

**Pearson LCCE**

**Thursday 11 July 2019**

Time: 3 hours

Paper Reference **ASE20104**

**Certificate in Accounting (VRQ)**

**Level 3**

Please check the examination details above before entering your candidate information

Candidate name

Centre Code

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Candidate Number

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Candidate ID Number

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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, 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 **page 2** of the Resource Booklet to answer part (a).

- 1** (a) Prepare the statement of profit or loss for Alvin Ltd for the year ended 31 May 2019.

(19)

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**Alvin Ltd**  
**Statement of profit or loss for the year ended 31 May 2019**

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(b) State **one** stakeholder that would have an interest in the financial statements of a business.

(1)

The International Accounting Standards Board (IASB) identifies relevance as a characteristic of financial reporting.

(c) State **two other** qualitative characteristics of financial statements.

(2)

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(Total for Question 1 = 22 marks)

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You will need to use the data on **page 3** of the Resource Booklet to answer parts (b) and (c).

**2** (a) Define the following terms:

(i) parent company

(1)

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(ii) pre-acquisition profits

(1)

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(iii) goodwill.

(1)

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(b) Calculate for the consolidated statement of financial position of C plc at 30 April 2019:

(i) goodwill

(3)

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(ii) retained earnings

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(iii) non-controlling interest.

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(c) Prepare the consolidated statement of financial position at 30 April 2019.

(8)

**C plc**  
**Consolidated statement of financial position at 30 April 2019**

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3 You will need to use the data on **page 4** of the Resource Booklet to answer parts (b), (c) and (d).

(a) State the accounting concept applied in **each** scenario.

(3)

Scenario	Accounting concept
Non-current assets are shown at historical cost rather than market value.	
The business always uses the straight line method of depreciation for non-current assets.	
Goods taken for own use recorded as drawings.	

(b) Calculate the value of inventory at 30 April 2019.

(2)

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(c) Prepare the trade receivables ledger control account for the year ended 30 April 2019. Balance the account on that date and bring the balance down on 1 May 2019.

(4)

**Trade Receivables Ledger Control Account**

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(d) Prepare the statement of financial position at 30 April 2019.

(8)

**James**  
**Statement of financial position at 30 April 2019**

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(e) Evaluate how an improvement in inventory turnover would affect profitability.

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

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4 You will need to use the data on **page 5** of the Resource Booklet to answer part (b).

(a) Complete the table, indicating with a tick (✓), whether **each** statement refers to financial accounting or management accounting.

(3)

	Financial accounting	Management accounting
Primarily for internal use.		
Primarily shows historical data.		
Produced following accounting conventions to show a true and fair view.		

(b) Calculate the:

(i) profit for each year

(3)

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(ii) accounting rate of return.

(3)

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(c) Explain the importance to a business of the accounting rate of return.

(2)

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Gao could rent the new machine from the supplier at an annual cost of \$25 000 including a full maintenance contract.

(d) Discuss whether Gao should purchase or rent the new machine.

You **must** justify your decision.

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(e) Explain **one** advantage to Gao for the supplier maintaining the new machine.

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

**5** (a) Prepare the cash budget on **page 17**.

(15)

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**Pontus**  
**Cash budget for the three-month period ending 31 December 2019**

	October \$	November \$	December \$
<b>Receipts</b>			
Cash sales			
Trade receivables (credit sales)			
Total receipts			
<b>Payments</b>			
Cash purchases			
Production staff wages			
Machinery			
Salaries			
Commission			
General expenses			
Overdraft interest			
Total payments			
Net inflow/(outflow)			
Opening balance			
Closing balance			



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(b) Prepare an extract of the budgeted statement of financial position at 31 December 2019 showing the **current assets** section only.

(5)

**Pontus**  
**Budgeted statement of financial position at 31 December 2019**

**Assets**

**Current assets**

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(Total for Question 5 = 20 marks)

**TOTAL FOR PAPER = 100 MARKS**

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