

April 26 LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 1 (1-mark questions)

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

Question 1 (1 mark)

A business has prepared a returns inwards day book for the month of June 20X3.

Which one of the following identifies where the total of the day book would be posted?

	✓.
Returns inwards in the general ledger	[✓]
Returns inwards in the subsidiary ledger	
Sales in the subsidiary ledger	

MCQ

Question 2 (1 mark)

Which one of the following identifies the purpose of a remittance advice?

	✓.
To inform a supplier which invoices/credit notes a payment on account clears	[✓]
To inform a customer the current balance owing on a credit account	
To demand payment from a customer for goods supplied on a credit account	

MCQ

April 2026 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)

Which one of the following statements regarding the general ledger at year end is true?

	✓.
It provides a summary of financial transactions	[✓]
It contains detailed individual transactions	
It cannot be used for performing reconciliations	
It only contains accounts which are found on the Statement of Financial Position	

MCQ

Question 2 (2 marks)

Which one of the following identifies why a purchase order is an important document in recording and monitoring business transactions?

	✓.
It communicates an agreement between a customer and supplier, including product/services, price and quantities ordered	[✓]
It is a document sent by a supplier to a customer at the end of the month confirming the outstanding balance on the credit account of the customer	
A customer sends a purchase order to a supplier to accompany a payment on a credit account to confirm the invoices/credit notes being settled	

It is sent with the goods ordered to confirm the products and quantities included in a delivery	
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MCQ

April 2026 LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 2 (1-mark questions)

1 question – no variation

Question 1 (1 mark)

Which one of the following is an example of a source of information used in the preparation of control accounts?

	✓.
Sales daybook	[✓]
Trial balance	
Statement of Profit or Loss	

MCQ

April 2026 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 following transactions appear in the records of a business during the month of April:

	\$
Credit purchases	7696
Returns outwards	667
Discounts allowed	261
Bank payments to suppliers	5549

The **closing** balance on the payables ledger control account at the end of April was \$8465.

What was the **opening** balance on the payables ledger control account at the beginning of April?

Enter the value of the balance as a whole number and do not use any symbols (e.g. \$), commas (,) or full stops (.). **Note:** You are not required to indicate whether this is a debit or credit balance.

[\$6985]

INSERT VALUE

Question 2 (4 marks)

The balance on the trade receivables control account of PD Solutions at the year-end date of 31 December 20X2 was \$13256.

When carrying out the reconciliation process, the following errors were identified:

- The total of the returns inwards day book amounting to \$1436 had been omitted from the control account.
- A customer payment of \$750 was posted to the wrong customer's account.
- A credit customer paid \$400 in cash; however, this was posted in error as a cash sale.

- A sales invoice issued on the last day of the year amounting to \$824 had been posted to the individual customer's account but had been missed from the daybook total and so was not posted to the receivables control account.

What would be the balance on the trade receivables control account after the above errors have been corrected?

Enter your answer as a whole number only and do not use any symbols (e.g. \$), commas (,) or full stops (.)

\$[12244]

INSERT VALUE

April 2026 LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 3 (1-mark questions)

1 question – no variation

Question 1 (2 marks)

Which one of the following transactions would typically be entered using a journal?

	✓.
Recording the purchase or sale of a non-current asset	[✓]
Recording the return of goods to a supplier	
Recording a credit sale made to a customer	
The reimbursement of petty cash	

MCQ

April 26 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 – 1 mark for each correct answer)

The following errors have been identified. Which **two** of the following errors would not affect the trial balance?

	✓.
A payment of \$1200 for vehicle insurance was posted to the motor vehicles cost account.	✓.
Bank interest received amounting to \$23 was posted as a credit entry to the bank account and a debit entry to the bank interest received account.	✓.
Cash purchases of \$3430 were credited to both the cash and purchases accounts	
Discounts received of \$76 were posted as \$67 in the discounts received account. The other entry was entered correctly.	

MRQ

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

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

The debit column of the trial balance totalled \$43650, and the credit column totalled \$46350.

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

Use the drop-down provided in each box to complete the following table.

Account name	Amount (\$)	Debit or credit
Suspense	2700	Debit
	1350	Credit

	5400	
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Drop-down options to be available in each box shown in the table above. Correct answers shown in blue text.

