

Pearson LCCI

Certificate in Bookkeeping and Accounting (VRQ) Level 2

Thursday 8 June 2017
Time: 3 hours

Paper Reference
ASE20093

Complete the details below in block capitals.

Candidate name

Centre Code

--	--	--	--	--	--	--	--

Candidate Number

--	--	--	--	--	--	--	--	--	--

Candidate ID Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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 ►

P54251A

©2017 Pearson Education Ltd.

1/1/1/1/1/1/1/1



Pearson

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

- (9)

This image shows a full page of white paper with horizontal dotted lines. The lines are evenly spaced and run across the width of the page, providing a guide for handwriting practice. There are no margins, text, or other markings on the page.

(7)



Frazier purchased tools for \$35. The purchase was treated as a non-current asset in the financial statements.

(c) Identify the accounting concept Frazier has **not** complied with.

(1)

- ☐ **A** Accruals
- ☐ **B** Consistency
- ☐ **C** Going concern
- ☐ **D** Materiality

Frazier withdraws cash for his own use from the business.

(d) Identify the accounting concept Frazier **must** comply with.

(1)

- ☐ **A** Accruals
- ☐ **B** Business entity
- ☐ **C** Prudence
- ☐ **D** Realisation

(e) State **two** reasons why Frazier should depreciate his factory machinery.

(2)

- 1
- 2

(Total for Question 1 = 20 marks)



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

2 A sales invoice of \$86 has been entered as \$168

(a) Identify the type of error made.

(1)

- ☐ **A** Commission
- ☐ **B** Compensating
- ☐ **C** Omission
- ☐ **D** Original entry

(b) (i) Prepare Roberto's journal to correct the **four** errors.

Dates and narratives are **not** required.

(8)

[illegible]

(ii) Prepare Roberto's suspense account.

(4)

Suspense Account

Roberto buys and sells goods from Marvin on credit. A payment due to Marvin of \$245 is to be charged against an amount due from Marvin of \$500

(c) Prepare the account of Marvin in the trade receivables ledger of Roberto.

(3)

Marvin Account





DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE

QUESTION 3 BEGINS ON THE NEXT PAGE.



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

3 (a) Calculate the adjusted profit for the year ended 28 February 2017.

(7)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



(b) Calculate the profit available to each partner after accounting for the appropriations.

(8)

Handwriting practice area with horizontal dotted lines.

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



They have valued goodwill at \$60 000 and this will not be maintained in the books.

Balance the account on 28 February 2017 and bring the balance down on 1 March 2017.

Capital Account – Charlie

(Total for Question 3 = 20 marks)



4 (a) State **two** reasons why an allowance for doubtful debts account is maintained.

(2)

1

.....

2

.....

Michelle is a sole trader. During the year ended 31 December 2015, she wrote off an irrecoverable debt of \$2 000 which was owed by Mabelle.

(b) (i) Prepare the irrecoverable debts account.

(3)

Irrecoverable Debts Account

.....

.....

.....

.....

.....

.....

(ii) Explain how the profitability has been affected by the writing off of this irrecoverable debt.

(2)

.....

.....

.....

.....



(iii) Explain how the liquidity has been affected by the writing off of this irrecoverable debt.

(2)

.....

.....

.....

.....

On 31 December 2015 Michelle created an allowance for doubtful debts of 3%.
Trade receivables were \$94 000

(c) Prepare the allowance for doubtful debts account.

(4)

Allowance for Doubtful Debts Account

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



DO NOT WRITE IN THIS AREA

- DONOT WRITE IN THIS AREA**

DO NOT WRITE IN THIS AREA

(2)

Michelle's accounts receivables collection period for this year was 28 days and last year was 36 days.

(f) Identify which **one** of these statements is correct.

(1)

- ☐ **A** Cash customers paid faster this year
- ☐ **B** Credit customers paid faster this year
- ☐ **C** Cash customers paid faster last year
- ☐ **D** Credit customers paid faster last year

(Total for Question 4 = 22 marks)



P 5 4 2 5 1 A 0 1 5 2 0



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE

QUESTION 5 BEGINS ON THE NEXT PAGE.



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

5 (a) (i) State **one** difference between capital reserves and provisions.

(1)

(ii) Identify which **one** of the following is a capital reserve.

(1)

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

(b) Complete the statement of changes in equity for the year ended 31 May 2017.

(6)

Nortone Ltd
Statement of changes in equity for the year ended 31 May 2017

	Share capital \$	Share premium \$	Retained earnings \$	Total \$
Balance at 1 June 2016	120 000	15 000	68 500	203 500
Profit for the year				
Dividend				
Balance at 31 May 2017				



P 5 4 2 5 1 A 0 1 7 2 0

(6)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(d) Assess the liquidity of Nortone Ltd.

(4)

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 5 = 18 marks)

TOTAL FOR PAPER = 100 MARKS



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE

