Pearson LCCI Monday 10 June 2019 Time: 3 hours Paper Reference ASE20101 Certificate in Financial Accounting (VRQ) Level 4 Please check the examination details above before entering your candidate information Candidate name Centre Code Candidate Number Candidate ID Number You must have: Resource Booklet (enclosed)

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, candidate number, centre code and your candidate ID number.
- 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 to answer parts (a), (b) and (c).					
1	(a) Calculate the administrative expenses for the year ended 31 March 2019.	(4)				
	(b) Prepare the statement of profit or loss for the year ended 31 March 2019.					
	Workings	(10)				

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Snapz plc Statement of profit or loss for the year ended 31 March 2019				



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(c) Complete the statement of changes in equity for the year ended 31 March 2019.

(5)

Snapz plc Statement of changes in equity for the year ended 31 March 2019

	Share capital \$000	Share premium \$000	Retained earnings \$000	Total \$000
Balance at 1 April 2018	4 500	480	490	5 470
Rights issue				
Final dividend				
Bonus issue				
Profit for the year				
Balance at 31 March 2019				

(d)	State two other	transactions that may	appear on t	the statement of	changes in
	equity.				

(2)

1

(Total for Question 1 = 21 marks)



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You will need to use the data on pages 4 and 5 of the Resource Booklet to answer parts (a) and (b).				
(a) Calculate the following to appear in the consolidated statement of financial position of Par plc at 30 April 2019.				
(i) Goodwill.	(2)			
	(2)			
(ii) Retained earnings.	(3)			
	()			
(iii) Nan anaturalling interest				
(iii) Non-controlling interest.	(2)			

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(b) Prepare the consolidated statement of financial position of Par plc at 30 April 2019.

Par plc Consolidated statement of financial position at 30 April 2019 (9)



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(c) Explain how interest in an associate company is shown in the consolidated financial statements.		
	(3)	
(Total for Question 2 = 19 m	narks)	

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You will need to use the data on page 6 of the Resource Booklet to answer parts (a), (b) and (c).					
3 (a) Calculate the total depreciation charge on property, plant and equipment for the year ended 31 March 2019.					
	(4)				
(b) Prepare a reconciliation of profit from operations to the net cash flow from					
operating activities for the year ended 31 March 2019.	(10)				
Dalsay Ltd Reconciliation of profit from operations to net cash flow from operating activities for the year ended 31 March 2019					

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(c) Prepare the statement of cash flows for the year ended	(7)
Dalsay Ltd Statement of cash flows for the year end	ed 31 March 2019
(Tot	al for Question 3 = 21 marks)



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4 During the year ended 31 May 2019 a company made the following share issues.

On 31 July 2018 a rights issue of one ordinary share of \$0.50 for every four shares held at a price of \$0.60 per share. The issue was fully subscribed.

On 31 August 2018 a bonus issue of two ordinary shares for every nine shares held at that date. The directors decided to leave the reserves in the most flexible form.

(a) Prepare the following accounts for the year ended 31 May 2019. Balance the accounts on this date and bring the balances down on 1 June 2019.

(7)

Share Capital Account

Date	Details	\$000	Date	Details	\$000
			2018 June 1	Balance b/d	720

Share Premium Account

Date	Details	\$000	Date	Details	\$000
			2018 June 1	Balance b/d	150

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(b) State two characteristics of preference shares.	(2)
(c) Explain how a contingent asset is treated in the financial statements.	(2)
(d) Explain how a non-adjusting event after the reporting period is treated in the	
financial statements.	(2)



The directors of Baldat plc provided the following ratios.

Ratio	2019	2018
Gross profit margin	33%	34%
Operating profit margin	17%	15%
Return on equity	14%	16%
Gearing (Interest-bearing debt/equity + interest-bearing debt)	32%	66%

- (e) Assess the profitability and capital structure of Baldat plc.
 - (i) Profitability





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(ii) Capital structure	(3)
(Total for Question 4 = 19 ma	arks)



You will need to use the data on page 8 of the Resource Booklet to answer part (e).

5 (a) Complete the table, indicating with a tick (✓) who is responsible for **each** task of a limited company.

(3)

	Directors	Shareholders	Auditors
To approve major business decisions of the company.			
Setting the overall strategy for the business.			
Evaluate the appropriateness of accounting policies.			

(b) Complete the following table.

(3)

Accounting standard	Title
IAS 38	
	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 16	

(c) State **two** limitations of ratio analysis.

(2)

1

2



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(d) Explain the importance of the price/earnings ratio to an ordinary shareholder.	(3)
Eleni wishes to invest in a company. (e) Analyse the data for the two companies and recommend, with justification, which	1
investment Eleni should choose.	(9)



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TOTAL FOR PAPER = 100 MARKS	
(Total for Question 5 = 20 marks)	

