

Pearson LCCI

Certificate in Bookkeeping and Accounting (VRQ) Level 2

Tuesday 10 April 2018
Time: 3 hours

Paper Reference
ASE20093

Complete the details below in block capitals.

Candidate name

Centre Code

Candidate Number

Candidate ID Number

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.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

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

1 (a) State the type of error made in each scenario.

(2)

1

2

(b) Prepare journal entries to correct the **three** errors.
Narratives are **not** required.

(7)

Journal

Date	Account	Debit \$	Credit \$
31 March 2018			

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(c) Prepare the suspense account.

(6)

Suspense Account

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(d) Prepare a corrected trade payables ledger control account for the year ended 31 March 2018. Balance the account on that date and bring the balance down on 1 April 2018.

(4)

Trade Payables Ledger Control Account

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(e) Explain why cash purchases are recorded in the cashbook and **not** in the purchases day book.

(2)

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(Total for Question 1 = 21 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 (e).

2 (a) (i) State the accounting equation. (1)

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(ii) Calculate Mario's capital at 1 March 2017. (3)

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(iii) State **two** reasons why a sole trader's capital may decrease. (2)

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(b) Prepare an extract of the statement of profit or loss for the year ended 28 February 2018, showing the trading section only.

(6)

Mario
Statement of profit or loss for the year ended 28 February 2018

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(c) Identify the **mark-up** Mario is applying.

(1)

- A 1/3
- B 1/4
- C 1/5
- D 1/6

(d) Identify the effect on the statement of profit or loss of not including carriage outwards.

(1)

- A Gross profit overstated
- B Gross profit understated
- C Profit for the year overstated
- D Profit for the year understated



(e) Prepare the rent and rates account for the year ended 28 February 2018. Balance the account on this date and bring the balances down on 1 March 2018.

(7)

Rent and Rates Account

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(Total for Question 2 = 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).

- 3 (a) (i) Prepare the appropriation account for the year ended 31 January 2018. (4)

Fortune and Hari
Appropriation account for the year ended 31 January 2018

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- (ii) Calculate the current account balance for each partner at 31 January 2018. (8)

Fortune

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Hari

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(b) Prepare the statement of financial position at 31 January 2018.

(9)

Fortune and Hari
Statement of financial position at 31 January 2018

Area with horizontal dotted lines for writing the financial statement.

(Total for Question 3 = 21 marks)

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4 (a) (i) State **one** accounting concept being applied when writing off an irrecoverable debt. (1)

(ii) Identify the book of original entry used to record the write-off of an irrecoverable debt. (1)

- A Cash book
- B Journal
- C Sales day book
- D Sales returns day book

On 31 March 2018 an outstanding debt of \$1 400 is to be written off.

(iii) Prepare the irrecoverable debts account. (3)

Irrecoverable Debts Account

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(iv) Explain how the business's profitability was affected by the writing off of the irrecoverable debt. (2)

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(v) Explain how the business's liquidity was affected by the writing off of the irrecoverable debt.

(2)

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The business maintains an allowance for doubtful debts of 5% of trade receivables.

(b) (i) State **two** reasons why an allowance for doubtful debts account is maintained.

(2)

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On 1 April 2017, trade receivables owed \$97 700. On 31 March 2018, trade receivables owed \$88 760 before the writing off of the irrecoverable debt in (a).

(ii) Calculate for the year ended 31 March 2018 the opening and closing balance of the allowance for doubtful debts account.

(3)

Opening balance

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Closing balance

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(iii) Prepare the allowance for doubtful debts account for the year ended 31 March 2018. Balance the account on this date and bring the balance down on 1 April 2018.

(4)

Allowance for Doubtful Debts Account

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(iv) Identify the effect on a business's profitability of an increase in the allowance for doubtful debts

(1)

- A Gross profit decrease
- B Gross profit increase
- C Profit for the year decrease
- D Profit for the year increase

(Total for Question 4 = 19 marks)

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