

# Pearson LCCI

## Certificate in Financial Accounting (VRQ) Level 3

Thursday 16 November 2017  
Time: 3 hours

Paper Reference  
**ASE20097**

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 ►

P54289A

©2017 Pearson Education Ltd.  
1/1/1/1/1/1/1



  
Pearson

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

You will need to use the data on **page 2** of the Resource Booklet to answer part (b).

**1** (a) State **two** purposes of a trial balance.

(2)

1

2

(b) Complete the adjustment columns of the extended trial balance at 30 September 2017.

(17)

**Space for workings**

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



**Tamy – Extended trial balance at 30 September 2017**

	Trial balance		Adjustments	
	Debit \$	Credit \$	Debit \$	Credit \$
Allowance for doubtful debts		1 950		
Cash in hand	50			
Cash at bank		2 150		
Closing inventory - statement of financial position	11 375			
Closing inventory - statement of profit or loss		11 375		
Drawings	2 375			
Equity at 1 October 2016		50 000		
General expenses	5 960			
Insurance	2 825			
Non-current assets	73 865			
Opening inventory	8 900			
Purchases	81 220			
Rent	9 850			
Revenue		139 750		
Suspense	3 350			
Trade and other payables		6 750		
Trade and other receivables	7 525			
Wages and salaries	4 680			
Allowance for doubtful debts adjustment				
Irrecoverable debts recovered				
<b>Total</b>	211 975	211 975		

**(Total for Question 1 = 19 marks)**



P 5 4 2 8 9 A 0 3 1 6

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

**2** (a) Prepare an appropriation account for the year ended 30 September 2017.

(4)

**Gavin, Hanna and Indi**  
**Appropriation Account for the year ended 30 September 2017**

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



- (b) Prepare the current account for Hanna for the year ended 30 September 2017.  
Balance the account on this date and bring the balance down on 1 October 2017.

(5)

**Current Account – Hanna**

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

- (c) Prepare the capital account for Gavin for the year ended 30 September 2017.  
Balance the account on this date and bring the balance down on 1 October 2017.

(6)

**Capital Account – Gavin**

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(d) State **two** disadvantages for a partner of being in a partnership.

(2)

1

2

(e) State **two** reasons why a partner may have a debit balance on their current account.

(2)

1

2

(f) State **two** principles of professional ethics that need to be followed when preparing the financial statements.

(2)

1

2

**(Total for Question 2 – 21 marks)**

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



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

**3** (a) Calculate the correct value of inventory at 30 June 2017. (2)

.....

.....

.....

(b) Calculate the adjusted profit for the year. (4)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



(c) Prepare the statement of financial position at 30 June 2017.

(8)

**Space for workings**

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA





**John**  
**Statement of financial position at 30 June 2017**

Blank area for writing the Statement of Financial Position, consisting of 25 horizontal dotted lines.

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



(d) Explain why John has applied the **prudence concept** in the preparation of his financial statements.

(2)

(e) State **one** stakeholder and their interest in the statement of financial position of a business.

(2)

Stakeholder

Interest

**(Total for Question 3 = 18 marks)**

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



You will need to use the data on **pages 5 and 6** of the Resource Booklet to answer parts (a), (b) and (c).

**4** (a) Calculate, for the year ended 30 June 2017:

(i) cash sales (2)

.....

.....

.....

(ii) total sales (3)

.....

.....

.....

(iii) total purchases. (2)

.....

.....

.....

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



(b) Prepare the statement of profit or loss for the year ended 30 June 2017.

(9)

**Ming**  
**Statement of profit or loss for the year ended 30 June 2017**

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



Ming is concerned about the financial stability of two of her suppliers, Exe Ltd and Wye Ltd, over the last year and she is thinking of cancelling her contract with one of them.

- (c) Evaluate the performance of Exe Ltd and Wye Ltd to decide which business Ming should continue to use.

(5)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

- (d) State **one** other accounting ratio that Ming could use to assess the financial stability of both businesses.

(1)

.....

**(Total for Question 4 = 22 marks)**

---



You will need to use the data on **page 7** of the Resource Booklet to answer parts (a) and (d).

**5** (a) Complete the non-current assets register for the year ended 30 June 2017.

Non-current assets register								
Asset	Year ended	Acquisition date	Cost \$	Depreciation charge \$	Carrying value \$	Disposal date	Disposal proceeds \$	Profit or (loss) on disposal \$
Sonox	30 June 2015	1 November 2014	70 000	7 000	63 000			
	30 June 2016			6 300	56 700			
	30 June 2017							
Monox	30 June 2015	1 July 2014	25 000	2 500	22 500			
	30 June 2016			2 250	20 250			
	30 June 2017					1 July 2016	18 275	
Zonox	30 June 2017	1 July 2016						

(5)



(b) Discuss whether Morley Ltd should continue to use the diminishing (reducing) balance method of depreciation or change to the straight line method for machinery.

You must justify your decision.

(5)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(c) State the accounting concept that requires businesses to charge depreciation on non-current assets.

(1)

.....

(d) Prepare a reconciliation of profit for the year to net cash from operating activities for the year ended 30 June 2017.

(7)

**Space for workings**

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



**Morley Ltd**  
**Reconciliation of the profit for the year to net cash from operating activities**  
**for the year ended 30 June 2017**

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

The financing activities section of the statement of cash flows is used to demonstrate how finance is raised and used in the business.

(e) Explain how the investing activities section of a statement of cash flows is used. (2)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**(Total for Question 5 = 20 marks)**

---

**TOTAL FOR PAPER = 100 MARKS**

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

