

**LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 1**

**4 questions – students to be given 1 random question from this bank of questions. Type of question highlighted in yellow.**

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

The total of the purchase returns daybook at the end of the month shows returns totalling \$892.

Complete the following sentences using the options below.

The entries in the general ledger would show a [credit] entry in the purchase returns account and a [debit] entry in the trade payables account.

The impact on the Statement of Profit or Loss is that the purchase returns for the month would [decrease] purchases and [increase] the gross profit for the period.

**Drag and drop options:**

- credit
- debit
- increase
- decrease
- not change

**DRAG AND DROP**

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

Identify which business document would be used for each of the purposes below.

<b>Purpose</b>	<b>Document</b>
To advise a supplier which invoices a customer has settled with their payment.	[Remittance advice]
To reduce the balance owed by a customer, this document is issued by the supplier.	[Credit note]
To make a payment to a supplier through the post.	[Cheque]
To provide a customer with a detailed list of transactions for a given period, usually a month.	[Statement of account]

**Drag and drop options:**

- Statement of account
- Credit note
- Remittance advice
- Cheque

**DRAG AND DROP**

**Question 3 (2 marks)**

An entry in the discounts allowed day book is for a credit note issued to Clayton for \$425.

Which one of the following options shows the correct entry in the receivables ledger?

	✓
Account name: Clayton. Credit entry for \$425.	[✓]
Account name: Clayton. Debit entry for \$425.	
Account name: Receivables Ledger Control Account. Debit entry for \$425.	
Account name: Discounts Allowed. Debit entry for \$425.	

**MCQ**

**Question 4 (2 marks)**

The balance brought down on the trade receivables control account as at 1 May was \$56226.

The balance on the subsidiary receivables ledger at the same date was \$55003.

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

	✓
Sales returns have been entered into the subsidiary receivables ledger twice.	[✓]
Sales returns may have been omitted from the subsidiary receivables ledger.	
Discounts allowed may have been omitted from the subsidiary receivables ledger.	
A sales invoice has been entered in the subsidiary receivables ledger twice.	

**MCQ**

**LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 2**

**4 questions – students to be given 2 random questions from this bank of questions. Type of question highlighted in yellow.**

**Question 1 (4 marks)**

The opening balance on the payables ledger control account at the beginning of December was \$24360.

The following transactions appear in the payables ledger control account during the month of December:

	\$
Credit purchases	32986
Discounts received	2480
Purchase returns	1810
Payments to credit suppliers	23745
Contra offset with receivables	1210

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

**[\$28101] (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 28101 or 28101.00 please?)**

**INSERT VALUE**

**Question 2 (2 marks)**

The balance on the payables ledger control account at the end of March was \$12362.

The total of the balances in the payables ledger at the end of March was \$14824.

Which one of the reasons below would explain the difference between the balance on the payables ledger control account and the payables ledger?

	✓
A bank payment to a supplier was entered twice in the payables ledger control account.	[✓]
A purchase invoice for \$1231 was entered in the payables ledger twice.	
Discounts received were not entered in the payables ledger control account	
A credit note for \$2462 was entered in the payables ledger twice.	

**MCQ**

**Question 3 (4 marks)**

The following entries appear in the receivables ledger control account for the month of June:

Receivables ledger control account			
	\$		\$
Balance b/d	24983	Sales returns	1980
Credit sales	31982	Bank receipts	22876

Discounts allowed of \$780 and discounts received of \$525 have not yet been entered in the accounting records.

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

**[\$31329] (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 31329 or 31329.00 please?)**

**INSERT VALUE**

**Question 4 (2 marks)**

Which one of the following statements is true?

	✓
Reconciliation of the receivables ledger control account will help to identify any customer invoices that have been omitted in error.	[✓]
Reconciliation of the receivables ledger control account will show if a purchase invoice has been omitted from the receivables ledger.	
Reconciliation of the receivables ledger control account will show if a purchase invoice has been omitted from the payables ledger.	
Reconciliation of the receivables ledger control account will help to identify any discounts received that have been omitted in error.	

**MCQ**

**LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 3**

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

**Question 1 (2 marks)**

Identify which one of the following errors would be disclosed by the trial balance.

