

**Pearson LCCI**

**Certificate in Financial  
Accounting (VRQ)  
Level 3**

Tuesday 5 December 2017  
**Resource Booklet**

Paper Reference  
**ASE20097**

**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) and (e).**

**Data for part (a).**

On 1 July 2016, Amy purchased a new motor vehicle, costing \$17 500, to deliver goods. This was entered in error in the purchases account.

Motor vehicles are depreciated at the rate of 25% per annum, using the diminishing (reducing) balance method. This has not yet been accounted for.

**Data for part (e).**

During the year ended 30 June 2017, Amy received rent of \$57 450 by cheque. This included \$1 450 from the previous financial year.

On 30 June 2017

- Tenant A owed \$890
- Tenant B had paid \$750 in advance.

**Resource for Question 2 – Parts (a)(i), (b) and (c).**

Tahira provided the following information in addition to the extended trial balance at 31 August 2017 on **page 5** of the question paper.

The following transactions have not yet been accounted for.

- On 31 August 2017, inventory was valued at a cost of \$24 000. This **included** damaged inventory costing \$1 200, which could be sold for \$1 375 after repairs costing \$250
- During the year, a motor vehicle was sold for \$12 000. This was purchased on 1 January 2016 for \$14 000. The accumulated depreciation on disposal has not yet been transferred to the correct account. All other entries relating to the disposal of motor vehicle were recorded correctly.
- Depreciation is to be charged as follows:

<b>Non-current assets</b>	<b>Depreciation method</b>
Land and buildings	2% per annum straight line. Land and buildings included land costing \$150 000. Land is not depreciated.
Motor vehicles	20% per annum diminishing (reducing) balance.
A full year's depreciation is charged in the year of acquisition and none in the year of disposal.	

- Tahira paid trade payables, \$5 750, from her own monies.
- Irrecoverable debts of \$1 250 were to be written off.
- An allowance for doubtful debts of \$2 700 was to be maintained.

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

Dan and Firdous were in partnership, sharing profits and losses in the ratio of 2:3.

The partnership agreement provided for interest on capital at 8% per annum and salaries of \$12 000 per annum for each partner.

On 1 October 2016, their capital and current account balances were:

<b>Partner</b>	<b>Capital \$</b>	<b>Current \$</b>
Dan	100 000	5 300 Dr
Firdous	150 000	4 200 Dr

On 31 December 2016, Dan retired from the partnership.

- He took a motor vehicle at an agreed value of \$14 500. The remaining balance owed to Dan was paid by cheque in full.
- Non-current assets were revalued and the profit on revaluation was \$18 400
- Goodwill was valued at \$28 000

For the year ended 30 September 2017, the profit for the year was \$81 000. The profit accrued evenly throughout the year.

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

**Data for Parts (a) and (b).**

On 30 June 2017, Wang's inventory was destroyed by fire.

He provided the following information.

- On 1 July 2016, inventory was valued at \$43 250
- During the year ended 30 June 2017:
  - cash sales were \$65 000
  - cash purchases were \$2 400
- All the goods were sold at a 25% mark up.
- The trade receivables collection period was 36 days.
- The trade payables payment period was 40 days.
- At 30 June 2017, the balances were:
  - trade receivables \$27 000
  - trade payables \$32 400
- Assume **360 days** in the financial year.

**Data for Part (e).**

<b>Ratios</b>	<b>Adam</b>	<b>Su</b>
Gross profit percentage /margin	15%	18%
Profit for the year to revenue percentage /margin	9%	10%
Current ratio	2.01:1	1.70:1
Quick ratio (acid test)	0.95:1	0.50:1

**Resource for Question 5 – Parts (b) and (c).**

Descop Ltd provided the following information.

