



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

SAMPLE ASSESSMENT MATERIALS

Issue 4

First teaching from May 2017

Pearson LCCI

Certificate in Bookkeeping and Accounting (VRQ)

Level 2

Sample Assessment Material for first teaching
May 2017

Paper Reference

ASE20093

Time: 3 hours

Complete the details below in block capitals.

Candidate name

Centre Code

Candidate Number

Candidate ID Number

You must have:

Resource Booklet (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen
– pencil can only be used for graphs, charts, diagrams, etc.
- Fill in the boxes at the top of this page with your name, candidate number, centre code and your candidate ID number.
- Answer **all** questions.
- Answer the questions in the spaces provided
– there may be more space than you need.
- Answers should be given to an appropriate degree of accuracy.

Information

- The total mark for this paper is 100.
- The marks for each question are shown in brackets
– use this as a guide as to how much time to spend on each question.
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- You are advised to show your workings.
- Check your answers if you have time at the end.

Turn over ►

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Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box . If you change your mind about an answer, put a line through the box and then mark your new answer with a cross .

You will need to use the data on **page 2** of the Resource Booklet to answer parts (a), (b), (c) and (d).

- 1 (a) Prepare the journal entries to correct these errors. Narratives **are** required.

(13)

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(b) Identify which is the double entry for the purchase of the motor vehicle.

(1)

	Debit	Credit
<input type="checkbox"/>	A Bank	Purchases
<input type="checkbox"/>	B Motor expenses	Hiros cars
<input type="checkbox"/>	C Motor vehicles	Hiros cars
<input type="checkbox"/>	D Purchases	Bank

(c) Identify in which book of original entry the purchase of the motor vehicle would have been recorded.

(1)

- A** Cash book
- B** Journal
- C** Purchase returns day book
- D** Purchases day book

(d) Calculate the profit or loss on disposal.

(6)

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(Total for Question 1 = 21 marks)



2 (a) State **two** causes of depreciation.

(2)

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2

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(b) Explain why it is necessary for a business to account for depreciation on its non-current assets.

(3)

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Thomas always uses the straight line method to depreciate his non-current assets.

(c) Identify the accounting concept Thomas has complied with.

(1)

- A Consistency
- B Going concern
- C Prudence
- D Realisation

On 1 May 2015 Thomas purchased a motor vehicle costing \$16 000. He decided to continue depreciating using the straight line method with a rate of 20% per annum.

(d) (i) Calculate the annual depreciation charge on the vehicle.

(1)

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- (ii) Calculate the annual depreciation charge for the years ended 30 April 2016 **and** 30 April 2017 if Thomas adopts the reducing (diminishing) balance method of depreciation at a rate of 25% per annum. (2)

30 April 2016

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30 April 2017

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- (iii) Prepare the accumulated depreciation motor vehicle account for the first two years. (3)

Accumulated Depreciation Motor Vehicle Account

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(iv) Prepare an extract of the statement of financial position at 30 April 2017 to show the non-current assets section if Thomas adopts the reducing (diminishing) balance method of depreciation.

(3)

Thomas
Extract of the statement of financial position at 30 April 2017

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Thomas purchases a caravan for his yearly holiday. He records it as a business asset.

(e) Identify the accounting concept Thomas has **not** complied with.

(1)

- A** Accruals
- B** Business entity
- C** Consistency
- D** Materiality

Thomas has recently been concerned about the liquidity of his business.

(f) State **two** ratios he could use to measure his liquidity.

(2)

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2

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(Total for Question 2 = 18 marks)



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You will need to use the data on **page 3** of the Resource Booklet to answer parts (a), (b), (c) and (d).

- 3** (a) Prepare the subscriptions account for the year ended 31 March 2017. Balance the account on this date and bring the balances down on 1 April 2017.

(8)

Subscriptions Account



(b) Identify which is the double entry for the receipt of life subscriptions from members.

