

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 – 1 mark for each correct answer. Correct answers shown in blue text in square brackets)

The following four errors have been identified.

Use the drag and drop options provided below to identify the type of error.

Error	Type of error
An invoice for telephone expenses for the quarter has been mislaid and has not been entered in the accounting records.	[Omission]
The purchase of a new van for \$21500 was debited to the bank account and credited to the motor vehicles account.	[Reversal of entries]
An invoice for advertising has been posted to the subscriptions account in error.	[Commission]
A bank payment of \$680 for advertising expenses has been entered in the accounting records as \$860.	[Original entry]

Drag and drop options:

Reversal of entries

Omission

Original entry

Commission

Principle

Compensating

DRAG AND DROP – note to developer - two of the options should remain unused. Will this have any impact on the ability of the system to mark this question? If so, please do not use the options in red.

Question 2 (4 marks)

Hudson buys materials on credit from a company to use in his work as a builder.

The opening balance on his account at the start of the month was \$1970.

During the current month, Hudson received invoices amounting to \$760 and credit notes amounting to \$325. He also made a payment direct from his bank to the company for \$1440.

What balance would appear on the statement of account Hudson receives at the end of the current month? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$965] (Can the format of the answer box only accept numerical entries so it means they can't use a comma or full stop? If not, can the 4 marks be awarded for an answer of 965 or 965.00 please?)

INSERT VALUE

Question 3 (2 marks)

Maria's bank account was overdrawn by \$550 on 1st August. On 2nd August, she deposited \$1520 in cash and paid \$480 by bank transfer for rent, and a further \$140 for motor expenses.

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

	✓
\$350	[✓]
\$1310	
\$630	
\$1450 overdrawn	

MCQ

Question 4 (Total of 4 marks available – 1 mark for each correct answer. Correct answers shown in blue text in square brackets)

Identify which accounting concept is being described by using the drag and drop options provided below.

Description	Accounting concept
Information presented in financial statements relates only to the activities of the business and not to those of the owner.	[Business entity concept]
This concept presumes the entity will continue to trade for the foreseeable future.	[Going concern concept]
Transactions should be reflected in the financial statements for the period in which they occur.	[Accruals concept]
The presentation and classification of items in the financial statements should remain the same from one period to the next.	[Consistency concept]

Drag and drop options:

Going concern concept
Business entity concept
Consistency concept
Accruals concept

DRAG AND DROP

Question 5 (4 marks)

You have been provided with the following list of balances.

	\$
Plant and machinery	22500
Trade receivables	8460
Trade payables	6980
Inventory	4830
Bank (overdrawn)	2100
Accrued expenses	440
Computer equipment	3730

What is the amount of capital invested in the business? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$30000] (Can the format of the answer box only accept numerical entries so it means they can't use a comma or full stop? If not, can the 4 marks be awarded for an answer of 30000 or 30000.00 please?)

INSERT VALUE

Question 6 (Total of 4 marks available – 1 for each correct entry made – correct answers shown in blue text and square brackets)

Identify the dual effect of each of the following transactions by dragging the appropriate description into the table below.

Transaction	Dual effect
A bank loan for \$5000 is received into the business bank account.	[Increase a liability and increase an asset]
A customer pays the balance on their account by bank transfer.	[Both decrease and increase an asset]
Paid a supplier by bank transfer	[Decrease a liability and decrease an asset]
The business owner pays \$2000 into the business bank account.	[Increase capital and increase an asset]

Drag and drop options:

- Decrease a liability and decrease an asset
- Increase a liability and increase an asset
- Both decrease and increase an asset
- Decrease an asset and increase a liability
- Both decrease and increase a liability
- Increase capital and increase an asset

DRAG AND DROP – note to developer - two of the options should remain unused. Will this have any impact on the ability of the system to mark this question? If so, please do not use the options in red.

Question 7 (Total of 4 marks available – 1 for each correct entry – correct answers shown in blue text and square brackets)

Classify each of the following transactions as either capital income, revenue income, capital expenditure or revenue expenditure by using the drag and drop options provided below.

Transaction	Classification
The owner pays \$8000 into the business bank account.	[Capital income]
A bank payment for rent payable in advance for the next six months.	[Revenue expenditure]
Interest received on the bank deposit account.	[Revenue income]
Purchase of furniture for use in the reception area of the business.	[Capital expenditure]

Drag and drop options:

- Revenue income
- Capital income
- Revenue expenditure
- Capital expenditure

DRAG AND DROP

Question 8 (2 marks)

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

Date	Details	Amount \$	Date	Details	Amount \$
3 Oct	Bank	860	6 Oct	Bank	120
25 Oct	Cash	310			

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

	✓
Debit \$1050	[✓]
Debit \$1170	
Credit \$1050	
Credit \$1170	

MCQ - note to developer – the format of the expense account needs to be kept as it appears above – last time the image had to be imported to keep the same structure.

