

Pearson LCCI

Wednesday 6 March 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 and 3** of the Resource Booklet to answer Question 1.

- 1** Prepare the statement of financial position at 31 December 2018.

(22)

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Pet plc

Statement of financial position at 31 December 2018

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(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 part (b).

2 (a) Complete the sentences. (4)

Faithful means financial information must
be , neutral and free from errors.

Verifiability provides assurance to the users that information is
both and

(b) Prepare the statement of profit or loss for the year ended 30 June 2018. (11)

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Leo

Statement of profit or loss for the year ended 30 June 2018

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Leo received an order with a payment from a customer on 15 January 2019 for the goods to be delivered on 15 July 2019.

(c) (i) State **two** accounting concepts that apply in this scenario.

(2)

1

2

(ii) Explain how this transaction should be treated in the financial statements of Leo.

(2)

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(Total for Question 2 = 19 marks)

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P 6 3 6 9 8 A 0 7 1 6

You will need to use the data on **page 5** of the Resource Booklet to answer parts (a), (c) and (d).

3 (a) Prepare for the year ended 31 December 2018:

(i)

(3)

Machinery – Cost Account

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(ii)

(4)

Accumulated Depreciation – Machinery Account

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(iii) Calculate the profit or loss on disposal.

(2)

\$	Profit (✓)	Loss (✓)

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(b) Define the terms:

(i) subsidiary

(1)

(ii) goodwill.

(1)

(c) Calculate the profit for the year ended 31 December 2018 attributable to the non-controlling interest.

(1)

(d) Calculate the amount to be shown in the consolidated statement of financial position at 31 December 2018 for:

(i) the non-controlling interest

(2)

(ii) goodwill.

(4)

(Total for Question 3 = 18 marks)



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

4 (a) State **two** stakeholders who may be interested in the financial statements of Mya Pottery Ltd.

(2)

1

2

(b) Prepare a statement to show the total profit, using marginal costing technique, for manufacturing:

(i) handmade mugs

(5)

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(ii) machine-made mugs.

(4)

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Mya Pottery Ltd decided to produce all the mugs by machine.

(c) Calculate the:

(i) break-even point in units

(1)

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(ii) margin of safety in units

(1)

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(iii) margin of safety as a percentage.

(1)

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The new machine will have the capacity to make 750 units per month.

A retail customer has offered to buy 200 units at a price of \$7.50 each.

(d) Discuss whether Mya Pottery Ltd should accept the order.

You **must** justify your decision.

(5)

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(Total for Question 4 = 19 marks)



You will need to use the data on **pages 7 and 8** of the Resource Booklet to answer parts (b), (c) and (d).

5 (a) Describe **one** benefit to a business of budgetary control. (2)

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(b) Prepare the cash budget. (13)

Kaples
Cash budget for the six-month period ending 31 December 2019

	Jul \$'000	Aug \$'000	Sep \$'000	Oct \$'000	Nov \$'000	Dec \$'000
Receipts						
Cash sales						
Trade receivables (credit sales)						
Total receipts						
Payments						
Cash purchases						
Trade payables (credit purchases)						
Wages and salaries						
Heat and power						
General expenses						
Total payments						
Net inflow/(outflow)						
Opening balance						
Closing balance						

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(c) Explain the effect on cash and cash equivalents of the proposed change in the **purchase payment terms.**

(2)

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(d) Evaluate the change in the return on capital employed.

(5)

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(Total for Question 5 = 22 marks)

TOTAL FOR PAPER = 100 MARKS





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