Error	Disclosed by the trial balance (✓)
A transposition error was made when entering opening balances. The non-current asset balance was entered as \$18650 instead of \$18560.	[✓]
Discounts allowed of \$230 were recorded on the credit side of the trial balance. Rent paid was overstated by \$460.	
An amount paid for vehicle repairs amounting to \$740 was entered in the vehicle cost account in error.	
All the entries for a sales invoice amounting to \$1200 have been duplicated.	

MCQ

**Question 2 (4 marks)**

An extract from an initial list of balances for a business is as follows.

Balance	Debit (✓)
Fixtures and fittings	2695
Inventory	4390
Bank overdraft	1583
Drawings	4897

What is the value of the entries which would appear on the debit side of a trial balance?

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

**[\$11982] (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 11982 or 11982.00 please?)**

INSERT VALUE

**Question 3 (Total of 4 marks available – 1 mark for each correct entry shown in blue text and square brackets)**

Identify the type of error made below by using the drag and drop options.

Error	Type of error
Recording a payment for new machinery in the machinery hire account.	[Error of principle]
Recording a purchase return on the credit side of the payables ledger control account and the debit side of the purchase returns account.	[Reversal of entries]
Recording a bank payment of \$100 for stationery as \$210 in both accounts.	[Error of original entry]
Recording a receipt for commission received in the bank interest received account.	[Error of commission]

Drag and drop options:

Error of original entry  
Error of principle  
Error of commission  
Reversal of entries

**DRAG AND DROP**

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

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

The debit column of the trial balance totalled \$26980 and the credit column totalled \$24680.

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

Use the drag and drop options below to complete the following table.

Account name	Amount (\$)	Debit or credit
Suspense	[\$2300]	[Credit]

**Drag and drop options:**

\$4600  
\$2300  
\$1150  
Debit  
Credit

**DRAG AND DROP**

**Question 5 (Total of 4 marks available – 2 marks for each correct entry shown in blue text and in square brackets.)**

An entry to record a bank payment of \$300 for light and heat was made correctly in the bank account but was posted to rent expense instead of light and heat.

Complete the account column in the following table using the drag and drop options below to show what entry would be needed to correct this error.

Account	Debit or Credit
[Light and heat] (2)	DEBIT
[Rent expense] (2)	CREDIT

**Drag and drop options:**

Rent expense  
Bank  
Light and heat  
Suspense

**DRAG AND DROP**

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

An extract showing the balances for a business are provided below:

Account	\$
Motor expenses	4210
Repairs and renewals	1155
Rent payable	1600
Rent received	600

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

Account	Debit	Credit
Motor expenses	162	
Suspense		162
Suspense	550	
Repairs and renewals		550
Rent payable	250	
Rent received		250

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	\$
Motor expenses	[4372]
Repairs and renewals	[605]
Rent payable	[1850]
Rent received	[850]

**INSERT VALUE**

**LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 4**

**14 questions – students to be given 9 random questions from this bank of questions. Type of question highlighted in yellow.**

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

Identify the accounting principles described in each of the four following scenarios.

Scenario	Principle
The balances on asset and liabilities accounts are shown separately on the Statement of Financial Position.	[Going concern]



Expenses that relate to the business owner are recorded as drawings.	[Business entity]
The distinction between capital and revenue expenditure can be seen in this concept.	[Materiality]
The business recognises the income and expenditure for a given period.	[Accruals]

Drag and drop options:

Business entity

Materiality

Accruals

Going concern

**DRAG AND DROP**

**Question 2 (4 marks)**

A sole trader paid rent for her business premises on 1 April 20X3 for the year to 31 March 20X4 amounting to \$3600. She also paid \$4200 on 1 April 20X4 for the year to 31 March 20X5.

What amount will appear in the Statement of Profit or Loss for rent payable for the year ended 31 December 20X4?

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

**[\$4050] (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 4050 or 4050.00 please?)**

**INSERT VALUE**

**Question 3 (4 marks)**

A business acquired an asset on 1 April 20X2 for \$12,600.

The depreciation policy of the business is to use the straight-line method at a rate of 20% for each complete month of ownership.

The asset was sold on 1 April 20X5 for \$5500.

What is the profit or loss on this disposal? 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(.).

[\$460]

**INSERT VALUE**

**Question 4 (4 marks – 1 mark for each correct answer shown in blue text and square brackets).**

The opening balance on the allowance for doubtful debts account as at 1 January 20X4 was \$3460.