April 2026 25 LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 3 (4-mark questions)

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

Question 1 (4 marks)

RTB Services has prepared a draft Statement of Profit or Loss for the year ending 31 March 20X3 and the following balances have been extracted from this:

- Sales revenue \$32365
- Cost of sales \$12768
- Expenses \$8463

However, since the balances above were established, the following two journals have been prepared to correct errors identified in the accounting records.

JOURNAL 1	Account name	\$
Debit	Vehicle insurance	422
Credit	Premises insurance	422

JOURNAL 2	Account name	\$
Debit	Subscriptions	136
Credit	Accrued expenses	136

What would be the revised profit for the year shown on the Statement of Profit or Loss after the above journals have been carried out?

Enter your answer as a whole number only and do not use any symbols (e.g. \$), commas (,) or full stops (.).

\$[10998]

INSERT VALUE

Question 2 (4 marks – see answers)

An initial trial balance prepared by Swift Detail did not balance.

The debit column of the trial balance totalled \$16453, and the credit column totalled \$17428.

The bookkeeper made the relevant posting to the suspense account and the trial balance then balanced.

The error has since been identified as cash that was taken as drawings from the business by the owner. The entry was made to the cash account, but no other entry was made.

Prepare the journal needed to clear the balance of the suspense account using the template below.

Debit:	Drawings (1.5 marks)	\$975 (0.5 marks)
	Cash	\$17428
	Suspense	\$16453

Credit:	Suspense (1.5 marks)	\$975 (0.5 marks)
	Drawings	\$17428
	Cash	\$16453

Drop down options shown in the table above. Correct answers in blue.

DROP-DOWN

April 2026 LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 4 (1-mark questions)

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

Question 1 (1 mark)

Which one of the following journal entries could be made to write off an irrecoverable debt?

	✓.
Debit: Irrecoverable debts expense Credit: Receivables ledger control	[✓]
Debit: Receivables ledger control Credit: Irrecoverable debts expenses	
Debit: Irrecoverable debts expense Credit: Bank	

MCQ

Question 2 (1 mark)

Which one of the following identifies how the depreciable amount of a non-current asset calculated?

	✓.
Cost less residual value	[✓]
Cost less accumulated depreciation	
Cost multiplied by the depreciation percentage	

MCQ

Question 3 (1 mark)

Which one of the following classifications would apply to an accrual for an expense in the financial statements of a sole trader?

	✓.
A liability in the Statement of Financial Position	[✓]
An asset in the Statement of Financial Position	
An income in the Statement of Profit or Loss	

MCQ

Question 4 (1 mark)

Which one of the following accounting concepts requires the use of caution in financial reporting when dealing with conditions of uncertainty?

	✓.
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Prudence	[✓]
Accruals	
Going concern	

MCQ

April 2026 LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 4 (4-mark questions)

6 questions – students to be given 5 random questions from this bank of questions.

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

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

Scenario	Concept
A business recognises the cost of renting equipment during the period despite not yet having received an invoice for the cost	[Accruals]
A business adopts the same method of depreciation for each class of asset year to year	[Consistency]
The business sets a threshold to distinguish between capital and revenue expenditure	[Materiality]
A business is cautious when recognising income from a sales contract which is uncertain	[Prudence]

Drop-down options to be provided in each box:

Consistency

Materiality

Accruals

Prudence

DROP DOWN OPTIONS

Question 2 (4 marks)

A sole trader acquired equipment to use in his business on 1 October 20X4 at a cost of \$18360.

The equipment has an estimated life of 6 years and a residual value of \$1800.

What is the depreciation charge for the year ending 31 December 20X4 using the straight-line method of depreciation on a **month-by-month** basis?

Enter your answer as a whole number only and do not use any symbols (e.g. \$), commas (,) or full stops (.).

[\$690]

INSERT VALUE

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

The opening balance on the allowance for doubtful debts account as at 1 January 20X3 was \$512.

As at 31 December 20X3, the aged receivables schedule was prepared and showed a total balance of \$11550. It has been decided that the allowance for doubtful debts should be adjusted to 4% of the receivables balance at the end of the year.

Answer the following questions using the drop-down options provided in each answer box.

