

Pearson LCCI

Wednesday 9 June 2021

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.

Turn over ►

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Resource for Question 1.

Zennica plc provided the following information for the year ended 31 March 2021.

At 1 April 2020	\$
Land and buildings – cost	650 000
Retained earnings	98 908
Share capital – ordinary shares of \$1 each	295 000
Share premium	25 000
7% bank loan (2021)	80 000
6% debentures (2030)	75 000
At 31 March 2021	
Plant and equipment – carrying value	36 100
Bank	9 264
Cash	700
Inventory	
– raw materials	19 690
– work in progress	34 715
– finished goods	15 168
Tax payable	15 280
Trade payables	84 144
Other payables	3 692
Trade receivables	56 400

- On 1 June 2020 a rights issue of two ordinary shares for every five shares held was made at a premium of \$0.30 per share. The issue was fully subscribed.
- On 1 December 2020 a final dividend of \$20 650 was paid.
- On 1 January 2021 \$50 000 of the 7% bank loan (2021) was repaid.
- On 31 March 2021 profit for the year was \$62 263 before adjusting for the allowance for doubtful debts at 2% of trade receivables.
- On 31 March 2021 land and buildings were to be revalued to \$800 000

There is no resource for Question 2.

Resource for Question 3 – Parts (c) and (d).

Kyi and Lwin are in partnership sharing profits and losses in the ratio 3:2

The partnership agreement also provided for:

- interest of 8% on total drawings
- interest of 6% per annum on closing capital
- an annual salary of \$15 000 for Kyi.

Partner	At 1 January 2020		For the year ended 31 December 2020	
	Capital account \$	Current account \$	Capital introduced \$	Cash drawings \$
Kyi	80 000	3 965	40 000	29 500
Lwin	100 000	3 130	–	34 000

The draft profit for the year ended 31 December 2020 was \$111 346 **before** accounting for goods taken at cost by Kyi for his own use of \$6 800

Resource for Question 4 – Part (c).

Ko manufactures one product.

He provided the following budgeted statement based on annual production and sales of 14 000 units.

	\$	\$
Revenue		784 000
Direct material	406 000	
Direct labour	<u>154 000</u>	<u>(560 000)</u>
Contribution		224 000
Fixed costs		<u>(180 000)</u>
Profit for the year		<u>44 000</u>

Resource for Question 5 – Parts (b), (c) and (d).

Sparky provided the following budgeted information.

2021					
	May \$	June \$	July \$	August \$	September \$
Sales	54 000	56 000	48 000	60 000	66 000

- 10% of sales are for cash and the remainder are on credit.
- 50% of trade receivables pay in the month following sale and are allowed a 2% early settlement discount.
- 50% of trade receivables pay two months after sale.



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