(1)

	Debit	Credit
<input type="checkbox"/>	A Bank	Life subscriptions
<input type="checkbox"/>	B Life subscriptions	Bank
<input type="checkbox"/>	C Life subscriptions	Subscriptions
<input type="checkbox"/>	D Subscriptions	Life subscriptions

(c) (i) Calculate the total purchases for the restaurant.

(3)

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(ii) Prepare the trading section of the income statement for the year ended 31 March 2017 to show the gross profit of the restaurant.

(3)

Sturgeon Sports Club
Trading section of the income statement for the year ended 31 March 2017

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(d) Prepare an extract of the statement of financial position to show the current assets and current liabilities of Sturgeon Sports Club at 31 March 2017.

(4)

Sturgeon Sports Club
Extract of the statement of financial position at 31 March 2017

Current assets

Current liabilities

(Total for Question 3 = 19 marks)



You will need to use the data on **page 4** of the Resource Booklet to answer parts (a), (b) and (c).

- 4 (a) Prepare the rent received account for the year ended 31 May 2017. Balance the account on this date and bring the balance down to 1 June 2017.

(6)

Rent Received Account

- (b) Prepare the income statement for the year ended 31 May 2017.

(12)

Space for workings



Jeremiah
Income statement for the year ended 31 May 2017

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Area with horizontal dotted lines for writing the income statement.



(c) Assess the likely reasons for the changes in profit.

(4)

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(Total for Question 4 = 22 marks)

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You will need to use the data on **page 5** of the Resource Booklet to answer part (b).

5 (a) State how each of the following would be accounted for in the absence of a partnership agreement.

(3)

Share of profits / losses

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Interest on capital

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Interest on loan from partner

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(b) (i) Calculate the value of **each** partner's capital after the admission of Cedric.

(9)

Abigail

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Bernice

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Cedric

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(ii) Prepare the statement of financial position after the admission of the new partner on 1 May 2017.

(5)

Abigail, Bernice and Cedric
Statement of financial position at 1 May 2017

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(c) Explain why Abigail and Bernice have chosen to revalue their non-current assets.

(3)

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(Total for Question 5 = 20 marks)

TOTAL FOR PAPER = 100 MARKS

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Certificate in Bookkeeping and Accounting (VRQ)

Level 2

Sample assessment material (2) for first teaching
May 2017
Resource Booklet

Paper Reference

ASE20093

Do not return this Resource Booklet with the question paper.

Instructions

- All workings and answers must be given in the question paper.
- Please note that any workings and answers written in the Resource Booklet will **not** be marked.

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Resource for Question 1 – Parts (a), (b), (c) and (d).

Data for part (a).

At 30 June 2017 a trial balance was prepared that did not balance.

The difference was posted to a suspense account and the following errors were identified.

- A cheque payment of \$75 for electricity had been posted correctly to the bank account but the other entry had not been made.
- A payment of \$145 received from Paddy had been debited to Poddy's account.
- A payment of \$264 for repairs, recorded correctly in the cash book, was recorded as \$246 in the repairs account.
- A credit customer had returned goods, \$95. This was correctly entered in their account but entered in error on the debit side of purchase returns.

Data for parts (b), (c) and (d).

On 20 September 2014 a motor vehicle costing \$14 000 was purchased on credit from Hiros Cars.

On 30 June 2017 this vehicle was sold for \$7 500, the proceeds being received by cheque.

Motor vehicles are depreciated at 20% per annum using the reducing (diminishing) balance method. A full year's depreciation is charged in the year of purchase and none in the year of disposal.

There is no resource for Question 2 in this booklet.

Resource for Question 3 – Parts (a), (b), (c) and (d).

Data for parts (a) and (b).

Sturgeon Sports Club provides training facilities for its members.

At 1 April 2016 there were subscriptions owing of \$500 and subscriptions in advance of \$200

At 31 March 2017 there were subscriptions owing of \$900 and subscriptions in advance of \$400

During the year ended 31 March 2017, \$19 800 was received from members in respect of subscriptions. This included the subscriptions owing for the year ended 31 March 2016.

Data for parts (c) and (d).

Sturgeon Sports Club also operates a restaurant.

The following information was available.