As at 31 December 20X4 the following aged receivables schedule was prepared and it was decided to apply the following percentage rates to the allowance for doubtful debts:

Period outstanding:	Receivable (\$)	Action required
Up to 30 days	52900	3% allowance required
31 to 60 days	21060	5% allowance required
61 to 90 days	4200	10% allowance required
Over 90 days	400	To be written off as an irrecoverable debt

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

When creating the journal for the allowance for doubtful debts, the allowance for doubtful debts adjustment account will be [credited] with an amount of [\$400] and this will [increase] the profit for the year. The \$400 irrecoverable debt will be written off as an expense and debited to the [Statement of profit or loss].

**Drag and drop options:**

\$3060

\$400

debited

credited

Statement of Profit or Loss

increase

decrease

Statement of Financial Position

**DRAG AND DROP**

**Question 5 (2 marks)**

The application of which one of the following concepts is demonstrated through the use of a drawings account in the financial statements?

	✓
Business entity	[✓]
Realisation	
Materiality	
Accruals	

MCQ

**Question 6 (4 marks)**

You are given the following information:

Balance as at:	1 September 20X5
Prepayment for rent expense	\$1420

The bank summary for the year shows rent payments of \$6890. Included in this figure is \$1725 for the quarter ended 31 October 20X6.

What amount would be shown in the Statement of Financial Position as a prepayment for rent as at 31 August 20X6?

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

**[\$1150] (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 1150 or 1150.00 please?)**

INSERT VALUE

**Question 7 (4 marks)**

A non-current asset was purchased at the start of year 1 for \$4800 and is to be depreciated at a rate of 20% per annum using the reducing (diminishing) balance method. The asset has an expected residual value of \$1000.

At the beginning of year 3 it was sold for \$2800.

What was the profit or loss on disposal?

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(.

**[\$-272] (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 -272 or -272.00 please?)**

INSERT VALUE

**Question 8 (4 marks – marks as shown below in red).**

A sole trader is accounting for the disposal of a piece of equipment. The proceeds were received directly into the bank account. Identify whether the account balances listed below would debit, credit or not change as a result of this transaction by using the drag and drop options provided below.

Account balance	Impact
Equipment depreciation expense	[Not change] (1)
Disposal of motor vehicles account	[Credit] (1.5)
Bank	[Debit] (1.5)

**Drag and drop options to select from:**

Debit

Credit

Not change

**DRAG AND DROP**

**Question 9 (4 marks)**

A sole trader acquired a motor van to use in his business on 1 June 20X4 at a cost of \$26880.

The van has an estimated life of 5 years and a residual value of \$3,000. Depreciation is charged monthly using the straight-line method.

What is the depreciation charge for the year ending 31 December 20X4?

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

\$(2786) (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 2786 or 2786.00 please?)

**INSERT VALUE**

**Question 10 (4 marks – one for each blank correctly completed. Correct answers shown in blue text and square brackets)**

A sole trader is reviewing the business expenses for the year ending 31 March 20X7.

The balance on the insurance account at the beginning of the year was \$1500 which was an amount paid in advance.

Payments for insurance during the year ending 31 March 20X7 amounted to \$11500.

\$500 was paid for in April 20X7 but relates to March 20X7.

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

At the end of the financial year, the insurance account will show a [debit] entry for [accrued expenses] carried down of [\$500]. The insurance expense in the Statement of Profit and Loss will show an amount of [\$13500] for insurance expenses for the year.

Drag and drop options:

accrued expenses

prepaid expenses

credit

debit

\$500

\$11500

\$12500

\$13500

**DRAG AND DROP**

**Question 11 (4 marks – 1 mark for each correct entry, correct answers shown in blue text and square brackets)**

A sole trader is undertaking a review of the aged receivables at the end of the year which shows a balance of \$12600. The balance on the allowance for doubtful debts account at the end of the previous year was \$382.

One of the debts for \$1050 has been outstanding for over 90 days and it has now been decided that this debt should be written off as an irrecoverable debt.

The sole trader wishes to provide an allowance for doubtful debts amounting to 4% of remaining receivables.

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

The irrecoverable debt of \$1050 will [**increase**] expenses for the year.

