

Pearson LCCI

Wednesday 9 December 2020

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 ►

P65372A

©2020 Pearson Education Ltd.

1/1/1



Pearson

Resource for Question 1 – Parts (a), (b) and (c).

On 31 October 2020 Bagou's trial balance did not balance. The difference was posted to a suspense account.

He identified the following errors.

- No entries had been made for a credit customer's cheque, \$1 200, returned by the bank unpaid.
- A direct debit for insurance, \$85, had been entered in both accounts as \$58
- A credit transfer, \$5 200, received from the sale of a non-current asset, had been correctly entered in the cash book only.
- The depreciation charge for motor vehicles, \$15 900, had been debited to both the motor expenses account and the depreciation expense account.

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

Fengbo buys and sells goods on credit only. He provided the following information for the year ended 31 May 2020.

	1 June 2019 \$	31 May 2020 \$
Inventory	13 700	9 955
Trade payables ledger control	17 920	13 280
Trade receivables ledger control	31 400	39 230
Payments to credit suppliers		93 400
Returns inwards		1 630
Returns outwards		940
Revenue		199 425

Irrecoverable debts of \$330 are to be written off and the allowance for doubtful debts is to be decreased from 3% of trade receivables to 2% of trade receivables.

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

Ywa and Zar are in partnership sharing profits and losses in the ratio 4:3.

The partnership agreement provided for:

- interest of 6% per year on drawings
- interest of 8% per year on capital
- a salary of \$1 500 per month for Zar.

Partner	On 1 June 2019		For the year ended 31 May 2020
	Capital account \$	Current account \$	Drawings \$
Ywa	75 000	2 150	36 500
Zar	35 000	670	29 000
Profit for the year ended 31 May 2020 was \$103 370			

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

The Indaw Sports Club provided the following information.

	1 July 2019 \$	30 June 2020 \$
Sports equipment		
– cost	67 300	To be calculated To be calculated
– accumulated depreciation	29 100	
Land and buildings	157 000	157 000
Other payables – light and heat	175	–
Other receivables – general expenses	–	95
Rental income in arrears	600	650
Subscriptions in advance	240	255

Receipts and Payments Account (summary)

	\$
Receipts	
Rental income	7 400
Sale of sports equipment	450
Subscriptions	14 175
Tournament fees	2 860
Payments	
General expenses	13 970
Light and heat	2 180
Tournament advertising	120
Tournament prizes	750

- During the year the club disposed of sports equipment, cost \$1 420, carrying value \$270
- Sports equipment is depreciated at 20% per annum using the reducing (diminishing) balance.
- A full year's depreciation is charged in the year of purchase and none in the year of disposal.
- Land and buildings are not depreciated.

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

On 1 November 2019 KTM20 Ltd provided the following balances.

	\$
7% debentures (2026)	35 000
Retained earnings	19 600
Share capital (ordinary shares of \$0.50 each)	65 000
Share premium	25 000

On 1 May 2020 \$60 000 8% debentures (2030) were issued.

On 1 June 2020 \$11 700 was received from an issue of ordinary shares at a premium of \$0.15 per share.

On 1 August 2020 an ordinary dividend of \$0.12 per share was paid.

For the year ended 31 October 2020 the company made an operating profit of \$27 740 before accounting for debenture interest.

BLANK PAGE

BLANK PAGE