

Pearson LCCI

Tuesday 8 December 2020

Time: 3 hours

Paper Reference **ASE20104**

Certificate in Accounting (VRQ)

Level 3

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.

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

Data for parts (a) and (b).

OE4 Ltd provided the following information.

Plant and equipment	30 June 2019	30 June 2020
– cost	\$280 300	\$287 800
– accumulated depreciation	\$26 830	\$24 850

- On 1 March 2020 equipment purchased on 1 August 2017 was sold for \$43 000 at a loss of \$2 150 and additional equipment was purchased.
- Plant and equipment is depreciated at 15% per annum using the straight line method. A full year's depreciation is charged in the year of purchase and none in the year of disposal.

Data for part (c).

OE4 Ltd provided the following information in addition to the incomplete statement of changes in equity for the year ended 30 June 2020 on **page 3** of the question paper.

Date	Transaction
1 July 2019	Made a bonus issue of one ordinary share of \$0.50 for every four shares held. The directors decided to leave the reserves in the most flexible form.
1 August 2019	Paid a final dividend of \$0.10 per share on all shares in issue on 30 June 2019.
1 November 2019	Made a rights issue of two ordinary shares of \$0.50 each for every five shares held at a premium of \$0.30 each. The rights issue was fully subscribed.
1 January 2020	Paid an interim dividend of \$0.05 per share on all shares in issue at that date.

During the year ended 30 June 2020 property was revalued upwards by \$20 000 and profit for the year was \$111 150

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

Mark buys and sells goods on a cash and credit basis.

	1 November 2019 \$	31 October 2020 \$
Allowance for doubtful debts	330	To be calculated
Inventory	15 000	14 730
Other payables – general expenses	378	–
Other payables – rental income	720	850
Property, plant and equipment – carrying value	224 160	216 820
Trade payables	6 860	5 910
Trade receivables	16 500	17 300

During the year ended 31 October 2020

Cash book summary

Receipts	\$	Payments	\$
Trade receivables	194 700	Trade payables	79 810
Rental income	12 300	General expenses	35 914
Cash banked	4 595	Cash purchases	27 150
		Drawings	59 300

- Credit sales were \$196 300
- The proceeds of cash sales, \$18 110, were banked after the payment of wages.
- Mark did not record the value of goods taken for personal use.
- An irrecoverable debt was written off.
- Allowance for doubtful debts is maintained at 2% of trade receivables, \$17 300
- There were no additions or disposals of non-current assets during the year.
- Profit for the year as a percentage of revenue was 30%.

Resource for Question 3.

On 1 April 2019 Bee plc acquired 56 000 ordinary shares in CD Ltd.

The directors provided the following information.

At 31 March 2020	Bee plc \$	CD Ltd \$
6% debenture (2020)	7 000	–
8% debenture (2025)	38 000	–
Cash and cash equivalents	8 900	2 500
Inventory	71 250	31 400
Investment in CD Ltd	85 000	–
Property, plant and equipment – carrying value	291 300	75 100
Retained earnings	224 300	40 400
Share capital (ordinary shares of \$1 each)	225 000	70 000
Tax payable	15 000	7 400
Trade and other payables	41 950	18 100
Trade and other receivables	94 800	26 900

