

# Pearson LCCI

## Certificate in Bookkeeping and Accounting (VRQ) Level 2

Monday 13 June 2016  
**Time: 2 hours 30 minutes**

Paper Reference  
**ASE20093**

**Complete the details below in block capitals.**

Candidate name

Centre Code

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Candidate Number

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Candidate ID Number

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**You do not need any other materials.**

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.**

- 1 At the end of the year Sacha's trial balance did not balance and the following errors were identified.
- a. Credit sales of \$180 to Young had not been entered in the accounts.
  - b. A payment by cheque, \$125, to Buxton, a trade payable, had been entered in the account of Burton.
  - c. A payment for \$98 from Longden, a trade receivable, had been omitted from his account.
  - d. The purchase of a new motor vehicle, cost \$10 000, had been entered in the vehicle expense account.
  - e. Postage of \$65 paid by cheque had been correctly entered in the cash book. No other entries had been made.
  - f. Purchase returns had been understated by \$150.

- (a) (i) Identify, from the list above, **one** error that would affect the balancing of the trial balance.

(1)

- (ii) Identify, from the list above, **one** error that would not affect the balancing of the trial balance.

(1)



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(c) State **three** other uses of the journal.

(3)

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2 .....

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3 .....

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(d) Explain the **going concern** concept.

(2)

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(Total for Question 1 = 25 marks)



2 On 1 April 2015 Wong's books showed the following balances:

Rent                \$1 000 (Dr)

Commission    \$700 (Cr)

During the year rent of \$9 000 was paid by cheque, and commission of \$5 000 was received. On 31 March 2016 Wong owed rent of \$2 000, and was due commission of \$450.

- (a) Prepare the following accounts for year ended 31 March 2016, showing the transfer to the income statement and the balance brought down.

(8)

**Rent Account**


**Commission Account**




On 31 March 2016 Wong provided the following additional balances.

Account Name	\$
Bank	11 146
Bank charges	385
Cash	260
Discount allowed	525
Discount received	504
Drawings	4 010
Equipment – accumulated depreciation	4 000
Equipment – cost	28 000
Equity	10 000
General expenses	7 834
Inventory – 1 April 2015	5 570
Irrecoverable debts	536
Purchases	26 932
Returns inwards	1 220
Returns outwards	950
Revenue	77 930
Stationery	1 619
Trade payables	15 603
Trade receivables	23 530
Wages	11 977

### Additional information

- Inventory at 31 March 2016 was valued at \$4 550.
- Depreciation is provided on equipment at \$4 000 per annum.



(b) Prepare the income statement for the year ended 31 March 2016.

(10)

**Wong Income statement for the year ended 31 March 2016**

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(c) Explain the importance of accounting for the accrual of expenses.

(2)

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





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3 The following information has been provided for the year ended 29 February 2016.

	\$
Cost of sales	72 000
Current assets	46 500
Current liabilities	16 500
Equity	52 000
Non-current assets	30 000
Non-current liabilities	8 000
Overheads	31 000
Revenue	120 000

(a) Complete the following table.

(6)

Ratio	Formula	Calculation
Return on capital employed		
Current ratio		
Gross profit as a percentage of revenue		



On 29 February 2016 the following additional information was provided.

	1 March 2015	29 February 2016
Accounts receivables collection period	84 days	To be calculated
Accounts payables payment period	72 days	To be calculated
Trade receivables	\$32 000	\$26 000
Trade payables	\$18 000	\$12 000

(b) (i) Complete the following table.

(4)

Ratio	Formula	Calculation 29 February 2016
Accounts receivables collection period		
Accounts payables payment period		

(ii) Evaluate the impact on the business’s cash flow from the results calculated in (b)(i).

(4)

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(Total for Question 3 = 14 marks)



- 4 The following information was supplied during the year to 30 April 2016, from the records of S Smythe.

	\$
Trade receivables balances at 1 May 2015	18 700 Dr 500 Cr
Credit purchases	9 500
Credit sales	10 500
Receipts from trade receivables	12 000
Payments to trade payables	7 950
Interest charged on late receipts	750
Dishonoured cheque	375
Discounts received	360
Discounts allowed	575
Sales returns	1 320
Purchase returns	790
Irrecoverable debt	675
Trade receivables balances at 30 April 2016	To be calculated Dr 850 Cr

- (a) Complete the following table to show which book of original entry would be used for each transaction.

(3)

Transaction	Book of original entry
Sales for cash	
Sales on credit	
Goods returned to credit suppliers	



(b) Prepare the trade receivables control account for the year ended 30 April 2016. (9)

Trade Receivables Control Account


(c) Explain why making an allowance for doubtful debts will ensure that the financial statements show a true and fair view. (4)

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(Total for Question 4 = 16 marks)



- 5 The following information was provided by Roundwood Sports and Social Club on 1 January 2015.

	\$
Cash at bank	6 400
Subscriptions in arrears	250
Subscriptions in advance	300
Bar inventory	2 565
Premises	26 500
Sports equipment	6 200
Fixtures and fittings	4 700
Trade payables	4 525



(a) Calculate the accumulated fund at 1 January 2015.

(9)

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During the year members paid subscriptions totalling \$11 500, this included subscriptions owing on 1 January 2015.

On 31 December 2015 subscriptions of \$400 were outstanding and subscriptions of \$250 were paid in advance.

(b) Prepare the subscriptions account for the year ended 31 December 2015.

(6)

### Subscriptions Account


On 31 December 2015 the club's secretary provided the following additional information after the preparation of the income and expenditure account.

Account Name	\$
Bar inventory	4 200
Cash at bank	7 250
Fixtures and fittings	4 230
Premises	26 500
Sports equipment	4 960
Subscriptions in advance	250
Subscriptions in arrears	400
Trade payables	2 980





(c) Prepare the statement of financial position at 31 December 2015 showing the surplus for the year.

(10)

**Roundwood Sports and Social Club**  
**Statement of financial position at 31 December 2015**

**(Total for Question 5 = 25 marks)**



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