

Pearson LCCI

Thursday 6 September 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.

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

Joe, a manufacturer, provided the following information at 31 December 2017.

	\$
Carriage inwards	420
Carriage outwards	310
Direct labour	76 890
Factory machinery – accumulated depreciation	45 000
Factory machinery – cost	125 000
General expenses	44 110
Indirect labour	33 830
Purchases of raw materials	246 250
Rent	80 000
Returns inwards	840
Returns outwards	475
Revenue	655 750
Inventory at 1 January 2017	
Raw material	12 500
Work in progress	10 370
Finished goods	16 250
Inventory at 31 December 2017	
Raw material	15 000
Work in progress	9 450
Finished goods	18 750

Rent is apportioned 70% to the factory and 30% to the office.

Machinery is depreciated at a rate of 20% per annum using the reducing (diminishing) balance method.

Resource for Question 2 – Part (d)

Hatton provided the following information.

	1 August 2017	31 July 2018
Trade receivables	\$18 900	\$21 400
Allowance for doubtful debts	2%	3%

Resource for Question 3 – Parts (a) and (b)

Ray and Leonard were in partnership sharing profits and losses in the ratio of 3:2

The partnership agreement provided for:

- interest of 5% on drawings
- interest of 10% on opening capitals
- a salary of \$25 000 per annum for Ray.

On 1 April 2017

Partner	Capital account \$	Current account \$
Ray	45 000	3 100
Leonard	80 000	3 800 Dr

For the year ended 31 March 2018:

- profit for the year was \$75 000
- drawings were Ray \$7 000 and Leonard \$20 000

On 31 March 2018 Hagler joined the partnership and Leonard retired.

- The new partnership agreed to share profits and losses equally.
- Goodwill was valued at \$150 000 and was not retained in the books of account.
- Leonard's account was settled by cheque.

Resource for Question 4 – Parts (a) and (b)

The treasurer of Celran Football Club prepared the following receipts and payments account for the year ended 31 July 2018.

Receipts and payments account

Date	Details	\$	Date	Details	\$
1 August 2017	Balance b/d	3 200	31 July 2018	Insurance	360
31 July 2018	Subscriptions	21 000		Payments to café supplier	4 700
	Café takings	9 350		Wages	6 200
	Match takings	24 200		Purchase of minibus	29 600
	Sale of minibus	13 000		Fuel for minibus	500
				Rent	3 000
				General expenses	25 000
				Balance c/d	1 390
		<u>70 750</u>			<u>70 750</u>
1 August 2018	Balance b/d	1 390			

Subscriptions	1 August 2017 \$	31 July 2018 \$
In arrears	525	735
In advance	210	315

During the year the club disposed of a minibus that had cost \$28 000 and had a carrying value of \$15 750

Resource for Question 5 – Parts (a) and (b)

At 1 July 2017, the following balances for Batigol Ltd were extracted from the statement of financial position.

- Ordinary share capital \$180 000
- Share premium \$45 000
- Retained earnings \$65 000

During the year ended 30 June 2018, Batigol Ltd:

- issued 50 000 \$1 ordinary shares at a premium of \$0.25 per share
- made a profit for the year of \$10 000
- paid a dividend of \$0.05 per share.

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