

# Pearson LCCE

**Thursday 5 December 2019**

Time: 3 hours

Paper Reference **ASE20093**

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

Please check the examination details above before entering your learner information

Learner name

Centre/Learning Provider ID

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Learner National/Passport ID (if required)

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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, Pearson learner ID, centre/learning provider ID and your learner national/passport ID (if required).
- 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.

(10)

**Journal**

Date	Account	Debit \$	Credit \$
30 November 2019			

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(b) Prepare the suspense account.

(5)

**Suspense Account**

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(c) (i) Identify, indicating with a tick (✓), the effect on the balances of **each** omission.

You may only tick **one** box for each omission.

(4)

Omission	Trade payables ledger control account balance		Trade receivables ledger control account balance	
	Overstated	Understated	Overstated	Understated
Invoice received				
Credit note issued				
Interest charged by supplier				
Irrecoverable debt				

(ii) State the type of error which occurs when an invoice from Supplier A is entered in the account of Supplier B.

(1)

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**(Total for Question 1 = 20 marks)**

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You will need to use the data on **page 3** of the Resource Booklet to answer parts (c), (d) and (e).

**2** (a) State **one** difference between:

(i) direct labour and indirect labour

(1)

(ii) prime cost and production cost.

(1)

(b) Identify the effect of direct labour being treated as indirect labour.

(1)

- A** Prime cost overstated
- B** Prime cost understated
- C** Production cost overstated
- D** Production cost understated

(c) Identify which **one** of the following would be revenue expenditure for Rilee.

(1)

- A** Delivery cost for machine
- B** Installation cost for machine
- C** Bank loan to acquire machine
- D** Bank loan interest

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(d) Calculate the charge to the manufacturing account for the year ended 31 October 2019 for the:

(i) supervisor's salary (3)

(ii) general expenses. (2)

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P 6 4 6 9 6 A 0 7 1 6

3 (a) State which provisions apply in the absence of a partnership agreement.

(4)

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2 .....

3 .....

4 .....

Edward and Fidel were in partnership. On 1 April 2019 Gareth joined the partnership.

Property was revalued at \$410 000 from a cost of \$359 000. The partnership owned motor vehicles costing \$85 100

Gareth introduced \$180 000 by cheque and a motor vehicle valued at \$19 250

(b) Explain **one** reason why the partners revalued the property.

(2)

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(c) Calculate the gain on the revaluation of the property.

(1)

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(d) Prepare the following accounts at 1 April 2019. Balance the accounts on this date and bring the balances down on 2 April 2019.

(i)

(4)

**Motor Vehicle – Cost Account**

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(ii)

(4)

**Property – Cost Account**

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(e) Identify which **one** of the following would **not** be shown in the partnership appropriation account.

(1)

- A** Interest on capital
- B** Interest on drawings
- C** Partners' drawings
- D** Partners' salaries



(f) Identify the entry to record interest on drawings.

(1)

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

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

(2)

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**(Total for Question 3 = 19 marks)**

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P 6 4 6 9 6 A 0 1 1 1 6

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

**4** (a) Identify which **one** of the following would increase the club's accumulated fund. (1)

- A** Deficit of expenditure over income
- B** Surplus of income over expenditure
- C** Disposal of boat at carrying value
- D** Disposal of boat at a loss

(b) Calculate for the year ended 30 September 2019 the amount to be shown in the income and expenditure account for:

(i) regatta profit (2)

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(ii) subscriptions (3)

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(iii) depreciation. (1)

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(c) Prepare the disposal account. (5)

**Disposal Account**

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(d) Prepare the income and expenditure account for the year ended 30 September 2019.

(7)

**Porth Rowing Club**  
**Income and expenditure account for the year ended 30 September 2019**

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(e) Prepare an extract of the statement of financial position at 30 September 2019 showing the **current assets** section only.

(3)

**Porth Rowing Club**  
**Statement of financial position at 30 September 2019**

**Current assets**

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(Total for Question 4 = 22 marks)



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

5 (a) Complete the statement of financial position at 31 July 2019.

(10)

**Northeast Ltd**  
**Statement of financial position at 31 July 2019**

	\$	\$
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment		
<b>Current assets</b>		
Inventory	26 000	
Trade receivables	10 000	
Cash and cash equivalents	<u>4 000</u>	<u>40 000</u>
<b>Total assets</b>		
<b>Equity and liabilities</b>		
<b>Equity</b>		
Ordinary share capital		
Share premium		
Retained earnings		
<b>Non-current liabilities</b>		
8% debentures (2025)	38 000	
<b>Current liabilities</b>		
Trade payables	16 000	
<b>Total liabilities</b>		
<b>Total equity and liabilities</b>		

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(b) Calculate the following ratios correct to **two** decimal places.

(4)

Ratio	Workings	Answer
Gross profit as a percentage of revenue (margin)		
Profit for the year as a percentage of revenue		
Current (working capital)		
Liquid (acid test)		

Northeast Ltd is considering changing the credit terms offered to customers from 21 days to 14 days with a 5% early payment discount.

(c) Assess the effect on profitability and liquidity of this proposal.

(4)

**Profitability**

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**Liquidity**

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**(Total for Question 5 = 18 marks)**

**TOTAL FOR PAPER = 100 MARKS**



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