

Pearson LCCI

Wednesday 3 April 2019

Time: 3 hours

Paper Reference **ASE20104**

Certificate in Accounting (VRQ)

Level 3

Please check the examination details above before entering your candidate information

Candidate name

Centre Code

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Candidate Number

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Candidate ID Number

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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, candidate number, centre code and your candidate ID number.
- 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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Pearson

Answer ALL questions. Write your answers in the spaces provided.

You will need to use the data on **page 2** of the Resource Booklet to answer parts (a) and (b).

1 (a) Prepare the following accounts.

(i) **Realisation Account** (9)

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(ii) **Capital Account – Jaswinder** (4)

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(b) Calculate the amount to be paid to Paul on the dissolution of the partnership.

(3)

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(c) State **one** advantage of **each** type of business ownership.

(5)

Type of business ownership	Advantage
Sole trader	
Partnership	
Limited liability partnership	
Private limited company	
Public limited company	

(Total for Question 1 = 21 marks)

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

2 (a) Prepare the statement of profit or loss for the year ended 31 March 2019.

(20)

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Hoopps Ltd

Statement of profit or loss for the year ended 31 March 2019

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(b) Explain **one** limitation of financial statements.

(2)

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(Total for Question 2 = 22 marks)

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

3 (a) Calculate the loss on inventory. (1)

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(b) Calculate the adjusted profit for the year ended 31 March 2019. (3)

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(c) Prepare the statement of financial position at 31 March 2019. (12)

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Mei

Statement of financial position at 31 March 2019

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(d) Calculate the:

(i) return on capital employed

(1)

(ii) asset turnover ratio.

(1)

(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) Calculate the net present value and payback period for the new machine.

(8)

Year	Net cash flows \$	Discount factor at 15%	Present value \$
0		1.000	
1		0.870	
2		0.756	
3		0.658	
Net present value			

Payback period in years and months

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(b) Evaluate **both** factories and then advise Holllaa Ltd which **one** to purchase.

(5)

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(c) State the formula used to calculate the accounting rate of return.

(2)

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(d) (i) Explain how the accruals concept applies when depreciating a non-current asset.

(2)

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(ii) State **two other** accounting concepts used when depreciating non-current assets.

(2)

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(Total for Question 4 = 19 marks)

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Tsui Ltd

Trade receivables budget for the four-month period ending 31 December 2019

	September \$'000	October \$'000	November \$'000	December \$'000
Opening balance				
Credit sales				
Receipts				
Discount allowed				
Closing balance				

Tsui Ltd

Trade payables budget for the four-month period ending 31 December 2019

	September \$'000	October \$'000	November \$'000	December \$'000
Opening balance				
Credit purchases				
Payments				
Closing balance				

(iii) State which financial statement the closing balances would be shown in.

(1)



Tsui Ltd is planning to reduce credit terms to one month only.

(c) Discuss whether Tsui Ltd should implement this change.

You **must** justify your decision.

(5)

(Total for Question 5 = 20 marks)

TOTAL FOR PAPER = 100 MARKS

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