

Pearson LCCI

Certificate in Financial Accounting (VRQ) Level 3

Wednesday 7 March 2018
Time: 3 hours

Paper Reference
ASE20097

Complete the details below in block capitals.

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), (c) and (d).

1 (a) State **one** difference between a general partner and a limited partner.

(1)

(b) Prepare the realisation account to show the profit or loss for each partner.

(10)

Realisation Account

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(c) Calculate the amount Gee and Bee will receive on dissolution of the partnership.

(2)

Gee

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Bee

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(d) Prepare the bank account.

(5)

Bank Account

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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 (d).

2 (a) State **two** purposes of a suspense account.

(2)

1

2

(b) Calculate at 30 November 2017 the:

(i) correct value of the inventory

(1)

(ii) amount of the adjustment to inventory.

(1)

(c) Explain how the **prudence concept** was applied when valuing inventory according to IAS 2-inventories.

(2)

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(d) Complete the adjustments columns of the extended trial balance extract at 30 November 2017.

(14)

Sahida				
Extended trial balance extract at 30 November 2017				
	Trial balance		Adjustments	
	Debit \$	Credit \$	Debit \$	Credit \$
Advertising	12 500			
Allowance for doubtful debts		2 500		
Bank	13 495			
Closing inventory – statement of financial position	62 500			
Closing inventory – statement of profit or loss		62 500		
Commission received		17 500		
Depreciation charge	5 000			
Drawings	8 950			
Motor vehicle expenses	22 500			
Motor vehicles – accumulated depreciation		25 000		
Motor vehicles – cost	50 000			
Purchases	335 000			
Rent received		16 500		
Revenue		450 000		
Suspense	2 270			
Trade and other payables		75 450		
Trade and other receivables	95 350			
Allowance for doubtful debts adjustment				

(Total for Question 2 = 20 marks)



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

3 (a) Calculate for the year ended 31 December 2017 the:

(i) sales

(2)

(ii) purchases.

(1)

(b) Prepare the statement of profit or loss for the year ended 31 December 2017.

(11)

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Ariana
Statement of profit or loss for the year ended 31 December 2017

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(c) Explain **one** advantage to Ariana of keeping full accounting records.

(2)

(d) Discuss whether Ariana should convert her business from a sole trader to a private limited company.

(5)

(Total for Question 3 = 21 marks)

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

4 (a) State **one** qualitative characteristic of financial reporting under the International Accounting Standards Board (IASB) framework.

(1)

(b) Prepare the machinery cost account for the year ended 31 December 2017. Balance the account on that date and bring the balance down on 1 January 2018.

(4)

Machinery Cost Account

(c) Prepare the statement of cash flows for the year ended 31 December 2017.

(11)

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Yee Ltd
Statement of cash flows for the year ended 31 December 2017

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(d) Explain **two** reasons why a business might have a bank overdraft even though it has made a profit for the year.

(4)

1

2

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

5 (a) Calculate the corrected profit for the year ended 31 December 2017.

(6)

(b) Prepare the corrected statement of financial position at 31 December 2017.

(6)

Space for workings

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Sarah
Statement of financial position at 31 December 2017

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(c) Evaluate which business is better to invest in.

(5)

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(d) State **two** changes that Sarah would have to make to her accounting procedures if she forms a partnership.

(2)

1

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(e) State **two** types of business organisation that Sarah could consider, other than forming a partnership.

(2)

1

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2

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(Total for Question 5 = 21 marks)

TOTAL FOR PAPER = 100 MARKS

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