Question 9 (Total of 4 marks available – 1 mark for each correct entry - correct answers shown in blue text and square brackets)

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

Statement	Business document
A document sent by a customer to a supplier to confirm which invoices they are paying and the total of the payment being made.	[Remittance advice]
A document issued by a supplier to a customer cancelling part or all of an invoice.	[Credit note]
A document sent by the seller to the customer showing the transactions for a given period, usually a month.	[Statement of account]
A document issued to customers outlining goods and services purchased and to request payment.	[Sales invoice]

Drag and drop options:

Statement of account

Sales invoice

Credit note

Remittance advice

Cheque

Goods returns note

DRAG AND DROP – note to developer - two of the options should remain unused. Will this have any impact on the ability of the system to mark this question? If so, please do not use the options in red.

Question 10 (2 marks)

Which one of the following transactions should be completed by using a journal entry?

	✓
Writing off an irrecoverable debt	[✓]
Recording sales returns in the general ledger	
A low value payment made from petty cash	
Recording purchase invoices in the payables ledger	

MCQ

Question 11 (2 marks)

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

	✓
A standing order is a customer's instruction to their bank to pay a fixed amount at regular intervals to a named party.	[✓]
A purchase made using a credit card reduces the cleared funds on the payer's bank account immediately.	
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.	
A bank will accept a post-dated cheque and hold this until that later date when it will then be processed for payment.	

MCQ

Question 12 (2 marks)

Identify the book of prime entry being described in the statement below.

A daybook detailing goods the business has returned to its credit suppliers.

	✓
Purchase returns daybook	[✓]
Discounts allowed daybook	
Sales returns daybook	
Discounts received daybook	

MCQ

Question 13 (4 marks)

Sandy purchased a machine for use in her business.

The invoice from the supplier was for \$4250, and this included \$300 for installation costs and \$500 for 12 months maintenance charged for the machine.

What is the value of the machine that should be capitalised? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$3750] (Can the format of the answer box only accept numerical entries so it means they can't use a comma or full stop? If not, can the 4 marks be awarded for an answer of 3750 or 3750.00 please?)

INSERT VALUE

Question 14 (4 marks available – 1 mark for each correct entry - correct answers shown in blue text and square brackets)

Identify the term used to describe the difference between the cash book and bank statement for each of the following descriptions using the drag and drop options provided below.

Description	Term
Cash and cheques from customers were recorded in the cash book and paid into the bank but are not yet shown on the bank statement.	[Outstanding lodgements]
The monthly electricity bill has been paid automatically by the bank.	[Direct debit]
Cheque payments made to suppliers have been recorded in the cash book but are not yet shown on the bank statement.	[Unpresented cheques]
A cheque from a customer which had previously been banked has now been returned by the bank.	[Dishonoured cheque]

Drag and drop options:

- Unpresented cheques
- Direct debit
- Outstanding lodgements
- Dishonoured cheque
- Bank charges
- Counter credit

DRAG AND DROP – note to developer - two of the options should remain unused. Will this have any impact on the ability of the system to mark this question? If so, please do not use the options in red.

Question 15 (4 marks available – 1 mark for each correct entry - correct answers shown in blue text and square brackets)

The following account is in the receivables ledger at the close of day on the 31 March.

Date	Details	Amount \$	Date	Details	Amount \$
1 March	Balance b/f	1450	15 March	Bank	930
10 March	Invoice 1230	865	22 March	Credit note CN203	330
18 March	Invoice 1262	1200			

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

The balance c/d on the account would be on the [**credit**] side of the account for the value of \$[**2255**].

The value shown in the total boxes on the account would be \$[**3515**].

The balance b/d on the account as at 1 April would be on the [**debit**] side of the account.

Drag and drop options:

3515

2255

1450

debit

credit

total

DRAG AND DROP – note to developer - two of the options should remain unused. Will this have any impact on the ability of the system to mark this question? If so, please do not use the options in red. Also – the format of the expense account needs to be kept as it appears above – last time the image had to be imported to keep the same structure.

Question 16 (4 marks)

Mia uses a petty cash imprest system in her business.

