

**LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 1 (2-mark questions)**

**2 questions – students to be given 1 random question from this bank of questions.**

**Question 1 (2 marks)**

The balance brought down on the trade receivables control account as at 1 June was higher than the balance on the subsidiary receivables ledger at the same date.

Which one of the following reasons may have caused this difference?

	✓
Sales returns have been entered into the subsidiary receivables ledger twice.	[✓]
Sales returns may have been omitted from the subsidiary receivables ledger.	
Discounts allowed may have been omitted from the subsidiary receivables ledger.	
A sales invoice has been entered in the subsidiary receivables ledger twice.	

MCQ

**Question 2 (2 marks)**

An entry in the purchase returns day book is for a credit note received from KL for \$400.

Which one of the following options shows the correct entry in the payables ledger?

	✓
Account name: KL. Debit entry for \$400.	[✓]
Account name: KL. Credit entry for \$400.	
Account name: Payables Ledger Control Account. Debit entry for \$400.	
Account name: Discounts Received. Credit entry for \$400.	

MCQ

**LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 2 (2-mark questions)**

**2 questions – students to be given 1 random question from this bank of questions.**

**Question 1 (2 marks)**

Which one of the following is not a source of information for the preparation of a receivables ledger control account?

	✓
Purchase returns day book	[✓]
Discounts allowed (from cash book)	
Receipts from the cash book	
Sales day book	

MCQ

**Question 2 (2 marks)**

Which one of the following shows the correct entries to account for a contra (offset) between receivables and payables in the control accounts?

	✓
Debit: Payables ledger control account Credit: Receivables ledger control account	[✓]
Debit: Receivables ledger control account Credit: Payables ledger control account	
Debit: Discount allowed Credit: Receivables ledger control account	
Debit: Payables ledger control account Credit: Discount received	

MCQ

**LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 2 (4-mark questions)**

**2 questions – students to be given 1 random question from this bank of questions.**

**Question 1 (4 marks)**

The opening balance on the receivables ledger control account at the beginning of March was \$13720.

The following transactions appear in the records of the business during the month of March:

	\$
Credit sales	29830
Discounts allowed	1270
Sales returns	2805
Receipts from credit customers	11700
Contra offset with payables	2400
Irrecoverable debt	1500

What is the closing balance on the receivables ledger control account at the end of March?

Enter the value of the balance only. You are not required to indicate whether this is a debit or credit balance.

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$23875]

INSERT VALUE

### Question 2 (4 marks)

The total of the list of individual receivables balances at the end of July 20X6 is \$28950.

The following information has been provided:

1. A casting error has been made and one of the customer accounts has been undercast by \$45.
2. Sales returns totalling \$280 have not been entered in a customer's individual ledger account.
3. A receipt of \$2300 from a customer has been credited to the customer's account in the receivables ledger as \$230.
4. A customer with a credit balance of \$1900 has been listed as a debit balance of \$1900.

Assuming once these errors are rectified, the receivables ledger balances to the receivables ledger control account, what amount will appear as the closing balance on the receivables ledger control account at the end of July 20X6?

Enter the value of the balance only. You are not required to indicate whether this is a debit or credit balance.

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$22845]

INSERT VALUE

### LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 3 (2-mark questions)

2 questions – students to be given 1 random question from this bank of questions.

### Question 1 (2 marks)

Identify which one of the following errors would be disclosed by the trial balance.

Error	Disclosed by the trial balance (✓)
Sales have been understated by \$200 and vehicle expenses have been overstated by \$200.	[✓]
Discounts received of \$120 were recorded on the debit side of the trial balance. Rent paid was understated by \$240.	

An amount paid for computer repairs amounting to \$180 was entered in the computer equipment account in error.	
A purchase invoice for \$320 has been omitted from the records.	

### MCQ

#### Question 2 (2 marks)

Which one of the following errors is an error of commission?

	✓
An invoice from Whyte Co, a supplier, has been recorded on the account of White Co in error.	[✓]
Vehicle expenses of \$450 have been recorded in the vehicles at cost account.	
Drawings amounting to \$1200 have been recorded as wages.	
A bank loan received amounting to \$5000 has been recorded as capital put into the business by the owner.	

### MCQ

**LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 3 (4-mark questions)**

**4 questions – students to be given 2 random questions from this bank of questions.**

#### Question 1 (4 marks – 1 mark for each correct answer)

Identify the type of error made in each of the following transactions by using the drop-down options provided below.

