

# Pearson LCCE

**Wednesday 9 June 2021**

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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**Answer ALL questions. Write your answers in the spaces provided.**

You will need to use the data on **pages 2 and 3** of the Resource Booklet.

- 1 (a) (i) Identify, indicating with a tick (✓), where **each** item of inventory will be shown. (3)

	<b>Manufacturing account</b>	<b>Statement of profit or loss</b>	<b>Statement of changes in equity</b>
Raw materials			
Work in progress			
Finished goods			

- (ii) Prepare the statement of financial position at 31 March 2021. (19)

Space for workings

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**Zennica plc**  
**Statement of financial position at 31 March 2021**

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**(Total for Question 1 = 22 marks)**

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2 Savina provided the following information in addition to the extended trial balance at 31 March 2021 on **page 5** of the question paper.

At 31 March 2021 general expenses owing were \$680, rent paid in advance was \$1 350 and Savina had withdrawn cash from the bank, \$500, for personal use.

(a) Complete the adjustment, statement of profit or loss and statement of financial position columns of the extended trial balance at 31 March 2021 on **page 5**.

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Savina Extended trial balance at 31 March 2021	Balance \$	Adjustments		Statement of profit or loss		Statement of financial position	
		Debit \$	Credit \$	Debit \$	Credit \$	Debit \$	Credit \$
Bank	2 555						
Capital	12 850						
Closing inventory – statement of financial position	16 000						
Closing inventory – statement of profit or loss	16 000						
Drawings	18 000						
General expenses	31 245						
Opening inventory	14 000						
Purchases	62 000						
Rent	17 550						
Revenue	151 500						
Trade receivables	19 000						
Other payables							
Other receivables							
Profit/loss for the year							
<b>TOTAL</b>							



Savina made all sales on credit and all purchases on a cash basis.

(b) Complete the table for the year ended 31 March 2021.

(4)

Ratio	Formula	Answer
Inventory turnover (times)		
Accounts receivable collection period (days)		

(Total for Question 2 = 19 marks)

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

**3** (a) State the accounting concept applied when adjusting for goods taken by Kyi for his own use.

(1)

(b) Explain **one** reason for the preparation of an appropriation account.

(2)

(c) Prepare the appropriation account for the year ended 31 December 2020.

(7)

**Kyi and Lwin**  
**Appropriation account for the year ended 31 December 2020**

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(d) Prepare Kyi's current account for the year ended 31 December 2020. Balance the account on this date and bring the balance down on 1 January 2021.

(7)

**Current Account – Kyi**

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(e) Explain **one** benefit of converting a partnership into a limited liability partnership.

(2)

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**(Total for Question 3 = 19 marks)**

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4 You will need to use the data on **page 6** of the Resource Booklet to answer part (c).

(a) State **two** differences between financial accounting and management accounting. (2)

1 .....

2 .....

(b) State **three** limitations of break-even analysis. (3)

1 .....

2 .....

3 .....

(c) Calculate the annual:

(i) break-even point in units (2)

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(ii) break-even point in revenue (1)

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(iii) margin of safety in units (1)

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(iv) margin of safety in revenue (1)

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(v) number of units to be sold to earn a target profit of \$80 000

(2)

(vi) revenue to earn a target profit of \$80 000

(1)

Ko is concerned about his break-even point and margin of safety and is proposing an increase in the selling price of the product.

(d) Evaluate the effect of this proposal.

(5)

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



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

**5** (a) State **one** difference between a cash budget and a statement of cash flows. (1)

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(b) Calculate the receipts from **credit customers** for **each** month. (6)

**July 2021**

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**August 2021**

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**September 2021**

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(c) Prepare the trade receivables budget for the three-month period ending 30 September 2021.

(4)

**Sparky**  
**Trade receivables budget for the three-month period ending 30 September 2021**

	<b>July 2021 \$</b>	<b>August 2021 \$</b>	<b>September 2021 \$</b>
Opening balance			
Credit sales			
Receipts			
Discount allowed			
Closing balance			



(d) Complete the cash budget for the three-month period ending 30 September 2021.

(6)

**Sparky**  
**Cash budget for the three-month period ending 30 September 2021**

	July 2021 \$	August 2021 \$	September 2021 \$
<b>Receipts</b>			
Cash sales			
Trade receivables (credit sales)			
Additional capital	71 500	–	–
Total receipts			
<b>Payments</b>			
Cash purchases	12 964	13 105	14 387
Trade payables (credit purchases)	13 660	11 155	12 200
Machine purchase	71 500	–	–
Operating expenses	19 310	22 740	33 455
Overdraft interest	140	38	–
Total payments	117 574	47 038	60 042
Net inflow / (outflow)			
Opening balance	(9 650)		
Closing balance			

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Sparky is considering taking out a 3% bank loan, repayable in monthly instalments over 10 years, instead of introducing additional capital to finance the purchase of the machine.

(e) Discuss how Sparky should finance the purchase of the machine.

You **must** justify your decision.

(5)

Area with horizontal dotted lines for writing the answer.

(Total for Question 5 = 22 marks)

TOTAL FOR PAPER = 100 MARKS



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