# Pearson LCCI Thursday 7 March 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 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  $\boxtimes$ .

You will need to use the data on **page 2** of the Resource Booklet to answer parts (a), (b), (c), (d) and (e).

1	(a)	State	the	type	of	error	made	in:
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(2)

Error 1

Error 2.

(b) Prepare journal entries to correct the **four** errors.

Narratives are **not** required.

(8)

### Journal

Account	Debit \$	Credit \$
	Account	ACCOUNT



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c) Calculate for the year ended 31 January 2019 the total depreciation motor vehicles.	charge for
motor venicles.	(2)
The draft profit for the year ended 31 January 2019 was \$69 340	
d) Calculate the corrected profit.	
a) calculate the corrected profit.	(3)
e) Prepare the equity account.	
e, rrepare are equity account	(5)
Equity Account	
(Total for Quest	ion 1 = 20 marks)



You will need to use the data on <b>page 3</b> of the Resource Booklet to answer parts (a) and (b).	
2 (a) Calculate for the year ended 31 December 2018:	l g
(i) cash sales	(2) ONOT WRIT
(ii) credit sales	(2) THIS AREA
	(1) REA
(iii) credit purchases.	(1)
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(b) Prepare the statement of profit or loss for the year ended 31 December 2018.	(12)
Adil Statement of profit or loss for the year ended 31 December 2018	



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(c) Identify where other receivables are shown in the statement of financial position.				
$\boxtimes$	Α	Current assets	(1)	
X	В	Current liabilities		
X	C	Non-current assets		
×	D	Non-current liabilities		
(d) Identify the accounting concept Adil must comply with if cash is taken from the business for his own use.			(4)	
×	Α	Accruals	(1)	
×	В	Business entity		
×	C	Prudence		
$\boxtimes$	D	Realisation		
		(Total for Question 2 = 18 ma	rks)	

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

**3** (a) Complete the table, indicating with a tick (✓) where each item of expenditure would be shown.

(4)

	Manufacturing Account	Statement of profit or loss
Carriage inwards – raw materials		
Carriage inwards – finished goods		
Carriage outwards		
Returns outwards		

(b) Calculate for the year ended 31 December 2018 the:

(i)	production	cost
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		_		
(ii)	cost	ot	sa	les

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(c)	Explain c	<b>one</b> reason	why a	business	calculates	the	production	cost
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7	7	١.
(	4	)

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(i)			(4)
		Trade Receivables Ledger Control Account	
(ii)			(3)
		Allowance for Doubtful Debts Account	
		late the allowance for doubtful debts if Holly changed the allowance to	
		late the allowance for doubtful debts if Holly changed the allowance to trade receivables.	(1)
			(1)
			(1)
30	% of		(1)
30	% of	trade receivables.	
(e) Ident	% of	rade receivables.  when a business would create an allowance for doubtful debts.	



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(f) Explain the effect on profitability of the writing off of an irrecoverable debt.	(9)
	(2)
(Total for Question 3 = 22	marks)

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You will need to use the data on <b>page 5</b> of the Resource Booklet to answer parts (a) and (b).	
(a) Prepare the realisation account.	(11)
Realisation Account	
(b) Calculate the amount due to Ravi on the dissolution of the partnership.	
(b) calculate the amount due to have on the dissolution of the partnership.	(2)
(c) Explain what a credit balance in a bank account indicates.	
(e) Explain What a create balance in a bank account maleaces.	(2)



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(d) Ide	ntify	which applies in the absence of a formal partnership agreement.	(1)
$\times$	Α	Partners receive interest on capital	
$\times$	В	Partners receive interest on drawings	
$\times$	C	Profits and losses are shared equally	
$\times$	D	No interest is payable on partners' loans	
(e) Sta	e th	e ratio used to measure the efficiency of inventory control.	(1)
		the indicator used to measure the ability of a business to pay its erm debts.	(1)
×	A	Acid test ratio	
X	В	Current ratio	
$\times$	C	Return on capital employed	
×	D	Trade payables collection period	

(Total for Question 4 = 18 marks)



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

5 (a) Complete the statement of changes in equity for the year ended 31 January 2019.

(5)

### Bonihand Ltd Statement of changes in equity for the year ended 31 January 2019

	Share capital	Retained earnings	Total
	\$	\$	\$
Balance at 1 February 2018	84 000	59 950	143 950
Profit for the year			
Dividend			
Balance at 31 January 2019			

(b)	Calculate the value of inventory at 31 January 2019.	

(3)



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	(10)
Bonihand Ltd Statement of financial position at 31 January 2019	



Exe Ltd provided the following information.

	2017	2018
Gross profit as a percentage of revenue (margin)	21.3%	20.1%
Net profit as a percentage of revenue	6.7%	7.8%

(d) Assess the change in profitability over the past 12 months.	(4)
	(4)
(Total for Question 5 = 22 ma	rks)

**TOTAL FOR PAPER = 100 MARKS** 

