

Pearson LCCI

Certificate in Financial Accounting (VRQ) Level 3

Wednesday 6 June 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 (a), (b) and (d).

1 (a) State the type of error in scenarios 1 and 2.

(2)

1

2

(b) Calculate the bank loan interest for the year ended 30 April 2018.

(1)

(c) State **one** reason why a business prepares a trial balance.

(1)

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(d) Complete the extract of the extended trial balance at 30 April 2018.

(16)

Sahiba

Extended trial balance (extract) at 30 April 2018

	Balance \$	Adjustments		Statement of profit or loss	
		Debit \$	Credit \$	Debit \$	Credit \$
10% bank loan (2020)	60 000				
Allowance for doubtful debts	4 550				
Drawings	14 775				
Machinery – accumulated depreciation	62 500				
Machinery – cost	250 000				
Machinery repairs	5 750				
Purchases	380 000				
Revenue (Sales)	554 750				
Trade payables	89 465				
Trade receivables	123 450				
Allowance for doubtful debts adjustment					
Bank loan interest					
Irrecoverable debts					
Other payables					

(Total for Question 1 = 20 marks)



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

- 2 (a) Complete the non-current assets register (extract) for motor vehicles for the year ended 31 March 2018.

(7)

Non-current assets register (extract)

Motor vehicles

Description	Year ended 31 March	Acquisition date	Cost \$	Depreciation charge \$	Carrying amount \$	Disposal proceeds \$	Profit/(loss) \$
Peny007	2015	1 June 2014	70 000	14 000	56 000		
	2016			11 200	44 800		
	2017			8 960	35 840		
	2018						
Beny115	2016	1 August 2016	40 000	8 000	32 000		
	2017			6 400	25 600		
	2018						
Jeny111	2018						

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(b) Prepare the accumulated depreciation account – motor vehicles for the year ended 31 March 2018. Balance the account on that date and bring the balance down on 1 April 2018.

(5)

Accumulated Depreciation Account – Motor Vehicles

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(c) (i) Explain why Ming applies the accruals concept when depreciating her non-current assets.

(2)

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(ii) State **one** other accounting concept that applies when depreciating non-current assets.

(1)

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(d) State **one** reason why the following stakeholders may be interested in the financial statements of a business:

(i) providers of external finance

(1)

(ii) investors.

(1)

(e) Discuss whether Ming should remain as a sole trader **or** form a partnership.

You must justify your decision.

(5)

(Total for Question 2 = 22 marks)

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You will need to use the data on **pages 4 and 5** of the Resource Booklet to answer parts (a), (b) and (c).

The partnership profit available for distribution for the year ended 31 March 2018 was \$72 000. The profit accrued evenly throughout the year.

3 (a) Calculate the share of profit for **each** partner for the year ended 31 March 2018.

(3)

Partner	Workings	\$
Rosa		
Simone		
Tia		

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

(i)

(6)

Current Account – Simone

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(ii)

(4)

Capital Account – Simone

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(c) Prepare the extract of the statement of financial position at 31 March 2018 showing the **equity and liabilities** section only.

(5)

Rosa, Simone and Tia
Statement of financial position at 31 March 2018

Equity and liabilities

(d) State **two** provisions that apply in the absence of a partnership agreement.

(2)

1

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(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) and (c).

4 (a) (i) Calculate the credit sales for the year ended 30 April 2018.

(2)

(ii) Prepare the statement of profit or loss for the year ended 30 April 2018.

(11)

Terry
Statement of profit or loss for the year ended 30 April 2018

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(b) Explain to Terry **one** reason why it is important to maintain control accounts.

(2)

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(c) Evaluate the profitability and liquidity of Exe and Wye.

(5)

Profitability

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Liquidity

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Evaluation

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(Total for Question 4 = 20 marks)

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You will need to use the data on **page 8** of the Resource Booklet to answer parts (a) and (b).

5 (a) Calculate the net cash from operating activities for the year ended 31 March 2018.

(6)

(b) Prepare the statement of cash flows for the year ended 31 March 2018.

(8)

Space for workings

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(c) State **two** other items that may appear in a statement of cash flows.

(2)

1

2

(d) Explain **one** reason why a business's profit for the year may be different to the change in the cash and cash equivalents during the year.

(2)

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(Total for Question 5 = 18 marks)

TOTAL FOR PAPER = 100 MARKS

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