

# Pearson LCCI

## Certificate in Financial Accounting (VRQ) Level 3

Wednesday 7 June 2017  
**Time: 3 hours**

Paper Reference  
**ASE20097**

**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.*
- 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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2 .....

- (6)

(6)

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(2)

(2)

1 .....

2 .....



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

**2** (a) State **two** purposes of preparing a trial balance.

(2)

1 .....

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2 .....

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(b) Calculate the closing inventory at 31 March 2017.

(3)

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(c) Complete the adjustment columns of the extended trial balance for the year ended 31 March 2017.

(17)

**Myaing**

**Extended trial balance for the year ended 31 March 2017**

	Trial balance		Adjustments	
	Debit \$	Credit \$	Debit \$	Credit \$
Administrative expenses	75 750			
Bank		4 750		
Bank loan		15 000		
Equity		55 000		
Office equipment – accumulated depreciation		5 000		
Office equipment – cost	25 000			
Opening inventory	18 250			
Purchases	121 750			
Revenue		176 000		
Trade payables		12 500		
Trade receivables	27 500			
Allowance for doubtful debts				
Allowance for doubtful debts adjustment				
Closing inventory–statement of financial position				
Closing inventory–statement of profit or loss				
Depreciation charge				
Disposal				
Drawings				
Irrecoverable debts				
<b>Total</b>	268 250	268 250		

(Total for Question 2 = 22 marks)



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(7)

[illegible]

As Cacia has left the partnership, the remaining partners are thinking of forming either a limited partnership or a private limited company.

- (d) Discuss whether the partners should form **either** a limited partnership **or** a private limited company.

You must justify your decision.

(5)

- (e) Explain **two** ratios that can be used to measure a business's liquidity position.

(4)

(Total for Question 3 = 20 marks)



P 5 4 2 8 6 A 0 7 1 6

You will need to use the data on **pages 6 and 7** of the Resource Booklet to answer parts (c), (d), (e) and (f).

**4** (a) State why a **bank** would be interested in the financial statements of a business.

(1)

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(b) State why a **government** would be interested in the financial statements of a business.

(1)

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(c) Calculate the trade receivables at 31 March 2017.

(3)

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(d) Calculate the trade payables at 31 March 2017.

(3)

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(5)

[illegible]

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

(9)

**Aisha**  
**Statement of financial position at 31 March 2017**

**(Total for Question 4 = 22 marks)**



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**QUESTION 5 BEGINS ON THE NEXT PAGE.**



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Sesse Ltd has applied for a bank loan to finance a project.

(b) Evaluate whether Sesse Ltd would be successful in obtaining a loan.

Use the information available on **page 8** of the Resource Booklet.

(5)

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(Total for Question 5 = 18 marks)

**TOTAL FOR PAPER = 100 MARKS**

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