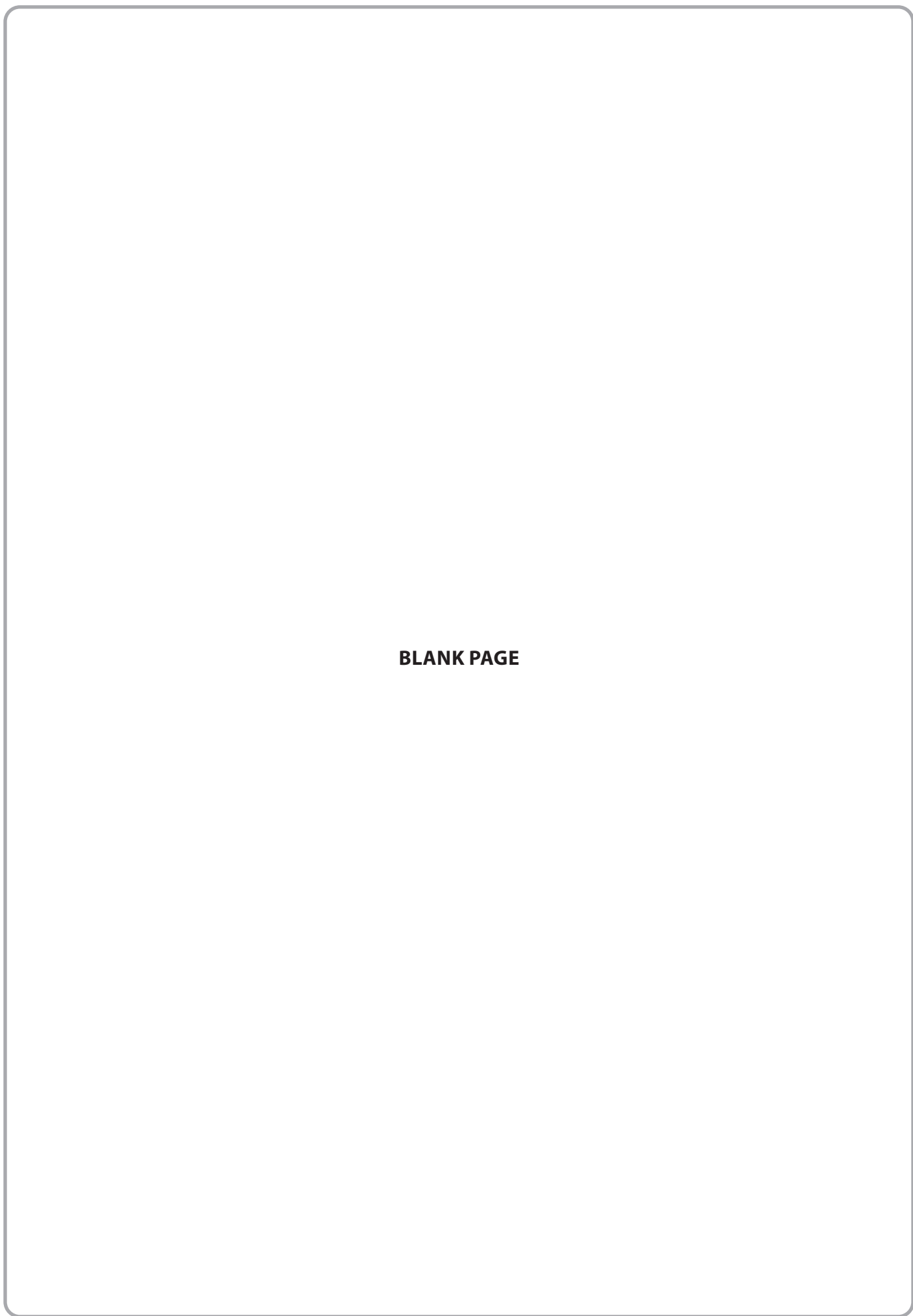
Profit for the year ending 31 March 2020 for CD Ltd was \$36 000

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

Delts Ltd is considering purchasing a new machine at a cost of \$160 000 that is expected to have no residual value after five years.

The company provided the following information for the new machine based on annual production and sales of 18 000 units.

	\$	\$
Revenue		162 000
Direct material	43 200	
Direct labour	<u>28 800</u>	<u>(72 000)</u>
Contribution		90 000
Fixed costs		<u>(66 000)</u>
Profit for the year		<u>24 000</u>



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Resource for Question 5 – Part (a).

Neroo provided the following budgeted information.

	February 2021 \$	March 2021 \$	April 2021 \$	May 2021 \$	June 2021 \$
Sales	89 300	95 000	88 000	77 000	69 200
Purchases	44 400	47 900	39 800	41 600	38 500

- All sales are on a two-month credit basis.
 - 30% of credit sales will be paid one month after sale with a 2% early settlement discount. The remaining 70% of credit sales will be paid two months after sale.
- All purchases are on a cash basis.
- Wages are \$28 000 per month increasing by 6% on 1 June 2021.
- General expenses are \$15 450 per month including depreciation of \$1 200
- On 1 April 2021 Neroo expects to have a bank balance of \$7 150 debit.
- On 1 June 2021 Neroo will repay a \$30 000 loan in full together with outstanding interest of 6%.



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