

Pearson LCCI

Tuesday 19 November 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.

Turn over ►

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Resource for Question 1 – Parts (a) and (d).

On 31 October 2019 Manu's trial balance did not balance. The difference was posted to a suspense account.

He identified the following errors:

- Goods costing \$440, returned to a credit supplier, had been entered correctly in the purchase returns account but had been credited to the trade payables ledger control account.
- A cheque payment of \$910 for wages had been entered correctly in the wages account but had been entered in the bank account as \$190
- Additional capital of \$7 500 had been entered correctly in the bank account. No other entry had been made.
- Goods sold on credit, \$3 280, had been entered correctly in the sales account. No other entry had been made.

Manu provided the following information, after the preparation of the statement of profit or loss for the year ended 31 October 2019, before adjusting for the errors identified.

	\$
Bank loan (2024)	22 000
Cash at bank	340
Drawings	31 200
Equity 1 November 2018	74 900
Inventory	18 340
Petty cash	250
Plant and equipment	
– cost	87 700
– accumulated depreciation	39 400
Profit for the year	10 690
Trade payables ledger control	18 110
Trade receivables ledger control	31 330

Resource for Question 2 – Parts (b), (c) and (d).

Tori and Usoa were in partnership sharing profits and losses equally.

On 31 October 2019 the partnership was dissolved.

Balances	\$
Cash at bank	17 165
Capital account	
– Tori	40 000
– Usoa	35 000
Current account	
– Tori	1 560 Dr
– Usoa	9 200
Inventory	17 250
Plant and machinery – carrying value	38 410
Motor vehicle – carrying value	7 130
Trade payables	12 265
Trade receivables	14 950

Tori took over all the inventory and the motor vehicle at a valuation of \$23 000

Plant and machinery was sold for \$39 400

Dissolution expenses were \$1 100

Trade payables were paid \$11 710

Trade receivables settled, after taking a discount of \$345

Resource for Question 3 – Parts (a), (b), (c) and (e).

On 1 October 2018 Aya's trade receivables owed \$68 250 with an allowance for doubtful debts of \$525

Irrecoverable debts and allowance for doubtful debts policy:

- all debts outstanding for over 90 days are to be written off as irrecoverable
- no allowance for doubtful debts on the current month's debts
- 5% allowance on all other debts.

Trade receivables at 30 September 2019				
September	August	July	June	Total
\$	\$	\$	\$	\$
50 025	8 300	4 700	1 075	64 100

For the year ended 30 September 2019				
Cash sales	Credit sales	Opening inventory	Purchases	Gross profit margin
\$	\$	\$	\$	
42 200	593 600	46 500	538 360	15%

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

Akos, a manufacturer, provided the following information.

	1 October 2018 \$	30 September 2019 \$
Inventory – finished goods		
– bought in	2 380	2 150
– manufactured	23 550	28 760
Other payables – office wages	825	730
Office equipment – carrying value	27 800	
Purchases – finished goods		21 110
Revenue		384 440
Wages paid – office staff		19 740

During the year ended 30 September 2019 office equipment with a carrying value of \$790 was sold for \$960 and office equipment costing \$3 660 was purchased.

Office equipment is depreciated at 20% per annum using the reducing (diminishing) balance method. A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

Rent expenditure is apportioned 75% to the factory.

General expenses are apportioned 60% to the factory.

Akos
Manufacturing account for the year ended 30 September 2019

	\$	\$
Raw materials		
Opening inventory of raw materials	39 200	
Purchases of raw materials	<u>191 300</u>	
	230 500	
Closing inventory of raw materials	<u>(31 600)</u>	
Cost of raw materials consumed		198 900
Direct labour		<u>36 000</u>
Prime cost		234 900
Overheads		
Factory general expenses	23 940	
Factory rent	28 125	
Factory machinery depreciation	<u>18 030</u>	<u>70 095</u>
		304 995
Add: opening work in progress	27 100	
Less: closing work in progress	<u>(30 090)</u>	(2 990)
Production cost		<u>302 005</u>

Resource for Question 5 – Parts (b), (d) and (e).

Birdnom Ltd provided the following information.

Data for part (b).

For the year ended 31 October 2019	\$
Revenue	190 000
Inventory	
– 1 November 2018	20 000
– 31 October 2019	18 000
Purchases	148 000
Profit for the year	14 250

Data for parts (d) and (e).

	2018	2019
Accounts payables payment period	32 days	28 days
Accounts receivables collection period	38 days	43 days
Cash at bank	\$6 200	\$8 260 Cr



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