

**Pearson LCCI**

**Monday 9 November 2020**

Time: 3 hours

Paper Reference **ASE20104**

**Certificate in Accounting (VRQ)**

**Level 3**

Please check the examination details above before entering your learner information

Learner name

Centre/Learning Provider ID

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Learner National/Passport ID (if required)

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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, Pearson learner ID, centre/learning provider ID and your learner national/passport ID (if required).
- 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 part (b).

**1** (a) State which international accounting standard (IAS) sets out the requirements for the presentation of financial statements.

(1)

(b) Prepare the statement of financial position at 30 April 2020.

(21)

**Narud plc**  
**Statement of financial position at 30 April 2020**

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(Total for Question 1 = 22 marks)



You will need to use the data on **page 3** of the Resource Booklet to answer parts (a), (b) and (c).

**2** (a) Calculate the:

(i) equity at 1 April 2019

(1)

.....  
.....

(ii) equity at 31 March 2020

(1)

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.....

(iii) profit for the year ended 31 March 2020.

(1)

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.....

(b) Prepare the equipment account for the year ended 31 March 2020. Balance the account on this date and bring the balance down on 1 April 2020.

(4)

**Equipment Account**

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(c) Complete the statement of profit or loss for the year ended 31 March 2020.

(10)

**Simon**  
**Statement of profit or loss for the year ended 31 March 2020**

	\$	\$
Revenue		
Cost of sales		
Opening inventory	33 330	
Purchases		
Goods taken for own use		
Closing inventory	36 990	
Gross profit		
Expenses		
Rent		
General expenses		
Depreciation		
Loss on disposal		
Profit for the year		

Simon has asked his accountant to change the basis of accounting for sales from invoices issued to cash received.

(d) State **two** accounting concepts and **two** principles of professional ethics that have not been complied with.

(4)

Accounting concepts	Principles of professional ethics
1.	1.
2.	2.

**(Total for Question 2 = 21 marks)**



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

**3** (a) State in which section of the statement of cash flows the following would be shown:

(i) loss on disposal (1)

(ii) purchase of investments (1)

(iii) dividends received. (1)

(b) Calculate for the year ended 31 May 2020 the:

(i) cost of machinery purchased (1)

(ii) depreciation charge (1)

(iii) accumulated depreciation on machinery sold (1)

(iv) proceeds from the sale of machinery. (1)

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(c) Prepare the statement of cash flows for the year ended 31 May 2020.

(9)

**Rio82 Ltd**  
**Statement of cash flows for the year ended 31 May 2020**

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(d) Explain **one** reason why a business may have net cash from operating activities when a loss for the year had been made.

(2)

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(e) Explain how a bonus issue of shares would affect the statement of cash flows.

(2)

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**(Total for Question 3 = 20 marks)**

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4 (a) State **two** methods of funding the purchase of a non-current asset.

(2)

1 .....

2 .....

(b) State **two** differences between the net present value and payback methods of investment appraisal.

(2)

1 .....

2 .....

Liberty is considering purchasing a new machine costing \$130 000

Net cash inflows will be \$50 000 per year for four years.

At the end of year four the machine will be sold for \$20 000

(c) Calculate for the new machine the:

(i) net present value

(6)

Year	Net cash flow \$	Discount factor at 12%	Present value \$
0		1.000	
1		0.893	
2		0.797	
3		0.712	
4		0.636	
Net present value			

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(ii) accounting rate of return.

(3)

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Instead of purchasing a new machine, Liberty could modify an existing machine at a cost of \$100 000 to extend its life by four years, after which it would be scrapped.

(d) Discuss which option Liberty should choose.

You must justify your decision.

(5)

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**(Total for Question 4 = 18 marks)**



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

- 5 (a) Complete the trade receivables budget for the three-month period ending 31 May 2021.

(5)

**Nick**  
**Trade receivables budget for the three-month period ending 31 May 2021**

	<b>March</b> <b>\$</b>	<b>April</b> <b>\$</b>	<b>May</b> <b>\$</b>
Opening balance	93 960		
Credit sales			
Receipts			
Closing balance			

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(b) Complete the cash budget for the three-month period ending 31 May 2021.

(9)

**Nick**  
**Cash budget for the three-month period ending 31 May 2021**

	March \$	April \$	May \$
<b>Receipts</b>			
Cash sales			
Trade receivables (credit sales)			
Total receipts			
<b>Payments</b>			
Trade payables (credit purchases)			
Machinery finance			
General expenses			
Total payments			
Net inflow / (outflow)			
Opening balance	1 340		
Closing balance			





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