

Pearson LCCI

Friday 6 September 2019

Time: 3 hours

Paper Reference **ASE20093**

Certificate in Bookkeeping and Accounting (VRQ) Level 2

Please check the examination details above before entering your learner information

Learner name

Centre/Learning Provider ID

L P -

Pearson Learner ID

L -

Learner National/Passport ID (if required)

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.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

You will need to use the data on **page 2** of the Resource Booklet to answer parts (a) and (b).

- 1 (a) Prepare journal entries to correct the **four** errors. Narratives are **not** required.

(10)

Journal

Date	Account	Debit \$	Credit \$
31 July 2019			

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(b) Prepare the suspense account.

(4)

Suspense Account

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(c) Identify the book of original entry where purchase returns are recorded.

(1)

- A Purchases day book
- B Returns inwards day book
- C Returns outwards day book
- D Sales day book

(d) Identify where the purchase returns account will appear in a business maintaining a full set of books of account.

(1)

- A General journal
- B General ledger
- C Trade payables ledger
- D Trade receivables ledger



(e) Identify, indicating with a tick (✓), where in the trade receivables ledger control account **each** would be entered.

(5)

	Debit side	Credit side	Not entered
Opening balance – minority balance			
Irrecoverable debt written off			
Interest charged on overdue account			
Cash sales			
Credit sales			

(Total for Question 1 = 21 marks)

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

- 2 (a) Prepare the subscriptions account for the year ended 31 May 2019. Balance the account on this date and bring the balance down on 1 June 2019.

Subscriptions Account

(7)

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- (b) Calculate at 31 May 2019 for equipment:

(7)

Cost \$	Depreciation charge \$	Accumulated depreciation \$

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

- 3** (a) Prepare the royalties account for the year ended 31 March 2019. Balance the account on this date and bring the balance down on 1 April 2019.

(5)

Royalties Account

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(b) Prepare the manufacturing account for the year ended 31 March 2019.

(12)

Anya
Manufacturing account for the year ended 31 March 2019

Area for writing the manufacturing account, consisting of horizontal dotted lines.

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(c) Explain **one** reason why Anya apportions general expenses between the production department and the administration department.

(2)

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(d) Explain how carriage inwards and carriage outwards are accounted for in the financial statements.

(2)

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(Total for Question 3 = 21 marks)

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

4 (a) (i) Calculate the following ratios.

(4)

Ratio	
Gross profit as a percentage of revenue (margin) correct to two decimal places	
Gross profit as a percentage of cost of goods sold (mark up) correct to two decimal places	
Accounts receivables collection period (assuming 360 days in a year)	
Accounts payables payment period (assuming 360 days in a year)	

(ii) State **one other** profitability ratio.

(1)

(iii) State **one other** liquidity ratio.

(1)

(b) Identify the accounting concept applied when Azhar treats expenditure over \$75 as capital expenditure.

(1)

- A** Accruals
- B** Business entity
- C** Consistency
- D** Materiality

(c) Identify the accounting concept applied when Azhar always uses the same method to depreciate non-current assets.

(1)

- A** Accruals
- B** Business entity
- C** Consistency
- D** Materiality

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(d) Prepare a journal entry to record the purchase of the photocopier.

A narrative **is** required.

(4)

Journal

Date	Account	Debit \$	Credit \$
1 January 2019			

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(e) Calculate the annual charge for:

(i) interest

(1)

(ii) depreciation.

(1)

(f) Assess the effect on Azhar's profitability and cashflow of the purchase of the motor vehicle.

(4)

(Total for Question 4 = 18 marks)

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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) Calculate for the year ended 31 July 2019:

(i) total debenture interest (2)

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(ii) adjusted profit (3)

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(iii) dividend paid. (1)

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(b) Prepare the statement of changes in equity for the year ended 31 July 2019. (9)

Taun Ltd
Statement of changes in equity for the year ended 31 July 2019

	Share capital \$	Share premium \$	Retained earnings \$	Total \$
Balance at 1 August 2018				
Share issue				
Profit for the year				
Dividend				
Balance at 31 July 2019				

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(c) Identify which **one** of the following is a revenue reserve.

(1)

- A** Loan stock
- B** Retained earnings
- C** Share capital
- D** Share premium

(d) Explain the term 'limited liability'.

(2)

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(Total for Question 5 = 18 marks)

TOTAL FOR PAPER = 100 MARKS



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