At 1 April 2016:

- Inventory was \$645
- Suppliers were owed \$1 245

At 31 March 2017:

- Inventory was \$495
- Suppliers were owed \$1 460

During the year ended 31 March 2017:

- Cash receipts \$98 750
- Payments made to suppliers \$45 855

Resource for Question 4 – Parts (a), (b) and (c).

Jeremiah sublets part of his premises.

On 1 June 2016 he had received \$1 500 rent in advance.

During the year he had received:

- 1 September 2016 \$3 000
- 1 March 2017 \$3 600

On 31 May 2017 \$1 800 rent had been received in advance.

Jeremiah does not maintain full accounting records but the following information was available on 31 May 2017.

	\$
Revenue	170 000
Purchases	111 320
General expenses	20 090
Carriage inwards	785
Purchases returns	490
Inventory at 1 June 2016	5 800

The gross profit margin was 40%

Ratios for the year ending 31 May 2016:

- Gross profit margin 45%
- Net profit as a percentage of revenue 28%

Resource for Question 5 – Part (b).

Abigail and Bernice are in partnership sharing profits and losses in the ratio 2:1.

They provide the following information.

**Abigail and Bernice
Statement of financial position at 30 April 2017**

Assets	\$	\$
Non-current assets		130 000
Current assets		<u>30 000</u>
Total assets		<u>160 000</u>
Equity and liabilities		
Capital Accounts – Abigail	80 000	
	Bernice <u>50 000</u>	
		130 000
Current Accounts – Abigail	12 000	
	Bernice <u>2 000</u>	<u>14 000</u>
Total equity		144 000
Current liabilities		16 000
Total equity and liabilities		<u>160 000</u>

On 1 May 2017 Cedric was admitted to the partnership.

Abigail, Bernice and Cedric agreed to share profits and losses in the ratio 2:1:1.

Goodwill was valued at \$12 000 and will **not** be maintained in the books.

The non-current assets were revalued to \$160 000

Cedric introduced capital of \$15 000 paid by cheque.



Mark Scheme

Sample Assessment Materials

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

LCCI Qualifications

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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.

Question Number	Answer AO2 (13)	Mark																																										
1(a)	<p>Award 1 mark for each correct figure with label as indicated. Award 1 mark for each correct narrative.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">Dr.</th> <th style="width: 20%; text-align: center;">Cr.</th> </tr> </thead> <tbody> <tr> <td>Electricity</td> <td style="text-align: center;">75 (1)</td> <td></td> </tr> <tr> <td>Suspense</td> <td></td> <td style="text-align: center;">75 (1)</td> </tr> <tr> <td colspan="3">Being the correction of a payment of electricity not entered in the account (1)</td> </tr> <tr> <td>Suspense</td> <td style="text-align: center;">290 (1)</td> <td></td> </tr> <tr> <td>Paddy</td> <td></td> <td style="text-align: center;">145 (1)</td> </tr> <tr> <td>Poddy</td> <td></td> <td style="text-align: center;">145 (1)</td> </tr> <tr> <td colspan="3">Being the correction of a posting error (1)</td> </tr> <tr> <td>Repairs</td> <td style="text-align: center;">18 (1)</td> <td></td> </tr> <tr> <td>Suspense</td> <td></td> <td style="text-align: center;">18 (1)</td> </tr> <tr> <td colspan="3">Being correction of an incorrect amount posted to the repairs account (1)</td> </tr> <tr> <td>Sales returns</td> <td style="text-align: center;">95 (1)</td> <td></td> </tr> <tr> <td>Purchases returns</td> <td></td> <td style="text-align: center;">95 (1)</td> </tr> <tr> <td colspan="3">Being the correction of an incorrect debit entry in the purchases returned account (1)</td> </tr> </tbody> </table>		Dr.	Cr.	Electricity	75 (1)		Suspense		75 (1)	Being the correction of a payment of electricity not entered in the account (1)			Suspense	290 (1)		Paddy		145 (1)	Poddy		145 (1)	Being the correction of a posting error (1)			Repairs	18 (1)		Suspense		18 (1)	Being correction of an incorrect amount posted to the repairs account (1)			Sales returns	95 (1)		Purchases returns		95 (1)	Being the correction of an incorrect debit entry in the purchases returned account (1)			(13)
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Question Number	Answer AO1 (1)	Mark
1(b)	C	(1)

Question Number	Answer AO1 (1)	Mark
1(c)	B	(1)

Question Number	Answer AO2 (6)	Mark
1(d)	Carrying value: $14\,000 (1) - 5\,040 (2) = 8\,960 (1\text{of})$ Loss: $8\,960 - 7\,500 (1) = 1\,460 (1\text{of})$ W1 Provision for depreciation $2\,800 (1) + 2\,240 (1) = 5\,040$	(6)

Total for Question 1 = 21 marks

Question Number	Answer A01 (2)	Mark
2(a)	<p>Award one mark for each valid reason up to a maximum of 2.</p> <p>Wear and tear (1). Obsolescence (1). Technological advances (1).</p>	(2)

Question Number	Answer A03 (3)	Mark
2(b)	<p>Award 1 mark for identification and up to 2 marks for linked justification/reasoning.</p> <p>To match the income generated with expense incurred during the period in accordance with the accruals/matching concept (1)</p> <p>This avoids over stating the non-current assets and profit (1)</p> <p>To ensure that the financial statements show a true and fair view (1)</p>	(3)

Question Number	Answer A01 (1)	Mark
2(c)	A	(1)

Question Number	Answer A02 (1)	Mark
2(d) (i)	16 000 x 20% = 3 200 (1)	(1)

Question Number	Answer A02 (2)	Mark
2(d) (ii)	<p>Year ended 30 April 2016 16 000 x 25% = 4 000 (1)</p> <p>Year ended 30 April 2017 12 000 x 25% = 3 000 (1of)</p>	(2)

Question Number	Answer AO2 (3)	Mark																								
2(d)(iii)	<p>Award 1 mark for each correct figure as indicated. Award 1 mark for all correct labels and dates.</p> <p style="text-align: center;">Accumulated depreciation account</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Date</th> <th>Details</th> <th>\$</th> <th>Date</th> <th>Details</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td>30 April 2016</td> <td>Depreciation</td> <td>4 000 (1of)</td> </tr> <tr> <td></td> <td></td> <td></td> <td>30 April 2017</td> <td>Depreciation</td> <td>3 000 (1of)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Date	Details	\$	Date	Details	\$				30 April 2016	Depreciation	4 000 (1of)				30 April 2017	Depreciation	3 000 (1of)							(3)
Date	Details	\$	Date	Details	\$																					
			30 April 2016	Depreciation	4 000 (1of)																					
			30 April 2017	Depreciation	3 000 (1of)																					

Question Number	Answer AO2 (3)	Mark								
2(d)(iv)	<p style="text-align: center;">Thomas Extract of the statement of financial position at 30 April 2017</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Non-current assets</th> <th>Cost</th> <th>Accumulated depreciation</th> <th>Carrying value</th> </tr> </thead> <tbody> <tr> <td>Motor vehicle</td> <td>16 000 (1)</td> <td>7 000 (1)</td> <td>9 000 (1)</td> </tr> </tbody> </table>	Non-current assets	Cost	Accumulated depreciation	Carrying value	Motor vehicle	16 000 (1)	7 000 (1)	9 000 (1)	(3)
Non-current assets	Cost	Accumulated depreciation	Carrying value							
Motor vehicle	16 000 (1)	7 000 (1)	9 000 (1)							

Question Number	Answer AO1 (1)	Mark
2(e)	B	(1)

Question Number	Answer AO1 (2)	Mark
2(f)	<p>Current ratio (1) Acid test (1)</p>	(2)

