

**Feb 25 LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 1 (2-mark questions)**

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

**Question 1 (2 marks)**

The balance brought down on the trade receivables control account as at 1 May was \$15646 and the balance on the subsidiary receivables ledger at the same date was \$16231.

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

	✓
An invoice was entered twice in the subsidiary ledger	[✓]
A credit note was entered twice in the subsidiary ledger	
A credit note was not entered in the receivables ledger control account	
An amount for discounts allowed was not entered in the receivables ledger control account	

MCQ

**Question 2 (2 marks)**

Which one of the following statements regarding control accounts is true?

	✓
Reconciliation of the payables ledger control account assures managers that the amount showing as outstanding to suppliers is correct.	[✓]
The balance of the payables ledger control account should agree to the total of the balances in the sales ledger.	
Reconciliation of the receivables ledger control account highlights any differences between the purchases ledger and the control account balance.	
The balance of the receivables ledger control account should agree to the total of the aged trade payables analysis.	

MCQ

**Question 3 (2 marks – only three options to pick from in this one)**

Which one of the following statements regarding the accounting equation for sole traders is true?

	✓
Capital equals assets minus liabilities	[✓]
Liabilities equals capital plus assets	
Assets equals liabilities minus capital	

MCQ

**Feb 25 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 – 1 mark for each correct answer)**

A reconciliation of the receivables ledger control account to the subsidiary ledger of a sole trader has been carried out and a number of errors have been identified.

Identify whether each of the following errors will have caused the **subsidiary ledger** balance to be too high, too low or select no impact if the error has no impact on the subsidiary ledger.

Error	Impact
A credit note has been entered as a sales invoice in the subsidiary ledger.	[Too high]
Discounts allowed have been omitted from the subsidiary ledger.	[Too high]
Sales returns have been entered on the debit side of the receivables ledger control account.	[No impact]
A sales invoice for J Jones, a credit customer, has been entered in the wrong customer account. It was entered in G Jones in error.	[No impact]

Drop-down options in all boxes provided to be:

Too high

Too low

No impact

DROP DOWN OPTIONS

**Question 2 (4 marks)**

The opening balance on the payables ledger control account at the beginning of August was \$7298.

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

	\$
Money paid to credit suppliers	6450
Discounts received	75
Credit purchases	14774
Purchase returns	501
Journal credit to correct an error	89

What is the closing balance on the payables ledger control account at the end of August?

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(.).

[\$15135]

INSERT VALUE

**Feb 25 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)**

The owner of a sole trader business has taken \$5000 as drawings from the business bank account; however, the bookkeeper has recorded this as wages in error. The entry to the bank account has been made correctly.

Which one of the following journals would **correct** this error?

Journals	(✓)
Debit: Drawings Credit: Wages	[✓]
Debit: Wages Credit: Drawings	
Debit: Drawings Credit: capital	
Debit: Drawings Credit: Bank	

MCQ

**Question 2 (2 marks)**

The initial trial balance of a sole trader does not balance.

The debit column totals \$210272, and the credit column totals \$208633.

Which one of the following shows the entry that will be made in the suspense account to balance the trial balance?

	✓
Credit suspense \$1639	[✓]
Debit suspense \$1639	
Credit capital \$1639	
Debit capital \$1639	

**MCQ**

**Feb 25 LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 3 (4-mark questions)**

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

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

Identify if an error has been made in each of the following situations.

If an error has been made, select the type of error from the drop-down list provided. If an error has not been made, select the option for 'no error'.

Situation	Type of error
The purchase of a car by a car dealer for resale was entered in the motor vehicle asset account	[Error of principal]
An amount paid for advertising was entered in the printing expense account.	[Error of commission]
Drawings taken by the owner was entered in the accounts as \$2000 however the amount taken was \$200.	[Error of original entry]
A bank payment for rent was entered as debit rent and credit bank.	[No error]

Drop down options to be available in all answer boxes:

Error of original entry

Error of principle

Error of commission

Reversal of entries

No error

**DROP DOWN OPTIONS**

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

Balances on each of the following accounts have been extracted:

Account	\$
Rent	8000
Purchases	24120
Advertising expenses	1830
Sales	58920

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

Account	Debit (\$)	Credit (\$)
Rent	890	
Suspense		890
Advertising expenses	210	
Suspense		210
Suspense	1100	
Purchases		1100

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	\$
Rent	[8890]
Purchases	[23020]
Advertising expenses	[2040]
Sales	[58920]

INSERT VALUE

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

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

Balance	Debit or Credit
Carriage outwards	[Debit]
Purchase returns	[Credit]
Discounts received	[Credit]
Bank interest received	[Credit]

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

Debit

Credit

**DROP DOWN OPTIONS**

**Feb 25 LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 4 (2-mark questions)**

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

**Question 1 (2 marks)**

Preparing accounting estimates which are cautious and understate rather than overstate profits is an example of the application of which one of the following accounting concepts?

