

Pearson LCCI

Wednesday 3 April 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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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 part (a).

1 (a) Prepare the following accounts:

(i)

(5)

Trade Receivables Ledger Control Account

(ii)

(6)

Bank Account

(b) State **one** difference between a standing order and a direct debit.

(1)

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(c) State how **each** accounting concept is applied when preparing financial statements.

(6)

| Accounting concept | Application |
|--------------------|-------------|
| Accruals | |
| Business entity | |
| Consistency | |
| Going concern | |
| Materiality | |
| Prudence | |

(Total for Question 1 = 18 marks)



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

- 2 (a) Complete the adjustments columns of the extended trial balance extract at 31 March 2019.

(15)

Mia - Extended trial balance extract at 31 March 2019

| | Balance \$ | Adjustments | |
|---|---------------|-------------|--------------|
| | | Debit \$ | Credit \$ |
| Closing inventory – statement of financial position | 35 000 | | |
| Closing inventory – statement of profit or loss | 35 000 | | |
| Drawings | 38 950 | | |
| Equity | 150 000 | | |
| Machinery – accumulated depreciation | 32 520 | | |
| Machinery – cost | 120 000 | | |
| Opening inventory | 15 875 | | |
| Purchases | 298 450 | | |
| Rent payable | 8 970 | | |
| Rent receivable | 4 250 | | |
| Repairs | 5 572 | | |
| Revenue | 369 785 | | |
| Trade payables | 68 950 | | |
| Trade receivables | 76 450 | | |
| Wages and salaries | 23 465 | | |
| Depreciation charge | | | |
| Suspense | | | |

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(b) State **two** stakeholders who may be interested in Mia's financial statements.

(2)

1

2

(c) Explain how the profit for the year would be affected by recording the purchase of a non-current asset in the repairs account.

(2)

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(Total for Question 2 = 19 marks)

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

3 (a) Prepare the following accounts:

(i)

(5)

Revaluation Account

(ii)

(4)

Capital Account – Bob

(b) Calculate:

(i) Ali's capital account balance

(3)

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(ii) the partnership bank balance.

(3)

On 1 January 2019 Chander's capital account balance was \$65 520

(c) Prepare an extract of the statement of financial position at 1 January 2019 to show the **equity and liabilities** section only.

(6)

Ali and Chander
Statement of financial position at 1 January 2019

Equity and liabilities

(Total for Question 3 = 21 marks)



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

4 (a) Calculate the total depreciation charge for the year ended 31 March 2019. (2)

(b) Prepare a statement to reconcile the profit for the year to net cash from operating activities for the year ended 31 March 2019. (6)

Shangari Ltd
Reconciliation of profit for the year to net cash from operating activities
for the year ended 31 March 2019

| | |
|----------------------------|---------------------|
| Profit for the year | \$ 77 325 |
|----------------------------|---------------------|

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(c) Prepare the statement of cash flows for the year ended 31 March 2019.

(9)

Shangari Ltd
Statement of cash flows for the year ended 31 March 2019



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(d) Evaluate the effect on both **profitability** and **liquidity** of the information shown in the statement of cash flows for the year ended 31 March 2019.

(5)

(Total for Question 4 = 22 marks)

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

5 (a) State **two** reasons why a business should maintain a full set of accounting records. (2)

1

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2

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(b) Calculate the amount of cash taken by the employee. (3)

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(c) Complete the statement of profit or loss for the year ended 31 March 2019. (7)

Space for workings

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Rohan
Statement of profit or loss for the year ended 31 March 2019

| | \$ | \$ | |
|---------------------|----|--------|--|
| Gross profit | | 80 783 | |
| | | | |
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(d) (i) Explain how Rohan's profitability may be affected if he decides to introduce credit sales. (2)

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(ii) State the ratio that Rohan should monitor in order to maintain good credit control. (1)

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(e) Discuss whether Rohan should employ either a financial accountant or a management accountant.

You **must** justify your decision.

(5)

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(Total for Question 5 = 20 marks)

TOTAL FOR PAPER = 100 MARKS



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