At the start of the month there is a balance of \$150 in petty cash. During the month, the following amounts were paid out of petty cash:

Petty cash payments	\$
Refreshments	48
Postage	32
Cleaning	40

How much should Mia withdraw from the bank to restore the petty cash balance? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$120]

INSERT VALUE (Can the format of the answer box only accept numerical entries so it means they can't use a comma or full stop? If not, can the 4 marks be awarded for an answer of 120 or 120.00 please?)

Question 17 (4 marks – 2 marks for each correct answer. Correct answers shown in blue text in square brackets)

Which two of the following items should be treated as capital expenditure?

	✓
An extension to the office building.	[✓]
Legal fees in connection to the extension of the office building.	[✓]
Roof repairs due to storm damage.	
Redecoration of the offices.	

MRQ

Question 18 (4 marks)

You are preparing a sales invoice for a customer.

The purchase order received from the customer shows the following:

50 x product code AD8 @ \$18 each

The customer is entitled to a trade discount of 4%.

What is the total discount the customer will receive? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$36]

INSERT VALUE (Can the format of the answer box only accept numerical entries so it means they can't use a comma or full stop? If not, can the 4 marks be awarded for an answer of 36 or 36.00 please?)

LCCI Level 1 Certificate in Bookkeeping – Learning outcome 2

8 questions – students to be given 4 random questions from this bank of questions. Type of question highlighted in yellow.

Question 1 (4 marks)

Jay operates a business as a sole trader. He has 3 employees, and the payroll information for the latest weekly pay is as follows:

Hours worked at basic rate	93 hours
Hours worked at time and a half	12 hours
Hours worked at double time	8 hours

The hourly rate is \$14.00.

What is the wages expense for the week? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$1778] (Can the format of the answer box only accept numerical entries so it means they can't use a comma or full stop? If not, can the 4 marks be awarded for an answer of 1778 or 1778.00 please?)

INSERT VALUE

Question 2 (Total of 4 marks available – 1 mark for each correct answer shown in blue text and square boxes)

A business uses a piece rate method to calculate payroll. The rate used is \$1.20 per unit produced.

Calculate the gross pay for each of the following employees. **You must show all your answers to 2 decimal places, for example, 500.00 or 120.50 and not 500 or 120.5.**

Employee	Units produced	Gross pay (\$)
M Khan	142	[170.40]
L Jack	168	[201.60]
M Crawley	190	[228.00]
R Grant	173	[207.60]

INSERT VALUE

Question 3 (4 marks)

An employee is guaranteed a basic minimum wage of 35 hours at a rate of \$12 per hour.

During the week, the employee produced 110 units and at a rate of \$3.50 per unit.

What is the employee's gross pay for the week? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$420] (Can the format of the answer box only accept numerical entries so it means they can't use a comma or full stop? If not, can the 4 marks be awarded for an answer of 420 or 420.00 please?)

INSERT VALUE

Question 4 (Total of 4 marks available – 1 mark for each correct entry – correct answers shown in the table in blue and options to pick from shown below)

Identify the labour payment method used for each of the following four employees using the drag and drop options provided below.

Scenarios	Method
Jack is paid a rate of \$15.00 per hour for each hour worked. Any hours worked in excess of his basic hours will be paid overtime.	[Time rate]
Maya is paid based \$1.50 per unit produced.	[Piece rate]
Raj is paid a rate of \$12.00 per hour for each hour worked plus 10% if output exceeds 500 units a week.	[Time rate plus bonus]
Mary is paid \$32,000 per annum evenly over 12 months.	[Salary]

Drag and drag options to select from:

- Time rate
- Salary
- Time rate plus bonus
- Piece rate

DRAG AND DROP

Question 5 (4 marks)

Joe receives a salary of \$24,720 per annum. Each month Joe pays tax amounting to \$210 and contributes \$165 into his pension scheme.

What is Joe's net pay for the month? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$1685] (Can the format of the answer box only accept numerical entries so it means they can't use a comma or full stop? If not, can the 4 marks be awarded for an answer of 1685 or 1685.00 please?)

INSERT VALUE

Question 6

Tina works on a production line and is paid using a time rate plus bonus method. A bonus is paid where production is completed faster than the expected duration. The bonus is paid at half of the time rate for each hour of production time saved.

Tina's time rate is \$16.00 per hour and she has worked 35 hours in the current week. The expected output per hour is 30 units. In the current week Tina has produced 1170 units.

