

Pearson LCCI

Wednesday 6 March 2019

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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You will need to use the data on **page 2** of the Resource Booklet to answer parts (a), (b) and (d).

1 (a) Prepare the allowance for doubtful debts account.

(3)

Allowance for Doubtful Debts Account

(b) Calculate the value of closing inventory.

(1)

(c) State **one** purpose of an extended trial balance.

(1)

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(d) Complete the adjustments column of the extended trial balance at 31 January 2019.

(14)

Amit – Extended trial balance at 31 January 2019			
	Balances	Adjustments	
	\$	Debit \$	Credit \$
8% bank loan	14 400		
Allowance for doubtful debts	1 530		
Bank	3 150		
Equity	61 320		
General expenses	28 140		
Motor vehicles – cost	36 000		
Motor vehicles – accumulated depreciation	12 960		
Opening inventory	32 200		
Premises – cost	65 400		
Purchases	92 830		
Rental income	3 500		
Revenue	193 620		
Trade payables	14 710		
Trade receivables	36 190		
Wages and salaries	14 430		
Allowance for doubtful debts – adjustment			
Bank interest			
Closing inventory – statement of financial position			
Closing inventory – statement of profit or loss			
Depreciation charge			
Drawings			
Irrecoverable debts			
Other payables			

(Total for Question 1 = 19 marks)



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

2 (a) (i) State **one** reason why goodwill was created on the retirement of Chan.

(1)

(ii) Complete the table to show the amount of goodwill in **each** partner's capital account. Indicate with a tick (✓) whether this amount would be debit or credit.

(6)

Partner	\$	Debit (✓)	Credit (✓)
Aysha			
Binti			
Chan			

(b) Calculate the interest on capital for each partner for the nine-month period ended 31 October 2018.

(3)

Partner	Workings	\$
Aysha		
Binti		
Chan		

(c) Calculate Chan's share of profit for the nine-month period ended 31 October 2018.

(3)

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(d) Prepare Chan's capital account.

(5)

Capital Account - Chan

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(e) Prepare an extract of the statement of financial position at 31 January 2019 showing the **total liabilities** section only.

(4)

Aysha and Binti

Statement of financial position at 31 January 2019

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(Total for Question 2 = 22 marks)

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

3 (a) State **two** interests that each of the following stakeholders may have in the financial statements of a business.

(4)

Employees

1

2

Local community

1

2

(b) (i) Prepare an extract of the statement of profit or loss for the year ended 31 January 2019 to show the **trading section** only.

(3)

Abi

Statement of profit or loss for the year ended 31 January 2019

For the year ended 31 January 2018 the rate of inventory turnover was 5.01 times.

(ii) Calculate the inventory turnover ratio for the year ended 31 January 2019 correct to 2 decimal places.

(1)

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(iii) Explain the effect of the change in the inventory turnover ratio on the:

(4)

profitability ratios

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liquidity ratios

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(c) Prepare the telephone expenses account.

(5)

Telephone Expenses Account

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(d) Identify, indicating with a tick (✓), which statements are characteristic of a public sector organisation and which are characteristic of a private sector organisation.

(4)

Characteristic	Public Sector	Private Sector
Maximise profit		
Financed by share capital		
Financed by tax revenue		
Maximise market share		

(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 (a) and (b).

4 (a) Calculate the credit sales for the year ended 31 January 2019.

(2)

(b) Prepare the statement of profit or loss for the year ended 31 January 2019.

(10)

Alex

Statement of profit or loss for the year ended 31 January 2019

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Alex received orders from credit customers on 31 January 2019 for delivery and payment in February 2019. He did not include these in the current year's revenue.

(c) State which accounting concept Alex followed. (1)

(d) Discuss whether Alex should maintain a trade receivables ledger control account. You **must** justify your decision. (5)

(Total for Question 4 = 18 marks)



You will need to use the data on **pages 6 and 7** of the Resource Booklet to answer parts (b), (c) and (d).

5 (a) State **two** characteristics of a public limited company.

(2)

1

2

(b) Calculate the cost of machinery purchased during the year ended 31 December 2018.

(3)

(c) Prepare the statement of cash flows for the year ended 31 December 2018.

(10)

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Maipart plc

Statement of cash flows for the year ended 31 December 2018

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The directors of Maipart have identified two potential businesses to acquire and have arranged investment finance in the form of a 10% bank loan.

(d) Evaluate the performance of **both** businesses.

(5)

(Total for Question 5 = 20 marks)

TOTAL FOR PAPER = 100 MARKS

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