

Pearson LCCI

Certificate in Bookkeeping and Accounting (VRQ) Level 2

Thursday 6 July 2017
Time: 3 hours

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 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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Pearson

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), (b) and (c).

- 1 (a) Prepare the suspense account.

(5)

Suspense Account

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- (b) (i) Identify the type of error made in error 4.

(1)

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

- (ii) State in which book of original entry the purchase of a non-current asset on credit should be entered.

(1)

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Zhang uses the straight line method of depreciation.

(iii) State **two** other methods of depreciation.

(2)

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(iv) Prepare the accumulated depreciation account for the year ended 31 May 2017. Balance the account on this date and bring the balance down on 1 June 2017.

(3)

Accumulated Depreciation Account

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(c) Calculate the adjusted profit for the year.

(6)

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(Total for Question 1 = 18 marks)



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

- 2 (a) Prepare the subscriptions account for the year ended 30 April 2017. Balance the account on this date and bring the balance down on 1 May 2017.

(8)

Subscriptions Account

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- (b) (i) Prepare the trade payables ledger control account for the year ended 30 April 2017. Balance the account on this date and bring the balance down on 1 May 2017.

(5)

Trade Payables Ledger Control Account

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(ii) Calculate the **total** purchases for the year ended 30 April 2017.

(3)

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(iii) Prepare the trading section of the income statement for the year ended 30 April 2017.

(4)

The Mount Rugby Club
Trading section of the income statement
for the year ended 30 April 2017

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(c) (i) Which of the following would be included in the receipts and payments account.

(1)

- ☐ **A** Bank balance
- ☐ **B** Depreciation
- ☐ **C** Subscriptions owing
- ☐ **D** Subscriptions written off



P 5 4 2 5 6 A 0 5 1 6

Subscriptions for life memberships are transferred to the income and expenditure account over a period of 25 years.

(ii) Identify which accounting concept is being applied.

(1)

- ☐ **A** Accruals
- ☐ **B** Going concern
- ☐ **C** Prudence
- ☐ **D** Realisation

(Total for Question 2 = 22 marks)

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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) Calculate the amount of power accrued at:

(i) 31 May 2016

(2)

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(ii) 31 May 2017

(2)

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(iii) Prepare the power account for the year ended 31 May 2017. Balance the account on this date and bring the balance down on 1 June 2017.

(5)

Power Account

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(b) Prepare the manufacturing account for the year ended 31 May 2017.

(10)

Space for workings

Area for workings with horizontal dotted lines.

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Precious
Manufacturing account for the year ended 31 May 2017

Accounting grid with 20 horizontal lines for recording transactions.



(c) Explain why it was necessary to adjust the power account at 31 May 2017.

(2)

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(Total for Question 3 = 21 marks)

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4 (a) (i) State how profits and losses should be accounted for in the absence of a partnership agreement.

(1)

- ☐ **A** Interest on capital
- ☐ **B** Interest on drawings
- ☐ **C** Salary
- ☐ **D** Share of profit

(8)

Revaluation Account



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(e) Calculate the value of Juris' loan.

(5)

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(Total for Question 4 = 21 marks)



5 During the year ended 31 December 2016 Nazeu Ltd:

- issued 50 000 \$1 ordinary shares at a premium of \$0.25
- made a profit for the year of \$186 200
- paid a dividend of \$18 000

(a) Explain **one** reason why Nazeu Ltd choose to issue ordinary shares instead of preference shares.

(2)

On 1 December 2016 the company issued 5% debentures (2025).

(b) (i) State what is meant by 2025.

(1)

(ii) Identify in which account debenture interest owing at the year end will be recorded.

(1)

- ☐ A Accrued expenses
- ☐ B Accrued income
- ☐ C Prepaid expenses
- ☐ D Prepaid income

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- (c) Complete the statement of changes in equity for the year ended 31 December 2016.

(8)

Nazeu Ltd
Statement of changes in equity for the year ended 31 December 2016

	Share capital \$	Share premium \$	Retained earnings \$	Total \$
Balance at 1 January 2016	100 000	10 000	106 000	216 000
Share issue				
Dividend				
Profit for the year				
Balance at 31 December 2016				

The directors of Nazeu Ltd are concerned about the company's liquidity.

- (d) (i) Complete the table to show the formula used for each ratio.

(2)

Ratio	Formula	At 31 December 2016
Accounts receivables collection period		68 days
Accounts payables payment period		37 days



P 5 4 2 5 6 A 0 1 5 1 6

(ii) Assess the effect of these ratios on Nazeu Ltd's cashflow.

(4)

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(Total for Question 5 = 18 marks)

TOTAL FOR PAPER = 100 MARKS

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