	✓
Prudence	[✓]
Consistency	
Going concern	
Accruals	

**MCQ****Question 2 (2 marks)**

The owner of a mobile phone shop takes one the phones from stock to give to their daughter for her own personal use. The bookkeeper records this as drawings.

Which accounting concept is being demonstrated here?

	✓
Business entity	[✓]
Prudence	
Going concern	
Accruals	

**MCQ**

**Question 3 (2 marks)**

Which one of the following correctly identifies the entries needed to record a gain on the disposal of a non-current asset?

	✓
Debit: Disposal account Credit: Statement of profit or loss	[✓]
Debit: Non-current asset account Credit: Statement of profit or loss	
Debit: Statement of profit or loss Credit: Disposal account	
Debit: Bank account Credit: Statement of profit or loss	

**MCQ**

**Feb 25 LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 4 (4-mark questions)**

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

**Question 1 (4 marks)**

You are making the necessary entries in the accounts to record the disposal of an old machine.

The machine had been bought for \$8000 on 1 January 20X3.

Depreciation is applied using the diminishing balance method at a rate of 20% per annum.

The machine was sold for \$4800 on 1 January 20X5 and the proceeds were received directly into the bank account.

What was the gain or loss on the disposal of this machine?

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(.).

\$[-320]

**INSERT VALUE**

**Question 2 (4 marks)**

The Statement of Profit or Loss for a sole trader has been prepared and shows a loss of \$5450.

A reduction of \$250 in the allowance for doubtful debts should have been made and irrecoverable debts of \$120 should have been written off.

What amount will now show as the loss for the year after these adjustments have been taken into account?

Enter your answer in whole \$ only and as a positive number. You do not need to show a minus sign in your answer.

[\$5320]

INSERT VALUE

**Question 3 (4 marks)**

A sole trader purchased a pressing machine for use in his sole trader business.

The cost of the machine was \$2500.

Installation costs amounted to \$160 and a one year service contract amounted to \$200.

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

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

[\$2660]

INSERT VALUE

**Question 4 (4 marks)**

A sole trader uses a van in her business; however, it is coming to the end of its useful life and is costing more in repairs than it is worth. She has therefore decided to dispose of the van and purchase a new one.

The old van was purchased three years ago for \$8600 and has been depreciation using the straight-line method of depreciation at a rate of 25% per annum.

The van dealership has accepted the old van as a part exchange for the new van, offering her \$1600 for it towards the cost of the new van.

What is the gain or loss on the disposal of the old van?

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(.).

[\$-550]

INSERT VALUE



**Question 5 (4 marks)**

You are given the following information:

Balance as at:	1 September 20X4
Prepayment for advertising expenses	\$250

The bank summary for the year shows advertising expenses of \$6200. Included in this figure is \$840 for a three-month advertising campaign for the quarter ended 31 October 20X5.

What amount would be shown in the Statement of Profit or Loss for advertising expenses for the year ending 31 August 20X5?

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

**\$[5890]**

**INSERT VALUE**

**Question 6 (4 marks – 1 mark for each correct answer)**

A business disposed of a vehicle for \$8250 on 1 August 20X6. The asset was originally purchased on 1 August 20X4 at a cost of \$15000 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 Disposal account will the original cost appear on?	<b>[Debit]</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>[Loss]</b>
What is the value of the profit or loss on this disposal?	<b>[\$750]</b>

Drop down options to be provided:

Box 1: Debit or Credit

Box 2: Debit or Credit

Box 3: Profit or Loss

Box 4: \$750, \$3750, \$6750, \$2250

**DROP DOWN OPTIONS**

**Question 7 (4 marks)**

Listed below are four accounts which can be found in a trial balance.

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

Account	Debit or Credit
Prepaid income	[Credit]
Accrued expenses	[Credit]
Commission income received	[Credit]
Prepaid expense	[Debit]

Drop down options to be provided in all boxes:

Debit

Credit

**DROP DOWN OPTIONS****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 statements using the drop-down options provided below.