Error	Type of error
A bank payment for vehicle insurance was incorrectly entered in the vehicle repairs account.	[Error of commission]
A bank payment of \$250 for courier services was entered in both accounts as \$260.	[Error of original entry]
A credit sale for \$2000 made at month end was not recorded.	[Error of omission]
The purchase of furniture for use in the admin office was recorded as purchases.	[Error of principle]

Drop down options to be available in all answer boxes:

Error of original entry

Error of principle

Error of commission

Error of omission

### DROP DOWN OPTIONS

#### Question 2 (4 marks – 1 mark for each correct answer)

An extract showing the balances for a business is provided below:

Account	\$
Motor vehicles at cost	12500
Motor vehicle expenses	2410

Advertising expenses	3560
Purchases	18980

Some errors have been identified and the following journals are to be processed:

Account	Debit (\$)	Credit (\$)
Motor vehicle expenses	250	
Suspense		250
Advertising expenses	290	
Suspense		290
Suspense	540	
Purchases		540

Complete the following table to show the updated balances for each account once the journal has been processed.

Enter your answer in whole \$ only and do **not** use any commas (,) or full stops(.), and do **not** enter a \$ sign in your answer.

Account	\$
Motor vehicles at cost	[12500]
Motor vehicle expenses	[2660]
Advertising expenses	[3850]
Purchases	[18440]

### INSERT VALUE

#### Question 3 (4 marks – 1 mark for each correct answer)

An extract from the initial list of balances for a business is as follows.

Identify whether the balance would appear on the debit or credit side of the trial balance by using the drop-down options provided below.

Balance	Debit or Credit
Sales commission received	[Credit]
Discounts received	[Credit]
Drawings	[Debit]
Carriage inwards	[Debit]

Drop-down options to be provided in each answer box:

Debit

Credit

### DROP DOWN OPTIONS

**Question 4 (4 marks – 2 marks for each correct answer shown in blue text and square brackets)**

A trial balance has been prepared for a business however it did not balance.

The debit column of the trial balance totalled \$18760 and the credit column totalled \$17480.

What entry would be made in the suspense account to balance the trial balance?

Use the drag and drop options below to complete the following table.

Account name	Amount (\$)	Debit or credit
Suspense	[\$1280]	[Credit]

**Drag and drop options:**

\$2560

\$1280

\$640

Debit

Credit

**DRAG AND DROP**

**LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 4 (2-mark questions)**

**4 questions – students to be given 2 random questions from this bank of questions.**

**Question 1 (2 marks)**

You have been preparing the accounts for a sole trader for many years. In the last 4 years, the accounts have shown a substantial loss.

Based on this information, which one of the following accounting concepts requires consideration when preparing the final accounts for the sole trader?

	✓
Going concern	[✓]
Consistency	
Prudence	
Accruals	

**MCQ**

**Question 2 (2 marks – 1 mark for each correct answer)**

Identify whether each of the following statements are true or false using the drop-down options provided below.

Statement	True or false
Ensuring the financial statements contain transactions relating to the business only and not those relating to the personal expenses of the owner is a demonstration of the prudence concept.	[False]

Posting prepayments in the financial statements is a demonstration of the application of the accruals concept.
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[True]
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Drop-down options to be provided in both answer boxes:

True

False

### DROP DOWN OPTIONS

#### Question 3 (2 marks)

Accounting for an expense that has been incurred but the cash has not yet been paid is a definition of which of the following accounting terms?

	✓
Accruals	[✓]
Prepayment	
Deferred income	
Payables	

### MCQ

#### Question 4 (2 marks)

Which one of the following explanations is the most appropriate for the term irrecoverable debts?

	✓
Amounts owed by receivables that will not be received	[✓]
Amounts owed by receivables that might not be received	
Amounts owed by receivables that have been received	
Amounts owed by receivables to be adjusted for as a discount allowed	

### MCQ

#### LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 4 (4-mark questions)

10 questions – students to be given 7 random questions from this bank of questions.

#### Question 1 (4 marks – 1 mark for each correct answer shown in blue text)

The opening balance on the allowance for doubtful debts account as at 1 January 20X2 was \$2106.

As at 31 December 20X2 an aged receivables schedule was prepared showing a total of \$72600 outstanding at the year end.

