

Pearson LCCI

**Certificate in Financial
Accounting (VRQ)
Level 3**

Wednesday 6 June 2018
Resource Booklet

Paper Reference
ASE20097

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 – Parts (a), (b) and (d).

Sahiba provided the following information in addition to the extended trial balance extract at 30 April 2018 on **page 3** of the question paper.

1. Goods costing \$450, taken for personal use, had not been entered in the books of account.
2. Machinery repairs of \$750 had been entered in the machinery – cost account.
3. The 10% bank loan (2020) of \$60 000 was received on 1 January 2018. No interest has yet been paid.
4. Irrecoverable debts of \$4 575 were to be written off.
5. Allowance of doubtful debts was to be decreased by \$1 500

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

Ming provided the following information for the year ended 31 March 2018:

- on 1 March 2018 Ming sold a motor vehicle 'Beny115' for \$22 800 as a trade-in allowance for a new motor vehicle 'Jeny111' costing \$65 000. The balance of the purchase price was paid by cheque
- depreciation is charged at 20% per annum using the reducing (diminishing) balance method
- the depreciation policy is to charge a full year's depreciation in the year of acquisition and none in the year of disposal.

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

Rosa and Simone were in partnership sharing profits and losses in the ratio 2:3.

They provided the following information at 1 April 2017.

Account	\$
Capital	
Rosa	100 000
Simone	150 000
Current	
Rosa	5 400
Simone	2 500 Dr

In accordance with the partnership agreement, the following figures were calculated for the period ended 30 September 2017.

	Rosa \$	Simone \$
Drawings	9 000	7 500
Salaries	6 000	7 000
Interest on capital	2 500	3 750

On 1 October 2017 Tia joined the partnership. She introduced \$150 000.
Rosa, Simone and Tia agreed to share profits and losses in the ratio 2:3:3.

Goodwill was valued at \$80 000. This was not to be maintained in the books.

In accordance with the new partnership agreement, the following figures were calculated for the period ended 31 March 2018.

	Rosa \$	Simone \$	Tia \$
Drawings	9 000	7 500	4 500
Salaries	6 000	7 000	7 000
Interest on capital	2 500	3 750	3 000

Balances at 31 March 2018

	\$
Bank	20 100
Capital account – Rosa	112 000
Capital account – Tia	120 000
Current account – Rosa	27 800
Current account – Tia	19 000
Inventory	45 000
Other payables	1 500
Other receivables	3 375
Trade payables	47 225
Trade receivables	58 750

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

Data for part (a).

Terry does not keep full accounting records but provided the following information for the year ended 30 April 2018.

Assets and liabilities

	1 May 2017 \$	30 April 2018 \$
Cash in hand	150	150
Other payables – electricity	450	375
Fixtures and fittings	13 500	12 000
Inventory	7 500	14 850
Machinery	14 500	18 000
Trade receivables	15 000	17 500

Bank summary

Receipts	\$	Payments	\$
Opening balance	2 750	Electricity	1 250
Disposal proceeds of machinery	14 100	Purchase of machinery	20 000
Cash sales	47 850	General expenses	16 750
Trade receivables	21 500	Purchase of goods	61 450
Closing balance	13 250		
	99 450		99 450

During the year all machinery owned at 1 May 2017 was sold.

Cash sales were banked after deducting the following payments.

	\$
Purchases	1 540
General expenses	17 000
Drawings	21 000

The closing inventory included damaged goods, \$2 000. Half of these can be sold for \$1 350 after repairs costing \$450, the remainder had no value.

Data for part (c).

The following information was available for two businesses.

Ratio	Exe	Wye
Gross profit percentage/margin	16%	15%
Profit for the year to revenue percentage/margin	8%	10%
Current ratio	1.5:1	1.3:1
Quick ratio (acid test)	0.8:1	1.1:1

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

The directors of S Ltd provided the following information at 31 March 2017 and 31 March 2018.

	2018 \$	2017 \$
Bank	65 000 Cr	25 000
Bank loan (2025)	580 000	450 000
Cash	1 250	3 850
General reserve	250 000	175 000
Inventory	1 125 000	975 000
Property, plant and equipment at carrying value	2 191 750	1 780 000
Retained earnings	895 000	852 150
Share capital (ordinary shares of \$1 each)	1 500 000	1 100 000
Share premium	300 000	250 000
Trade payables	592 000	631 700
Trade receivables	864 000	675 000

During the year ended 31 March 2018:

- the profit for the year was \$237 850
- there were no disposals of non-current assets
- the depreciation charge was \$445 000
- a dividend of \$120 000 was paid
- a transfer of \$75 000 was made to general reserve.