

Pearson LCCI

Wednesday 6 March 2019

Time: 3 hours

Paper Reference **ASE20097**

**Certificate in Financial Accounting
(VRQ)**

Level 3

Resource Booklet

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).

Amit provided the following information in addition to the extended trial balance extract at 31 January 2019 on **page 3** of the question paper.

The following had not yet been accounted for.

- No interest had been paid on an 8% bank loan taken out on 1 May 2018.
- Goods costing \$400 were taken by Amit for his own use.
- Inventory valued at \$36 430 included two damaged items requiring repair before they could be sold.

Item	Cost \$	Repair cost \$	Selling price \$
1	220	50	200
2	360	100	490

- Rental income of \$500 received in advance.
- Irrecoverable debts of \$1 450
- An allowance for doubtful debts at 5% of trade receivables.
- Depreciation on motor vehicles at 25% per annum, using the reducing (diminishing) balance method.

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

Aysha, Binti and Chan were in partnership sharing profits and losses in the ratio 2:2:1.

The partners did not maintain separate current accounts.

The partnership agreement provided for:

- 5% interest on capital calculated on the balance at the end of each month
- each partner to take monthly drawings of \$1 500.

1 February 2018

Account	Aysha \$	Binti \$	Chan \$
Capital	16 000	16 000	8 000

On 1 August 2018 Aysha introduced additional capital of \$4 000

On 31 October 2018 Chan retired.

- Goodwill valued at \$65 000 was not to be retained in the books.
- Chan took a motor vehicle at the carrying value of \$12 000

The amount due to Chan was settled by a 10% loan to the partnership of \$5 000 with the balance being paid by cheque. Interest on loan to be paid annually.

Aysha and Binti agreed to continue in partnership sharing profits and losses equally.

The profit for the year ended 31 January 2019 was \$81 440 accrued evenly throughout the year.

31 January 2019

	\$
Bank overdraft	1 390
Trade payables	8 800

No adjustment had been made in the books for a cheque payment of \$1 600 to a credit supplier, which had been omitted from the books.

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

Data for part (b).

Abi provided the following information for the year ended 31 January 2019.

	\$
Total sales	156 750
Opening inventory	24 600
Closing inventory	26 970

All goods are marked up by 50%.

Data for part (c).

	1 February 2018 \$	31 January 2019 \$
Other payables – call charges	275	160
Other receivables – telephone rental	80	40

During the year ended 31 January 2019, Abi paid \$1 140 for telephone calls and \$440 for telephone rental.

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

Alex has not kept full accounting records but has provided the following information for the year ended 31 January 2019.

	31 January 2019 \$	1 February 2018 \$
Fixtures and fittings – carrying value	11 610	12 290
Inventory – goods for resale	9 450	8 600
Inventory – stationery	150	-
Trade receivables	2 150	1 820
Other receivables – rent	-	330
Trade payables	920	770
Other payables – wages	180	-

Bank summary

Receipts	\$	Payments	\$
Trade receivables	86 100	Balance b/d	1 020
Cash sales	1 340	Trade payables	42 660
Balance c/d	3 490	Fixtures and fittings	610
		Cash	23 730
		Rent	3 630
		Stationery	2 800
		General expenses	16 480
	90 930		90 930

- Sales were made on both a cash and credit basis. All purchases were on credit.
- All cash sales were banked.
- Discount allowed was \$480
- Cash withdrawn from the bank included \$8 250 to pay staff wages and the rest was taken as drawings.

Resource for Question 5 – Parts (b), (c) and (d).

Data for parts (b) and (c).

The directors of Maipart plc provided the following extracts from the statements of financial position at 31 December.

	2018 \$	2017 \$
8% debentures (2025)	25 000	40 000
Bank	8 600	7 200 Cr
Cash	850	230
Land and buildings Cost/valuation Accumulated depreciation	180 000 24 400	130 000 20 800
Machinery – carrying value	109 600	106 700
Revaluation reserve	50 000	-
Share capital (ordinary shares of \$1 each)	360 000	200 000
Share premium	8 000	80 000

The following transactions took place during the year ended 31 December 2018.

