Pearson LCCI

Thursday 10 June 2021

Time: 3 hours	Paper Reference **ASE20093**

Certificate in Bookkeeping and Accounting (VRQ)

Level 2

Resource Booklet
Do not return this 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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Pearson

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

On 30 April 2021 Tiger's trial balance did not balance. The difference was posted to a suspense account.

He identified the following errors.

1. Bank charges, \$96, had been entered in the cash book as \$69
2. Goods taken by Tiger for his own use, \$876, had been debited to the purchases account and credited to the drawings account.
3. Goods returned to credit suppliers, \$2 955, had been entered correctly in the trade payables ledger control account. No other entries had been made.
4. Cash purchases, \$1 755, had been debited to both the cash account and the purchases account.
5. No entries had been made for the purchase on credit of a motor vehicle, \$16 460, for use within the business from AB Cars.

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

Bourton and Chandler are in partnership sharing profits and losses in the ratio 3:1

The partnership agreement provided for:

- interest of 4% on total drawings made during the year
- interest of 6% per annum on capital
- a salary of $2 200 per month for Chandler.

	On 1 June 2020		For the year ended 31 May 2021
Partner	**Capital account $**	**Current account $**	**Drawings $**
Bourton	60 000	8 950	25 000
Chandler	30 000	4 170	18 000

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

Sheila started a business on 1 June 2020. She provided the following information for the year ended 31 May 2021.

	$
Credit sales	145 200
Discount allowed	4 560
Irrecoverable debts written off	470
Receipts from credit customers	120 810

At 31 May 2021 trade receivables were $19 360. Sheila decided to create an allowance for doubtful debts of 5% of trade receivables.

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

Arthur, a manufacturer, provided the following information.

Arthur
Manufacturing account for the year ended 31 May 2021

	$	$
Raw materials		
Opening inventory of raw materials	17 600	
Purchases of raw materials	131 110	
	148 710	
Closing inventory of raw materials	(15 960)	
Cost of raw materials consumed		132 750
Direct labour		85 350
Prime cost		218 100
Overheads		
General expenses	34 950	
Supervisors' salaries	33 200	
Machinery depreciation	13 390	81 540
		299 640
Add: opening work in progress	22 150	
Less: closing work in progress	(28 320)	(6 170)
Production cost		293 470

	1 June 2020 $	31 May 2021 $
Inventory of finished goods – bought in – manufactured	 7 990 26 310	 8 030 23 540
Office equipment – carrying value	23 780	19 024
Other receivables – office wages	1 070	990
Office wages paid		21 200
Purchases – finished goods		9 460
Returns inwards		1 725
Revenue		398 290

Supervisors' salaries are apportioned 80% to the factory.

General expenses are apportioned 75% to the factory.

There were no additions or disposals of office equipment during the year.

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

Rumred Ltd provided the following information in addition to the incomplete statement of financial position at 30 April 2021 on **page 17** of the question paper.

At 1 May 2020	**$**
Equipment – cost – accumulated depreciation	 72 400 33 900
Share capital (ordinary shares of $1 each)	46 000
Share premium	14 000
Retained earnings	12 200

On 1 December 2020 22 000 ordinary shares were issued at a premium of $0.30 per share.

On 1 January 2021 equipment costing $3 300 was purchased.

Equipment is depreciated at 15% per annum using the straight line method. Depreciation is charged for each month of ownership.