A customer account with a balance of \$1200 was to be written off and an allowance of 4% of remaining receivables was to appear in the financial statements at year end.

Complete the following sentences using the drag and drop options provided below:

When creating the journal for the allowance for doubtful debts, the allowance for doubtful debts adjustment account will be [debited] with an amount of \$[750] and this will [decrease] the profit for the year.

The balance in the Statement of Financial Position for receivables will be \$[68544]

**Drag and drop options:**

2856

750

68544

71400

72600

debited

credited

increase

decrease

**DRAG AND DROP QUESTION**

**Question 2 (4 marks)**

A non-current asset was purchased on 1 October 20X2 for \$10200 and is to be depreciated at a rate of 20% per annum using the reducing (diminishing) balance method. The asset has an expected residual value of \$1800.

The asset was disposed of on 1 October 20X4 for \$5500.

What was the profit or loss on disposal?

Use a minus sign to indicate a loss, for example a profit would be entered as 100, a loss would be entered as -100. Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

\$[-1028]

**INSERT VALUE**

**Question 3 (4 marks)**

JT Co purchased a piece of machinery from abroad for use in the business. The cost of the machine was \$24000. Installation costs amounted to \$4000, and the employees required training on how to use the machine at a cost of \$1500.

Before the machinery was able to be used, pre-production safety testing was carried out at a cost of \$1800.

What amount should appear in the non-current assets in the Statement of Financial Position for JT Co in respect of this machine?

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

\$[29800]

**INSERT VALUE**



**Question 4 (4 marks)**

You are given the following information:

Balance as at:	1 July 20X4
Prepayment for insurance expenses	\$300

The bank summary for the year shows insurance expenses of \$5400. Included in this figure is \$1350 for the quarter ended 31 August 20X5.

What amount would be shown in the Statement of Profit or Loss for the year ending 30 June 20X5?

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

**\$[4800]**

**INSERT VALUE**

**Question 5 (4 marks)**

A sole trader acquired a motor van to use in his business on 1 April 20X3 at a cost of \$22400.

The van has an estimated life of 5 years and a residual value of \$2000. Depreciation is charged monthly using the straight-line method.

What is the depreciation charge for the year ending 31 December 20X3?

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

**\$[3060]**

**INSERT VALUE**

**Question 6 (4 marks)**

A business disposed of a vehicle for \$18500 on 1 April 20X6. The asset was originally purchased on 1 April 20X3 at a cost of \$42500 and had been depreciated using the straight-line method at a rate of 20% assuming a nil residual value.

Answer the following questions with regards to this vehicle using the drop-down options provided below.

	Answer
Which side of the Vehicles at cost account will the disposal appear on?	<b>[Credit]</b>
Which side of the Vehicles: Accumulated depreciation account will the disposal appear on?	<b>[Debit]</b>
Has a profit or loss been made on this disposal?	<b>[Profit]</b>
What is the value of the profit or loss on this disposal?	<b>[\$1500]</b>

**Drop down options to be provided:**

**Box 1: Debit or Credit**

**Box 2: Debit or Credit**

Box 3: Profit or Loss

Box 4: \$7000, \$1500, \$10000

### DROP DOWN OPTIONS

#### Question 7 (4 marks)

A sole trader paid rent for his business premises on 1 July 20X2 for the year to 30 June 20X3 amounting to \$4800. He also paid \$5400 on 1 July 20X3 for the year to 30 June 20X4.

What amount will appear in the Statement of Profit or Loss for rent payable for the year ended 31 December 20X3?

**[\$5100]**

### INSERT VALUE

#### Question 8 (4 marks – 1 mark for each correct answer shown in blue text)

Identify the accounting principles described in each of the four following scenarios using the drop-down options provided below.

Scenario	Principle
The underlying assumption that the business will continue to trade for the foreseeable future.	<b>[Going concern]</b>
Expenses that relate to the business owner are recorded as drawings and kept separate to the expenses relating to the business.	<b>[Business entity]</b>
Adjustments are made at the end of the year to ensure the business recognises the income and expenditure relating to the year in question.	<b>[Accruals]</b>
A business sets a capital expenditure threshold, and any assets purchased which exceed the limit are capitalised.	<b>[Materiality]</b>

Drop-down options to be provided in each box:

Business entity

Materiality

Accruals

Going concern

### DROP DOWN OPTIONS

#### Question 9 (4 marks – 1 mark for each correct answer shown in blue text)

Rental expenses for the year ending 31 October 20X4 amounted to \$9750.

