

Pearson LCCI

Thursday 15 November 2018

Time: 3 hours

Paper Reference **ASE20097**

**Certificate in Financial Accounting
(VRQ)**

Level 3

Resource Booklet

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 – Part (c).

Tina, a carpenter, provided the following information in addition to the extended trial balance extract at 30 June 2018 on **page 3** of the question paper.

- A payment, \$450, for heating and lighting had been debited to the bank account.
- Motor vehicle expenses included a payment, \$600, for the three months ending 30 September 2018.
- Tina took materials, \$6 000, to build her own house.
- Rental income included \$375 for the month of July 2018.
- Irrecoverable debts of \$750 were to be written off.
- The allowance for doubtful debts was to be increased by \$2 300
- Closing inventory of \$75 000 did not include:

| Inventory | Cost \$ | Net realisable value \$ |
|-----------------------|--------------------|------------------------------------|
| Garden wooden chairs | 1 000 | 1 250 |
| Garden folding chairs | 2 750 | 2 500 |
| Total | 3 750 | 3 750 |

Resource for Question 2 – Parts (b) and (c).

Soham provided the following information, in addition to the non-current assets register for machinery on **page 4** of the question paper, for the year ended 30 June 2018.

On 31 March 2018 Machine A was sold for \$56 815 as a trade in allowance for Machine B. Soham paid the balance with a personal cheque.

Machinery is depreciated at 15% per annum using the reducing (diminishing) balance method with a full year's depreciation in the year of purchase and none in the year of sale.

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

Aung and Ming were in partnership sharing profits and losses equally.

On 30 June 2018 partners' balances were:

| Partner | Current account \$ | Capital account \$ |
|----------------|-------------------------------|-------------------------------|
| Aung | 10 500 | 75 000 |
| Ming | 7 500 Dr | 75 000 |

On 30 June 2018 the partnership was dissolved. Assets and liabilities were settled as shown.

| | \$ | Comments |
|--------------------------------|-----------|--|
| Non-current assets | 260 000 | Office machinery \$42 500 was taken by Aung A motor vehicle \$11 500 was taken by Ming The remaining non-current assets were sold at \$250 000 |
| Inventory | 24 750 | Sold for \$21 500 |
| Trade receivables | 22 500 | Payment received after a discount of \$2 500 |
| Loan | 125 000 | Repaid in full. |
| Trade payables | 32 000 | Payment made after a discount of \$2 000 |
| Dissolution costs were \$1 250 | | |

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

Yoel Ltd provided the following information at 31 March 2018.

| | 2018 \$ | 2017 \$ |
|---|--------------------|--------------------|
| Bank | 8 750 Cr | 2 500 Cr |
| Bank loan | 150 000 | 250 000 |
| Cash | 120 | 230 |
| Inventory | 150 000 | 135 000 |
| Machinery Cost | 350 000 | 250 000 |
| Accumulated depreciation | 168 320 | 122 000 |
| Share capital (ordinary shares at \$1 each) | 300 000 | 150 000 |
| Share premium | 10 000 | 50 000 |
| Trade payables | 151 700 | 146 750 |
| Trade receivables | 103 750 | 89 400 |

During the year ended 31 March 2018 the following transactions took place.

| Date | Transaction |
|------------------|---|
| 31 December 2017 | A bonus issue of 50 000 ordinary shares was made. |
| 15 January 2018 | A machine costing \$10 000 with a carrying value of \$6 400 was sold at a profit of \$600. There were no other disposals of non-current assets. |
| 31 January 2018 | A dividend of \$0.10 per share was paid on all shares. |
| 1 March 2018 | A rights issue of 100 000 ordinary shares was made at a premium of 10%. This was fully subscribed. |
| 31 March 2018 | Profit for the year from operating activities was \$66 720 |
| 31 March 2018 | A dividend of \$15 000 was received. |

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

Data for parts (a) and (b).

On 1 April 2017 Gerry started a business buying and selling goods on credit with an inventory of \$75 000 and cash of \$20 000.

He provided the following information.