What is Tina's gross pay for the current week? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$592] (Can the format of the answer box only accept numerical entries so it means they can't use a comma or full stop? If not, can the 4 marks be awarded for an answer of 592 or 592.00 please?)

INSERT VALUE

Question 7 (Total of 4 marks available – 1 mark for each correct blank completed. Correct answers shown in blue text in square brackets.)

Complete the following sentences by filling in the blanks using the drag and drop options provided below.

When accounting for payroll, gross wages will appear as a [**debit**] entry in the general ledger.

Net pay will appear as a [**credit**] entry in the bank account.

Employees may choose to pay other contributions direct from their wages such as additional pension contributions or donations to charity and these are treated as [**voluntary**] deductions.

Deductions from employees for tax are classed as [**statutory**] deductions.

Drag and drop options:

debit

credit

statutory

voluntary

DRAG AND DROP

Question 8 (2 marks)

Henry employs 8 people in his business. At the end of the month, he needs to prepare a journal to reflect the following information:

Gross pay to employees \$11334

Tax deducted from employees \$752

Pension contributions deducted from employees \$567

Which one of the following correctly identifies the journal entry Henry should make?

	✓
Debit: Gross wages \$11334 Credit: Tax liabilities \$752 Credit: Pension liabilities \$567 Credit: Net wages \$10015	[✓]
Debit: Net wages \$10015 Credit: Tax liabilities \$752 Credit: Pension liabilities \$567 Credit: Gross wages \$11334	
Debit: Gross wages \$11334 Debit: Tax liabilities \$752 Debit: Pension liabilities \$567 Credit: Net wages \$10015	
Debit: Net wages \$11334 Credit: Gross wages \$10015 Credit: Tax liabilities \$752 Credit: Pension liabilities \$567	

MCQ

LCCI Level 1 Certificate in Bookkeeping – Learning outcome 3

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

Question 1 (4 marks)

The balance on the receivables ledger control account was \$28750 on 1st December.

During December the following transactions took place:

- Credit sales totalled \$54765.
- Cash sales totalled \$4310.
- Discounts allowed totalled \$2130.
- Bank receipts from customers totalled \$38,985.
- Sales returns totalled \$4,700.

What would the closing balance on the receivables ledger control account be at the end of the month? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

\$(37700)

INSERT VALUE (Can the format of the answer box only accept numerical entries so it means they can't use a comma or full stop? If not, can the 4 marks be awarded for an answer of 37700 or 37700.00 please?)

Question 2 (2 marks)

Which one of the following identifies where the total of the sales daybook should be posted?

	<input checked="" type="checkbox"/>
Debit side of the Receivables Ledger Control Account	<input type="checkbox"/>
Credit side of the Receivables Ledger Control Account	<input type="checkbox"/>
Debit side of the Receivables Returns Account	<input type="checkbox"/>
Credit side of the Receivables Account	<input type="checkbox"/>

MCQ

Question 3 (4 marks)

The opening balance on the payables ledger control account at the beginning of January was \$12760.

The following transactions took place during the month of January.

- Goods purchased on credit \$16920
- Bank payments to suppliers \$13110
- Contra offset with receivables \$600
- Purchase returns \$2885

The closing balance on the payables ledger control account at the end of January was \$12415.

What was the amount of discounts received during the month of January? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

\$(670]

INSERT VALUE (Can the format of the answer box only accept numerical entries so it means they can't use a comma or full stop? If not, can the 4 marks be awarded for an answer of 670 or 670.00 please?)

Question 4 (2 marks)

Which one of the following items would NOT appear in a payables ledger control account?

	✓
Discounts allowed	[✓]
Credit purchases	
Bank payments to suppliers	
Purchase returns	

MCQ

Question 5 (2 marks)

Which one of the following is correct in relation to the payables ledger control account?

	✓
A payables ledger control account enables quick identification of the total amount owed by the business to suppliers.	[✓]
A payables ledger control account enables discrepancies between the bank and the subsidiary ledger to be quickly identified	
A payables ledger control account enables quick identification of an amount owed to a specific supplier	
A payables ledger control account will always be more accurate than the subsidiary ledger	

MCQ

Question 6 (2 marks)

The following statements have been made regarding receivables ledger control accounts.

1. A debit balance on the receivables ledger control account means that an error has been made in posting entries to the general ledger.
2. A receivables ledger control account allows a business to identify the amount owed by individual customers at a point in time.

Which of the two statements is/are correct?

	✓
Neither statement is correct	[✓]
Both statements are correct	
Only statement 1 is correct	
Only statement 2 is correct	

MCQ

Question 7 (2 marks)

You have been presented with the following receivables ledger control account as at 31 March.

