Pearson LCCI

Monday 13 January 2020

Time: 3 hours	Paper Reference **ASE20093**

Certificate in Bookkeeping and Accounting (VRQ)
Level 2

Please check the examination details above before entering your learner information

Learner name

Centre/Learning Provider ID

L P -

Pearson Learner ID

L -

Learner National/Passport ID (if required)

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, Pearson learner ID, centre/learning provider ID and your learner national/passport ID (if required).
- 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 ▶

Pearson

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

1 (a) Calculate at 1 January 2019 the carrying value of:

(i) motor vehicles

(1)

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(ii) office equipment.

(1)

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(b) (i) Calculate the accumulated depreciation on the motor vehicle sold.

(2)

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(ii) Prepare the disposal account.

(5)

Disposal Account

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(c) Prepare a journal entry to record the purchase from Kernow Copiers.
A narrative is **not** required.

(3)

Journal

Date	Account	Debit $	Credit $
1 September 2019			

(d) Calculate the depreciation charge for the year ended 31 December 2019 for:

(i) motor vehicles

(3)

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(ii) office equipment.

(2)

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(e) Prepare the motor vehicles accumulated depreciation account for the year ended 31 December 2019. Balance the account on this date and bring the balance down on 1 January 2020.

(5)

Motor Vehicles – Accumulated Depreciation Account

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(Total for Question 1 = 22 marks)

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2 (a) Complete Chen's trial balance at 31 December 2019.

(4)

Trial balance at 31 December 2019

Account	Balance $	Debit $	Credit $
Bank	450	450	
Carriage inwards	970	970	
Cash	800	800	
Drawings	20 300	20 300	
Equity at 1 January 2019	185 090		185 090
General expenses	31 800	31 800	
Inventory at 1 January 2019	23 700	23 700	
Property, plant and equipment – cost – accumulated depreciation	225 000 48 400	225 000	48 400
Purchases	63 280	63 280	
Revenue	138 500		138 500
Returns inwards	3 210		
Returns outwards	1 560		
Trade payables ledger control	19 460		
Trade receivables ledger control	24 500		
Suspense			
Total			

After preparing the trial balance Chen identified the following errors.

- Returns outwards, $1 080, had been entered correctly in the returns outwards account. No other entries had been made.

- The sale of goods on credit, $2 140, had been entered correctly in the sales account but entered in the trade receivables ledger control account as $4 120

- Cash of $100, taken by Chen for his own use, had been debited to the cash account. No other entries had been made.

(b) Prepare journal entries to correct the **three** errors. Narratives are **not** required.

(7)

Journal

Date	Account	Debit $	Credit $
31 December 2019			

Chen makes a gross profit margin of 40%.

(c) Prepare the statement of profit or loss for the year ended 31 December 2019 showing the **trading** section only.

(6)

Chen
Statement of profit or loss for the year ended 31 December 2019

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(d) Explain **one** reason why both a carriage inwards account and a carriage outwards account may be maintained.

(2)

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(e) State the type of error made when carriage inwards is entered in the carriage outwards account.

(1)

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(Total for Question 2 = 20 marks)

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

3 (a) State the equivalent of a receipts and payments account for a trading organisation.

(1)

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(b) Identify which **one** of the following would be included in the club's receipts and payments account if it provides a restaurant for its members.

(1)

☒ **A** Restaurant depreciation

☒ **B** Restaurant inventory

☒ **C** Restaurant profit

☒ **D** Restaurant purchases

(c) Identify which **one** of the following would be included in the income and expenditure account.

(1)

☒ **A** Subscriptions in advance

☒ **B** Subscriptions in arrears

☒ **C** Subscriptions received

☒ **D** Subscriptions written off

(d) Calculate the accumulated fund at 1 December 2018.

(1)

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(e) Prepare the subscriptions account for the year ended 30 November 2019. Balance the account on this date and bring the balance down on 1 December 2019.

(8)

Subscriptions Account

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(f) Prepare the statement of financial position at 30 November 2019.

(8)

Hixon Sports Club
Statement of financial position at 30 November 2019

(Total for Question 3 = 20 marks)

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

4 (a) Identify, indicating with a tick (✓), where in the financial statements Wu and Xi would show **each** item of expenditure.

(5)

	Manufacturing Account	**Statement of profit or loss**
Depreciation on loose tools		
Interest paid		
Purchases – raw materials		
Purchases – finished goods		
Returns inwards		

(b) Identify the prime cost.

(1)

- ☒ **A** Direct materials + Direct labour + Direct expenses
- ☒ **B** Direct materials + Direct labour + Indirect expenses
- ☒ **C** Total direct costs + Factory overheads
- ☒ **D** Total direct costs + Indirect costs

(c) Identify which **one** of the following is an indirect cost.

(1)

- ☒ **A** Carriage inwards
- ☒ **B** Carriage outwards
- ☒ **C** Production worker's wages
- ☒ **D** Production supervisor's wages

(d) Explain **one** reason why Xi had a debit balance on his current account.

(2)

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(e) Prepare the appropriation account for the year ended 30 November 2019.

(8)

Wu and Xi
Appropriation account for the year ended 30 November 2019

(f) Explain **one** reason why the partnership charges interest on partners' drawings.

(2)

(Total for Question 4 = 19 marks)

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

5 (a) Calculate for the year ended 31 October 2019 the:

(i) profit for the year

(1)

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(ii) number of ordinary shares issued

(1)

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(iii) dividend paid.

(1)

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(b) Complete the statement of changes in equity for the year ended 31 October 2019.

(8)

Plat3 Ltd
Statement of changes in equity for the year ended 31 October 2019

	Share capital $	Share premium $	Retained earnings $	Total $
Balance at 1 November 2018	75 000	25 000	96 200	196 200
Share issue				
Profit for the year				
Dividend				
Balance at 31 October 2019				

(c) Identify which **one** of the following is **not** included in the liquid (acid test) ratio.

(1)

☒ **A** Bank

☒ **B** Inventory

☒ **C** Other payables

☒ **D** Other receivables

(d) Calculate for 2019:

(i) current assets

(1)

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(ii) inventory.

(2)

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(e) Assess the change in liquidity.

(4)

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(Total for Question 5 = 19 marks)

TOTAL FOR PAPER = 100 MARKS

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