

# Pearson LCCL

**Monday 11 January 2021**

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 ►

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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 ☒. 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 (b) and (c).

1 (a) Complete Nazma's trial balance at 31 December 2020.

(5)

Trial balance at 31 December 2020			
Account	Balance \$	Debit \$	Credit \$
Bank	2 670	2 670	
Cash	200	200	
Drawings	15 950	15 950	
Equity at 1 January 2020	79 000		79 000
General expenses	14 320	14 320	
Property at valuation	50 000	50 000	
Inventory at 1 January 2020	8 280		
Plant and equipment – cost	60 000		
Plant and equipment – provision for depreciation	26 590		
Purchases	55 740		
Sales	124 200		
Wages	16 808		
Suspense			
Total			

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

(9)

**Journal**

<b>Date</b>	<b>Account</b>	<b>Debit \$</b>	<b>Credit \$</b>
31 December 2020			

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(c) (i) Calculate the depreciation charge for the year ended 31 December 2020.

(3)

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(ii) Prepare the provision for depreciation account for the year ended 31 December 2020. Balance the account on this date and bring the balance down on 1 January 2021.

(4)

**Plant and Equipment – Provision for Depreciation Account**

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A business charges the cost of equipment for use in the business as drawings.

(d) Identify the effect on the statement of financial position.

(1)

- |                          |          |                       |                    |
|--------------------------|----------|-----------------------|--------------------|
| <input type="checkbox"/> | <b>A</b> | Equipment overstated  | Equity overstated  |
| <input type="checkbox"/> | <b>B</b> | Equipment overstated  | Equity understated |
| <input type="checkbox"/> | <b>C</b> | Equipment understated | Equity overstated  |
| <input type="checkbox"/> | <b>D</b> | Equipment understated | Equity understated |

**(Total for Question 1 = 22 marks)**

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You will need to use the data on **page 3** of the Resource Booklet to answer parts (a) and (b).

**2** (a) Calculate the charge to the manufacturing account for the:

(i) factory rent

(2)

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(ii) wages – production staff

(2)

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(iii) depreciation – loose tools.

(2)

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(b) Prepare the manufacturing account for the year ended 30 June 2020.

(13)

**Kostas**  
**Manufacturing account for the year ended 30 June 2020**

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(Total for Question 2 = 19 marks)

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

- 3 (a) State the terms used by a business in comparison to those used by a club. (3)

Club	Business
Accumulated fund	
Receipts and payments account	
Surplus of income over expenditure	

- (b) Identify which would be included in a receipts and payments account. (1)

- 1 Cash purchase of a non-current asset
- 2 Profit on sale of a non-current asset
- 3 Sale proceeds of a non-current asset

- A** 1 only
- B** 1 and 3
- C** 2 and 3
- D** 1, 2 and 3

- (c) Calculate the accumulated fund at:

- (i) 1 December 2019 (1)

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- (ii) 30 November 2020. (1)

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(d) Prepare the statement of financial position at 30 November 2020.

(7)

**The Tennis Club**  
**Statement of financial position at 30 November 2020**

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(e) The club is considering offering life memberships.

(i) Explain **one** advantage for a club of offering life memberships.

(2)

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(ii) Identify in which section of the statement of financial position the balance of a life subscriptions account would be shown.

(1)

- A** Current assets
- B** Current liabilities
- C** Non-current assets
- D** Non-current liabilities

(iii) Explain, referring to an accounting concept, **one** reason why not all of a life membership is included in the income and expenditure account in the year of receipt.

(2)

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**(Total for Question 3 = 18 marks)**

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

**4** (a) Prepare the following accounts for the year ended 30 June 2020. Balance the accounts on this date and bring the balances down on 1 July 2020.

(i) **Rental Income Account** (5)

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(ii) **Trade Payables Ledger Control Account** (5)

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(b) Prepare the statement of profit or loss for the year ended 30 June 2020.

(8)

**Noor**  
**Statement of profit or loss for the year ended 30 June 2020**

Dotted lines for writing the statement of profit or loss.

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(c) Assess the effect on Noor's profitability and cash flow if he decides to sell goods on a credit basis.

(4)

Profitability

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Cash flow

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**(Total for Question 4 = 22 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 table for the year ended 31 October 2020.

(8)

Ratio	Formula	Answer (%)
Gross profit as a percentage of cost of sales (mark-up)		
Gross profit as a percentage of revenue (margin)		
Ratio	Formula	Answer (days)
Accounts payable payment period (assuming 360 days in a year)		
Accounts receivable collection period (assuming 360 days in a year)		

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(b) (i) Calculate the number of ordinary shares issued on 1 May 2020.

(1)

(ii) Prepare the ordinary share capital account for the year ended 31 October 2020. Balance the account on this date and bring the balance down on 1 November 2020.

(4)

**Ordinary Share Capital Account**

(c) Calculate the total dividend paid on 1 October 2020.

(2)

(d) Explain **one** reason why a company pays a dividend.

(2)



(e) Identify which of the following are capital reserves.

(1)

- 1 Revaluation reserve
- 2 Retained earnings
- 3 Share premium

- A** 1 and 2
- B** 1 and 3
- C** 2 and 3
- D** 1, 2 and 3

(f) Identify which of the following are shown on a statement of changes in equity.

(1)

- 1 Dividends paid
- 2 Dividends proposed
- 3 Profit for the year

- A** 1 and 2
- B** 1 and 3
- C** 2 and 3
- D** 1, 2 and 3

(Total for Question 5 = 19 marks)

**TOTAL FOR PAPER = 100 MARKS**

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