

# Pearson LCCL

Thursday 10 June 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

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Pearson Learner ID

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Learner National/Passport ID (if required)

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### 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 (a), (c) and (d).

**1** (a) State the type of error made in error 1 and error 2.

(2)

1 .....

2 .....

(b) State the book of original entry used to record:

(i) goods returned to credit suppliers

(1)

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(ii) goods taken for own use.

(1)

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(c) Prepare journal entries to correct the **five** errors.  
Narratives are **not** required.

(10)

**Journal**

Date	Account	Debit \$	Credit \$
30 April 2021			

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(d) Prepare the suspense account.

(4)

**Suspense Account**

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**(Total for Question 1 = 18 marks)**

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(b) Prepare Bourton's current account for the year ended 31 May 2021. Balance the account on this date and bring the balance down on 1 June 2021.

**Current Account – Bourton**

(7)

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(c) Calculate the current account balance of **Chandler** at 31 May 2021.

(3)

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(d) Explain **one** reason why a partnership may pay a partner a salary.

(2)

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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 (b), (c) and (f).

**3** (a) Identify the accounting concept applied when:

(i) income is recognised when an invoice is raised

(1)

- A** Business entity
- B** Consistency
- C** Prudence
- D** Realisation

(ii) an allowance for doubtful debts is created.

(1)

- A** Business entity
- B** Consistency
- C** Prudence
- D** Realisation

(b) Calculate the allowance for doubtful debts at 31 May 2021.

(1)

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(c) Prepare the following accounts for the year ended 31 May 2021. Balance the accounts on this date and where appropriate bring the balances down on 1 June 2021.

(10)

**Trade Receivables Ledger Control Account**

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**Allowance for Doubtful Debts Account**

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**Irrecoverable Debts Account**

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(d) Identify, indicating with a tick (✓), the effect, if any, on profit for the year of **each** activity.

(4)

Activity	Increase	Decrease	No effect
Allowance for doubtful debts decreased			
Allowance for doubtful debts increased			
Irrecoverable debt written off			
Irrecoverable debt recovered			

(e) Explain why the allowance for doubtful debts is not entered in the trade receivables ledger control account.

(2)

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(f) (i) Calculate Sheila's trade receivables collection period in days, assuming 360 days in a year.

(1)

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(ii) Explain **one** reason for calculating the trade receivables collection period.

(2)

**(Total for Question 3 = 22 marks)**

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You will need to use the data on **pages 6 and 7** of the Resource Booklet to answer parts (a), (b) and (c).

**4** (a) Calculate for the year ended 31 May 2021 the charge to the statement of profit or loss for the office:

(i) wages (2)

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(ii) supervisors' salaries (1)

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(iii) general expenses (1)

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(iv) depreciation charge – office equipment. (1)

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(b) Prepare the statement of profit or loss for the year ended 31 May 2021.

(12)

**Arthur**  
**Statement of profit or loss for the year ended 31 May 2021**

Area with horizontal dotted lines for writing the statement of profit or loss.

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(c) Calculate the value of inventory to be shown in the statement of financial position at 31 May 2021.

(3)

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(d) State **two** reasons why a manufacturer may purchase finished goods.

(2)

1 .....

2 .....

**(Total for Question 4 = 22 marks)**

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You will need to use the data on **page 8** of the Resource Booklet to answer parts (c), (d) and (e).

5 (a) Identify which **one** of the following decreases if the general reserve increases. (1)

- A** Retained earnings
- B** Revaluation reserve
- C** Share capital
- D** Share premium

(b) Identify which **one** of the following is **not** shown on a statement of changes in equity. (1)

- A** Debentures issued
- B** Equity shares issued
- C** Profit for the year
- D** Transfer to general reserve

For the year ended 30 April 2021, the draft profit of Rumred Ltd was \$22 495 before charging depreciation.

(c) Calculate the:

(i) depreciation charge (2)

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(ii) adjusted profit. (1)

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(d) Complete the statement of financial position at 30 April 2021.

(8)

**Rumred Ltd**  
**Statement of financial position at 30 April 2021**

<b>Assets</b>	<b>\$</b>	<b>\$</b>
<b>Non-current assets</b>		
Equipment		
<b>Current assets</b>		
Inventory	97 660	
Trade receivables	<u>25 335</u>	122 995
<b>Total assets</b>		
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital		
Share premium		
Retained earnings		
<b>Total equity</b>		
<b>Non-current liabilities</b>		
6% debentures (2030)		8 000
<b>Current liabilities</b>		
Trade payables		15 700
Bank overdraft		<u>17 800</u>
		33 500
<b>Total liabilities</b>		
<b>Total equity and liabilities</b>		



(e) (i) State the formula for **each** ratio.

(2)

Ratio	Formula	2020	2021
Gross profit as a percentage of revenue (margin)		43.1%	41.8%
Profit for the year as a percentage of revenue		8.9%	9.6%

(ii) Assess the change in profitability over the past year.

(4)

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**(Total for Question 5 = 19 marks)**

**TOTAL FOR PAPER = 100 MARKS**

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