Receivables ledger control account			
	\$		\$
Balance b/d	18370	Sales returns	2460
Sales	16705	Bank	17225

Discounts allowed of \$880 have not yet been entered in the ledger.

What is the balance carried down on the receivables ledger control account at 31 March?

	<input checked="" type="checkbox"/>
\$14510 credit	<input checked="" type="checkbox"/>
\$16270 credit	<input type="checkbox"/>
\$15390 credit	<input type="checkbox"/>
\$16270 debit	<input type="checkbox"/>

MCQ

LCCI Level 1 Certificate in Bookkeeping – Learning outcome 4

17 questions – students to be given 11 random questions from this bank of questions. Type of question highlighted in yellow.

Question 1 (4 marks)

Affan purchased a motor van for use in his sole trader business. The motor van cost \$32000 and is to be depreciated using the reducing balance (diminishing balance) basis at a rate of 20%.

What would be the depreciation charge for the third year of ownership of the motor van? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$4096] (Can the format of the answer box only accept numerical entries so it means they can't use a comma or full stop? If not, can the 4 marks be awarded for an answer of 4096 or 4096.00 please?)

INSERT VALUE

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

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

A business sells goods on credit to customers.

The balance on the trade receivables at the end of the year was \$31980. After reviewing the aged receivables, it is decided that a balance of \$1430 is to be written off as an irrecoverable debt.

Complete the following sentences using the options provided below.

In the [Statement of Profit or Loss], an irrecoverable debt is shown as [an expense].

At the year end, the trade receivables balance of \$[30550] will appear in the [Statement of Financial Position].

Options:

[31980]

[30550]

[33410]

[Statement of Profit or Loss]

[Statement of Financial Position]

[an expense]

[a liability]

DRAG AND DROP – note to developer - three of the options should remain unused.

Question 3 (4 marks)

You have been provided with the following extract from the trial balance of a sole trader as at 31 October.

	Debit (\$)	Credit (\$)
Computer equipment	4250	
Inventory	2985	
Bank		1420
Trade receivables	12310	
Trade payables		8670
Accrued expenses		410

What amount would appear as the total of the current assets in the Statement of Financial Position at the year end? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$15295] (Can the format of the answer box only accept numerical entries so it means they can't use a comma or full stop? If not, can the 4 marks be awarded for an answer of 15295 or 15295.00 please?)

INSERT VALUE

Question 4 (4 marks – 1 mark for each correct entry. Correct answers shown in blue text and square brackets below)

Identify the term being described by using the drag and drop options provided below.

All the descriptions relate to depreciation.

Description	Term
The systematic allocation of accounting for the decrease in value of a non-current asset during the period.	[Depreciation]
The cost of an asset less any residual value.	[Depreciable amount]
The value an asset is expected to raise at the end of its useful life.	[Residual value]
The cost of the non-current asset less the accumulated depreciation to date.	[Carrying amount]

Drag and drop options:

Residual value
 Depreciation
 Carrying amount
 Depreciable amount

DRAG AND DROP

Question 5 (4 marks)

A business has a year end of 31 March 20X2. During the year, the following invoices for rent were paid:

Date	Period	\$
10 April 20X1	3 months to 30 June 20X1	1200
9 July 20X1	3 months to 30 September 20X1	1200
10 October 20X1	2 months to 30 November 20X1	900
14 December 20X1	3 months to 28 February 20X2	1350

What amount should be accrued for rent at the year end? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$450] (Can the 4 marks be awarded for an answer of 450 or 450.00 please?)

INSERT VALUE

Question 6 (Total of 4 marks available – 1 mark for each correct entry – correct answers shown in blue below)

Classify each of the following items as either a non-current asset, a current asset, a current liability, or a non-current liability using the drag and drop options provided below.

	Classification
Accrued income	[Current asset]
Computer equipment	[Non-current asset]
Bank loan	[Non-current liability]
Accrued expenses	[Current liability]

Drag and drop options to select from:

- Non-current asset
- Current asset
- Current liability
- Non-current liability

DRAG AND DROP

Question 7 (4 marks)

You have been provided with the following extract from an incomplete trial balance for a sole trader for the year ending 31 December.

	Debit \$	Credit \$
Revenue		32180
Wages and salaries	5360	
Office expenses	1890	
Purchase returns		1800
Rent	2000	
Purchases	12380	
Opening inventory	1300	
Discounts received		500
Carriage outwards	990	

Closing inventory at the end of December was valued at \$1850.