Included in this figure is an invoice for the 3 months ending 30 November 20X4 totalling \$2625.

Complete the following journal for the adjustment required at the year-end using the drop-down options below.

Account	Debit (\$)	Credit (\$)
<b>[Prepaid expenses]</b>	<b>[875]</b>	
<b>[Rental expenses]</b>		<b>[875]</b>

Options to be available as drop downs in the account column:

Accrued expense

Rental expenses  
Prepaid expenses  
Statement of profit or loss

Options to be available in the debit and credit columns:

875  
1750  
2625

Also, please can you grey out the two cells above on the platform? There shouldn't be any drop-down options in these, and they should be left blank.

#### DROP DOWN OPTIONS

#### Question 10 (4 marks – 1 mark for each correct answer shown in blue)

When an asset is disposed of, a disposal account is used.

Identify which side each of the following items will appear on in a **disposal account** using the drop-down options provided below:

	Debit or credit
Asset - Accumulated depreciation account	[Credit]
Profit on disposal	[Debit]
Asset at cost account	[Debit]
Proceeds from disposal (bank)	[Credit]

Drop down options to be provided in each answer box:

Debit  
Credit

#### DROP DOWN OPTIONS

LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 5 (2-mark questions)

6 questions – students to be given 3 random questions from this bank of questions.

#### Question 1 (2 marks)

Starlite Support is a non-profit making organisation. Which one of the following shows where subscriptions in advance would appear in the Statement of Financial Position?

	✓
Current liabilities	[✓]
Non-current assets	
Non-current liabilities	
Current assets	

#### MCQ

**Question 2 (2 marks)**

Mika and Michaela started to trade on 1 January 20X4 as a partnership.

The profit for the period ending 31 December 20X4 was \$34600 before the following are taken into account.

- Interest on partners' capital accounts totals \$1200
- Michaela has a salary of \$6000 per annum however Mika does not take a salary
- The interest on partners' drawings amounted to \$500 in total

If the remaining profits are shared equally, how much will Mika receive?

	✓
\$13950	[✓]
\$17300	
\$14650	
\$14300	

MCQ

**Question 3 (2 marks)**

Which of the following statements are true regarding sole traders and limited liability companies?

Number	Statement
1	Companies have share capital whereas sole traders do not
2	A sole trader may be able to raise funds to expand the business by taking out a bank loan
3	Drawings would only appear in the financial statements of a limited company
4	A sole trader is personally liable for any losses that the business might make

	✓
Statements 1, 2 and 4 only	[✓]
Statements 1, 2 and 3 only	
Statements 2, 3 and 4 only	
Statements 3 and 4 only	

MCQ

**Question 4 (2 marks)**

The current account of a partner, Tara, in a partnership business shows a balance at the beginning of the year of \$550 debit. During the year the following transactions pass through her current account.

- Interest on capital \$900
- Salary \$10000
- Drawings \$14000
- Share of profits \$4230

What is the balance carried down on Tara's current account at the end of the financial year?

	✓
\$580 debit	[✓]
\$1680 credit	
\$8580 debit	
\$120 debit	

MCQ

**Question 5 (2 marks)**

GreatCo makes a single product, the GC100.

It incurs the following costs:

Direct materials 15 kilograms at \$4.60 per kilogram

Direct labour 4 hours at a total cost of \$44

Overheads 4 hours at \$6.50 per hour

What is the prime cost of making one unit of GC100?

	✓
\$113	[✓]
\$245	
\$139	
\$271	

MCQ

**Question 6 (2 marks)**

StackIt is a furniture manufacturer.

Which one of the following costs would be classed as a direct cost for StackIt?

	✓
Assembly workers wages	[✓]
Production supervisor's wages	
Advertising expense for a new range of furniture	
Insurance of the factory	

MCQ

**LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 5 (4-mark questions)**

**8 questions – students to be given 6 random questions from this bank of questions.**

**Question 1 (4 marks)**

A sole trader has provided the following incomplete information:

Opening inventory	\$13400
Sales	\$42900
Purchases	\$28600
Mark up	30%

What is the value of closing inventory at the end of the year?

