

Pearson LCCI

Thursday 11 July 2019

Time: 3 hours

Paper Reference **ASE20097**

**Certificate in Financial Accounting
(VRQ)**

Level 3

Resource Booklet

Do not return this 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) and (b).

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

- Inventory at 31 May 2019 had been undercast by \$900
- Inventory, valued at cost \$1 250, was damaged and can only be sold at one half of the cost price.
- The 8% bank savings account was opened on 1 January 2019. No interest had been received.
- No entries had been made to record the disposal of equipment, costing \$11 400 with a carrying value of \$6 100. The proceeds of \$4 920 were received by cheque.
- Returns inwards of \$860 had been credited to the returns outwards account as \$680
- Rent expenditure was for the 11 months to 30 April 2019.
- Credit purchases of \$725 had been recorded twice in the purchase day book.

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

Anthony works as an accounts assistant for a firm of accountants. He received the following email from Kelly, a client of the firm.

Email Message ✕

To cc bc

From

B I U **A** **T**

Hi Anthony

In order to complete my accounts for the year ended 30 April 2019, you will need the following information.

On 1 December 2018 I received cash of \$3 750 from a credit customer whose debt had been written off as irrecoverable last year. I took this cash to pay for a holiday.

At 30 April 2019 trade receivables owed \$110 780. This includes \$1 180 from a credit customer who cannot pay and is to be written off as irrecoverable.

The allowance for doubtful debts at 1 May 2018 was \$2 710. I would like to increase the allowance to 3% of trade receivables.

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Resource for Question 3 – Parts (c), (d), (e) and (f).

Agnes, Brea and Carleen were in partnership sharing profits and losses equally.

At 30 April 2019	Agnes \$	Brea \$	Carleen \$
Capital account	115 000	90 000	70 000
Current account	6 800 Dr	7 400	1 090

On 1 May 2019 Agnes left the partnership. Brea and Carleen decided to continue in partnership sharing profits and losses in the ratio 3:2.

Assets were revalued as shown.

	Increase \$	Decrease \$
Land and buildings	75 000	
Fixtures and fittings		27 540
Inventory	1 650	

Goodwill was valued at \$126 000. The partners decided not to maintain goodwill in the partnership books.

The amount due to Agnes was settled by a 9% loan of \$50 000 repayable over five years with the balance paid by cheque.

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

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

	1 February 2018 \$	31 January 2019 \$
Non-current assets		
– cost	43 200	To be calculated
– accumulated depreciation	18 500	19 900
Inventory	21 000	To be calculated
Cash and cash equivalents	6 200	8 300
Trade receivables	26 000	To be calculated
Trade payables	17 200	28 930
Other payables	460	730

On 31 January 2019 Sellan sold non-current assets costing \$12 200. These were taken as a trade in allowance for a new non-current asset costing \$80 000. The balance, \$74 950, was financed by a loan repayable on 31 January 2020.

Sellan
Summarised statement of profit or loss for the year ended 31 January 2019

	\$
Revenue	230 000
Cost of sales	(80 000)
Gross profit	150 000
Expenses	(90 000)
Profit for the year	60 000

- Inventory turnover 3.2 times.
- All sales were on credit basis.
- Trade receivables collection period 45 days assuming 360 days in a year.