Question	Answer
On which side of a trial balance does an allowance for doubtful debts account appear?	Credit Debit
What is the value of adjustment to doubtful debts for the year ending 31 December 20X3 that would appear in the Statement of Profit or Loss?	\$50 \$462 \$512
Where would this adjustment to doubtful debts appear in the Statement of Profit or Loss?	Other income Expenses Cost of sales Sales revenue
What amount would appear in the Statement of Financial Position as the net receivables figure?	\$11088 \$11038 \$11500 \$11550

DROP DOWN OPTIONS – shown in table above

Question 4 (4 marks)

You are given the following information regarding insurance for fleet of vehicles for a business:

Balance as at:	1 October 20X5
Prepayment for vehicle insurance expenses	\$420

The bank summary for the year ending 30 September 20X6 shows vehicle insurance paid amounting to \$4660. Included in this figure is \$540 for the quarter ended 31 December 20X6. What amount would be shown in the Statement of Profit or Loss for vehicle insurance expenses for the year ending 30 September 20X6?

Enter your answer as a whole number only and do not use any symbols (e.g. \$), commas (,) or full stops (.)

[\$4540]

INSERT VALUE

Question 5 (4 marks)

A business purchased an asset on 1 August 20X3 for \$13000.

The policy of the business is to use the diminishing balance method of depreciation at a rate of 30% on assets.

The financial year end of the business is 31 July.

What would be the carrying value of the asset in the financial statements as at 31 July 20X6?

Enter your answer as a whole number only and do not use any symbols (e.g. \$), commas (,) or full stops (.)

[\$4459]

INSERT VALUE

Question 6 (4 marks – 1 mark for each correct answer shown in blue text)

Identify whether each of the following transactions would result in an increase or decrease in the profit for the year of a sole trader using the drop-down options provided in each answer box below.

Account	Increase or decrease
An increase in the allowance for doubtful debts	Decrease Increase
Irrecoverable debts	Decrease Increase
An accrual for income	Increase Decrease
A decrease in the allowance for doubtful debts	Increase Decrease

DROP DOWN OPTIONS – shown in table above

April 2026 LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 5 (1-mark questions)

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

Question 1 (1 mark)

Which one of the following identifies how to calculate prime cost?

	✓.
Direct materials + Direct labour + Direct expenses	[✓]
Total direct costs + Total indirect costs	
Direct materials + Direct labour + Indirect expenses	

MCQ

Question 2 (1 mark)

Which one of the following identifies where a debit balance on a receipts and payments account is shown in the Statement of Financial Position?

	✓.
Current assets	[✓]
Current liabilities	
Equity	

MCQ

Question 3 (1 mark)

Which one of the following would not appear in a partnership agreement?

	✓.
Depreciation policy	[✓]
Profit sharing ratio	

Interest on capital	
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MCQ

Question 4 (1 mark)

Which one of the following would not appear in a Statement of Changes in Equity?

	✓.
Debenture interest paid	[✓]
Profit for the year	
Dividends paid	

MCQ

Question 5 (1 mark)

A business has provided the following information:

	\$
Opening inventory	1440
Sales	41250
Closing inventory	1980
Purchases	28740

Which one of the following identifies the gross profit margin (to the nearest whole number)?

	✓.
32%	[✓]
46%	
29%	

MCQ

April 2026 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)

Jake, Umar and Natasha trade as a partnership under the name of Pro Wealth Management providing financial advisor services.

The partnership agreement shows the following:

	Profit share
Jake	25%
Umar	45%
Natasha	30%

If Natasha's share of profits was \$21060, what amount would Umar receive?

Enter your answer as a whole number only and do not enter any symbols (e.g. \$), commas (,) or full stops (.)

[\$31590]

INSERT VALUE

Question 2 (4 marks)

A manufacturing business has a prime cost of \$87980 for the year ending 30 September 20X3.

The work in progress balance was \$7440 as at 1 October 20X2 and \$8665 as at 30 September 20X3.

Further information is provided below regarding the expenses incurred for the year and how this is to be apportioned between the factory and the office:

Expense	Total \$	Factory %	Office %
Rent	11500	65	35
General expenses	4250	40	60
Power	5520	70	30
Supervisor wages	23350	50	50
Management fees	5000	0	100

What is the closing value from the manufacturing account that would be transferred to the Statement of Profit or Loss for the year ended 30 September 20X3?

