Pearson LCCI

Thursday 5 September 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.

Turn over ▶

Resource for Question 1 – Parts (a) and (b).

Anmol provided the following information.

	1 June 2018 $	**31 May 2019 $**
Other receivables: – commission received – rent and rates	 – 580	 4 500 700
Other payables: – rent and rates	 950	 620

During the year ended 31 May 2019 Anmol earned commission of $25 000 and paid rent and rates of $10 850

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

In addition to the extended trial balance extract at 30 June 2019 on **page 5** of the question paper, the following email exchange took place between Tian and her accountant Daniel.

Email Message

To: Tian

From: Daniel

Hi Tian,

Can I confirm that your accounting policies are still as below?

Motor vehicles are depreciated at 10% per annum using the reducing (diminishing) balance method. A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

The allowance for doubtful debts is maintained at 5% of trade receivables.

Looking forward to hearing from you,

Daniel

Add attachment Cancel Send now

Email Message

To Daniel

From Tian

Hi Daniel,

Thank you for your email, yes – these are still my accounting policies.

In addition, on 1 January 2019, I purchased a new motor vehicle costing $30 000 to replace the existing motor vehicle, which was traded in for $20 000. I financed the balance by a 10% bank loan with interest paid on the 31 December each year.

I have valued inventory at $25 400 including damaged items, $5 400, which can be sold for $6 000 after repairs costing $1 000

Could you please update the extended trial balance for the above.

Many thanks,

Tian

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

Hommer and Bert were in partnership sharing profits and losses equally.

On 1 April 2018 the partners' balances were:

	Capital account $	**Current account $**
Hommer	100 000	7 500
Bert	100 000	5 275 Dr

On 30 June 2018

Bert left the partnership. He agreed to leave $75 000 of the amount due to him as an interest free loan to the new partnership with the remainder being settled by cheque.

Gaetty joined the partnership. She introduced capital of $100 000, which included a motor vehicle valued at $25 000

The **new** partnership agreement provided for:
- profits and losses to be shared equally
- interest on capital at 6% per annum on opening balances
- an annual salary of $11 600 for each partner.

Non-current assets were revalued upwards by $60 000 and goodwill was valued at $40 000. The partners agreed not to maintain goodwill in the books.

Profit for the year ended 31 March 2019 was $65 000, which was earned evenly.

Resource for Question 4 – Part (a).

Afzal provided the following information for his new business for the year ended 30 June 2019.

On 1 July 2018 Afzal rented premises at an annual cost of $24 000

On 1 October 2018 Afzal acquired non-current assets costing $130 000. This was funded by a 5% loan, repayable in full within 12 months, personal funds of $20 000, and the balance from the business bank account.

Depreciation is charged on all non-current assets at 10% per annum using the straight line method on a monthly basis.

Afzal buys and sells goods on a cash and credit basis with a gross profit margin of 50%.

Bank summary

Receipts	**$**	**Payments**	**$**
Equity	40 000	Drawings	7 500
Cash banked	4 966	General expenses	27 650
Trade receivables	100 000	Rent	26 000
		Non-current assets	30 000
		Trade payables	54 750

During the year ended 30 June 2019 total purchases were $90 000 and total sales were $170 000 including cash sales of $33 000

Cash banked was after paying general expenses of $7 868, purchases of $12 850, retaining a float of $150 and drawings.

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

Penn Ltd provided the following information.

	30 June 2018 $	30 June 2019 $
Revenue	360 000	334 000
Profit for the year	52 000	53 000
Machinery – cost/valuation – accumulated depreciation	 225 000 57 400	 310 000 53 750
Inventory	25 000	19 800
Trade receivables	5 000	18 700
Cash and cash equivalents	–	1 600
Trade payables	7 500	4 750
Bank overdraft	3 250	–

During the year ended 30 June 2019.

- Machinery costing $50 000 was sold for $25 000. This machinery had accumulated depreciation of $28 400
- Machinery costing $135 000 was purchased. This was partly financed by a long-term bank loan.
- There were no other disposals or acquisitions of non-current assets.
- There were no shares issued or dividends paid.

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