

Pearson LCCI

Thursday 6 December 2018

Time: 3 hours

Paper Reference **ASE20093**

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

Level 2

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 ►

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

Data for part (a).

On 31 October 2018 Kane identified the following errors.

- 1 A motor vehicle purchased for \$15 000 had been debited to the motor expenses account.
- 2 The total of returns inwards, \$660, had been posted to the credit side of the returns outwards account.
- 3 A credit purchase, \$400, from Southgate13 Ltd had been credited to the account of Southway76 Ltd.
- 4 A cheque payment, \$451, to Fabian, had been correctly entered in the cash book but had been entered in Fabian's account as \$541

Data for part (b).

The motor vehicle purchased for \$15 000 had an expected useful life of four years and a residual value of \$4 000. Kane depreciates his motor vehicles using the straight line method, charging a full year's depreciation in the year of purchase.

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

Rose, a manufacturer, provided the following information.

| | 1 November 2017 \$ | Depreciation method |
|--|-----------------------------------|---|
| Delivery vehicles – cost – accumulated depreciation | 69 220 27 100 | 20% per annum reducing (diminishing) balance |
| Tools at valuation | 2 965 | Revaluation |

A full year's depreciation is charged in the year of purchase and none in the year of disposal.

During the year ended 31 October 2018:

| | |
|------------|---|
| 1 January | A delivery vehicle was sold for \$13 250. The vehicle was purchased on 1 February 2016 for \$24 200 |
| 1 October | Tools costing \$193 were purchased by cheque. |
| 31 October | Tools were valued at \$2 535 |

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

Jessie does not maintain full accounting records. She provided the following information for the year ended 31 July 2018.

| | 1 August 2017 \$ | 31 July 2018 \$ |
|--|---------------------|--------------------|
| Allowance for doubtful debts | 321 | To be calculated |
| Cash | 200 | 250 |
| Inventory | 6 400 | To be calculated |
| Other payables – wages | 1 250 | |
| Other receivables – general expenses | | 110 |
| Trade receivables | 16 050 | 18 000 |
| Cash banked | | 42 240 |
| Cheques received from credit customers | | 101 600 |
| General expenses paid by cash | | 12 100 |
| Irrecoverable debts written off | | 750 |
| Purchases paid by cheque | | 80 245 |
| Wages paid by cheque | | 16 240 |

Additional information

- All purchases were paid by cheque.
- Sales were made on a credit and cash basis.
- The allowance for doubtful debts was to be maintained at 2% of trade receivables.
- Gross profit as a percentage of revenue (margin) was 50%.

Resource for Question 4 – Parts (b), (c) and (d).

Sunny and Tyson were in partnership sharing profits and losses in the ratio 3:2
They provided the following information at 30 September 2018.

| | \$ |
|--|----------|
| Bank | 3 650 Cr |
| Capital account – Sunny | 60 000 |
| Tyson | 60 000 |
| Current account – Sunny | 10 910 |
| Tyson | 8 320 |
| Inventory | 31 630 |
| Property, plant and equipment – carrying value | 154 755 |
| Trade payables | 11 915 |
| Trade receivables | 18 410 |
| Bank loan (2025) | 50 000 |

On 1 October 2018 Una joined the partnership. Sunny, Tyson and Una agreed to share profits and losses in the ratio 3:3:2

- Goodwill was valued at \$50 000 and was not to be maintained in the books.
- Una introduced \$40 000 by cheque and a motor vehicle valued at \$17 400

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

Data for parts (a) and (b).

The directors of Butland18 Ltd provided the following information in addition to the statement of changes in equity for the year ended 30 September 2018 on **page 14** of the question paper.

During the year ended 30 September 2018:

- \$17 500 was received from an issue of ordinary shares of \$0.25 each at a premium of \$0.10
- the company made a profit for the year of \$10 000
- a dividend of \$0.04 per share was paid.

Data for part (d).

| | 2016 | 2017 | 2018 |
|--|-------------|-------------|-------------|
| Revenue | \$50 000 | \$100 000 | \$120 000 |
| Gross profit | \$25 000 | \$50 000 | \$60 000 |
| Profit for the year | \$10 000 | \$10 000 | \$10 000 |
| Accounts receivables collection period | 30 days | 35 days | 40 days |

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