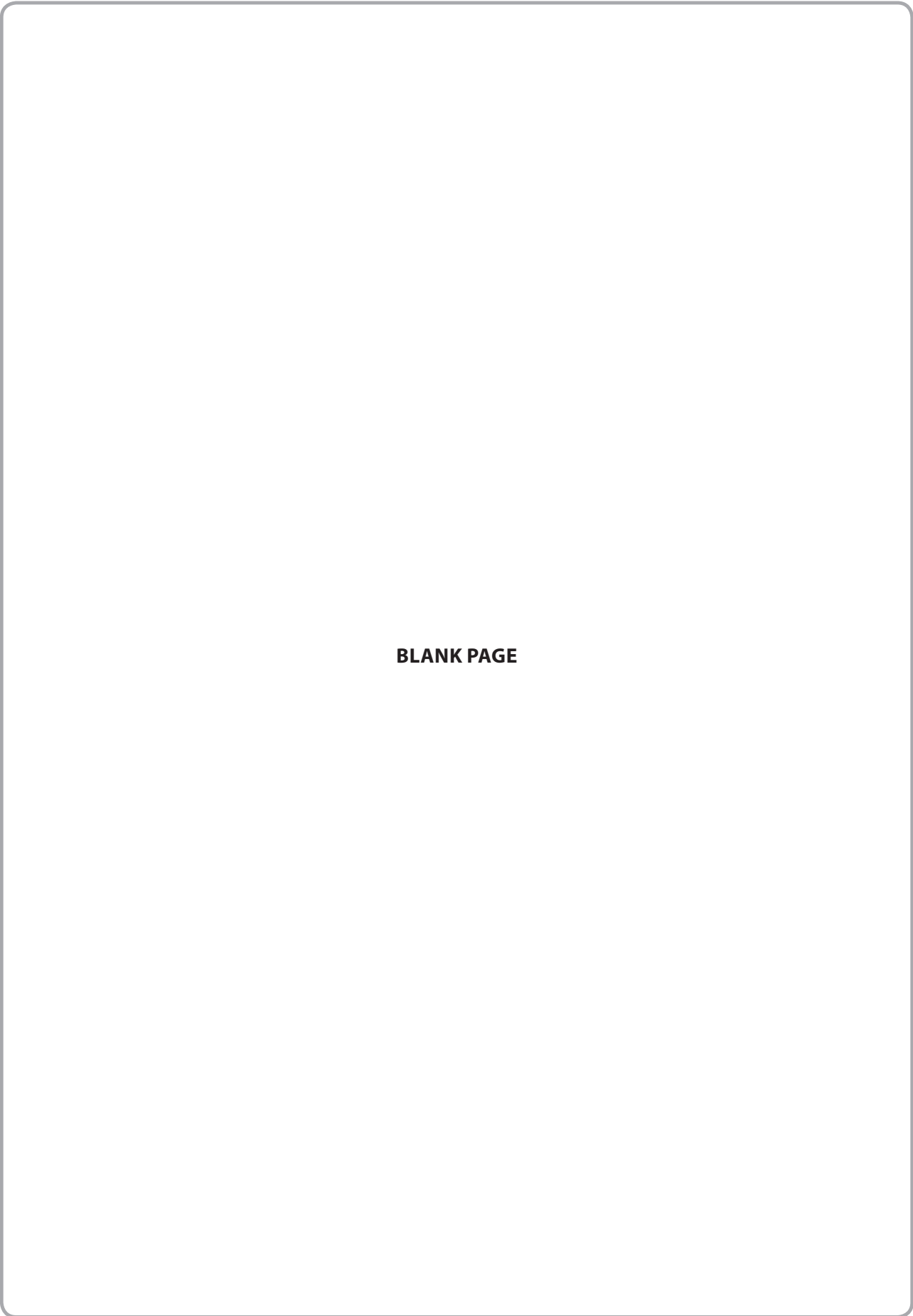
Extract from statements of financial position at 30 September.

	<b>2017</b> <b>\$</b>	<b>2016</b> <b>\$</b>
10% bank loan (2025)	175 000	200 000
Bank	7 500 Cr	1 500
Cash in hand	50	500
Inventory	48 750	34 650
Retained earnings	121 145	187 575
Revaluation reserve	100 000	–
Share capital (ordinary shares of \$1 each)	450 000	250 000
Share premium	125 000	75 000
Trade payables	89 450	95 775
Trade receivables	44 935	35 350

	<b>Land and buildings \$</b>	<b>Plant and machinery \$</b>	<b>Motor vehicles \$</b>
<b>Cost/valuation</b>			
Balance at 1 October 2016	350 000	450 000	250 000
Revaluation	100 000		
Additions	150 000	120 000	
Disposal			(45 000)
Balance at 30 September 2017	600 000	570 000	205 000
<b>Accumulated depreciation</b>			
Balance at 1 October 2016	50 000	173 650	90 000
Revaluation			
Charge for the year	17 500	59 450	26 240
Disposal			(16 200)
Balance at 30 September 2017	67 500	233 100	100 040

**Additional information**

- The sales proceeds of the motor vehicle were \$33 200
- There were no dividends paid during the year.



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