

# Pearson LCCI

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

Thursday 7 June 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) and (b).

**1** (a) Prepare the suspense account.

(5)

**Suspense Account**

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

(12)

**Glynis  
Statement of financial position at 31 May 2018**

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(c) Identify the accounting concept that Glynis should comply with when withdrawing cash for her own use from the business.

(1)

- A Accruals
- B Business entity
- C Consistency
- D Prudence

(d) Identify which one of the following concepts assumes that the business will continue for the foreseeable future.

(1)

- A Going concern
- B Materiality
- C Prudence
- D Realisation

**(Total for Question 1 = 19 marks)**



You will need to use the data on **page 4** of the Resource Booklet to answer parts (a) and (b).

**2** (a) Prepare the appropriation account for the year ended 30 April 2018.

(11)

**Novak, Roger and Rafael**  
**Appropriation Account for the year ended 30 April 2018**

Dotted lines for writing the appropriation account.

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On 1 May 2018, Novak retired from the partnership. At this date, the goodwill of the partnership was valued at \$360 000

- (b) (i) Prepare a journal entry to record the goodwill in the partnership books of account.  
A narrative is **not** required.

(4)

**Journal**

<b>Date</b>	<b>Account</b>	<b>Debit \$</b>	<b>Credit \$</b>
1 May 2018			

Roger and Rafael remained in partnership, sharing profits and losses equally. They decided that goodwill was not to be retained on the books of account.

- (ii) Prepare a journal entry to record the writing off of the goodwill from the partnership books of account.  
A narrative is **not** required.

(3)

**Journal**

<b>Date</b>	<b>Account</b>	<b>Debit \$</b>	<b>Credit \$</b>
1 May 2018			



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(c) Identify the section of the statement of financial position where goodwill is shown. (1)

- A** Current assets
- B** Current liabilities
- C** Non-current assets
- D** Non-current liabilities

(d) Identify which statement is correct in the absence of a partnership agreement. (1)

<input type="checkbox"/> <b>A</b>	0% interest on capital	0% interest on loan
<input type="checkbox"/> <b>B</b>	0% interest on capital	5% interest on loan
<input type="checkbox"/> <b>C</b>	5% interest on capital	0% interest on loan
<input type="checkbox"/> <b>D</b>	5% interest on capital	5% interest on loan

(Total for Question 2 = 20 marks)

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

- 3** (a) Prepare the insurance account for the year ended 31 March 2018.  
Balance the account on this date and bring the balance down on 1 April 2018. (5)

**Insurance Account**

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- (b) Calculate the charge to the manufacturing account for:  
(i) insurance (1)

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- (ii) depreciation of factory machinery. (1)

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- (c) Prepare the accumulated depreciation - factory machinery account for the year ended 31 March 2018.  
Balance the account on this date and bring the balance down on 1 April 2018. (4)

**Accumulated Depreciation - Factory Machinery Account**

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(d) Explain **one** reason why a business prepares a manufacturing account.

(2)

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(e) Complete the table with a tick (✓) to show where in the financial statements of a manufacturer each item of expenditure would be shown.

(6)

	<b>Manufacturing account</b>	<b>Statement of profit or loss</b>
Carriage inwards		
Carriage outwards		
Closing inventory – finished goods		
Closing inventory – raw materials		
Irrecoverable debt written off		
Returns outwards		

(f) Identify which of the following is included in prime cost.

(1)

- A** Factory supervisor wages
- B** Inventory finished goods
- C** Inventory work in progress
- D** Production staff wages

**(Total for Question 3 = 20 marks)**



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

- 4** (a) Prepare the subscriptions account for the year ended 30 April 2018. Balance the account on this date and bring the balance down on 1 May 2018.

(8)

**Subscriptions Account**

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- (b) Prepare the trade payables ledger control account for the year ended 30 April 2018. Balance the account on this date and bring the balance down on 1 May 2018.

(5)

**Trade Payables Ledger Control Account**

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(c) Prepare the statement of profit or loss for the year ended 30 April 2018, showing the trading section only.

(5)

**Maws Rowing Club Restaurant**  
**Statement of profit or loss for the year ended 30 April 2018**

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(d) Explain **two** reasons why the balance on a receipts and payments account is different from the balance on an income and expenditure account.

(4)

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**(Total for Question 4 = 22 marks)**



You will need to use the data on **page 7** of the Resource Booklet to answer parts (a), (b), (c) and (e).

5 (a) Calculate the ratios for 2018.

(4)

Ratio	2018
Accounts receivables collection period in days	
Accounts payables payment period in days	
Gross profit as a percentage of revenue (margin)	
Gross profit as a percentage of cost of goods sold (mark-up)	

(b) Calculate the depreciation charge for the year ended:

(i) 31 March 2017

(1)

(ii) 31 March 2018.

(2)

The directors are considering changing the depreciation method from reducing (diminishing) balance to straight line.

(c) (i) State **one** other method of depreciation.

(1)

(ii) Calculate the depreciation charge for the year ended 31 March 2018, using a rate of 25% on a straight line basis.

(2)

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(d) Assess the effect on cashflow and profitability of the change in the method of depreciation.

(4)

Cashflow

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Profitability

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(e) Complete the statement of changes in equity for the year ended 31 March 2018.

(5)

**Fenlator Ltd**  
**Statement of changes in equity for the year ended 31 March 2018**

	Share capital \$	Retained earnings \$	Total \$
Balance at 1 April 2017	28 000	62 440	90 440
Profit for the year			
Dividend			
Balance at 31 March 2018			

(Total for Question 5 = 19 marks)

**TOTAL FOR PAPER = 100 MARKS**





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