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

**\$[9000]**

**INSERT VALUE**

**Question 2 (4 marks)**

Wishing Stars is a non-profit making organisation.

At the start of the financial year, subscriptions in arrears amounted to \$2440 and subscriptions paid in advance amounted to \$2,310.

At the end of the financial year, subscriptions paid in advance were \$2100 and subscription in arrears were \$1780.

The income recognised in the Income and Expenditure account for Wishing Stars for the year was \$31200.

How much was received in the bank account for subscriptions for the year?

**\$[31650]**

**INSERT VALUE**

**Question 3 (4 marks – 1 for each correct answer shown in blue text)**

The following extract from a manufacturing account has been provided.

	\$
DIRECT COST	242000
Manufacturing overheads	65300
<b>[MANUFACTURING COST]</b>	<b>[307300]</b>
Opening inventory of work in progress	28500
Closing inventory of work in progress	36000
<b>[COST OF GOODS MANUFACTURED]</b>	<b>[299800]</b>

Complete the table using the drag and drop options provided below.

Drag and drop options:

176700

307300

318100

COST OF GOODS PRODUCED

MANUFACTURING COST

PRODUCTION COST

COST OF GOODS SOLD

**DRAG AND DROP**

**Question 4 (4 marks)**

TT Co makes a single product, TTC01, which incurs the following costs:

Direct materials	5kg at a cost of \$8 per kg
Direct labour	4 hours at \$8.60 per hour
Overheads	4 hours at \$2.10 per hour

What is the prime cost of making one unit of TTC01? You **must** enter your answer to **2 decimal places**, for example, \$20 would be entered as 20.00

[\$74.40]

INSERT VALUE

**Question 5 (4 marks)**

You have the following information about a partnership business.

The partners are Lia and Ashley, sharing profits and losses 60% and 40% respectively.

The financial year ends on 31 December 20X2.

The partnership agreement shows that Lia is entitled to a salary of \$10000 per annum and Ashley a salary of \$12000 per annum. Interest on capital (per annum) is Lia \$1100 and Ashley \$1300.

During the year drawings were taken as follows:

Lia \$16000

Ashley \$11000

The Statement of Profit or Loss for the partnership shows a profit for the year ended 31 December 20X2 of \$135000 before appropriations.

How much will Lia receive as her share of profit after appropriation?

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$66360]

INSERT VALUE

**Question 6 (4 marks)**

You have been provided with the following information for a sole trader relating to the year ending 30 November 20X6.

	\$
Trade receivables at 1 December 20X5	4690
Trade receivables at 30 November 20X6	6820
Bank receipts from trade receivables during the year	54360
Cash sales during the year	9020

Calculate the credit sales for the year ended 30 November 20X6

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$56490]

### INSERT VALUE

#### Question 7 (4 marks – 1 mark for each correct answer)

Identify whether each of the following features relate to ordinary shares or preference shares of limited companies using the drop-down options provided below.

Features	Ordinary or preference shares?
A type of share which provides a fixed dividend based on the nominal value of the share.	[Preference share]
A type of share which provides voting rights.	[Ordinary shares]
A type of share which carries all the risks and rewards of the business.	[Ordinary shares]
A dividend payable on this type of share may fluctuate depending on the performance of the company.	[Ordinary shares]

Drop down options to be provided in all answer boxes:

Ordinary shares

Preference shares

### DROP DOWN OPTIONS

#### Question 8 (4 marks – 1 mark for each correct answer shown in blue text)

EasyFix is a company which repairs computers and tablets.

Identify whether each of the following costs are direct or indirect costs for EasyFix by using the drop-down options provided below to complete the table.

Costs	Direct or Indirect
Purchase of computer parts to carry out repairs	[Direct]
Repair supervisor's salary	[Indirect]
Cost of returning repaired goods to customers	[Indirect]
Repair Technician wages	[Direct]

Drop-down options to be available in all answer boxes:

Direct

Indirect

### DROP DOWN OPTIONS

**LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 6 (2-mark questions)**

**4 questions – students to be given 2 random questions from this bank of questions.**

#### Question 1 (2 marks)

You have been provided with the following extracts from the financial statements for a limited company for the year ending 31 December 20X7.

