

Pearson LCCI

Certificate in Accounting (VRQ)

Level 3

Wednesday 7 June 2017

Time: 3 hours

Paper Reference

ASE20104

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 will need:

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.
- You must show your workings.

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.
- Check your answers if you have time at the end.

Turn over ►

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

2 (a) State **two** disadvantages of setting up a business as a franchise.

(2)

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2

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(b) (i) Calculate the break even point for the year in revenue.

(3)

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(ii) Calculate the number of units to be sold in a year to achieve an annual target profit of \$300 000

(2)

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(c) Prepare the cash budget for **each** of the three months from 1 July 2017 to 30 September 2017.

(9)

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(d) State **two** other budgets that Zoltra Ltd could prepare.

(2)

1

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2

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(e) State **two** changes that the directors of Zoltra Ltd could make to their plans to improve the cash flow.

(2)

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(Total for Question 2 = 20 marks)

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(c) Evaluate the performance of Tay Ltd over the past two years.

(5)

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You will need to use the data on **page 6** of the Resource Booklet to answer parts (a) and (b).

4 (a) Calculate, for the year ended 31 March 2017:

(i) credit purchases

(1)

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(ii) cost of sales

(3)

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(iii) revenue

(1)

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(iv) total drawings.

(3)

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(b) Prepare the statement of financial position at 31 March 2017.

(7)

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Madiha has been advised incorrectly to value her inventory at selling price.

- (c) Explain why the advice given is incorrect.
Refer to an accounting standard in your answer.

(3)

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- (d) State **two** accounting concepts that apply when valuing inventory.

(2)

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(Total for Question 4 = 20 marks)

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You will need to use the data on **page 7** of the Resource Booklet to answer part (b).

5 Rossa Ltd plans to issue shares to finance the purchase of a new machine.

(a) (i) State **one** difference between a share and a debenture.

(1)

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(ii) State **one** difference between a rights issue and a bonus issue.

(1)

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(b) Calculate the:

(i) net cash flows for **each** year

(4)

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(ii) net present value

(2)

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(iii) accounting rate of return.

(6)

- (c) Discuss whether the company should use either net present value or the accounting rate of return to make the final decision.

You must justify your decision.

(5)

(Total for Question 5 = 19 marks)

TOTAL FOR PAPER = 100 MARKS



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