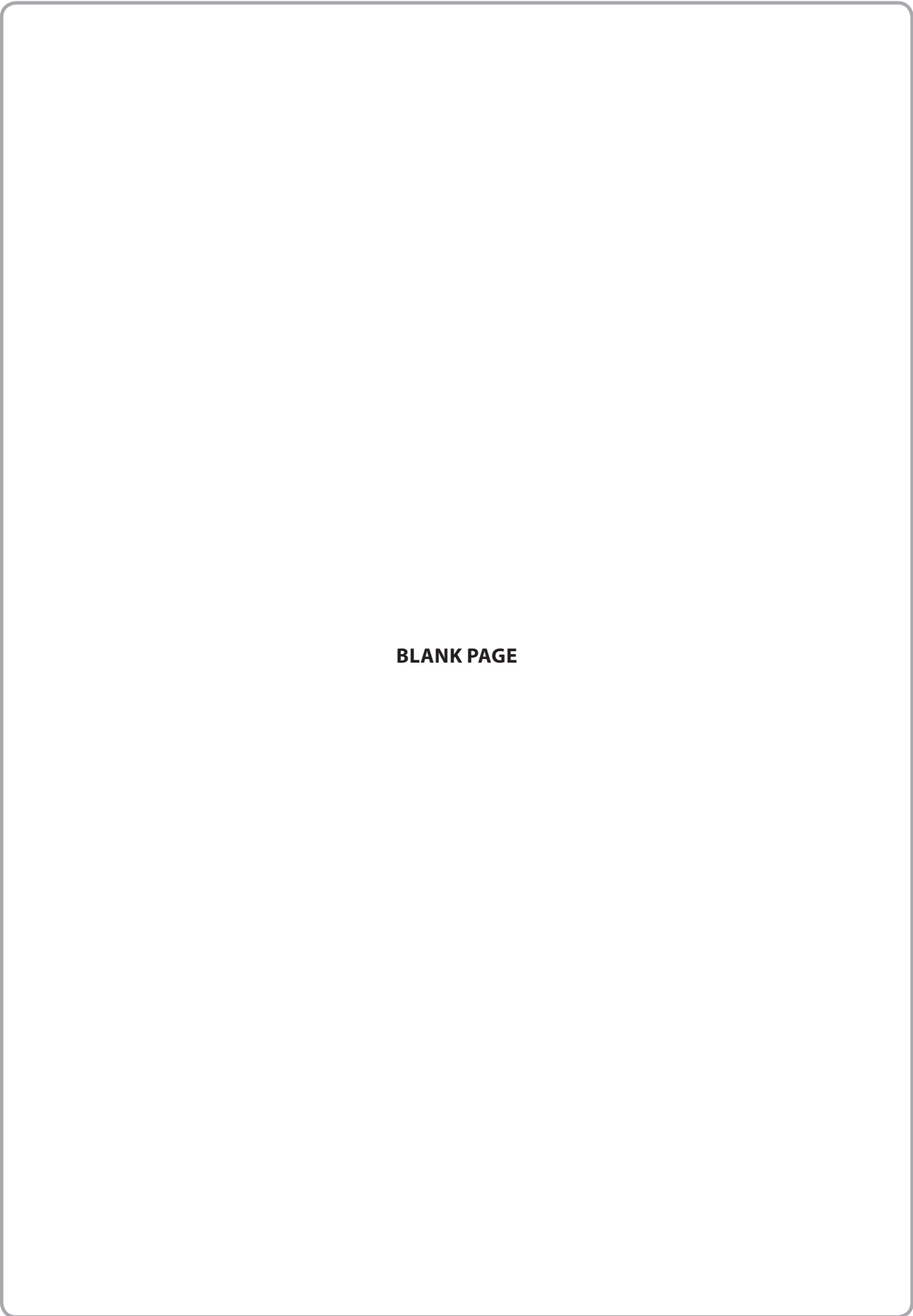
| Ratio | Year ended 31 March 2018 |
|--|-------------------------------------|
| Gross profit percentage/margin | 20% |
| Profit for the year as a percentage of revenue | 15% |
| Current ratio | 2:1 |
| Trade receivables collection period | 30 days |
| Trade payables payment period | 40 days |
| Inventory turnover | 8 times |

On 31 March 2018

- A warehouse was purchased for \$350 000 financed with a five-year loan of \$250 000
- The closing inventory was valued at \$90 000
- The bank overdraft was \$5 375
- Gerry withdrew \$38 375 from the bank for his personal use.
- There were no other receivables or payables.
- Gerry's trading year consisted of **360** days.

Data for part (c).

| Ratio | Terry | Kerry |
|--|--------------|--------------|
| Gross profit percentage/margin | 22% | 25% |
| Profit for the year as a percentage of revenue | 12% | 15% |
| Trade receivables collection period | 35 days | 32 days |
| Trade payables payment period | 42 days | 35 days |



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