Pearson LCCI

Wednesday 12 June 2019

Time: 3 hours | Paper Reference **ASE20104**

Certificate in Accounting (VRQ)

Level 3

Resource Booklet
Do not return this Resource 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.

Motab Ltd provided the following information at 31 March 2019.

	$
8% bank loan (2025)	40 000
Administrative expenses	61 630
Allowance for doubtful debts	3 100
Carriage inwards	650
Delivery vans – accumulated depreciation	58 000
Delivery vans – cost	135 000
Distribution costs	68 480
Interest paid	1 600
Office stationery	5 600
Opening inventory	67 900
Purchases	310 750
Returns inwards	1 200
Revenue	576 400
Trade receivables	66 800

- Closing inventory was valued at $81 100
- An inventory sheet at 31 March 2019 had been overcast by $1 100
- Inventory valued at cost, $500, was damaged and can only be sold at one half of the cost price.
- Inventory included $200 of office stationery for use within the business.
- An invoice for office stationery, $400, was owing.
- The cost of office stationery is apportioned equally between departments.
- The 8% bank loan was received on 30 June 2018. Interest is paid in arrears every six months.
- A delivery van, purchased on 30 June 2017 for $25 000, was sold for $18 500

- The business charges depreciation using the straight line method at 20% per annum. A full year's depreciation is charged in the year of purchase but none in the year of disposal.
- Delivery van expenses, $980, were paid in advance.
- Irrecoverable debts, $2400, were to be written off. An allowance for doubtful debts of 5% of trade receivables was to be maintained.
- The charge for taxation was estimated at $23 750

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

Eff Ltd provided the following information, in addition to the statement of changes in equity for the year ended 31 March 2019 on page **4** of the question paper.

1 May 2018	A bonus issue of one ordinary share for every six ordinary shares held was made. The directors decided to leave the reserves in the most flexible form.
1 November 2018	A rights issue of one ordinary share of $1 each for every seven ordinary shares held was made at a premium of $0.25 each. The rights issue was fully subscribed.
1 March 2019	A final dividend of 5% was paid on each ordinary share held on this date.
31 March 2019	Profit for the year was $68 500

At 31 March 2019

	$
8% bank loan (2021)	35 000
Allowance for irrecoverable debts	1 200
Bank	3 100 Cr
Inventory	104 500
Non-current assets – carrying value	672 500
Tax payable	11 200
Trade and other payables	33 750
Trade and other receivables	48 000

Resource for Question 3 – Parts (a) and (b).

Hamza provided the following information, in addition to the extended trial balance extract at 30 April 2019 on page **8** of the question paper.

1. Inventory at 30 April 2019 was valued at cost, $43 280. This included damaged items, cost $360, which could be sold for $425 after repairs costing $85
2. Discount given to customers, $150, had been posted to the credit side of the discount received account.
3. Hamza had paid $250 for repairs to his personal motor vehicle and charged the amount to motor expenses.
4. Advertising, $600, for the six months ending 30 September 2019 had been paid.
5. Depreciation is to be charged on the motor vehicle at 20% per annum using the straight line method. The vehicle had an estimated residual value of $9 500

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

Henrick manufactures one product.

He provides the following budgeted information.

Production and sales are 900 units per week.

Per unit	**$**
Selling price	15.00
Direct material	6.00
Direct labour bonus	0.30
Machine hire	0.20
Per week	
Production salaries	180.00
Other fixed overheads	5 330.00

Resource for Question 5 – Parts (a), (b) and (c).

On 1 October 2019 Eduardo plans to start a business with $15 000 in the bank account.

He provides the following budgeted information.

Sales (units)

2019			2020
October	**November**	**December**	**January**
350	380	420	320

Budgeted selling price $120 per unit.

- 10% of sales will be on a cash basis.
- 60% of **credit sales** will be on a one month credit basis and 40% of credit sales will be on a two month credit basis.

Budgeted purchase price $70 per unit increasing to $75 on 1 November 2019.

- All purchases will be on credit.
- Purchases will be made one month in advance of sale. He will start the business with inventory of 350 units purchased in September 2019. Suppliers are to be paid in the month following purchase after taking a 5% cash discount.

Operating expenses, $14 000, are paid monthly.

Eduardo plans to take monthly drawings of $4 000

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