Enter your answer as a whole number only and do not enter any symbols (e.g. \$), commas (,) or full stops (.)

\$(111469)

INSERT VALUE

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

The Island Sports Social Club is a non-profit making organisation. Identify whether each of the following transactions would appear in the receipts and payments account or the income and expenditure account for the club using the drop-down options provided in each answer box below.

Transaction	Receipts and payments account or Income and expenditure account
Subscriptions for the year	Income and expenditure account Receipts and payments account
Sales proceeds from sale of equipment	Receipts and payments account Income and expenditure account
Depreciation of sports equipment	Income and expenditure account Receipts and payments account
Subscriptions written off	Income and expenditure account Receipts and payments account

DROP-DOWN OPTIONS – answers shown in box above

Question 4 (4 marks – 2 marks for each correct answer)

Clive and Madison are in partnership with a financial year end of 31 December sharing profits and losses in the ratio 3:2 respectively.

They have provided the following information:

	Clive \$	Madison \$
Capital account (as at 1 January 20X3)	38000	24000
Current account (as at 1 January 20X3)	7460	2420 (DR)
Drawings for the year to 31 December 20X3	18740	10250

The profit for the year ended 31 December 20X3 was \$42500.

Calculate the balance on each partner's current account as at 31 December 20X3 and enter these in the boxes below. Note: You are not required to indicate if the balance is a debit or credit.

Enter your answers as a whole numbers only and do not enter any symbols (e.g. \$), commas (,) or full stops (.).

Clive	\$	[14220]
Madison	\$	[4330]

INSERT VALUE

Question 5 (4 marks – 1 mark for each correct answer)

JKTM Ltd has provided the following information as at 1 January 20X4:

	\$
Retained earnings	24650
Share capital (ordinary shares of \$1 each)	50000
Share premium	8500

On 1 May 20X4, a dividend of \$0.28 per share was paid on all shares in issue on that date.

On 1 October 20X4, 20000 shares were issued at a premium of 25%.

On 1 December 20X4, a dividend of \$0.25 was paid on all shares in issue on that date.

Profit for the year was \$65380.

Answer the following questions by entering the values in each answer box. Enter your answers as a whole numbers only and do not enter any symbols (e.g. \$), commas (,) or full stops (.).

Question	Answer
What was the amount of dividend paid on 1 May 20X4?	14000
Was the total value of the share issue made on 1 October 20X4?	25000
What was the amount of dividend paid on 1 December 20X4?	17500
What would be the balance on the retained earnings account in the financial statements for the year ending 31 December 20X4?	58530

INSERT VALUE

Question 6 (4 marks)

A sole trader made a profit of \$18500 in the year ending 31 December 20X4.

During the year, the owner invested \$5000 as additional capital into the business and made drawings amounting to \$11000. The capital at the end of the year was \$20000.

What was the opening capital at the start of year for the sole trader?

Enter your answer as a whole number only and do not enter any symbols (e.g. \$), commas (,) or full stops (.).

[\$7500]

INSERT VALUE

Question 7 (4 marks)

Jess trades a sole trader and has not kept proper accounting records for the year ending 30 September 20X4. She has provided the following information:

	1 October 20X3	30 September 20X4
Trade payables	4385	5540

Payments to credit suppliers		54650
Inventory	1105	1320
Discounts received		655

What is the value of purchases made from credit suppliers during the year ending 30 September 20X4?

Enter your answer as a whole number only and do not enter any symbols (e.g. \$), commas (,) or full stops (.).

\$[56460]

INSERT VALUE

April 2026 LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 6 (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 formulas could be used to calculate the acid test (liquid) ratio?

	✓.
$(\text{Current assets} - \text{Closing inventory}) \div \text{Current liabilities}$	[✓]
$\text{Current liabilities} \div \text{Current assets}$	
$(\text{Non-current assets} + \text{Current assets}) \div \text{Total liabilities}$	
$\text{Current assets} \div \text{Non-current liabilities}$	

MCQ

Question 2 (2 marks)

You have been provided with the following extracts from the financial statements for a limited company for the year ending 31 March 20X3.

	\$
Profit from operations	89760
Finance costs	2500
Profit before tax	87260
Tax	19470
Profit for the year	67790

	\$
Equity	
Share capital	30000
Retained earnings	112350
	142350
Non-current liabilities	25000
Current liabilities	24390

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

✓.