Total for Question 2 = 18 marks

Question Number	Answer AO2 (8)	Mark																														
3(a)	<p>Award 1 mark for each correct figure as indicated. Award 1 mark for all correct labels and dates.</p> <p style="text-align: center;">Subscriptions Account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Details</th> <th>\$</th> <th>Date</th> <th>Details</th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>1 Apr16</td> <td>Bal b/d</td> <td>500 (1)</td> <td>1 Apr 16</td> <td>Bal b/d</td> <td>200(1)</td> </tr> <tr> <td>31Mar17</td> <td>Income and expenditure</td> <td>20 000 (2of)</td> <td>31Mar17</td> <td>Bank</td> <td>19 800 (1of)</td> </tr> <tr> <td></td> <td>Bal c/d</td> <td><u>400</u> 20 900</td> <td></td> <td>Bal c/d</td> <td><u>900</u> 20 900</td> </tr> <tr> <td>1 Apr17</td> <td>Bal b/d</td> <td>900 (1)</td> <td>1 Apr17</td> <td>Bal b/d</td> <td>400 (1)</td> </tr> </tbody> </table> <p>W1 (this 20 000 needs workings to demonstrate why it's worth 20 000)</p>	Date	Details	\$	Date	Details	\$	1 Apr16	Bal b/d	500 (1)	1 Apr 16	Bal b/d	200(1)	31Mar17	Income and expenditure	20 000 (2of)	31Mar17	Bank	19 800 (1of)		Bal c/d	<u>400</u> 20 900		Bal c/d	<u>900</u> 20 900	1 Apr17	Bal b/d	900 (1)	1 Apr17	Bal b/d	400 (1)	(8)
Date	Details	\$	Date	Details	\$																											
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31Mar17	Income and expenditure	20 000 (2of)	31Mar17	Bank	19 800 (1of)																											
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1 Apr17	Bal b/d	900 (1)	1 Apr17	Bal b/d	400 (1)																											

Question Number	Answer AO1 (1)	Mark
3(b)	A	(1)

Question Number	Answer AO2 (3)	Mark
3(c)(i)	Purchases 45 855 – 1 245 (1) + 1 460 (1) = 46 070 (1of)	(3)

Question Number	Answer AO2 (3)	Mark																					
3(c)(ii)	<p>Award marks for correct figure with understandable labels as indicated.</p> <p style="text-align: center;">Sturgeon Sports Club Trading section of the income statement for the year ended 31 March 2017</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Revenue</td> <td style="width: 20%;"></td> <td style="width: 20%; text-align: right;">98 750 (1)</td> </tr> <tr> <td>Cost of sales</td> <td></td> <td></td> </tr> <tr> <td>Opening inventory</td> <td style="text-align: right;">645</td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;"><u>46 070</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">46 715</td> <td></td> </tr> <tr> <td>Closing inventory</td> <td style="text-align: right;"><u>(495)</u></td> <td style="text-align: right;"><u>(46 220) (1of)</u></td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;"><u>52 530 (1of)</u></td> </tr> </table>	Revenue		98 750 (1)	Cost of sales			Opening inventory	645		Purchases	<u>46 070</u>			46 715		Closing inventory	<u>(495)</u>	<u>(46 220) (1of)</u>	Gross profit		<u>52 530 (1of)</u>	(3)
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Closing inventory	<u>(495)</u>	<u>(46 220) (1of)</u>																					
Gross profit		<u>52 530 (1of)</u>																					

Question Number	Answer AO2 (4)	Mark																		
3(d)	<p>Award marks for correct figure with understandable label as indicated.</p> <p style="text-align: center;">Sturgeon Sports Club Extract of the statement of financial position at 31 March 2017</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="3"><u>Current Assets</u></td> </tr> <tr> <td>Inventory</td> <td style="text-align: right;">495 (1)</td> <td></td> </tr> <tr> <td>Subscriptions in arrears</td> <td style="text-align: right;">900 (1)</td> <td></td> </tr> <tr> <td colspan="3"><u>Current Liabilities</u></td> </tr> <tr> <td>Subscriptions in advance</td> <td style="text-align: right;">400 (1)</td> <td></td> </tr> <tr> <td>Trade payables</td> <td style="text-align: right;">1 460 (1)</td> <td></td> </tr> </table>	<u>Current Assets</u>			Inventory	495 (1)		Subscriptions in arrears	900 (1)		<u>Current Liabilities</u>			Subscriptions in advance	400 (1)		Trade payables	1 460 (1)		(4)
<u>Current Assets</u>																				
Inventory	495 (1)																			
Subscriptions in arrears	900 (1)																			
<u>Current Liabilities</u>																				
Subscriptions in advance	400 (1)																			
Trade payables	1 460 (1)																			