Statements	Principle
Adjustments such as prepayments are made at the year end to ensure that the income and expenses are included for the period under consideration.	[Accruals]
Financial statements are produced on the assumption that the business will continue to trade for the foreseeable future.	[Going concern]
Expenses are included in the accounts as soon as there is a reasonable chance that such costs will be incurred in the future.	[Prudence]
Users of accounts can make more meaningful comparisons of financial performance from year to year.	[Consistency]

Drop-down options to be provided in each box:

Prudence

Consistency

Accruals

Going concern

**DROP DOWN OPTIONS**

**Feb 25 LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 5 (2-mark questions)**

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

**Question 1 (2 marks)**

Mental Wellness is a non-profit making organisation. Which one of the following shows where subscriptions in arrears would appear in the Statement of Financial Position?

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

MCQ

**Question 2 (2 marks)**

Ben and Jackson are in a partnership and have profits for the year of \$32100 before the following are taken into account.

- Interest on partners' capital accounts is \$1800
- Ben receives a salary of \$10000 whereas Jackson does not receive a salary
- The interest on partners' drawings amounted to \$700

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

	✓
\$10500	[✓]
\$11400	
\$12300	
\$16400	

MCQ

**Question 3 (2 marks)**

The following extract from a manufacturing account has been provided.

	\$
Direct cost	156200
Manufacturing overheads	34900
Manufacturing cost	191100
Opening inventory of work in progress	29600
Closing inventory of work in progress	32000
<b>COST OF GOODS PRODUCED</b>	

What amount would appear in the box labelled cost of goods produced in the scenario above?

	<input checked="" type="checkbox"/>
\$188700	<input checked="" type="checkbox"/>
\$193500	
\$379800	
\$384600	

MCQ

**Question 4 (2 marks)**

Which one of the following statements is true regarding limited liability companies?

	<input checked="" type="checkbox"/>
Ordinary shareholders carry the most risks and rewards of the business	<input checked="" type="checkbox"/>
Limited companies are unincorporated business organisations	
The shareholders of a company run it on behalf of the directors	
Private limited companies may raise finance by selling shares on the stock exchange	

MCQ

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

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

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

Be Well is a non-profit making organisation.

At the start and end of each year, it has subscriptions which are received in advance, and which are in arrears.

Identify whether each of the following would appear on the debit or credit side of the subscriptions accounts using the drop-down options provided below.

Items	Debit or credit
Subscriptions received in advance at the start of the year	[Credit]
Subscriptions in arrears at the start of the year	[Debit]
Bank receipts	[Credit]
Income and expenditure account	[Debit]

Drop down options to be provided in all boxes:

Debit

Credit

**DROP DOWN OPTIONS**

**Question 2 (4 marks)**

James and Martin are in a partnership sharing profits equally.

Each partner has a capital account with a balance of \$75000. Omah joins as a new partner. The profit share will be James 40%, Martin 40% and Omah 20%.

An adjustment is made for goodwill on the admission of Omah to the value of \$30000 but no goodwill is to be left in the accounts.

What will be the balance of Martin's capital account after the creation and elimination of goodwill?

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

[\$78000]

**INSERT VALUE**

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

Olga and Stefan are in a partnership sharing profits in the following way:

- Olga 60%
- Stefan 40%

Martha was admitted into the partnership at the start of a new financial year and paid \$25000 into the partnership bank account as capital.

The profit sharing agreement after Martha joins the partnership is going to be:

- Olga 50%
- Stefan 30%
- Martha 20%

Goodwill was valued at \$30000 and is to be introduced into the partners capital accounts and then eliminated.

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

Statement	True or false
Due to the adjustment for goodwill, Olga and Stefan will each have \$15000 extra profit this year.	[False]
The goodwill of \$30000 is paid into a separate bank account for the partnership.	[False]
Martha has paid a premium for a 20% share of the profits of the partnership.	[True]
Olga and Martin have each paid money to Martha when she joined the partnership.	[False]

Drop down options to be provided in all boxes:

True

False

**DROP DOWN OPTIONS**

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

Identify where each of the following items will appear in a limited company's financial statements using the drop-down options provided below.

Item	Statement
Non-current assets	[Statement of Financial Position]
Bank loan	[Statement of Financial Position]
Finance costs	[Statement of Profit or Loss]
Share premium	[Statement of Financial Position]

Drop-down options to be provided in all boxes:

Statement of Profit or Loss

Statement of Financial Position

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

A sole trader has provided the following information.

Opening inventory	\$8360
Sales	\$34800
Purchases	\$21320
Closing inventory	\$3232

What gross margin is the sole trader making based on this information?