What amount would appear as the gross profit in the Statement of Profit or Loss for the year ending 31 December? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$22150] (Can the 4 marks be awarded for an answer of 22150 or 22150.00 please?)

INSERT VALUE

Question 8 (2 marks)

A sole trader has provided the following information.

	\$
Revenue	64270
Purchases	32785
Opening inventory	10180
Closing inventory	12360
Carriage inwards	2430
Carriage outwards	2680

Which one of the following amounts would be identified as the cost of goods sold on the Statement of Profit or Loss?

	<input checked="" type="checkbox"/>
\$33035	<input checked="" type="checkbox"/>
\$30605	<input type="checkbox"/>
\$33285	<input type="checkbox"/>
\$31235	<input type="checkbox"/>

MCQ

Question 9 (4 marks – 2 marks for each correct answer)

Which two of the following account balances would appear as a debit entry in an initial trial balance?

	✓
Accrued income	[✓]
Prepaid expenses	[✓]
Accrued expenses	
Prepaid income	
Trade payables	
Bank (overdrawn balance)	

MRQ

Question 10 (2 marks)

A sole trader purchased a piece of machinery for use in his business. The cost of the machinery was \$18200.

The sole trader has a policy of depreciating machinery at a rate of 25% using the reducing (diminishing) balance basis.

What would be the balance on the accumulated depreciation account at the end of the second year in relation to this machinery?

	✓
\$3412.50	
\$4550.00	
\$10237.50	[✓]
\$7962.50	

MCQ

Question 11 (4 marks)

Ali purchased an asset for use in her business on 1 April at a cost of \$9,620. The machine has a residual value of \$1,200 and an expected life of 5 years.

What is the annual depreciation charge on this machine using the straight-line method of depreciation? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$1684] (Can the 4 marks be awarded for an answer of 1684 or 1684.00 please?)

INSERT VALUE

Question 12 (2 marks)

Which one of the following would not appear on a Statement of Financial Position?

	✓
Loan interest	[✓]
Fixtures and fittings	
Accrued income	
Prepaid expenses	

MCQ

Question 13 (4 marks – 2 marks for each correct answer shown in blue text in square brackets)

Complete the following statements about irrecoverable debts by selecting from the options below.

Statement	Answer
An irrecoverable debt will appear as an expense in the	[Statement of profit or loss]
The net balance owing from receivables will appear in the	[Statement of financial position]

Options:

- [Receivables control account]
- [Discounts allowed day book]
- [Statement of financial position]
- [Statement of profit or loss]

DRAG AND DROP

Question 14 (Total of 4 marks available – 1 mark for each correct entry shown in blue text and square brackets)

Identify the name of the document or report which would be used for each of the following purposes using the options provided below.

Purpose	Document or report
To identify the assets and liabilities at a point in time	[Statement of financial position]
To check the value of the debit entries in the bookkeeping system equals the credit entries	[Trial balance]
To compare the additions and deductions on a bank statement with those entered in the general ledger	[Bank reconciliation statement]
To summarise the income and expenses in an accounting period	[Statement of profit or loss]

Drag and drop options:

Bank reconciliation statement
Statement of profit or loss
Trial balance
Statement of financial position

DRAG AND DROP

Question 15 (4 marks)

Tom purchased an asset on 1 April 20X2 for \$26,400.

Tom has a policy of depreciating assets using the reducing balance (diminishing balance) basis at a rate of 20%.

What is the carrying value of the asset as at 31 March 20X4? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$16896] (Can the 4 marks be awarded for an answer of 16896 or 16896.00 please?)

INSERT VALUE

Question 16 (4 marks)

Liz receives rental income for an office building she owns. During the year ending 31 March 20X3, she received the following into her business bank account:

Date	Period	\$
1 April 20X2	3 months to 30 June 20X2	1800
1 July 20X2	2 months to 31 August 20X2	1200
1 September 20X2	6 months to 28 February 20X3	3600
1 March 20X3	2 months to 30 April 20X3	1200

What amount should be prepaid for rent received at the year end? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$600] (Can the 4 marks be awarded for an answer of 600 or 600.00 please?)

INSERT VALUE

Question 17 (2 marks)

Which one of the following transactions would lead to a decrease in the current assets of a business?

	✓
A receivable settles their account, and the payment reduces the bank overdraft.	[✓]
A business owner transfers her computer into the business for use in the office.	
The receipt of a bank loan into the business bank account.	
A refund from a supplier is received into the business bank account.	

MCQ