

Pearson LCCI

Certificate in Financial Accounting (VRQ) Level 3

Wednesday 5 July 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 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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Answer ALL questions. Write your answers in the spaces provided.

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

1 (a) State **one** limitation of preparing a trial balance.

(1)

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(b) (i) Calculate the change in the value of the closing inventory at 31 May 2017.

(2)

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(ii) Calculate the insurance paid in advance at 31 May 2017.

(1)

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(iii) Calculate the rent received in advance at 31 May 2017.

(1)

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- (c) Complete an extract of the extended trial balance adjustment columns at 31 May 2017.

(13)

Rosie

Extended trial balance extract at 31 May 2017

	Trial balance		Adjustments	
	Debit \$	Credit \$	Debit \$	Credit \$
Bank	3 500			
Closing inventory – statement of financial position	23 450			
Closing inventory – statement of profit or loss		23 450		
Drawings	2 800			
Equity at 1 June 2016		50 000		
General expenses	2 650			
Insurance	7 100			
Opening inventory	18 250			
Purchases	75 678			
Rent received		1 500		
Suspense		765		
Trade receivables	21 450			
Other receivables				
Other payables				

- (d) State **one** reason why a business would have different staff maintaining its trade payables ledger and trade payables control account.

(1)

(Total for Question 1 = 19 marks)



P 5 8 4 5 5 A 0 3 1 6

You will need to use the data on **pages 4 and 5** of the Resource Booklet to answer parts (b) and (c).

Being independent is one advantage of being a sole trader compared to being a partner.

2 (a) State **two** other advantages of being a sole trader.

(2)

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(b) (i) Calculate the allowance for doubtful debts at 31 December 2016.

(1)

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(ii) Prepare the allowance for doubtful debts account for the year ended 31 December 2016. Balance the account on this date and bring the balance down on 1 January 2017.

(4)

Allowance for Doubtful Debts Account

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(iii) Explain which accounting concept is applied when creating an allowance for doubtful debts.

(2)

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On 1 November 2016 Tony disposed of Machine 002.

(c) (i) Prepare the disposal account for the year ended 31 December 2016.

(5)

Disposal Account

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(ii) Calculate the **total** depreciation charge for the year ended 31 December 2016.

(2)

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(iii) Explain which accounting concept is applied when depreciation is charged on non-current assets.

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(Total for Question 2 = 18 marks)

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

- 3** (a) State **two** reasons why a partner may have a debit balance on their current account.

(2)

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- (b) (i) Prepare the partners' appropriation account for the nine-month period ended 31 January 2017.

(4)

Pam, Qadir and Ron
Appropriation account for the nine-month period ended 31 January 2017

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P 5 8 4 5 5 A 0 7 1 6

- (ii) Prepare the partners' appropriation account for the three-month period ended 30 April 2017.

(5)

Pam, Qadir and Ron
Appropriation account for the three-month period ended 30 April 2017

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- (c) (i) Calculate how much Soma paid for goodwill.

(1)

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- (ii) Prepare the capital account of Soma on 30 April 2017. Balance the account on this date and bring the balance down on 1 May 2017.

(4)

Capital Account – Soma

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You will need to use the data on **page 8** of the Resource Booklet to answer parts (a), (b) and (c).

- 4 (a) Prepare a trade receivables control account to calculate credit sales for the year ended 31 March 2017. Balance the account on this date and bring the balance down on 1 April 2017.

(5)

Trade Receivables Control Account

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- (b) Prepare the statement of profit or loss for the year ended 31 March 2017.

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David
Statement of profit or loss for the year ended 31 March 2017

Area for writing the Statement of profit or loss for the year ended 31 March 2017. The area is ruled with horizontal dotted lines.



P 5 8 4 5 5 A 0 1 1 1 6

(5)

Equity and liabilities

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(d) State **two** stakeholders who may be interested in David's financial statements.

(2)

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(Total for Question 4 = 21 marks)



P 5 8 4 5 5 A 0 1 3 1 6

You will need to use the data on **page 9** of the Resource Booklet to answer parts (a), (b) and (d).

- 5** (a) Calculate the cost of property, plant and equipment purchased during the year ended 30 April 2017.

(5)

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- (b) Prepare the statement of cash flows for the year ended 30 April 2017.

(7)

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