53.6%	[✓]
52.1%	
40.5%	
63.1%	

MCQ

April 2026 LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 6 (4-mark questions)

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

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

Results from ratios calculations have been provided below.

	20X3	20X2
Gross profit as a percentage of revenue (margin)	29.7%	32.3%
Profit for the year as a percentage of revenue	12.9%	11.1%

Use the drop-down options available in each sentence below to complete the analysis of the ratios. The reason for the movement in ratios should be considered independently and with no impact on any other factors. For example, if it is a movement in prices or costs, assume there is no impact on the volume of sales or purchases.

The gross profit margin has **GAP 1** which may be due to **GAP 2**.

Overall, profitability has **GAP 3** which may be due to **GAP 4** of expenses.

Drop-down options:

GAP 1	GAP 2	GAP 3	GAP 4
deteriorated improved stayed the same	an increase in purchase prices an increase in selling price an increase in expenses a decrease in expenses	improved deteriorated stayed the same	better control poor control

DROP-DOWN – OPTIONS GIVEN IN THE TABLE ABOVE

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

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

Statement	True or false
A decrease in the trade receivables collection period could be as a result of offering a prompt payment discount	[True]
The return on capital employed ratio is a measure of profitability	[True]
A decrease in the acid test (liquid) ratio may be caused by a decrease in inventory levels	[False]
A decrease in the rate of inventory turnover ratio would be viewed as an improvement in the ratio	[False]

Drop-down options to be provided in all boxes:

True

False

DROP DOWN OPTIONS

Question 3 (4 marks)

You have been provided with the following extract from a Statement of Financial Position for the year ending 31 December 20X3.

	\$
Non-current assets	56000
Current assets	
Inventory	8520
Trade receivables	16380
Bank	8760
	33660
Current liabilities	
Trade payables	18700
Non-current liabilities	
Loan	5000

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.**

[1.8]

INSERT VALUE

Question 4 (4 marks)

You have been given the following extracts from the financial statements of a limited company for the year ending 31 December 20X2.

	\$
Extract from Statement of Profit or Loss	
Sales	179910
Gross profit	52160
Profit for the year	19820
Extract from Statement of Financial Position	
Trade receivables	16530
Trade payables	12250
Equity	25000

What is the trade payables payment period? **Show your answer to the nearest whole number** and assume a 365-day year.

[35] days

INSERT VALUE

April 2026

LCCI Consolidation Question – Statement of Profit or Loss (sole trader) Question 1

Level 2

You have been provided with the following trial balance and additional information for SH Catering Services, a sole trader business operated by Sammie Hayworth for the year ended 31 December 20X1.

Ledger account	Debit	Credit
	\$	\$
Motor vehicles (cost)	18200	
Plant and machinery (cost)	12420	
Sales revenue		101119
Opening equity as at 1 January 20X1		20000
Bank loan (repayable December 20X5)		15000
Inventory (as at 1 January 20X1)	4396	
Motor vehicles accumulated depreciation (as at 1 January 20X1)		3640
Plant and machinery accumulated depreciation (as at 1 January 20X1)		5460
Purchases	23238	
Trade receivables	8784	
Rent	8880	
Discounts received		790
Trade payables		4221
Discounts allowed	557	
Returns inwards	425	
Wages and salaries	13184	
Drawings	25000	
Heat and light	6668	
Cash	250	
Motor expenses	5582	
Loan interest paid	600	
Bank	17343	
Insurance	1213	
Office expenses	3490	
TOTALS	150230	150230

The following information has been provided:

- a. Closing inventory for the year ending 31 December 20X1 has been valued at \$5262.
- b. Depreciation for the year has yet to be accounted for using the following rates:

- Motor vehicles are depreciated at a rate of 20% using the diminishing balance method.
 - Plant and machinery is depreciated over four years assuming a \$1500 residual value.
- c. The rent expense in the trial balance relates to January to August 20X1. Rent for the remaining four months of the year needs to be accrued.
- d. The insurance expense includes an amount of \$239 paid in advance for the next financial year which is to be accounted for as a prepayment.

Task: Prepare a Statement of Profit or Loss for the year ending 31 December 20X1 using the template provided below.