Total for Question 3 = 19 marks

Question Number	Answer AO2 (6)	Mark																														
4(a)	<p>Award marks for correct figures as indicated. Award 1 mark for all correct labels and dates.</p> <p style="text-align: center;">Rent Received Account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 30%; text-align: center;">2016</th> <th style="width: 30%;"></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><u>\$</u></td> <td></td> <td style="text-align: center;"><u>\$</u></td> </tr> <tr> <td></td> <td style="text-align: center;">June 1 Bal. b/d</td> <td style="text-align: right;">1 500 (1)</td> </tr> <tr> <td>2017</td> <td style="text-align: center;">Sept 1 Bank</td> <td style="text-align: right;">3 000 (1)</td> </tr> <tr> <td>May 31 Income Stat.</td> <td style="text-align: center;">6 300 (1)</td> <td>2017</td> </tr> <tr> <td style="text-align: right;">Bal. c/d</td> <td style="text-align: right;"><u>1 800</u></td> <td style="text-align: center;">March 1 Bank</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>3 600 (1)</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>8 100</u></td> <td style="text-align: right;"><u>8 100</u></td> </tr> <tr> <td></td> <td style="text-align: center;">June 1 Bal. b/d</td> <td style="text-align: right;">1 800 (1)</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>		2016		<u>\$</u>		<u>\$</u>		June 1 Bal. b/d	1 500 (1)	2017	Sept 1 Bank	3 000 (1)	May 31 Income Stat.	6 300 (1)	2017	Bal. c/d	<u>1 800</u>	March 1 Bank			<u>3 600 (1)</u>		<u>8 100</u>	<u>8 100</u>		June 1 Bal. b/d	1 800 (1)				(6)
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Question Number	Answer AO2 (12)	Mark																																																
4(b)	<p>Award 1 mark for each correct figure with understandable label.</p> <p style="text-align: center;">Jeremiah Income statement for the year ended 31 March 2017</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 30%; text-align: center;">\$</th> <th style="width: 30%; text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td></td> <td style="text-align: right;">170 000 (1)</td> </tr> <tr> <td>Less cost of sales</td> <td></td> <td></td> </tr> <tr> <td>Opening inventory</td> <td style="text-align: right;">5 800 (1)</td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">111 320 (1)</td> <td></td> </tr> <tr> <td>Purchase returns</td> <td style="text-align: right;"><u>(490) (1)</u></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">110 830</td> <td></td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;"><u>785 (1)</u></td> <td style="text-align: right;"><u>111 615</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">117 415</td> </tr> <tr> <td>Closing inventory</td> <td style="text-align: right;"><u>(15 415) (2/1of)</u></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;"><u>(102 000) (1of)</u></td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">68 000 (1)</td> </tr> <tr> <td>Rent received</td> <td></td> <td style="text-align: right;"><u>6 300 (1of)</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">74 300</td> </tr> <tr> <td>General expenses</td> <td></td> <td style="text-align: right;"><u>(20 090) (1)</u></td> </tr> <tr> <td>Profit for the year</td> <td></td> <td style="text-align: right;"><u>54 210 (1of)</u></td> </tr> </tbody> </table>		\$	\$	Revenue		170 000 (1)	Less cost of sales			Opening inventory	5 800 (1)		Purchases	111 320 (1)		Purchase returns	<u>(490) (1)</u>			110 830		Carriage inwards	<u>785 (1)</u>	<u>111 615</u>			117 415	Closing inventory	<u>(15 415) (2/1of)</u>				<u>(102 000) (1of)</u>	Gross profit		68 000 (1)	Rent received		<u>6 300 (1of)</u>			74 300	General expenses		<u>(20 090) (1)</u>	Profit for the year		<u>54 210 (1of)</u>	(12)
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Question Number	Answer A04 (4)	Mark
4(c)	<p>Award 1 mark for each valid point of assessment up to a maximum of 4 marks.</p> <p>Gross profit margin has decreased due to the following factors:</p> <p>The cost of sales may be greater without an equivalent rise in the selling price (1)</p> <p>In order to sell any surplus stock they have had to reduce the selling price (1)</p> <p>Net profit as a percentage of revenue has increased due to the following factors:</p> <p>Better control of overhead expenses due to efficiency in the management of staff resources (1)</p> <p>Despite the decrease in the gross profit margin Jeremiah has maintained his net profit as a percentage of revenue. (1)</p>	(4)

