Pearson LCCI Friday 16 November 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 Candidate Number Candidate ID Number You must have: Resource Booklet (enclosed)

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 \boxtimes . If you change your mind about an answer, put a line through the box \boxtimes and then mark your new answer with a cross \boxtimes .

ı	(a)	Explain	the entry i	n the i	nsurance	account, ii	n part ((b) below,	on 1	July	2017.
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(2)

On 1 September 2017 Rachmat paid \$1 380 by cheque for insurance for 12 months to 31 August 2018.

(b) Prepare the insurance account for the year ended 30 June 2018.

Balance the account on this date and bring the balance down on 1 July 2018.

(5)

Insurance Account

Date	Details	\$ Date	Details	\$
		1 July 2017	Balance b/d	205

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- (c) State the section of the statement of financial position where the balance of the insurance account would be shown on:
 - (i) 1 July 2017

(1)

(ii) 1 July 2018.

(1)

On 30 June 2018 Rachmat received a cheque for \$280 from a trade receivable whose debt had been written off as irrecoverable in 2017.

(d) Prepare journal entries to record the transaction showing the year end transfer to the financial statements.

Narratives are required.

(6)

Journal

Date	Account	Debit \$	Credit \$
30 June 2018			
30 June 2018			

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			uses of the journal other than the transfer of period end balances to	
	the fi	nanc	ial statements.	(2)
1				
2				
	A cash sa	le ha	d been debited to the sales account and credited to the cash account.	
	(f) Ident	ify th	e type of error made.	(4)
				(1)
	\times	A	Commission	
	X	В	Complete reversal	
	\boxtimes	C	Omission	
	\times	D	Principle	
			(Total for Question 1 = 18 ma	rks)

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	the book of original entry where cash sales are recorded.	(1)
A	Cash book	(-)
В	Petty cash book	
C	Purchases day book	
D	Sales day book	
ntify	the type of error made if a cash sale of \$14 was recorded as \$41.	(1)
A	Commission	
В	Compensating	
C	Omission	
D	Original entry	
	B C D ntify A B C D pare	B Petty cash book C Purchases day book D Sales day book ntify the type of error made if a cash sale of \$14 was recorded as \$41. A Commission B Compensating C Omission D Original entry pare a corrected trade payables ledger control account for the year ended July 2018, Balance the account on that date and bring the balance down on ugust 2018. Trade Payables Ledger Control Account



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(i) credit sales	(3)
(ii) cash sales	(4)
(iii) gross profit.	(2)

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	1 2010
(e) Prepare the statement of profit or loss for the year ended 3	1 July 2018 showing
the trading section only.	
	(5)
Chann	
Cheng	4 24 1 2010
Statement of profit or loss for the year ende	a 3 1 July 20 18
(Total f	or Question 2 = 21 marks)
(Total I	or Question 2 – 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 (c).	
3 (a) Prepare the following accounts for the year ended 31 October 2018. Balance the accounts on that date and bring the balances down on 1 November 2018.	
(i)	
	(5)
Equipment - Cost Account	
(ii)	(5)
Equipment - Accumulated Depreciation Account	
Equipment - Accumulated Depreciation Account	
(b) Calculate for the year ended 31 October 2018 the total amount received fron members for subscriptions.	n
·	(3)

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c) Prepare the red Balance the ac 1 November 20	ceipts and payme count on that da	ents account fo te and bring t	or the year en he balance do	ded 31 Octobown on	er 2018.
					(8)
	Rece	eipts and Payı	ments Accou	nt	
			/=		
			(lotal f	or Question 3	3 = 21 marks)

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

4 (a) Which calculation can be made in a manufacturing account?

(1)

- A Cost of sales
- B Cost of production
- C Gross profit
- **D** Profit for the year
- (b) Identify the prime cost.

(1)

- A Direct materials + Direct labour + Direct expenses
- B Direct materials + Direct labour + Factory overheads
- □ Total direct costs + Factory overheads
- □ Total direct costs + Total indirect costs



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(c) Prepare the statement of profit or loss for the year ended 30 September 2018.	(12)
Ettie Statement of profit or loss for the year ended 30 September 2018	



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(d) Complete the table below for the year ended 30 September 2018.

(6)

Ratio	Formula	Calculation (correct to 2 decimal places)
Gross profit as a percentage of revenue (margin)		
Net profit as a percentage of revenue		
Rate of inventory turnover		

(Total for Question 4 = 20 marks)



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

5 (a) Calculate the debenture interest for the year ended 31 August 2018.

(1)

(b) Complete the statement of changes in equity for the year ended 31 August 2018.

(5)

Wellsopp Ltd Statement of changes in equity for the year ended 31 August 2018

	Share capital \$	Retained earnings \$	Total \$
Balance at 1 September 2017	28 000	30 000	58 000
Profit for the year			
Dividend			
Balance at 31 August 2018			

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(c) Prepare the statement of financial position at 31 August 2018 showing the equity and liabilities section only.	(6)
Wellsopp Ltd Statement of financial position at 31 August 2018	
Equity and liabilities	
(d) Explain one reason why the acid test ratio may be a better measure of liquidity than the current ratio.	
than the current ratio.	(2)

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(e) Assess the liquidity of Wellsopp Ltd.	(4)
(f) Explain one way in which working capital can be impr	roved.
(Тс	otal for Question 5 = 20 marks)
то	OTAL FOR PAPER = 100 MARKS



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