Enter your answer to the nearest whole % only and do not use any commas (,) or full stops(.).

[24]%

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

Hive Co makes a single product, HC100, which incurs the following costs:

Direct materials	7.5kg at \$12 per kg
Direct labour	6 hours at \$13.20 per hour
Overheads	2 hours at \$5.10 per hour

What is the prime cost of making one unit of HC100?

You **must** enter your answer to **2 decimal places**, for example, \$20 would be entered as 20.00

[\$169.20]

**INSERT VALUE**

**Question 7 (4 marks)**

You have been provided with the following information for a sole trader relating to the year ending 31 March 20X6.

	\$
Trade payables at 1 April 20X5	3650
Trade payables at 31 March 20X6	4210
Bank payments to trade payables during the year	18970
Cash purchases during the year	9020

Calculate the **total** purchases for the year ended 31 March 20X6

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

\$(28550)

INSERT VALUE

**Feb 25 LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 6 (2-mark questions)**

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

**Question 1 (2 marks – only three options to pick from)**

Your company has managed to negotiate a lower price with the main supplier of the inventory purchased. This has not affected the quality of the goods you receive.

What impact will this have on the return on capital employed ratio?

	✓
Increase	[✓]
Decrease	
Stay the same	

MCQ

**Question 2 (2 marks)**

Which one of the following correctly identifies the formula to calculate the accounts payable payment period?

	✓
(Payables / Cost of sales) x 365	[✓]
(Cost of sales / Receivables) x 365	
(Purchases / Cost of sales) x 365	
(Purchases / Payables) x 365	

MCQ



**Question 3 (2 marks)**

A sole trader has provided the following information.

	\$
Purchases	11320
Opening inventory	1890
Sales revenue	14287
Closing inventory	2220

What is the mark up % for this sole trader?

	✓
30%	[✓]
23%	
29%	
77%	

MCQ

**Feb 25 LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 6 (4-mark questions)**

**5 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 March 20X4 20X5.

	\$
Non-current assets	128000
Current assets	
Inventory	12300
Trade receivables	42100
Bank	6580
	60980
Current liabilities	
Trade payables	28770
Non-current liabilities	
Loan	15000

Calculate the current 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.**

[2.1]

INSERT VALUE

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

You have been provided with the following extracts from the financial statements for a sole trader for 2 years.

	20X4	20X3
	\$	\$
<b>Extract from Statement of Profit or Loss</b>		
Sales	82400	76800
Gross profit	30488	28416
Profit for the year	12500	6912
<b>Extract from Statement of Financial Position</b>		
Non-current liabilities	10000	10000
Capital	50000	50000

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

Statement	True or false
The gross profit margin has stayed consistent between the two years	[True]
The sole trader appears to be controlling expenses better in 20X4 compared to 20X3	[True]
Sales increased by 6.8% between the two years	[False]
The return on capital employed ratio will be the same in both 20X3 and 20X4.	[False]

Drop-down options to be provided in all boxes:

True

False

**DROP DOWN OPTIONS****Question 3 (4 marks)**

You have been given the following extracts from the financial statements of a sole trader for the year ending 30 September 20X3.

	\$
<b>Extract from Statement of Profit or Loss</b>	
Sales	89500
Gross profit	43100
Profit for the year	18900
<b>Extract from Statement of Financial Position</b>	
Current liabilities	24120
Non-current liabilities	20000
Capital	55000

What is the return on capital employed ratio? Show your answer to 1 decimal place and please note you do **not** need to show the % sign with your answer.

[25.2]%

INSERT VALUE

**Question 4 (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	76400
Opening inventory	8650
Purchases	26500
Closing inventory	7400
Expenses	9210

	\$
Current assets	
Inventory	7400
Trade receivables	4620
Bank	11320
	23340
Current liabilities	
Trade payables	3268
Non-current liabilities	5000

Calculate the rate of inventory turnover (based on closing inventory).

Show your answer to **2 decimal places**.

[3.75]

INSERT VALUE

**Question 5 (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
A decrease in the rate of inventory turnover demonstrates an improvement in the result of the ratio.	[False]
An improvement in the gross profit margin ratio could be a result of increasing sales, decreasing cost of sales or a combination of the two.	[True]
A decrease in the operating expenses of the business will result in an improvement in the gross profit margin ratio.	[False]
The capital employed used in the return on capital employed calculation includes current liabilities.	[False]

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

True

False

DROP DOWN OPTIONS