Pearson LCCI Wednesday 12 June 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 Candidate Number Candidate ID Number You must have: Resource Booklet (enclosed)

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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Answer ALL questions. Write your answers in the spaces provided.
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You will need to use the data on **pages 2 and 3** of the Resource Booklet to answer Question 1.

1 (a) Calculate the value of inventory at 31 March 2019.	(4)
(b) Prepare the statement of profit or loss for the year ended 31 March 2019. Space for workings	(18)

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Motab Ltd Statement of profit or loss for the year ended 31 March 2019		
(Total for Question 1 = 22 marks)		



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

2 (a) Complete the statement of changes in equity for the year ended 31 March 2019.

(8)

Eff Ltd Statement of changes in equity for the year ended 31 March 2019

	Share capital (Ordinary shares of \$1 each)	Share premium	Revaluation reserve	Retained earnings	Total
	\$	\$	\$	\$	\$
1 April 2018	300 000	60 000	150 000	89 750	599 750
Bonus issue					
Rights issue					
Final dividend					
Revaluation reserve					
Profit for the year					
31 March 2019			180 000		



Equity and liabilities

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(b) Prepare an extract of the statement of financial position at 31 March 2019 showing the **equity and liabilities** section only.

(4)

Eff Ltd Statement of financial position at 31 March 2019

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statement of cash flows.			(2)
(d) State, indicating with a tick (✓), the see which each item will appear.	ection of the statem	nent of cash flows	in (7)
	Operating activities	Investing activities	Financing activities
Dividend paid			
Dividend received			
Profit on disposal of non-current asset			
Disposal proceeds of non-current asset			
Rights issue			
Receipt of bank loan			
Repayment of bank loan			
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You will need to use the data on **page 5** of the Resource Booklet to answer parts (a) and (b).

3 (a) Calculate the value of inventory at 30 April 2019.

(1)

(b) Complete the adjustments column of the extended trial balance extract at 30 April 2019.

(11)

Hamza Extended trial balance extract at 30 April 2019

		Adjustments	
	Balance \$	Debit \$	Credit \$
Advertising	3 750		
Discount allowed	640		
Discount received	380		
Equity	43 800		
General expenses	8 460		
Motor expenses	10 830		
Motor vehicle – cost	32 000		
Motor vehicle – accumulated depreciation	13 500		
Trade payables	15 700		
Trade receivables	29 360		
Closing inventory – statement of financial position			
Closing inventory – statement of profit or loss			
Depreciation charge			
Drawings			
Other receivables			
Suspense			

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Hamza provided the following information.

Ratio	
Trade receivables collection period	39 days
Trade payables payment period	43 days

(c) Evaluate the action that Hamza should take in order to reduce these two ratios to 30 days.

(5)

(d) State the accounting concept applied in each scenario.

(3)

Scenario	Accounting concept
The method of depreciating motor vehicles should not be changed to reducing (diminishing) balance.	
Customer orders received on the last day of the financial year, but not invoiced or paid for, should be excluded from the revenue of the current year.	
The value of closing inventory should be deducted from the cost of sales.	

(Total for Question 3 = 20 marks)



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You will need to use the data on page 6 of the Resource Booklet to answer parts (a), (c), (d) and (e).	(b),
4 (a) Calculate the weekly fixed costs.	(1)
(b) Calculate the weekly breakeven point in units.	(3)
(c) Calculate the margin of safety in: (i) units	
(ii) dollars.	(1)
(d) Prepare a marginal cost statement to show the weekly profit or loss. Henrick	(5)
Weekly marginal cost statement	

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(e) Calculate the number of units required to generate a target p	profit of \$2 500 if this
plan goes ahead.	(3)
Henrick currently uses marginal costing and has been advised to absorption costing.	change to
f) Discuss whether Henrick should make this change.	
You must justify your decision.	
	(5)
- · · · ·	Question 4 = 19 marks)



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

5 (a) Prepare the following budgets.

(9)

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

	October \$	November \$	December \$
Opening balance			
Credit sales			
Receipts			
Closing balance			

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

	October \$	November \$	December \$
Opening balance			
Credit purchases			
Payments			
Discount received			
Closing balance			

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c) Calculate the budgeted bank balance at 31 December 2019.	(3)
d) Explain one purpose of preparing a cash budget.	(2)
e) State two stakeholders who may be interested in the financial statements of a business.	(2)
(Total for Question 5 = 18 m	arks)
TOTAL FOR THE PAPER = 100 MARKS	



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