Instructions for completing the task:

- You must use a minus sign at the front of any values which are to be deducted, for example, closing inventory, cost of sales, and the total of expenses. For example, returns inwards of 1320 should be entered in the cell in the following format -1320. You do not need to enter a minus sign at the front of the individual expenses; however, the total should use a minus sign.
- Do not use any symbols (e.g. \$), full stops or commas in your answer except for the minus sign as indicated in the instructions.
- All descriptions should be entered using the drop-down options available in each box.

Statement of Profit Loss for the year ending 31 December 20X1			
	\$	\$	\$
Sales revenue		101119 (1)	
Returns inwards		-425 (1)	
Sales revenue			100694 (0.5)
Less: Cost of sales			
Opening inventory		4396 (1)	
Purchases		23238 (1)	
Closing inventory		-5262 (1)	
Cost of sales			-22372 (0.5)
Gross profit			78322 (1)
Add other income			
Discounts received			790 (0.5)
			79112 (0)
Less expenses			
Rent		13320 (2)	
Discounts allowed		557 (0.5)	
Wages and salaries		13184 (0.5)	
Heat and light		6668 (0.5)	
Motor expenses		5582 (0.5)	
Loan interest paid		600 (0.5)	
Insurance		974 (2)	
Office expenses		3490 (0.5)	
Depreciation charge – motor vehicles		2912 (2)	
Depreciation charge – plant and machinery		2730 (2)	
			-50017 (0.5)
Profit/(loss) for the year			29095 (1)

Items shown in orange text (name and corresponding value must match) – The drop-down options to be available in these boxes are:

- Sales revenue
- Trade payables
- Returns inwards
- Drawings
- Purchases
- Discounts received
- Bank
- Opening equity as at 1 January 20X1

The items also have to be **listed in the order** shown in the answer to get the marks.

Items shown in green text (name and corresponding value must match) – The drop-down options to be available in these boxes are:

- Discounts allowed
- Opening inventory
- Drawings
- Returns inwards
- Closing inventory
- Discounts received
- Purchases
- Loan interest paid

The items also have to be **listed in the order** shown in the answer to get the marks.

Items shown in purple text (name and corresponding value must match) – The drop-down options to be available here are:

- Loan interest paid
- Discounts allowed
- Drawings
- Discounts received
- Rent
- Prepayments
- Accruals

Items shown in blue text (name and corresponding value must match) – The drop-down options to be available in these boxes are:

- Depreciation charge – motor vehicles
- Heat and light
- Trade payables
- Loan interest paid
- Rent
- Insurance
- Office expenses
- Returns inwards
- Wages and salaries
- Depreciation charge – plant and machinery
- Motor expenses
- Trade receivables
- Plant and machinery (carrying value)
- Motor vehicles (carrying value)
- Discounts allowed

These can be entered by the student in **any order**, but they must get the right value against the right description.

LCCI Consolidation Question – Statement of Profit or Loss (sole trader) Question 2

Level 2

You have been provided with the following trial balance and additional information for Inspired Print & Design, a sole trader business operated by Harrison Wright for the year ended 31 March 20X4.

Ledger account	Debit	Credit
	\$	\$
Computer equipment (cost)	5450	
Inventory (as at 1 April 20X3)	1439	
Opening equity (as at 1 April 20X3)		1000
Bank	4753	
Returns inwards	448	
Loan interest paid	150	
Purchases	16432	
Rent	1500	
Bank interest received		21
Discounts allowed	441	
Returns outwards		223
Sales revenue		54722
Bank loan (repayable March 20X8)		5000
Insurance	420	
Trade receivables	5482	
Computer equipment accumulated depreciation (as at 1 April 20X3)		2970
Trade payables		997
Accountancy fees	4420	
Drawings	18000	
Heat and light	2230	
Printing, postage and stationery	1469	
Computer software expenses	885	
Cash	100	
Travel and subsistence expenses	1314	
TOTALS	64933	64933

The following information has been provided:

- e. Closing inventory for the year ending 31 March 20X4 has been valued at \$995.
- f. Depreciation for the year has yet to be accounted for using the following rates:

- Computer equipment is depreciated over five years assuming a residual value of \$500.
- g. An irrecoverable debt totalling \$660 is to be written off.
- h. The business made a bank payment for purchases amounting to \$750 however an error was made when recording this transaction which now needs to be corrected. This has been entered in the accounting records as:
 - a. Debit: Drawings
 - b. Credit: Bank
- i. The heat and light expense in the trial balance relates to the first 10 months of the financial year. An accrual for the remaining 2 months needs to be made.

