

Pearson LCCI

Certificate in Financial Accounting (VRQ) Level 3

Wednesday 6 September 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 ►

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

You will need to use the data on **pages 2 and 3** of the Resource Booklet to answer part (a).

1 (a) Prepare the statement of profit or loss for the year ended 31 December 2016.

(15)

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Devi
Statement of profit or loss for the year ended 31 December 2016

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(b) State the implication of unlimited liability.

(1)

(c) State **two** qualitative characteristics of financial reporting under the International Accounting Standards Board (IASB) framework.

(2)

1

2

(Total for Question 1 = 18 marks)

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You will need to use the data on **page 4** of the Resource Booklet and extended trial balance on **page 6** of the question paper to answer part (b).

- 2 (a) Explain how **each** of the following errors will affect the **total assets** by referring to the type of the error.

(4)

Error	Type of error	Effect
A cheque received from the disposal of a motor vehicle has been recorded as sales.		<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
A payment by a cheque of \$2 000 for rent has been recorded incorrectly as \$20 000		<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>

- (b) (i) Calculate the change in the value of the closing inventory at 30 June 2017.

(1)

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- (ii) Calculate the insurance paid in advance at 30 June 2017.

(1)

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(iii) Complete the adjustment columns of the extended trial balance at 30 June 2017.

(13)

Tina – Extended trial balance at 30 June 2017

	Trial balance		Adjustments	
	Debit \$	Credit \$	Debit \$	Credit \$
Administration expenses	3 925			
Bank		425		
Closing inventory – statement of financial position	12 500			
Closing inventory – statement of profit or loss		12 500		
Commission received		3 250		
Depreciation charge	4 500			
Equity at 1 July 2016		85 000		
Opening inventory	10 750			
Premises – accumulated depreciation		4 000		
Premises – cost	100 000			
Purchases	110 000			
Revenue		175 000		
Shop fittings – accumulated depreciation		5 000		
Shop fittings – cost	25 000			
Suspense	13 800			
Trade payables		18 325		
Trade receivables	14 325			
Travel expenses	750			
Wages and salaries	7 950			
Other receivables				
Other payables				
Drawings				
Sales returns				
	303 500	303 500		

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(c) State **two** accounting concepts that apply when preparing the extended trial balance.

(2)

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(Total for Question 2 = 21 marks)

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You will need to use the data on **page 5** of the Resource Booklet to answer parts (c), (d) and (e).

3 (a) State **two** stakeholders who may be interested in the financial statements of a business.

(2)

1

2

(b) State **one** difference between capital accounts and current accounts for a partnership.

(1)

(c) Calculate the amount of goodwill due to Bernie.

(1)

(d) Prepare the revaluation account on 1 April 2017.

(4)

Revaluation Account

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(e) Prepare the capital account of Bernie on 1 April 2017.

(7)

Capital Account – Bernie

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Bernie is considering setting up a new business.

- (f) Discuss whether Bernie should set up the business **either** as a sole trader **or** a private limited company.

Justify your answer.

(5)

(Total for Question 3 = 20 marks)

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You will need to use the data on **pages 6 and 7** of the Resource Booklet to answer parts (a), (b), (c) and (d).

4 (a) Calculate, for the year ended 31 March 2017, the:

(i) cost of sales

(1)

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(ii) credit purchases.

(2)

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(b) Calculate trade payables at 31 March 2017.

(3)

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(c) Calculate trade receivables at 31 March 2017.

(3)

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(d) Prepare the statement of financial position at 31 March 2017.

(12)

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You will need to use the data on **page 8** of the Resource Booklet to answer parts (c), (d) and (e).

5 (a) State **two** principles of professional ethics.

(2)

1

2

(b) State **one** difference between the objectives of a private sector business and those of a public sector business.

(1)

(c) Prepare the property, plant and equipment accumulated depreciation account for the year ended 31 March 2017. Balance the account on that date and bring the balance down on 1 April 2017.

(4)

Property, Plant and Equipment Accumulated Depreciation Account

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(d) Prepare the statement to reconcile the profit for the year to net cash from operating activities for the year ended 31 March 2017.

(7)

Damallo Ltd
Reconciliation of the profit for the year to net cash from operating activities
for the year ended 31 March 2017

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(e) Evaluate Lemchoc Ltd's performance over the two years.

(5)

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(f) State **one** other ratio that Damallo Ltd could use to assess the performance of Lemchoc Ltd.

(1)

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(Total for Question 5 = 20 marks)

TOTAL FOR PAPER = 100 MARKS

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