th><th>Details</th><th>\$</th><th>Date</th><th>Details</th><th>\$</th></tr><tr><td>1 Nov 2015</td><td>Balance b/d</td><td>22 560</td><td>1 Nov 2015</td><td>Balance b/d</td><td>1 828 (1both)</td></tr><tr><td>31 Oct 2016</td><td>Cash book</td><td>1 950 (1)</td><td>31 Oct 2016</td><td>Cash book (discount)</td><td>1 500</td></tr><tr><td></td><td>Sales day book</td><td>19 083 (1)</td><td></td><td>Journal</td><td>920 (1)</td></tr><tr><td></td><td>Journal - Interest charges</td><td>550 (1)</td><td></td><td>Sales returns day book</td><td>1 245 (1)</td></tr><tr><td></td><td></td><td></td><td></td><td>Cash book</td><td>18 100 (1of)</td></tr><tr><td></td><td></td><td></td><td></td><td>Journal – irrecoverable debt</td><td>1 950 (1)</td></tr><tr><td></td><td>Balance c/d</td><td>175</td><td></td><td>Balance c/d</td><td>18 775</td></tr><tr><td></td><td></td><td><u>44 318</u></td><td></td><td></td><td><u>44 318</u></td></tr><tr><td>1 Nov 2016</td><td>Balance b/d</td><td>18 775</td><td>1 Nov 2016</td><td>Balance b/d</td><td>175 (1 both Dr and Cr)</td></tr></table>	Date	Details	\$	Date	Details	\$	1 Nov 2015	Balance b/d	22 560	1 Nov 2015	Balance b/d	1 828 (1both)	31 Oct 2016	Cash book	1 950 (1)	31 Oct 2016	Cash book (discount)	1 500		Sales day book	19 083 (1)		Journal	920 (1)		Journal - Interest charges	550 (1)		Sales returns day book	1 245 (1)					Cash book	18 100 (1of)					Journal – irrecoverable debt	1 950 (1)		Balance c/d	175		Balance c/d	18 775			<u>44 318</u>			<u>44 318</u>	1 Nov 2016	Balance b/d	18 775	1 Nov 2016	Balance b/d	175 (1 both Dr and Cr)	
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Question Number	Answer (AO2) 3	Mark
2 (b)	<p>Awards marks for each figure with appropriate label. Must be presented as a statement.</p> <p style="text-align: center;">Scarlett Reconciliation Statement at 31 October 2016</p> <p>Balance as per Trade Receivables Control Account \$18 600 (1)</p> <p>Balance as per receivables ledger \$18 775 (1)</p> <p>Difference of \$175 (1of)</p>	(3)

Question Number	Answer (AO4) 1	Mark
2 (c)(i)	<p>Award 1 mark for identification of a valid reason linked to scenario based on an attempt in 2(b).</p> <p>The debit balance of \$175 on F Forde's account may have been treated incorrectly (1).</p> <p>Accept valid reason based on OF from 2(b).</p>	(1)

Question Number	Answer (AO3) 3	Mark
2 (c)(ii)	<p>Award 1 mark for each correct process or procedure.</p> <p>E.g.</p> <ul style="list-style-type: none"> • Scarlett needs to look at the transactions in the receivables ledger (1). • If the entry has been entered as a debit balance instead of a credit balance then a journal will need to be completed to correct the entry (1). • Scarlett can check the control account to confirm that all entries are correct (1). 	(3)

(Total for Question 2 = 17 Marks)

Question Number	Answer (AO2) 15	Mark																																																									
3 (a)	<p>Award 1 mark for correct figures and labels as indicated.</p> <p style="text-align: center;">Jake Income statement for the year ended 31 March 2016</p> <table border="1"> <thead> <tr> <th></th><th>\$</th><th>\$</th></tr> </thead> <tbody> <tr> <td>Revenue</td><td></td><td>80 000 (1)</td></tr> <tr> <td>Purchases</td><td>70 000</td><td></td></tr> <tr> <td>Closing inventory</td><td>6 000</td><td></td></tr> <tr> <td>Cost of sales</td><td></td><td>64 000 (1)</td></tr> <tr> <td>Gross profit</td><td></td><td>16 000 (1of)</td></tr> <tr> <td>Discount received</td><td></td><td>130 (1)</td></tr> <tr> <td></td><td></td><td>16 130</td></tr> <tr> <td>Overheads/running expenses</td><td></td><td></td></tr> <tr> <td>Bank interest</td><td>120 (1)</td><td></td></tr> <tr> <td>Insurance</td><td>900 (1)</td><td></td></tr> <tr> <td>Light and heat</td><td>1 440 (1)</td><td></td></tr> <tr> <td>Telephone W1</td><td>850 (2)</td><td></td></tr> <tr> <td>Rent W2</td><td>1 680 (2)</td><td></td></tr> <tr> <td>Depreciation</td><td>1 040 (1)</td><td></td></tr> <tr> <td>Irrecoverable debt</td><td>200 (1)</td><td></td></tr> <tr> <td>Allowance for doubtful debts</td><td>80 (1)</td><td></td></tr> <tr> <td></td><td></td><td>6 310</td></tr> <tr> <td>Profit for the year</td><td></td><td>9 820 (1of)</td></tr> </tbody> </table> <p>W1 700 (1) + 150 (1)</p> <p>W2 2 200 (1) – 520 (1)</p>		\$	\$	Revenue		80 000 (1)	Purchases	70 000		Closing inventory	6 000		Cost of sales		64 000 (1)	Gross profit		16 000 (1of)	Discount received		130 (1)			16 130	Overheads/running expenses			Bank interest	120 (1)		Insurance	900 (1)		Light and heat	1 440 (1)		Telephone W1	850 (2)		Rent W2	1 680 (2)		Depreciation	1 040 (1)		Irrecoverable debt	200 (1)		Allowance for doubtful debts	80 (1)				6 310	Profit for the year		9 820 (1of)	(15)
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Question Number	Answer (AO3)2	Mark
3 (b) (i)	<p>Award up to 2 marks for explanation, to include an example.</p> <p>When Jake completes his financial statements there is an assumption that his business will continue to trade for the foreseeable future (1).</p> <p>Example (1) e.g.</p> <ul style="list-style-type: none"> Non-current assets are shown on the statement of financial position at carrying amount not resale value. 	(2)

