

**Pearson LCCI**

# **Certificate in Financial Accounting (VRQ) Level 3**

Wednesday 7 June 2017  
**Resource Booklet**

Paper Reference  
**ASE20097**

**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.

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**Resource for Question 1 – Parts (b) and (c) (i).**

Simon, a sole trader, provided the following information.

On 1 April 2016

Rent received	\$750 Dr
Insurance	\$300 Cr

On 31 March 2017

- Rent received during the year was \$3 750. Rent of \$900 for three months ended 30 April 2017 was owing.
- Insurance paid during the year was \$2 900. This included \$800 insurance for four months ended 30 April 2017.

### Resource for Question 2 – Parts (b) and (c).

Myaing provided the following information for the year ended 31 March 2017. This has not yet been accounted for.

- Inventory was valued at \$45 000. This did **not include** the following damaged items.

Product	Quantity	Cost/unit \$	Selling price/unit \$	Comments
A	100	5	7	Can be sold at \$6.50 per unit after repairs costing \$1 per unit.
B	250	8	10	Can be sold at \$9 per unit after repairs costing \$2 per unit.

- The depreciation charge for office equipment during the year was \$3 000
- Office equipment, costing \$5 000 with accumulated depreciation of \$1 000 was sold. The proceeds of \$3 250 were received by cheque.
- Office equipment costing \$10 000 was purchased. This was paid by cheque.
- Goods taken for personal use \$250
- Irrecoverable debts of \$750 were to be written off.
- An allowance for doubtful debts of \$1 325 was to be created.

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

Aaron, Badal and Cacia were in partnership sharing profit and losses equally.

The partners provided the following information.

On 1 April 2016

Partner	Capital Account \$	Current Account \$
Aaron	75 000	2 000
Badal	75 000	2 500
Cacia	75 000	3 400 Dr

On 31 March 2017 Cacia decided to leave the partnership.

- Goodwill was valued at \$20 000 for **each** partner. Partners decided not to maintain goodwill in the partnership books of account.
- The partners agreed to settle Cacia's account by paying \$40 000 by cheque, with the balance being treated as a loan to the partnership.

For the year ended 31 March 2017

- Profit for the year before appropriation was \$51 000
- Interest on capital was \$9 000 for **each** partner.

**Resource for Question 4 is on pages 6 and 7.**

**Resource for Question 4 – Parts (c), (d), (e) and (f).**

Aisha provided the following information.

On 1 April 2016 the balances were:

	\$
Allowance for doubtful debts	1 250
Bank	2 850
Equity	47 250
Inventory	17 500
Machinery cost	40 000
Machinery accumulated depreciation	7 600
Trade payables	18 750
Trade receivables	14 500

During the year ended 31 March 2017.

- Total sales were \$240 000
- Total purchases were \$196 500
- Goods were sold at a mark-up of 20%.
- All purchases and sales were on a credit basis.
- Bank summary:

<b>Receipts</b>	\$
Trade receivables	235 000

<b>Payments</b>	\$
Drawings	5 000
Purchase of motor vehicle	10 000
Office expenses	27 550
Trade payables	190 000
	232 550

On 31 March 2017

- Profit for the year to revenue percentage (net profit percentage/margin) was 3%.
- Irrecoverable debts of \$500 were to be written off.
- Allowance for doubtful debts was to be increased by \$510
- Depreciation was to be charged at 10% per annum using the reducing (diminishing) balance method for all non-current assets.
- The depreciation policy is to charge a full year's depreciation in the year of acquisition and none in the year of disposal.

### Resource for Question 5 – Parts (a) and (b).

Sesse Ltd provided the following information:

	31 March 2017 \$	31 March 2016 \$
Bank loan	100 000	200 000
Bank overdraft	10 000	50 000
Cash	–	4 800
Machinery cost	115 000	100 000
Machinery accumulated depreciation	29 720	27 100
Ordinary shares	400 000	300 000
Land and buildings accumulated depreciation	62 000	50 000
Land and buildings cost	695 000	500 000
Share premium	150 000	100 000

### Additional information

- Land was revalued upwards by \$100 000 on 31 March 2017.
- A machine with a carrying value of \$8 100 and accumulated depreciation of \$1 900 was sold at a profit of \$3 500
- There were no other disposals during the year.
- The depreciation charge for the year was:
  - buildings \$12 000
  - machinery \$4 520
- There was no dividend paid during the year.
- The net cash from operating activities was \$93 600