

LCCI Level 3 Certificate in Accounting – Learning outcome 1

5 questions – students to be given 3 random questions from this bank of questions. Type of question highlighted in yellow.

Question 1 (Total of 4 marks available – no partial marks – all four entries have to be correct to get the four marks on this question)

The IASB framework identifies two fundamental qualitative and four enhancing qualitative characteristics.

Identify which two of the following are fundamental characteristics and which two are enhancing characteristics by using the drag and drop options provided to complete the table below.

	Fundamental or enhancing
Faithful representation	[Fundamental]
Verifiability	[Enhancing]
Comparability	[Enhancing]
Relevance	[Fundamental]

Drag and drop options to select from:

Fundamental

Enhancing

Drag and drop options to be available to use more than once

DRAG AND DROP

Question 2 (4 marks – 1 for each correct blank shown in square brackets and blue text)

Complete the following sentences about ethical behaviour in accounting practice by filling in the blanks.

Being honest and truthful in all professional and business relationships is an example of upholding the ethical principle of [integrity].

A demonstration of [professional behaviour] is being compliant with relevant laws and regulations.

If a conflict of interest exists, the ethical principle of [objectivity] may be breached.

It is important to maintain [confidentiality] when handling information acquired through professional relationships.

FILL IN BLANKS

Question 3 (2 marks)

Which of the following stakeholders would be the most interested in the return on capital employed ratio calculation and interpretation?

	✓
Government	
Investors	[✓]
Employees	
Suppliers	

MCQ

Question 4 (4 marks – 1 for each correct entry completed shown in square brackets)

Complete the following sentences using the options provided below.

[Internal] management information does not need to comply with the conceptual framework for financial reporting. This type of information is most likely to be used by [managers] for making decisions about the management of the business.

The financial statements produced at the end of the year are for [external] use. They can be used by providers of finance to enable them to make decisions about providing [loans] to enable the business to expand.

Options to select from:

- Investments
- Internal
- Employees
- Managers
- Dividends
- External
- Loans

DRAG AND DROP

Question 5 (4 marks – 1 mark for each blank filled in correctly shown in square brackets)

Complete the following sentences regarding the different types of business organisations by filling in the blanks.

Sole traders and [partnerships] are unincorporated entities and have unlimited [liability] for the debts of the business.

Directors manage a company on behalf of the [shareholders] of the business.

[Public] limited companies have access to a larger source of potential investors than other types of business organisations.

FILL IN BLANKS