Task: Prepare a Statement of Profit or Loss for the year ending 31 March 20X4 using the template provided below.

Instructions for completing the task:

- You must use a minus sign at the front of any values which are to be deducted, for example, closing inventory, cost of sales, and the total of expenses. For example, returns inwards of 1320 should be entered in the cell in the following format -1320. You do not need to enter a minus sign at the front of the individual expenses; however, the total should use a minus sign.
- Do not use any symbols (e.g. \$), full stops or commas in your answer except for the minus sign as indicated in the instructions.
- All descriptions should be entered using the drop-down options available in each box.

Inspired Print & Design			
Statement of Profit Loss for the year ending 31 March 20X4			
	\$	\$	\$
Sales revenue		54722 (1)	
Returns inwards		-448 (1)	
Sales revenue			54274 (0.5)
Less: Cost of sales			
Opening inventory		1439 (1)	
Purchases	17182 (2)		
Returns outwards	-223 (0.5)		
		16959 (0)	
Closing inventory		-995 (1)	
Cost of sales			-17403 (0.5)
Gross profit			36871 (0.5)
Add other income			
Bank interest received			21 (0.5)
			36892 (0)
Less expenses			
Loan interest paid		150 (0.5)	
Rent		1500 (0.5)	
Discounts allowed		441 (0.5)	
Insurance		420 (0.5)	
Accountancy fees		4420 (0.5)	
Heat and light		2676 (2)	
Printing, postage and stationery		1469 (0.5)	
Computer software expenses		885 (0.5)	
Travel and subsistence		1314 (0.5)	
Depreciation charge – computer equipment		990 (2)	
Irrecoverable debt		660 (2)	
			-14925 (0.5)
Profit/(loss) for the year			21967 (1)

Items shown in orange text (name and corresponding value must match) – The drop-down options to be available in these boxes are:

- Sales revenue
- Trade payables
- Returns inwards
- Drawings
- Purchases
- Returns outwards
- Bank interest received
- Bank

- Opening equity as at 1 April 20X3

The items also have to be **listed in the order** shown in the answer to get the marks.

Items shown in green text (name and corresponding value must match) – The drop-down options to be available in these boxes are:

- Discounts allowed
- Opening inventory
- Drawings
- Returns inwards
- Closing inventory
- Purchases
- Loan interest paid
- Returns outwards

The items also have to be **listed in the order** shown in the answer to get the marks.

Items shown in purple text (name and corresponding value must match) – The drop-down options to be available here are:

- Loan interest paid
- Discounts allowed
- Drawings
- Bank interest received
- Rent
- Prepayments
- Accruals

Items shown in blue text (name and corresponding value must match) – The drop-down options to be available in these boxes are:

- Heat and light
- Trade payables
- Loan interest paid
- Rent
- Insurance
- Bank interest received
- Irrecoverable debt
- Printing, postage and stationery
- Returns inwards
- Computer software expenses
- Depreciation charge – computer equipment

- Travel and subsistence
- Trade receivables
- Returns outwards
- Computer equipment (carrying value)
- Accountancy fees
- Discounts allowed

These can be entered by the student in **any order**, but they must get the right value against the right description.

LCCI Consolidation Question – Statement of Profit or Loss (sole trader) Question 3

Level 2

You have been provided with the following trial balance and additional information for Sundown Landscapes, a sole trader business operated by Siobhan Westcott for the year ended 31 May 20X3.

