

LCCI Level 1 Certificate in Bookkeeping – Learning outcome 1

18 questions – students to be given 12 random questions from this bank of questions. Type of question highlighted in yellow.

Question 1 (Total of 4 marks available – 2 marks for each correct blank completed)

The following two errors have been identified.

Fill in the blanks to identify each type of error.

A bank payment for vehicle fuel has been entered in the vehicles at cost account in error. This is an error of [principle].

Bank interest received amounting to \$32 has been entered in the accounting records as \$23 in error. This is an error of [original entry].

FILL IN BLANK

Question 2 (4 marks)

Suzie bought 12 whiteboards for \$15 each and received an invoice for the total amount from the supplier. She then returned 2 whiteboards and received a credit note.

The supplier issues a statement of account at the end of the month showing both transactions.

What amount would be shown as the outstanding balance on the statement of account at the end of the month?

\${150}

INSERT VALUE

Question 3 (2 marks)

Winston's bank account was overdrawn by \$1,460 on 1st June. On 2nd June he deposited \$2,410 in cash and paid \$680 by bank transfer for rent.

Which one of the following correctly identifies the balance on Winston's bank account at the close of business on 2nd June?

	✓
\$3,190	
\$270	[✓]
\$1,630 overdrawn	
\$4,550 overdrawn	

MCQ

Question 4 (Total of 4 marks available – 2 marks for each complete blank completed correctly)

Complete the following sentences regarding accounting concepts by filling in the blanks.

The underlying accounting concept is [going concern].

Using the same method of depreciation for each class of asset enables financial statements to be comparable year to year. This is an example of the application of the [consistency] concept.

FILL IN THE BLANKS

Question 5 (4 marks)

You have been provided with the following list of balances.

	\$
Motor vehicles	42,800
Trade payables	13,460
Inventory	8,770
Computer equipment	6,800
Bank	3,810
Accrued expenses	1,720

What is the amount of capital invested in the business?

[\$47,000]

INSERT VALUE

Question 6 (Total of 4 marks available – 1 for each correct entry made)

Identify the dual effect of each of the following transactions by dragging the appropriate description into the table below. Each option may be used more than once.

Transaction	Dual effect
Owner deposits \$20,000 into the business bank account	[Increase capital and increase an asset]
Repaid a business loan by bank transfer	[Decrease a liability and decrease an asset]
Purchase of a motor vehicle by bank transfer	[Increase an asset and decrease an asset]
Paid a supplier by bank transfer	[Decrease a liability and decrease an asset]

Options: **All options need to be available for use more than once**

[Decrease a liability and decrease an asset]

[Increase an asset and decrease an asset]

[Decrease an asset and increase a liability]

[Increase capital and increase an asset]

DRAG AND DROP

Question 7 (Total of 4 marks available – 1 for each correct entry)

Classify each of the following items as either capital income, revenue income, capital expenditure or revenue expenditure by matching the transaction to the classification.

Transaction
Receipt of a loan to be used to expand the business
Payment for a 3-month marketing campaign
Interest received on the bank deposit account
Purchase of a computer for use in the admin office

Classification
Revenue income
Capital income
Revenue expenditure
Capital expenditure

Correct matching should be:

[Receipt of a loan to be used to expand the business][Capital income]

[Payment for a 3-month marketing campaign][Revenue expenditure]

[Interest received on the bank deposit account][Revenue income]

[Purchase of a computer for use in the admin office][Capital expenditure]

MATCH ITEMS**Question 8 (2 marks)**

The following general ledger extract for an expense account has been provided for the month of March.

Date	Details	Amount \$	Date	Details	Amount \$
4 March	Bank	576	8 March	Bank	186
10 March	Cash	1,120			

What would be the balance brought down on the account as of 1 April?

	✓
Debit \$1,696	
Debit \$1,510	[✓]
Credit \$1,510	
Credit \$1,696	

MCQ

Question 9 (Total of 4 marks available – 1 mark for each correct entry)

Identify the business document being described in each of the following statements below using the options provided below.

