

Pearson LCCI

Thursday 7 March 2019

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), (b), (c), (d) and (e).

Ceyda provided the following information at 1 February 2018.

	\$
Equity	92 400
Motor vehicles	
– cost	29 550
– accumulated depreciation	15 550

On 31 January 2019 Ceyda's trial balance did not balance. The difference was posted to a suspense account. She identified the following errors.

1. A receipt of \$80 from Jon had been recorded in the account of John.
2. The purchase of a new motor vehicle costing \$6 400 had been debited to the motor expenses account.
3. A receipt of \$1 200 for rent had been recorded correctly in the rent account. No other entries had been made.
4. Cash of \$5 000 taken by Ceyda for her own use had been entered correctly in the cash book. No other entries had been made.

The draft profit for the year was before providing for depreciation and the correction of errors.

Resource for Question 2 – Parts (a) and (b).

Adil started in business on 1 January 2018. He provided the following information for the year ended 31 December 2018.

	\$
Inventory	28 380
Other receivables – light and heat	310
Trade payables	18 715
Trade receivables	11 180

Bank summary

Receipts	\$	Payments	\$
Trade receivables	166 610	Trade payables	99 935
Cash banked	18 860	Rent	9 900
		General expenses	21 040
		Machinery	18 000
		Light and heat	4 770

On 1 February 2018 Adil started renting premises at \$9 900 per annum.

Cash sales were banked after deducting the following payments.

	\$
Drawings	5 000
General expenses	1 090
Cash purchases	11 640
Machinery	2 000

Machinery is depreciated at 20% per annum using the straight line method. A full year's depreciation is charged in the year of acquisition.

Resource for Question 3 – Parts (b) and (d).

Data for part (b).

Holly, a manufacturer, provided the following information for the year ended 31 December 2018.

	\$
Opening inventory	
– work in progress	18 160
– finished goods	25 280
Closing inventory	
– work in progress	19 330
– finished goods	21 195
Factory overheads	23 445
Prime cost	186 720

Data for part (d).

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At 31 December 2018 trade receivables owed \$74 960. This included \$460 from a credit customer who cannot pay and is to be written off as irrecoverable.

I would like to create an allowance for doubtful debts of 2%

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

Ravi and Sachin have been in partnership for many years sharing profits and losses in the ratio 2:1.

On 30 November 2018 the partnership was dissolved.

At 30 November 2018	\$
Bank	8 675 Cr
Capital account	
– Ravi	40 000
– Sachin	20 000
Current account	
– Ravi	3 100
– Sachin	1 385
Inventory	17 635
Non-current assets at carrying value	51 250
Trade payables	14 455
Trade receivables	18 730

- The non-current assets and inventory were taken over by Sachin at a valuation of \$64 000
- Dissolution expenses of \$2 010 were paid by cheque.
- Trade payables were paid by cheque, after taking discounts of \$455
- Trade receivables paid \$18 600 by cheque.

Resource for Question 5 – Parts (a), (b) and (c).

Bonihand Ltd provided the following information at 31 January 2019.

	\$
8% debentures (2024)	71 000
Property, plant and equipment	
– cost	292 000
– accumulated depreciation	64 000
Trade and other payables	17 000
Trade and other receivables	6 000
Profit for the year	46 200
Dividends paid	16 150

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I have calculated the following ratios at 31 January 2019:
Current (working capital) 2:1
Liquid (acid test) 0.8:1

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