Pearson LCCI

Certificate in Financial Accounting (VRQ)

Level 3

Thursday 5 July 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 (b), (c) and (d).

Dele provided the following information in addition to the extended trial balance extract at 31 May 2018 on **page 3** of the question paper.

The following have not yet been adjusted for.

- Closing inventory did **not** include two damaged products.

Product	Quantity	Cost per unit $	Selling price per unit $	Comments
A1	120	5.40	9.80	Each unit can be sold for $8.10 after repairs costing $2.50
B2	610	11.95	16.80	Each unit can be sold for $13.00 after repairs costing $4.10

- On 1 September 2017 a motor vehicle costing $16 000 was purchased using an 8% bank loan. Interest is paid annually on 31 August.
- Dele had paid $410 insurance for the new motor vehicle, using his own monies.
- Depreciation is to be charged on all motor vehicles at 25% per annum using the reducing (diminishing) balance method. A full year's depreciation is charged in the year of acquisition.

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

Todd provided the following information for the year ended 28 February 2018.

	1 March 2017 $	**28 February 2018 $**
Bank	1 935	**To be calculated**
Inventory	10 000	10 000
Non-current assets – carrying value	90 300	80 000
Other payables – rental income	810	940
Other receivables – insurance	105	**To be calculated**

Bank summary for the year ended 28 February 2018

	$
Drawings	28 700
General expenses	8 000
Insurance	1 464
Purchases	40 000
Rental income	10 500
Sales	60 000

Additional information

Insurance was paid for the 12 month period ending 31 March 2018.

There were no additions or disposals of non-current assets during the year.

Resource for Question 3 - Parts (b) and (c).

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

	1 April 2017	
Partner	**Capital account $**	**Current account $**
Aung	80 000	4 100 Dr
Bu	60 000	1 300 Dr

On 1 July 2017 Chaw joined the partnership introducing $70 000 by cheque.

Non-current assets were revalued and the profit on revaluation was $21 000

Goodwill was valued at $40 000 and was not to be maintained in the books.

The new partnership agreement provided for:

- profits and losses to be shared between Aung, Bu and Chaw in the ratio 5:3:2
- interest on capital to be paid at 8% per annum on the opening capital balances of Aung and Bu and the capital introduced by Chaw
- Bu to receive an annual salary of $15 000

The profit for the year ended 31 March 2018 was $108 000. The profit accrued evenly throughout the year.

Resource for Question 4 - Parts (b), (c) and (d).

The directors of Pathblazers Ltd extracted the following information at 31 March 2018 and 31 March 2017.

	2018 $	2017 $
Cash at bank	2 905 Cr	16 640
Cash in hand	350	200
Debentures (2018)	15 000	30 000
Debentures (2027)	36 000	-
Intangible non-current assets	120 000	100 000
Plant and equipment Cost Accumulated depreciation	 91 360 21 990	 86 245 17 960
Share capital (ordinary shares of $1 each)	245 000	180 000
Share premium	-	30 000

During the year ended 31 March 2018.

1 December 2017	A bonus issue of 65 000 ordinary shares was made.
1 January 2018	Equipment costing $14 310, with accumulated depreciation of $3 640, was sold for $8 990 cash. There were no other disposals during the year.
1 March 2018	An ordinary share dividend of $0.06 per share was paid.
31 March 2018	The net cash from operating activities was $4 740

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

Data for part (a).

Geline, a sole trader, does not keep full accounting records. She provided the following information.

	1 June 2017 $	**31 May 2018 $**
Inventory	21 000	27 000
Other payables – general expenses	745	816

For the year ended 31 May 2018

Carriage inwards	$820
General expenses paid	$18 930
Wages	**To be calculated**
Inventory turnover period	21 times
Gross profit percentage/margin	10%
Profit for the year as a percentage of revenue (net profit percentage)	6%

Data for part (d).

The directors of Mingz Ltd provided the following information.

Ratios	**2017**	**2018**
Gross profit percentage/margin	16.25%	22.30%
Profit for the year to revenue percentage (net profit percentage)	6.20%	5.90%
Return on capital employed	10.32%	9.48%
Quick (acid test) ratio	1:1	0.6:1

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