

Pearson LCCE

Friday 12 July 2019

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

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Candidate Number

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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, 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 2** of the Resource Booklet to answer parts (a), (b) and (d).

1 (a) Calculate the amount of rent paid in advance on:

(i) 1 June 2018

(1)

(ii) 1 June 2019.

(1)

(b) Prepare the rent account for the year ended 31 May 2019. Balance the account on this date and bring the balance down on 1 June 2019.

(5)

Rent Account

(c) Identify where rent expenditure paid in advance is shown in the statement of financial position.

(1)

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

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(d) Prepare journal entries to correct **each** of the **four** errors.

Narratives **are** required.

(13)

Journal

Date	Account	Debit \$	Credit \$
31 May 2019			

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(e) Identify which **one** of the following is **not** a use of the journal.

(1)

- A** Cash purchase of a non-current asset
- B** Credit purchase of a non-current asset
- C** Closing a set of books
- D** Opening a set of books

(Total for Question 1 = 22 marks)

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

2 (a) Identify which **one** of the following is used to calculate prime cost. (1)

- A** Direct material + direct labour + direct expenses
- B** Direct material + direct labour + factory overhead
- C** Total direct cost + factory overhead
- D** Total direct cost + total indirect cost

(b) Calculate the profit or loss on disposal of the office equipment. (3)

(c) Calculate the depreciation charge for equipment for the year ended 31 March 2019. (2)

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(d) Prepare the statement of profit or loss for the year ended 31 March 2019.

(11)

**Shimron
Statement of profit or loss for the year ended 31 March 2019**

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(e) Explain the effect on gross profit if inventory of finished goods is overstated.

(2)

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(Total for Question 2 = 19 marks)

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

- 3** (a) Prepare the cash account for the year ended 31 May 2019. Balance the account on this date and bring the balance down on 1 June 2019.

(7)

Cash Account

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(b) Calculate the equity at:

- (i) 1 June 2018

(1)

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- (ii) 31 May 2019.

(1)

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(iii) Prepare the equity account for the year ended 31 May 2019. Balance the account on this date and bring the balance down on 1 June 2019.

(6)

Equity Account

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(c) State an example of:

(i) revenue expenditure

(1)

(ii) capital expenditure

(1)

(iii) revenue income

(1)

(iv) capital income.

(1)

(Total for Question 3 = 19 marks)

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

4 (a) Identify which **one** of the following would appear in the receipts and payments account. (1)

- A** Subscriptions in advance
- B** Subscriptions in arrears
- C** Subscriptions received
- D** Subscriptions written off

(b) Identify the accounting concept applied when Windy Cricket Club **always** uses the same method of depreciation for equipment. (1)

- A** Accruals
- B** Consistency
- C** Prudence
- D** Realisation

(c) Calculate, for the year ended 30 April 2019, the:

(i) depreciation charge (2)

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(ii) shop purchases. (3)

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(d) Prepare the shop trading account for the year ended 30 April 2019.

(3)

Windy Cricket Club
Shop Trading Account for the year ended 30 April 2019

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(e) Calculate the shop's gross profit as a percentage of revenue (margin).

(1)

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(f) State **one** liquidity ratio.

(1)

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(g) Prepare the income and expenditure account for the year ended 30 April 2019.

(6)

**Windy Cricket Club
Income and Expenditure Account for the year ended 30 April 2019**

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(h) Explain **one** advantage of purchasing goods on credit rather than by cash.

(2)

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

5 (a) Calculate the total amount paid during the year ended 30 April 2019 for the:

(i) preference dividend (1)

(ii) ordinary dividend. (1)

(b) Prepare the statement of financial position at 30 April 2019. (10)

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Bowda Ltd
Statement of financial position at 30 April 2019

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(c) Explain the reason why the share premium account was created.

(2)

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(d) (i) State the formula for **each** ratio.

(2)

	Formula	2018	2019
Gross profit as a percentage of revenue (margin)		35%	37.6%
Profit for the year as a percentage of revenue		12.8%	12.1%

(ii) Assess the change in profitability over the past year.

(4)

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(Total for Question 5 = 20 marks)

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