	\$
Profit from operations	58000



Finance costs	1300
Profit before tax	56700
Tax	11300
Net profit for the period	45400

	\$
Equity	
Share capital	100000
Retained earnings	146250
	246250
Non-current liabilities	50000
Current liabilities	34900

Which one of the following identifies the result of the return on capital employed ratio for the above company to one decimal place?

	✓
19.6%	[✓]
15.3%	
19.1%	
23.6%	

MCQ

### Question 2 (2 marks)

Which one of the following correctly identifies the formula to calculate the liquid (acid test) ratio?

	✓
(Current assets - Inventory) / Current liabilities	[✓]
Current assets / Inventory	
Current assets / Current liabilities	
Cost of sales / Inventory	

MCQ

### Question 3 (2 marks)

Identify whether each of the following statements is true or false using the drop-down options provided below.

Statement	True or false
If the cost of production increases, the gross profit margin would be expected to reduce.	[True]
All other things being equal, increases in expenses would cause the net profit margin to decrease.	[True]

Drop-down options to be provided in each answer box:

True

False

#### DROP DOWN OPTIONS

#### Question 4 (2 marks)

Identify whether each of the following statements is true or false using the drop-down options provided below.

Statement	True or false
Ratio analysis is the only way to make conclusions about the financial performance and position of an entity.	[False]
Ratios are only useful if comparative information is available.	[True]

Drop-down options to be provided in each answer box:

True

False

#### DROP DOWN OPTIONS

#### LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 6 (4-mark questions)

6 questions – students to be given 4 random questions from this bank of questions.

#### Question 1 (4 marks)

You have been provided with the following extract from a Statement of Financial Position for the year ending 31 December 20X5.

	\$
Non-current assets	135000
Current assets	
Inventory	18500
Trade receivables	36200
Bank	2950
	57650
Current liabilities	
Trade payables	29630
Non-current liabilities	
Loan	20000

Calculate the liquid (acid test) ratio based on the information above and **show your answer to 1 decimal place.**

Please note you do not need to show the full format of the answer, **so :1 is not required after your answer.**

[1.3]

#### INSERT VALUE

**Question 2 (4 marks)**

You have been given the following extracts from the financial statements of a sole trader for the year ending 31 December 20X4.

	\$
<b>Extract from Statement of Profit or Loss</b>	
Sales	246000
Gross profit	107500
Profit for the year	33350
<b>Extract from Statement of Financial Position</b>	
Current liabilities	16300
Non-current liabilities	35000
Capital	80000

What is the return on capital employed ratio? Show your answer to the **nearest %** and please note you do **not** need to show the % sign with your answer.

[29]%

INSERT VALUE

**Question 3 (4 marks)**

You have been provided with the following extracts from the financial statements for a sole trader for the year ending 31 March 20X4.

	\$
Sales	103400
Less cost of sales	
Purchases	31390
Gross profit	72010
Less expenses	44600
Net profit	27410

	\$
Current assets	
Trade receivables	8940
Bank	12930
	21870
Current liabilities	
Trade payables	3268
Non-current liabilities	10000

Calculate the trade payables payment period and round your answer **up to the nearest whole day**.

[38] days

INSERT VALUE

**Question 4 (4 marks – 1 mark for each correct answer shown in blue text)**

Identify whether each of the following statements about accounting ratios is true or false by using the drop-down options provided below to complete the table.

Statements	True or false
The current ratio is a measure of liquidity.	[True]
A change in the return on capital employed ratio from 18% to 13% is a deterioration.	[True]
An increase in a gross profit ratio could be caused by an increase in sales revenue, a decrease in operating expenses, or a combination of the two.	[False]
A reduction in the receivables collection period could be as a result of improving credit control policies.	[True]

Drop-down options to be provided in all answer boxes:

True

False

**DROP DOWN OPTIONS****Question 5 (4 marks)**

A business makes sales of \$136875 in the year ending 31 December 20X2.

Approximately 80% of these relate to credit sales.

The trade receivables collection period has been calculated as being 34 days for the year ending 31 December 20X2.

What value you would expect to see as trade receivables on the Statement of Financial Position as at 31 December 20X2?

Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$10200]

**INSERT VALUE****Question 6 (4 marks)**

You have been provided with the following information:

	\$
Sales for the year	48640
Purchases	30740
Opening inventory	6492
Closing inventory	5616

What is the gross profit as a percentage of revenue ratio? Show your answer to the nearest %.

[35]%

**INSERT VALUE**