Total for Question 4 = 22 marks

Question Number	Answer AO1 (3)	Mark
5(a)	<p>Award 1 mark for each correct point.</p> <p>Profits and losses are shared equally. (1) Interest on capital is not payable. (1) Interest on a loan from a partner is payable at 5% per annum. (1)</p>	(3)

Question Number	Answer AO2 (9)	Mark
5(b)(i)	<p>Award marks for correct figures with understandable label as indicated.</p> <p>Capital accounts</p> <p>A 80 000 + 20 000 (1) + 8 000 (1) – 6 000 (1) = 102 000 (1of) B 50 000 + 10 000 (1) + 4 000 (1) – 3 000 (1) = 61 000 (1of) C 15 000 – 3 000 = 12 000 (1)</p>	(9)

Question Number	Answer AO2 (5)	Mark																									
5(b)(ii)	<p>Award marks for correct figures with understandable label as indicated.</p> <p style="text-align: center;">Abigail Bernice and Cedric Statement of financial position at 1 May 2017</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Non-current assets</td> <td style="text-align: right;">160 000 (1)</td> </tr> <tr> <td>Current assets</td> <td style="text-align: right;"><u>45 000</u> (1)</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;"><u>205 000</u></td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>Capital Accounts – Abigail 102 000</td> <td rowspan="3" style="font-size: 3em; vertical-align: middle;">}</td> </tr> <tr> <td style="padding-left: 20px;">Bernice 61 000</td> </tr> <tr> <td style="padding-left: 20px;">Cedric <u>12 000</u></td> </tr> <tr> <td></td> <td style="text-align: right;">175 000</td> </tr> <tr> <td>Current Accounts – Abigail 12 000</td> <td rowspan="2" style="font-size: 3em; vertical-align: middle;">}</td> </tr> <tr> <td style="padding-left: 20px;">Bernice <u>2 000</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>14 000</u></td> </tr> <tr> <td></td> <td style="text-align: right;">189 000</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">16 000</td> </tr> <tr> <td>Total equity and liabilities</td> <td style="text-align: right;"><u>205 000</u> (1of)</td> </tr> </table>	Non-current assets	160 000 (1)	Current assets	<u>45 000</u> (1)	Total assets	<u>205 000</u>			Capital Accounts – Abigail 102 000	}	Bernice 61 000	Cedric <u>12 000</u>		175 000	Current Accounts – Abigail 12 000	}	Bernice <u>2 000</u>		<u>14 000</u>		189 000	Current liabilities	16 000	Total equity and liabilities	<u>205 000</u> (1of)	(5)
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Question Number	Answer A03 (3)	Mark
5(c)	<p>Award 1 mark for identification and up to 2 marks for linked justification/reasoning.</p> <p>During the period of partnership of Abigail and Bernice they have contributed to the increase in value (1)</p> <p>This increase in value is now divided between A and B in their existing profit sharing ratio (1)</p> <p>This prevents Cedric from gaining from this increase in value and is fair to the existing partners (1)</p>	(3)

Total for Question 5 = 20 marks

TOTAL FOR PAPER = 100 MARKS

September 2017

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ISBN 978-1-4469-4733-3
9 781446 947333 >