The entry in the Statement of Profit of loss will show a debit entry of [**\$80**] for an allowance for doubtful debts adjustment.

The net figure in the Statement of Financial Position for Receivables will show an amount of [**\$11008**].

If the balance on the allowance for doubtful debts account is reduced the following year, the adjustment will [**credit**] to the Statement of Profit or Loss.

**Drag and drop options to use:**

increase  
decrease  
not change  
\$80  
\$382  
\$462  
\$11008  
\$11550  
\$12138  
debit  
credit

**DRAG AND DROP**

**Question 12 (4 marks – 1 marks for each correct blank shown in blue text and square brackets)**

Identify which accounting concept is being used in each of the following paragraphs by filling in the blanks using the drag and drop options provided below.

Income and expenses should be matched for the accounting period. This demonstrates the application of the [**accruals**] concept.

Transactions and valuation methods are treated the same way from year to year. This demonstrates the application of the [**consistency**] concept.

Financial statements are produced using the assumption that a business will remain in business for the foreseeable future. This demonstrates the application of the [**going concern**] concept.

Capital purchases with a value lower than a certain threshold set by the owners can be written off directly to the Statement of Profit or Loss as an expense. This demonstrates the application of the [**materiality**] concept.

Options for drag and drop:

going concern

consistency

materiality

accruals

**DRAG AND DROP**

**Question 13 (2 marks)**

Software subscription expenses for the year ending 31 March 20X4 amounted to \$4620. Included in this figure is an invoice for the 3 months ending 31 May 20X4 at a cost of \$1320.

Which one of the following correctly identifies the journal required to record the year end adjustment in relation to this transaction?

	✓
Debit: Prepaid expenses \$880 Credit: Software subscription expense \$880	[✓]
Debit: Software subscription expense \$880 Credit: Accrued expenses \$880	
Debit: Prepaid expenses \$1320 Credit: Software subscription expense \$1320	
Debit: Software subscription expense \$1320 Credit: Accrued expenses \$1320	

**MCQ**

**Question 14 (4 marks)**

A sole trader depreciates computer equipment on a reducing balance (diminishing balance) basis at a rate of 10% per annum. As at 1 April 20X7 the balance of computer equipment at cost was \$24360 and the associated accumulated depreciation was \$18480.

What would be the revised carrying amount of computer equipment as at 31 March 20X8?

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

[\$5292] (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 5292 or 5292.00 please?)

**INSERT VALUE**

**LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 5**

**14 questions – students to be given 9 random questions from this bank of questions. Type of question highlighted in yellow.**

**Question 1 (4 marks)**

James trades as a sole trader. During the year he made sales of \$32400. His opening inventory at the start of the year was \$2000 and his closing inventory was \$4500.

James operates using a 40% gross margin.

What was the purchases figure for the year? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$21940]



**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 21940 or 21940.00 please?)

**Question 2 (4 marks)**

GT Co makes a single product, GT12, which incurs the following costs:

Direct materials	4kg @ \$1.85 per kg
Direct labour	3 hours @ \$18 per hour
Overheads	3 hours @ \$4.20 per hour

What is the prime cost of making one unit of GT12? You **must** enter your answer to **2 decimal places**, for example, \$20 would be entered as 20.00

[\$**61.40**]

**INSERT VALUE**

**Question 3 (4 marks – 1 mark for each correct entry shown in blue text and square brackets)**

The following extract from a manufacturing account has been provided.

	\$
DIRECT COST	84600
Manufacturing overheads	26400
<b>[MANUFACTURING COST]</b>	111000
Opening inventory of work in progress	12000
Closing inventory of work in progress	11000
<b>COST OF GOODS MANUFACTURED</b>	<b>[112000]</b>
Opening inventory of finished goods	18600
Closing inventory of finished goods	17400
<b>[COST OF GOODS SOLD]</b>	<b>[113200]</b>

Complete the table using the drag and drop options provided below.

Drag and drop options:

112000

110000

110800

113200

COST OF GOODS PRODUCED

MANUFACTURING COST

PRODUCTION COST

COST OF GOODS SOLD

**DRAG AND DROP**

**Question 4 (4 marks)**

You have the following information about a partnership business.

The partners are Gemma, Karolina and Adam, sharing profits and losses 40%, 40% and 20% respectively.