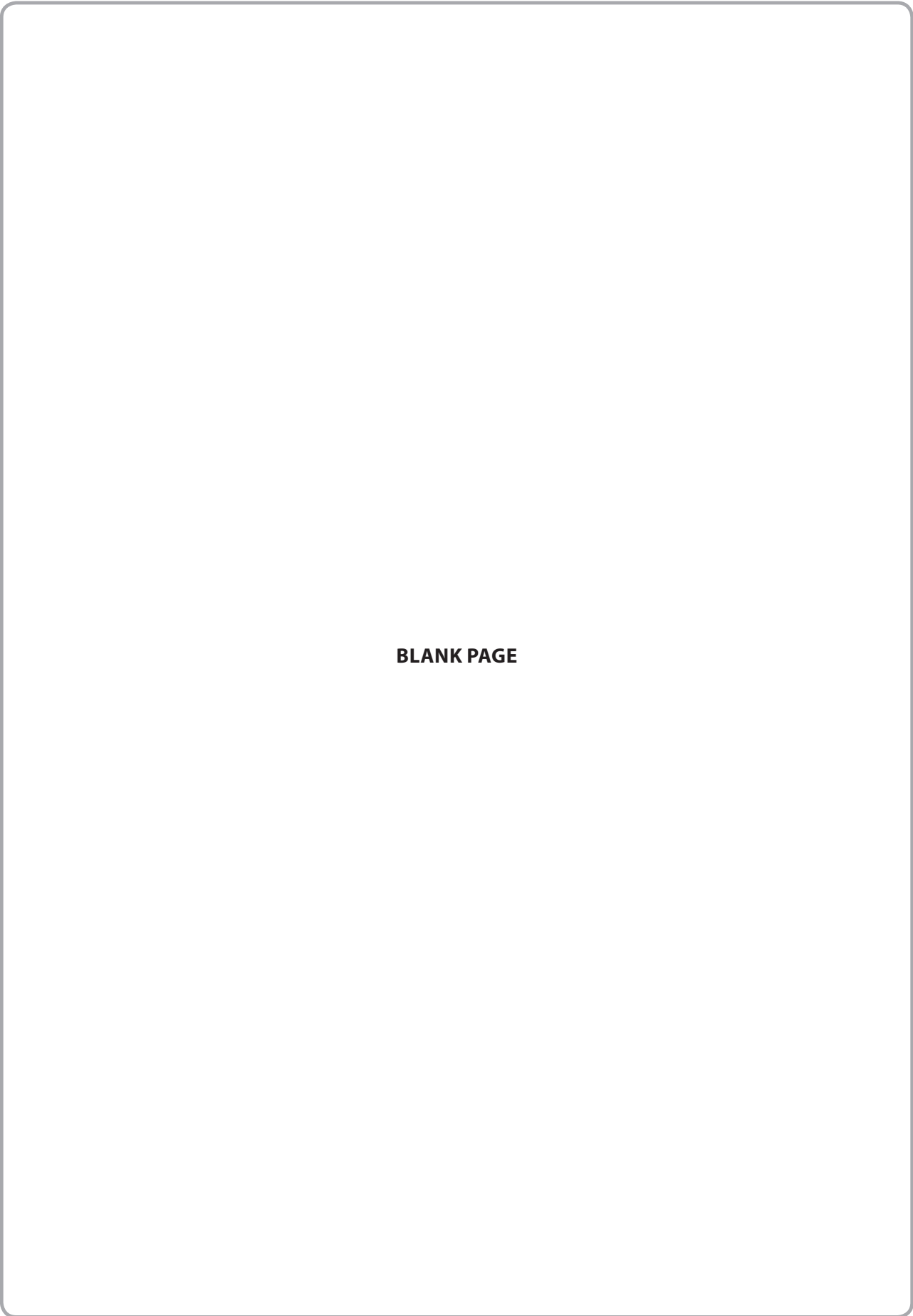
Date 2018	Transaction
31 March	A bonus issue of two ordinary shares for every five shares held.
30 June	Machinery with an original cost of \$40 000 and accumulated depreciation of \$16 000 was sold at a profit of \$4 600
31 August	Paid a 5% ordinary share dividend.
31 October	A rights issue of two ordinary shares for every seven shares held at a premium of 10%. The issue was fully subscribed.
31 December	Land was revalued upwards.

For the year ended 31 December 2018

- There were no additions to land and buildings.
- There were no other disposals of non-current assets.
- The depreciation charge for machinery was \$19 300
- The net cash used in operating activities for the year ended 31 December 2018 was \$24 980

Data for part (d).

Performance Indicator	Business A	Business B
Gross profit percentage	32%	35%
Quick ratio (acid test)	0.9:1	1.2:1
Current ratio	2.2:1	1.9:1
Return on capital employed (ROCE)	12%	8%



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