Question Number	Answer (AO3) 2	Mark
3 (b) (ii)	<p>Award up to 2 marks for explanation, to include an example.</p> <p>Jake must be consistent in the accounting policy and methods he uses (1).</p> <p>Example (1) e.g.</p> <ul style="list-style-type: none"> He must continue to use the same method of depreciation in the future (1). 	(2)

Question Number	Answer (AO3) 2	Mark
3 (b) (iii)	<p>Award up to 2 marks for explanation, to include an example.</p> <p>Purchase of small value items should not be considered as non-current assets but should be written off in the year they are incurred (1).</p> <p>Example (1) e.g.</p> <ul style="list-style-type: none"> Jake will have low value items that he may chose not to capitalise (1). 	(2)

(Total for Question 3 = 21 marks)

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4(a)	<p>Award marks as below for figure on correct side with an appropriate narrative (to demonstrate understanding). Award 1 mark for all dates and details correct.</p> <p style="text-align: center;">Realisation Account</p> <table><tr><th>Date</th><th>Details</th><th>\$</th><th>Date</th><th>Details</th><th>\$</th></tr><tr><td>20 Sept 2016</td><td>Premises</td><td>90 000 (1)</td><td>20 Sept 2016</td><td>Bank</td><td>98 000 (1)</td></tr><tr><td></td><td>Fixtures and fittings</td><td>2 400 (1)</td><td></td><td>Bank</td><td>5 000 (1)</td></tr><tr><td></td><td>Motor vehicle</td><td>6 000 (1)</td><td></td><td>Bank</td><td>1 400 (1)</td></tr><tr><td></td><td>Inventory</td><td>6 200 (1)</td><td></td><td>Bank</td><td>8 000 (1)</td></tr><tr><td></td><td>Trade receivable (control account)</td><td>9 000 (1)</td><td></td><td>Bank</td><td>1 000 (1)</td></tr><tr><td></td><td>Bank</td><td>600 (1)</td><td></td><td>Capital Barry</td><td>5 000 (1)</td></tr><tr><td></td><td>Profit on realisation</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>Capital Paul</td><td>2 520 (1of)</td><td></td><td></td><td></td></tr><tr><td></td><td>Capital Barry</td><td>1 680 (1of)</td><td></td><td></td><td></td></tr><tr><td></td><td></td><td>118 400</td><td></td><td></td><td>118 400</td></tr></table>	Date	Details	\$	Date	Details	\$	20 Sept 2016	Premises	90 000 (1)	20 Sept 2016	Bank	98 000 (1)		Fixtures and fittings	2 400 (1)		Bank	5 000 (1)		Motor vehicle	6 000 (1)		Bank	1 400 (1)		Inventory	6 200 (1)		Bank	8 000 (1)		Trade receivable (control account)	9 000 (1)		Bank	1 000 (1)		Bank	600 (1)		Capital Barry	5 000 (1)		Profit on realisation						Capital Paul	2 520 (1of)					Capital Barry	1 680 (1of)						118 400			118 400	(15)
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4 (b)	<p>Award marks as below for figure on correct side with an appropriate narrative (to demonstrate understanding). Award 1 mark for all dates and details correct.</p> <p style="text-align: center;">Bank Account</p> <table><tr><th>Date</th><th>Details</th><th>\$</th><th>Date</th><th>Details</th><th>\$</th></tr><tr><td>20 Sept 16</td><td>Balance b/d</td><td>1 800</td><td>20 Sept 16</td><td>Trade payables (control account)</td><td>6 000 (1)</td></tr><tr><td></td><td>Premises</td><td>98 000 (1)</td><td></td><td>Dissolution costs</td><td>600 (1)</td></tr><tr><td></td><td>Inventory</td><td>5 000 (1)</td><td></td><td>Capital Paul</td><td>52 520</td></tr><tr><td></td><td>Fixtures and fittings</td><td>1 400 (1)</td><td></td><td>Capital Barry</td><td>56 080 (1 of both)</td></tr><tr><td></td><td>Motor vehicle</td><td>1 000 (1)</td><td></td><td></td><td></td></tr><tr><td></td><td>Trade receivables (control account)</td><td>8 000 (1)</td><td></td><td></td><td></td></tr><tr><td></td><td></td><td>115 200</td><td></td><td></td><td>115 200</td></tr></table>	Date	Details	\$	Date	Details	\$	20 Sept 16	Balance b/d	1 800	20 Sept 16	Trade payables (control account)	6 000 (1)		Premises	98 000 (1)		Dissolution costs	600 (1)		Inventory	5 000 (1)		Capital Paul	52 520		Fixtures and fittings	1 400 (1)		Capital Barry	56 080 (1 of both)		Motor vehicle	1 000 (1)					Trade receivables (control account)	8 000 (1)						115 200			115 200	
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(6)

