

**Pearson LCCI**

**Monday 9 November 2020**

Time: 3 hours

Paper Reference **ASE20104**

**Certificate in Accounting (VRQ)**

**Level 3**

**Resource Booklet**

**Do not return this Resource Booklet with the question paper.**

- 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 – Part (b).

Narud plc provided the following information.

	30 April	
	2019 \$	2020 \$
8% bank loan (2020)	30 000	30 000
9% bank loan (2028)	–	80 000
Bank	3 734	9 310 Cr
Cash	750	750
Land and buildings – cost	780 000	780 000
Machinery – cost	187 800	195 400
– accumulated depreciation	24 100	28 200
Other receivables	1 074	–
Tax payable	12 890	14 300
Trade payables	34 240	36 590
Trade receivables	48 400	49 800
Share capital (ordinary shares of \$0.25 each)	550 000	<b>To be calculated</b>
Share premium	300 000	<b>To be calculated</b>

- The 9% bank loan (2028) was taken out on 31 March 2020.
- Interest on bank loans is paid annually in arrears on 31 December.
- Closing inventories were valued: goods, \$65 600 and stationery, \$1 850
- An irrecoverable debt of \$1 600 was to be written off.
- An allowance for doubtful debts is maintained at 4% of trade receivables.
- A bonus issue of two ordinary shares for every five shares held had been made during the year. The directors decided to leave the reserves in the most flexible form.
- Land and buildings are to be revalued to \$950 000

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

Simon provided the following information.

	<b>1 April 2019 \$</b>	<b>31 March 2020 \$</b>
Bank	3 615 Cr	4 170
Cash	150	150
Equipment – at valuation	61 130	52 100
Inventory	33 330	36 990
Other payables – rent	600	–
Other receivables – general expenses	–	780
Trade payables	3 285	3 760
Trade receivables	6 930	8 370
		%
Gross profit percentage / margin		40
Profit for the year as a percentage of revenue		5

During the year ended 31 March 2020:

- rent paid was \$11 400
- Simon took \$2 700 of goods for personal use. There were no other drawings or capital introduced
- equipment valued at \$545 was sold for \$375. There were no other additions or disposals of equipment during the year.

**Resource for Question 3 – Parts (b) and (c).**

The directors of Rio82 Ltd provided the following information.

	31 May	
	2019 \$	2020 \$
Share capital (ordinary shares of \$0.50 each)	76 000	<b>To be calculated</b>
Cash and cash equivalents	36 285	<b>To be calculated</b>
Debentures (2020)	20 000	–
Machinery		
– cost	158 900	171 940
– accumulated depreciation	63 560	75 388

During the year ended 31 May 2020:

1 September 2019	A machine costing \$37 600 was sold at a loss of \$2 490. There were no other disposals during the year.
1 January 2020	A rights issue of one ordinary share for every four ordinary shares held was made at \$1.15 per share. The rights issue was fully subscribed.
1 February 2020	A dividend of \$0.10 per ordinary share was paid.
31 May 2020	The net cash from operating activities was \$16 980
Machinery is depreciated at 20% 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.	

**There is no resource for Question 4.**

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

Nick provided the following budgeted information.

	2021				
	January \$	February \$	March \$	April \$	May \$
Sales	64 000	66 000	65 000	70 000	68 000
Purchases	36 000	36 000	38 000	39 000	40 000

- 10% of sales are on a cash basis with the remainder on credit.
- 40% of credit sales are received one month after sale with the remainder received after two months.
- All purchases are paid in the month after purchase after taking a 5% cash discount.
- On 1 March 2021 a deposit of 10% will be paid on machinery costing \$96 000. The balance will be financed by interest free credit, with equal monthly repayments over 12 months starting on 1 April 2021.
- General expenses are currently \$11 650 per month, increasing to \$12 350 for May 2021.



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