Ledger account	Debit	Credit
	\$	\$
Sales revenue		120038
Opening equity (as at 1 June 20X2)		10000
Plant and machinery (cost)	12630	
Computer equipment (cost)	2400	
Purchases	54693	
Wages and salaries	13196	
Inventory (as at 1 June 20X2)	5569	
Returns inwards	663	
Cash	200	
Trade payables		3326
Motor expenses	4338	
Bank charges	102	
Discounts received		136
Returns outwards		209
Discounts allowed	1020	
Rent and rates	1210	
Trade receivables	8840	
Allowance for doubtful debts (as at 1 June 20X2)		315
Plant and machinery accumulated depreciation (as at 1 June 20X2)		8290
Computer equipment accumulated depreciation (as at 1 June 20X2)		960
Bank	2420	
Heat and light	1354	

Office expenses	886	
Drawings	32080	
Professional subscriptions	660	
Travel and subsistence expenses	1013	
TOTALS	143274	143274

The following information has been provided:

- j. Closing inventory for the year ending 31 May 20X3 has been valued at \$6297.
- k. Depreciation for the year has yet to be accounted for using the following rates:
 - Plant and machinery is depreciated at a rate of 30% using the diminishing balance method.
 - Computer equipment is depreciated over five years assuming a nil residual value.
- l. The allowance for doubtful debts is to be adjusted to 5% of the trade receivables balance.
- m. Professional subscriptions amounting to \$105 are to be prepaid as they have been paid in advance for the next financial year.

Task: Prepare a Statement of Profit or Loss for the year ending 31 May 20X3 using the template provided below.

Instructions for completing the task:

- You must use a minus sign at the front of any values which are to be deducted, for example, returns inwards, returns outwards, closing inventory, cost of sales, and the total of expenses. For example, returns inwards of 1320 should be entered in the cell in the following format -1320. You do not need to enter a minus sign at the front of the individual expenses; however, the total should use a minus sign.
- Do not use any symbols (e.g. \$), full stops or commas in your answer except for the minus sign as indicated in the instructions.
- All descriptions should be entered using the drop-down options available in each box.

Sundown Landscapes			
Statement of Profit Loss for the year ending 31 May 20X3			
	\$	\$	\$
Sales revenue		120038 (1)	
Returns inwards		-663 (1)	
Sales revenue			119375 (0.5)
Less: Cost of sales			
Opening inventory		5569 (1)	
Purchases	54693 (1)		
Returns outwards	-209 (0.5)		
		54484 (0)	
Closing inventory		-6297 (1)	
Cost of sales			-53756 (0.5)
Gross profit			65619 (0.5)
Add other income			
Discounts received			136 (0.5)
			65755 (0)
Less expenses			
Wages and salaries		13196 (0.5)	
Motor expenses		4338 (0.5)	
Bank charges		102 (0.5)	
Discounts allowed		1020 (0.5)	
Rent and rates		1210 (0.5)	
Heat and light		1354 (0.5)	
Office expenses		886 (0.5)	
Professional subscriptions		555 (2)	
Travel and subsistence		1013 (0.5)	
Depreciation charge – plant and machinery		1302 (2)	
Depreciation charge – computer equipment		480 (1)	
Allowance for doubtful debts adjustment		127 (2)	
			-25583 (0.5)
Profit/(loss) for the year			40172 (1)

Items shown in orange text (name and corresponding value must match) – The drop-down options to be available in these boxes are:

- Sales revenue
- Trade payables
- Returns inwards
- Drawings
- Purchases
- Returns outwards
- Discounts received

- Bank
- Opening equity as at 1 June 20X2

The items also have to be **listed in the order** shown in the answer to get the marks.

Items shown in green text (name and corresponding value must match) – The drop-down options to be available in these boxes are:

- Discounts allowed
- Opening inventory
- Drawings
- Returns inwards
- Closing inventory
- Purchases
- Bank charges
- Returns outwards
- Discounts received

The items also have to be **listed in the order** shown in the answer to get the marks.

Items shown in purple text (name and corresponding value must match) – The drop-down options to be available here are:

- Bank charges
- Discounts allowed
- Drawings
- Rent
- Discounts received
- Prepayments
- Accruals

Items shown in blue text (name and corresponding value must match) – The drop-down options to be available in these boxes are:

- Heat and light
- Trade payables
- Travel and subsistence
- Rent and rates
- Wages and salaries
- Bank charges
- Discounts received
- Depreciation charge – plant and machinery
- Office expenses

- Returns inwards
- Professional subscriptions
- Depreciation charge – computer equipment
- Motor expenses
- Trade receivables
- Returns outwards
- Allowance for doubtful debts adjustment
- Computer equipment (carrying value)
- Plant and machinery (carrying value)
- Discounts allowed

These can be entered by the student in **any order**, but they must get the right value against the right description.