Pearson LCCI

Certificate in Bookkeeping and Accounting (VRQ)

Level 2

Thursday 8 June 2017

Resource Booklet

Paper Reference

ASE20093

Do not return this Resource Booklet with the question paper.

Instructions

- All workings and answers **must** be given in the question paper.
- Please note that any workings and answers written in the Resource Booklet will **not** be marked.

Turn over

P58500A

1/1

P 5 8 5 0 0 A

Pearson

Resource for Question 1 – Parts (a) and (b).

Frazier is a manufacturer.

The following balances were extracted from the books at 31 March 2017.

	$
Carriage inwards	1 240
Direct labour	112 560
General expenses	120 000
Indirect labour	24 000
Office staff wages	38 500
Purchases of raw materials	263 280
Revenue	870 340
Royalties	35 000

	31 March 2016 $	31 March 2017 $
Inventories:		
finished goods	22 500	24 100
raw materials	64 750	63 620
work in progress	24 800	22 300

General expenses are apportioned 60% to the factory and 40% to the office.

Resource for Question 2 – Part (b).

Roberto, a sole trader, extracted a trial balance on 31 March 2017. The following errors were discovered.

- A credit sale of $275 to Alan had been posted to the account of Andy.
- Roberto entered a cheque payment of $190 correctly in the cash book for insurance but failed to make any other entries.
- Discount allowed of $45 had been entered twice in the account.
- A payment of $120 for motor expenses was entered in the motor vehicles account.

Resource for Question 3 – Parts (a), (b) and (c).

Data for part (a).

Ali, Bob and Charlie have been in partnership for many years.

For the year ending 28 February 2017 the draft profit was $128 370

This was before adjusting for:

1. electricity owing, $450
2. insurance, $240, paid on 10 January 2017 for the three months to 31 March 2017
3. closing inventory which was overvalued by $3 000
4. depreciation charge of $5 000
5. profit on disposal of non-current asset $1 200

Data for parts (b) and (c).

The partnership agreement provides for:

- sharing profits in the ratio 3:2:1
- partners' annual salaries:
    - Ali $22 500
    - Bob $15 000
    - Charlie $7 500
- interest on capital of 4% per annum paid on the opening balance of $30 000 each
- interest on drawings of 6% per annum charged on the total drawings for the year.

During the year ended 28 February 2017

Partners' drawings:

- Ali $16 000
- Bob $14 000
- Charlie $10 000

There is no resource for Question 4 in this booklet.

Resource for Question 5 – Parts (b), (c) and (d).

Data for parts (b) and (c).

Nortone Ltd provided the following balances at 31 May 2017.

	$
8% Debentures (2022)	10 000
Bank	11 800
Inventory	35 200
Office equipment (carrying value)	45 000
Plant and machinery (carrying value)	140 000
Trade payables	17 500
Trade receivables	16 500

Additional information

The profit for the year ended 31 May 2017 was $23 500.

During the year ended 31 May 2017 dividends of $6 000 were paid.

Data for part (d).

Ratio	**2016**	**2017**
Current (working capital)	2.50:1	3.63:1
Liquid (acid test)	1.20:1	1.62:1

BLANK PAGE

BLANK PAGE

BLANK PAGE