(TOTAL FOR QUESTION 4 = 30 MARKS)

Question Number	Answer (AO2) 11	Mark																																																																		
5 (a)	<p>Award 1 mark for correct figures and method.</p> <p>Rodeo Products Ltd Manufacturing Account for the year ending 31 July 2016</p> <table> <tr> <th></th><th>\$</th><th>\$</th></tr> <tr> <td>Inventory of raw materials at 1 August 2015</td><td></td><td>6 000</td></tr> <tr> <td>Purchases</td><td></td><td>87 000</td></tr> <tr> <td>Carriage</td><td></td><td>1 800</td></tr> <tr> <td>Inventory of raw materials at 31 July 2016</td><td></td><td>(10 500)</td></tr> <tr> <td>Cost of raw materials used</td><td></td><td>84 300 (1)</td></tr> <tr> <td>Direct labour</td><td>42 600</td><td></td></tr> <tr> <td>Royalties</td><td>1 400</td><td></td></tr> <tr> <td>Prime cost</td><td></td><td>128 300 (1of)</td></tr> <tr> <td>Overheads</td><td></td><td></td></tr> <tr> <td>Power</td><td>8 900 (1)</td><td></td></tr> <tr> <td>Consumables</td><td>4 350 (1)</td><td></td></tr> <tr> <td>Indirect labour</td><td>17 640 (1)</td><td></td></tr> <tr> <td>Rent</td><td>8 580 (1)</td><td></td></tr> <tr> <td>Depreciation</td><td>5 200 (1)</td><td></td></tr> <tr> <td>Insurance</td><td>1 650 (1)</td><td></td></tr> <tr> <td>General expenses</td><td>4 230 (1)</td><td>50 550</td></tr> <tr> <td></td><td></td><td>178 850</td></tr> <tr> <td>Work in progress at 1 August 2015</td><td>4 500</td><td></td></tr> <tr> <td>Work in progress at 31 July 2016</td><td>(5 200)</td><td>(700) (1)</td></tr> <tr> <td></td><td></td><td></td></tr> <tr> <td>Cost of goods manufactured</td><td></td><td>178 150 (1of)</td></tr> </table>		\$	\$	Inventory of raw materials at 1 August 2015		6 000	Purchases		87 000	Carriage		1 800	Inventory of raw materials at 31 July 2016		(10 500)	Cost of raw materials used		84 300 (1)	Direct labour	42 600		Royalties	1 400		Prime cost		128 300 (1of)	Overheads			Power	8 900 (1)		Consumables	4 350 (1)		Indirect labour	17 640 (1)		Rent	8 580 (1)		Depreciation	5 200 (1)		Insurance	1 650 (1)		General expenses	4 230 (1)	50 550			178 850	Work in progress at 1 August 2015	4 500		Work in progress at 31 July 2016	(5 200)	(700) (1)				Cost of goods manufactured		178 150 (1of)	(11)
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Question Number	Answer (AO1) 2	Mark
5 (b) (i)	<p>Award 1 mark for definition and 1 mark for example from the scenario.</p> <p>Direct costs - Costs that can be traced to the manufacturing cost of a product (1)</p> <p>E.g.</p> <ul style="list-style-type: none"> • Raw materials (1) • Direct labour (1) • Royalties (1) 	(2)

Question Number	Answer (AO1) 2	Mark
5 (b) (ii)	<p>Award 1 mark for definition and 1 mark for example from the scenario.</p> <p>Indirect costs - Costs that cannot be traced to the manufacturing cost of a product (1)</p> <p>E.g.</p> <ul style="list-style-type: none"> • Indirect labour (1) • Factory power (1) • Rent (1) • Insurance (1) 	(2)

Question Number	Answer (AO4) 3	Mark
5 (c)	<p>Award up to 3 marks for an appropriate explanation.</p> <p>E.g.</p> <ul style="list-style-type: none"> • If Rodeo Products Ltd profitability carries on declining they may have to reduce the selling price (1) of their products in order to compete (1) with larger companies and eventually they could be forced to close due to the lack of profits and increased competition. (1) 	(3)

(Total for Question 5 = 18 marks)
(Total for Paper = 100 marks)