

# Pearson LCCI

**Monday 14 September 2020**

Time: 3 hours

Paper Reference **ASE20101**

## **Certificate in Financial Accounting (VRQ) Level 4**

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.

### 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.
- 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 **pages 2, 3 and 4** of the Resource Booklet to answer parts (a) and (b).

- 1 (a) Prepare, in accordance with IAS1, the statement of profit or loss for the year ended 31 March 2020.

(17)

Workings

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

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At 1 April 2019 the balance of retained earnings was \$36 900

(b) Calculate the balance of retained earnings at 31 March 2020.

(3)

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**(Total for Question 1 = 20 marks)**

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

**2** (a) Calculate for the consolidated statement of financial position of AB plc at 30 April 2020 the:

(i) goodwill

(2)

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(ii) retained earnings

(3)

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(iii) non-controlling interest.

(2)

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

(11)

**AB plc**  
**Consolidated statement of financial position at 30 April 2020**

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(c) Define the term 'associate company'.

(2)

**(Total for Question 2 = 20 marks)**



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You will need to use the data on **pages 6 and 7** of the Resource Booklet to answer parts (a) and (b).

- 3** (a) Prepare a reconciliation of profit from operations to net cash flow from operating activities for the year ended 31 March 2020.

(9)

Workings

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**Hatlon plc**  
**Reconciliation of profit from operations to net cash flow from operating activities for the year ended 31 March 2020**

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(b) Prepare the statement of cash flows for the year ended 31 March 2020.

(7)

**Hatlon plc**  
**Statement of cash flows for the year ended 31 March 2020**

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The directors of Hatlon plc provided the following information.

	2019	2020
Gross profit margin	32%	34%
Return on capital employed	13%	12%
Trade receivables collection period	38 days	34 days
Trade payables payment period	33 days	39 days

(c) Analyse the performance of Hatlon plc over the year in terms of:

(i) profitability

(3)

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(ii) efficiency.

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**(Total for Question 3 = 22 marks)**

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

- 4** (a) Complete the statement of changes in equity for the year ended 31 March 2020. (9)

**EB plc**  
**Statement of changes in equity for the year ended 31 March 2020**

	Share capital \$000	Share premium \$000	Revaluation reserve \$000	Retained earnings \$000	Total \$000
At 1 April 2019			15	86	
Bonus issue					
Final dividend					
Rights issue					
Rights issue expenses					
Interim dividend					
Revaluation					
Profit for the year					
At 31 March 2020	260	28			

- (b) Explain **one** benefit of the statement of changes in equity to an ordinary shareholder. (2)

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(c) Explain the accounting treatment of proposed dividends in the financial statements.

(2)

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(d) State **three** purposes of an external audit.

(3)

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(e) Explain **one** possible effect of a qualified audit report being published.

(3)

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5 (a) State, using an example, the meaning of:

(i) an adjusting event

(2)

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(ii) a non-adjusting event.

(3)

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(b) Define the terms:

(i) provision

(1)

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(ii) contingent liability.

(1)

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(c) Explain the importance of the asset turnover ratio to an ordinary shareholder.

(3)

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Zak wishes to make an investment in either Wye plc or Zed plc, both in the same business sector.

	<b>Wye plc</b>	<b>Zed plc</b>
Return on capital employed (ROCE)	42.25%	39.38%
Earnings per share	\$0.66	\$0.59
Gearing	66%	44%
Interest cover	1.82 times	3.65 times

(d) Analyse the data for the two companies and recommend, with justification, which company Zak should invest in.

(9)

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**TOTAL FOR PAPER = 100 MARKS**



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