Statement	Business document
A document that itemises a transaction between a buyer and a seller. It is a request for the buyer to make payment for goods/services provided by the seller.	[Invoice]
A document sent by the seller to the customer showing the transactions for a period of time, usually a month.	[Statement of account]
A document completed by the customer when making a payment to a supplier showing the total payment being made.	[Remittance advice]
A document issued by a supplier to a customer cancelling part or all of an invoice	[Credit note]

Options:

[Statement of account]

[Invoice]

[Credit note]

[Remittance advice]

DRAG AND DROP

Question 10 (2 marks)

Which one of the following transactions should NOT be completed by using a journal entry?

	✓
Recording sales returns in the general ledger	[✓]
Recording the disposal of a non-current asset	
Writing off an irrecoverable debt	
Entering opening balances to start a new period of accounts	

MCQ

Question 11 (2 marks)

Which one of the following statements is true regarding payment methods.

	✓
A purchase of goods using a credit card will immediately impact the bank account.	
Bank interest received may not be known until the bank statement is received and so may need updating in the cash book.	[✓]
There is no need to agree the opening balance on the bank statement and cash book as a reconciliation will have been done in the previous period.	
Standard orders are a valid payment method until the recipient changes or cancels them.	

MCQ

Question 12 (Total of 4 marks available – 2 marks for each correct blank completed)

George operates a business as a sole trader. He has withdrawn some money from the business bank account to use to purchase a new computer for the business. The bookkeeper has made the following entries in the general ledger:

Debit: Drawings
Credit: Bank

Complete the following statement:

The bookkeeper has applied the [business entity] concept in error when recording this transaction. The bookkeeper should now use a [journal] to correct the error.

FILL IN THE BLANKS

Question 13 (Total of 4 marks available – 1 mark for each correct answer)

Jackson purchased a machine for use in his business on 1 June.

The purchase price of the machine was \$12,750, however he also had to pay \$1,250 installation costs and \$500 delivery charges. As well as this, the order included \$1,500 for 2 years maintenance charges for the machine.

Identify which of the costs should be capitalised?

	Capitalised (✓)
Purchase price \$12,750	[✓]
Installation costs \$1,250	[✓]
Delivery charges \$500	[✓]
Maintenance charges \$1,500	

MRQ

Question 14 (4 marks)

Jones uses a petty cash imprest system in his business. Each month the balance is restored to the imprest amount of \$120.

During the month, the following amounts were paid out of petty cash:

Petty cash payments	\$
Cleaning	55
Refreshments	16
Postage	22

How much should Jones withdraw from the bank to restore the petty cash balance?

\$(93)

INSERT VALUE

Question 15 (Total of 4 marks available – 1 mark for each correct entry)

Identify which method of payment would be the most suitable in each of the following situations.

Situation	Method of payment
Making an online payment for a one-off purchase from a supplier	[Debit card]
A payment direct from the bank account to the same supplier for a varying amount each month	[Direct debit]
A small value purchase in person	[Cash]
A payment sent with a remittance advice through the post	[Cheque]

Options:

[Cash]

[Debit card]

[Direct debit]

[Cheque]

DRAG AND DROP

Question 16 (2 marks)

Which one of the following correctly identifies the accounting equation?

	✓
Capital (Equity) = Assets + Liabilities	
Assets – Liabilities = Capital (Equity)	[✓]
Liabilities = Capital (Equity) + Assets	
Assets = Liabilities – Capital (Equity)	

MCQ

Question 17 (Total of 4 marks available – 2 marks for each correct blank completed)

Complete the following sentences regarding capital and revenue expenditure by filling in the blanks:

Expenditure that enhances the value of an asset should be treated as [capital] expenditure in the financial statements.

Maintenance of assets should be accounted for as [revenue] expenditure in the financial statements.

FILL IN BLANKS

Question 18 (Total of 4 marks available – correct two answers only – no partial marks)

Identify which two of the following statements regarding bank reconciliations are true.

	True (✓)
A direct debit payment recorded on the bank statement but not in the cash book is deducted on the bank reconciliation statement.	
A credit balance on a bank statement is a debit balance in a business cash book.	[✓]
Outstanding lodgements are amounts paid into the bank but not yet recorded on the bank statement.	[✓]
A completed bank reconciliation statement proves that there are no errors in the accounting system.	

MRQ