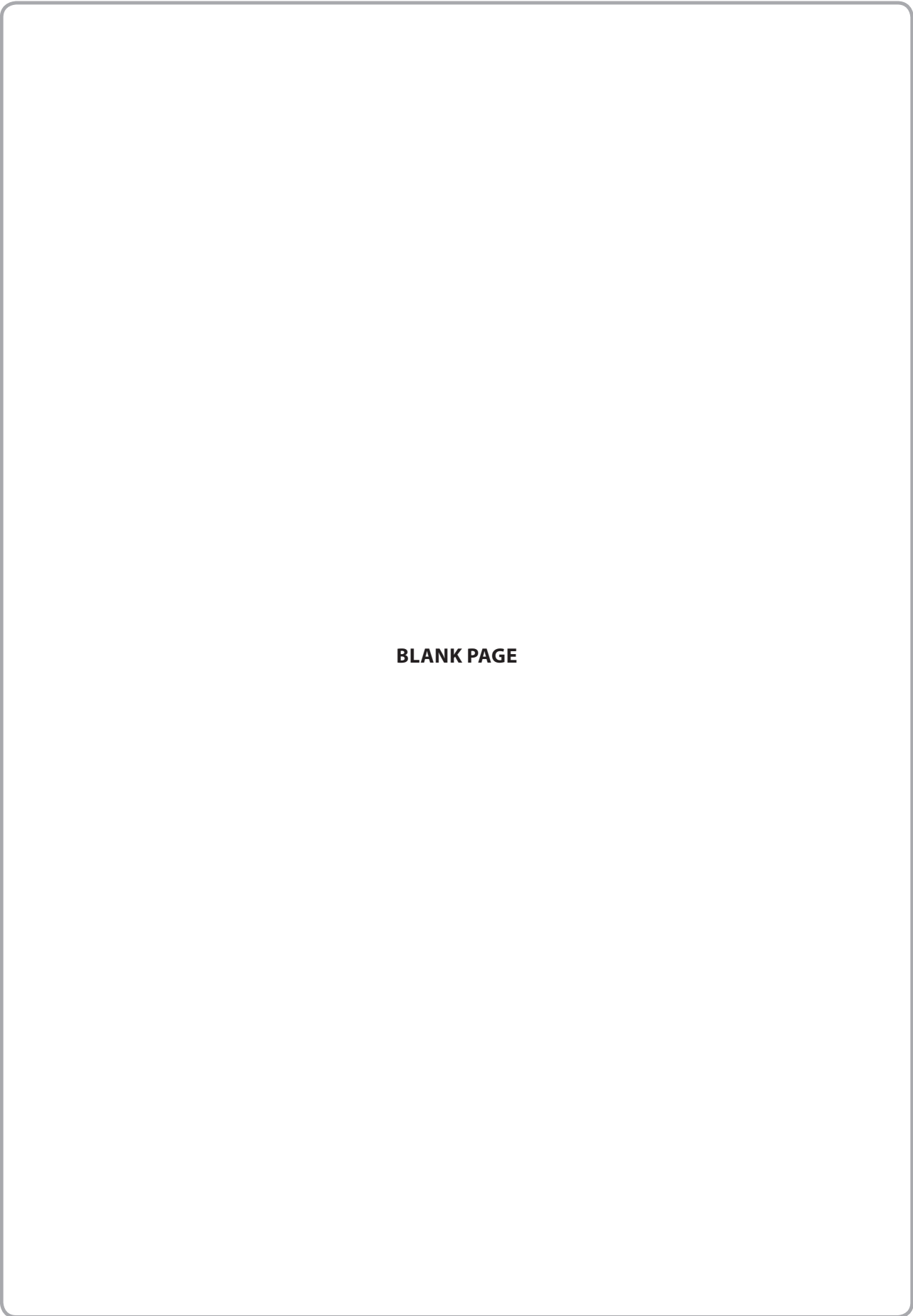
Resource for Question 5 – Parts (a), (b) and (c).

Zelah Ltd provided the following information.

	30 June	
	2019 \$	2018 \$
Bank	31 945	32 840 Cr
Bank loan	31 200	16 200
Cash	200	250
Property, plant and equipment		
– cost	98 900	82 100
– accumulated depreciation	44 395	28 600
Share capital (ordinary shares of \$0.50 each)	135 000	120 000
Share premium	22 000	19 000

For the year ended 30 June 2019	\$
Profit for the year	68 360
Depreciation	18 205
Loss on disposal	1 750
Proceeds from disposal of equipment	7 740
Increase in inventory	18 610
Increase in trade receivables	7 070
Decrease in trade payables	3 940
Dividends paid	6 000

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