

Pearson LCCE

Thursday 6 December 2018

Time: 3 hours

Paper Reference **ASE20093**

**Certificate in Bookkeeping and
Accounting (VRQ)
Level 2**

Please check the examination details above before entering your candidate information

Candidate name

Centre Code

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Candidate Number

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Candidate ID Number

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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.

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 2** of the Resource Booklet to answer parts (a) and (b).

- 1 (a) Prepare journal entries to correct the **four** errors. Narratives are **not** required.

(9)

Journal

Date	Account	Debit \$	Credit \$
31 October 2018			

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(b) (i) Prepare a journal entry to record the depreciation charge for the year ended 31 October 2018. A narrative is **not** required.

(3)

Journal

Date	Account	Debit \$	Credit \$
31 October 2018			

(ii) Prepare an extract of the statement of financial position at 31 October 2018 showing the **non-current assets section** only.

(2)

**Kane
Statement of financial position at 31 October 2018**

Non-current assets

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Kane treats expenditure on non-current assets over \$500 as capital expenditure.

(c) Identify the accounting concept being applied.

(1)

- A** Accruals
- B** Business entity
- C** Consistency
- D** Materiality



Kane always uses the straight line method to depreciate his motor vehicles.

(d) Identify the accounting concept being applied.

(1)

- A** Accruals
- B** Business entity
- C** Consistency
- D** Materiality

(e) (i) State the name of the account that is opened when a trial balance does not balance.

(1)

(ii) Explain **one** reason why it may be necessary to open this account when a trial balance does not balance.

(2)

(Total for Question 1 = 19 marks)

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

- 2** (a) Prepare the tools account for the year ended 31 October 2018. Balance the account on that date and bring the balance down on 1 November 2018.

(5)

Tools Account

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- (b) (i) Calculate the amount of accumulated depreciation on the delivery vehicle sold.

(2)

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- (ii) Prepare the disposal account.

(5)

Disposal Account

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(c) Complete the table, indicating with a tick (✓) where in the financial statements Rose would show the following items of expenditure.

(4)

Expenditure	Manufacturing account	Statement of profit or loss
Depreciation on tools		
Factory rent		
Profit/loss on disposal of delivery vehicle		
Rental income		

(d) Identify which **one** of the following would **always** have a debit balance at the year end.

(1)

- A Bank interest received
- B Rental income received
- C Rental income accrued
- D Rental income prepaid

(e) Identify how profit for the year is calculated.

(1)

- A Receipts less expenses
- B Receipts less payments
- C Revenue less expenses
- D Revenue less payments

(Total for Question 2 = 18 marks)



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 cash account for the year ended 31 July 2018. Balance the account on this date and bring the balance down on 1 August 2018.

(6)

Cash Account

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- (b) Calculate the credit sales for the year ended 31 July 2018.

(4)

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

4 (a) Identify where interest on partners' drawings is shown. (1)

- A** Debit appropriation account
- B** Credit appropriation account
- C** Debit capital account
- D** Credit capital account

(b) Prepare the goodwill account. (6)

Goodwill Account

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(c) Calculate the balance of **each** partner's capital account after the admission of Una. (6)

Sunny

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Tyson

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Una

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(d) Prepare the statement of financial position at 1 October 2018.

(7)

**Sunny, Tyson and Una
Statement of financial position at 1 October 2018**

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(e) Explain **one** reason why a partnership maintains separate capital accounts and current accounts.

(2)

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

5 (a) Calculate for the year ended 30 September 2018:

(i) the number of ordinary shares issued

(1)

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(ii) the total amount of dividend paid.

(2)

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(b) Complete the statement of changes in equity for the year ended 30 September 2018.

(8)

Butland18 Ltd
Statement of changes in equity for the year ended 30 September 2018

	Share capital \$	Share premium \$	Retained earnings \$	Total \$
Balance at 1 October 2017	60 000	10 000	83 600	153 600
Share issue				
Profit for the year				
Dividend				
Balance at 30 September 2018				

(c) Explain **one** reason why a company would choose to issue ordinary shares rather than debentures.

(2)

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(d) Assess the change in the profitability over the past three years.

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(e) State **two** ways of reducing the accounts receivables collection period.

(2)

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(Total for Question 5 = 19 marks)

TOTAL FOR PAPER = 100 MARKS



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