

Pearson LCCI

Tuesday 4 December 2018

Time: 3 hours

Paper Reference **ASE20097**

Certificate in Financial Accounting (VRQ)
Level 3

Please check the examination details above before entering your candidate information

Candidate name

Centre Code

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Candidate Number

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Candidate ID Number

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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 **page 2** of the Resource Booklet to answer parts (b) and (c).

- 1 (a) Complete the table to identify which financial statement meets the stated interest of each stakeholder.

(4)

Stakeholder	Interest	Financial statement
Bank	Ability to repay borrowings.	
Customers	Ability to maintain continuity of supply.	
Government	To assess the correct tax liability.	
Owners	Ability to provide a return on their investment.	

- (b) Prepare the following accounts for the year ended 31 March 2018. Balance the accounts on that date and bring the balances down on 1 April 2018.

(i)

(4)

Agency Commission Account

(ii)

(4)

General Expenses Account



(c) Prepare the statement of profit or loss for the year ended 31 March 2018.

(5)

Balqis
Statement of profit or loss for the year ended 31 March 2018

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(d) State which accounting concept applies when writing off irrecoverable debts.

(1)

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(Total for Question 1 = 18 marks)

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

2 (a) State **two** errors not identified by preparing a trial balance.

(2)

1

2

(b) Calculate the:

(i) closing inventory at 30 September 2018

(2)

(ii) office expenses for the year ended 30 September 2018.

(1)

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(c) Complete the adjustment columns of the extended trial balance extract at 30 September 2018.

(12)

Ji			
Extended trial balance extract at 30 September 2018			
	Balance	Adjustments	
		Debit	Credit
	\$	\$	\$
Bank	5 325		
Closing inventory – statement of financial position	23 450		
Closing inventory – statement of profit or loss	23 450		
Commission received	15 000		
Disposal	4 000		
Drawings	18 000		
Insurance	3 600		
Non-current assets – accumulated depreciation	24 500		
Non-current assets – cost	35 000		
Office expenses	29 750		
Purchases	89 750		
Revenue (sales)	137 890		
Trade payables	43 250		
Trade receivables	37 860		
Other payables			
Other receivables			
Suspense			



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(d) Explain why it was necessary to adjust the office expenses for the year ended 30 September 2018.

(2)

(Total for Question 2 = 19 marks)

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

3 (a) State **one** reason for **not** retaining goodwill in the books.

(1)

(b) Prepare the goodwill account.

(3)

Goodwill Account

(c) Prepare Hyan's capital account at 1 July 2018. Balance the account on that date and bring the balance down on 2 July 2018.

(4)

Capital Account – Hyan



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- (d) (i) Calculate the interest on capital for each partner for the year ended 30 September 2018.

You may show your answer in the table below.

(3)

Partner	Workings	\$
Rimpy		
Hyan		
Tay		

- (ii) Prepare the appropriation account for the year ended 30 September 2018.

(6)

Rimpy, Hyan and Tay
Appropriation account for the year ended 30 September 2018

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(e) Discuss whether the partners should continue as a partnership or convert to a private limited company.

You must justify your decision.

(5)

(Total for Question 3 = 22 marks)

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

4 (a) Prepare the statement of financial position at 31 March 2018.

(15)

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Hema
Statement of financial position at 31 March 2018

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(b) State **two** reasons why an allowance for doubtful debts may decrease.

(2)

1

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(c) Explain how Hema should treat the purchase of a calculator.

(2)

(Total for Question 4 = 19 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) and (c).

5 (a) Calculate the cost of the land purchased during the year ended 30 June 2018.

(4)

(b) Prepare the statement of cash flows for the year ended 30 June 2018.

(11)

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Peenk Ltd
Statement of cash flows for the year ended 30 June 2018

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(c) (i) Evaluate the performance of businesses X and Y.

(5)

(ii) State **two other** ratios that could be used to evaluate the performance of businesses X and Y.

(2)

1

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(Total for Question 5 = 22 marks)

TOTAL FOR PAPER = 100 MARKS

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