The financial year ends on 30 September 20X5.

The partnership agreement shows that Gemma is entitled to a salary of \$18000 per annum and Adam a salary of \$36000 per annum. Interest on capital (per annum) is Gemma \$2200, Karolina \$3400 and Adam \$2800.

During the year drawings were taken as follows:

Gemma	\$12000
Karolina	\$14000
Adam	\$20000

The Statement of Profit or Loss for the partnership shows a profit for the year ended 30 September 20X5 of \$180000 before appropriations.

What is the total profit available for distribution to the partners after appropriations have been made? Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

[\$117600]

**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 117600 or 117600.00 please?)**

**Question 5 (2 marks)**

Support4U 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	[✓]
Non-current assets	
Non-current liabilities	
Current liabilities	

**MCQ**

**Question 6 (2 marks)**

Which one of the following statements is true?

	✓
For organisations that have limited company status, ownership and control are legally separated.	[✓]
The benefit of being a sole trader is that you have no personal liability for the debts of the business.	
Ordinary shares carry the same rights as preference shares but tend to be used more in smaller limited companies.	
Limited company status means that a company is only allowed to trade up to a predetermined turnover level in any one year.	

**MCQ**

**Question 7 (4 marks)**

Style for Life is a non-profit making organisation.

At the start of the financial year, subscriptions paid in advance amounted to \$2940 and subscriptions in arrears amounted to \$1805.

During the year, \$18725 was received in the bank for subscriptions.

At the end of the financial year, subscriptions paid in advance were \$2650 and subscription in arrears were \$2100.

What amount would show as the income for the year for Style for Life in the Income and Expenditure account?

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

[\$19310]

**INSERT VALUE**

**Question 8 (4 marks – 2 marks for each correct answer)**

Kidz Toy Mountain is a manufacturer of children's toys.

Which of the following costs would be classed as direct costs for Kidz Toy Mountain? Select all that apply.

	✓
Wood used to make dolls houses	[✓]
Machinist wages for sewing clothing for toys	[✓]
Advertising expense for a new toy range	
Production manager's wages	

**MRQ**

**Question 9 (4 marks)**

You have been provided with the following information for a sole trader relating to the year ending 31 March 20X4.

	\$
Trade receivables at 1 April 20X3	8460
Trade receivables at 31 March 20X4	7810
Bank receipts from trade receivables during the year	46200
Cash sales during the year	4800

Calculate the credit sales for the year ended 31 March 20X4.

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

#[45550]

INSERT VALUE

**Question 10 (4 marks)**

A sole trader has provided the following incomplete information:

Opening inventory	8200
Sales	54670
Purchases	36450
Mark up	40%

What is the value of closing inventory at the end of the year?

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

#[5600]

INSERT VALUE

**Question 11 (4 marks – 1 mark for each correct answer shown in blue text)**

Identify the term being described in each of the following descriptions connected to limited liability companies by using the drag and drop options below.

Description	Term
A type of share which provides a fixed dividend.	[Preference share]
A means of raising finance which will often require some form of security.	[Loan]
The shareholders who are subject to the main risks and rewards of the business.	[Ordinary shareholders]
A type of share which provides voting rights.	[Ordinary share]

**Drag and drop options:**

Ordinary shareholders  
Preference share  
Ordinary share  
Loan  
Share capital  
Preference shareholders

**DRAG AND DROP**

**Question 12 (2 marks)**

Henry and Harry started to trade on 1 July 20X4 as a partnership.

The profit for the period ending 31 December 20X4 was \$26200 before the following are taken into account.

- Interest on partners' capital accounts totals \$900
- Henry has a salary of \$8000 per annum however Harry does not take a salary
- The interest on partners' drawings amounted to \$400 in total

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

	✓
\$10850	[✓]
\$8850	
\$9350	
\$11350	

**MCQ**

**Question 13 (4 marks – 1 mark for each correct blank completed shown in blue text and square brackets)**

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

The document which is prepared outlining the agreed terms between partners is called a [partnership agreement].

Transactions involving the partners which do not involve a change in the capital invested in the business are recorded in a [current] account. In this account, [debit] entries will be made to show transactions involving drawings and interest on drawings.

A partner may [receive interest] on the capital invested in the business.

**Drag and drop options:**

credit  
debit  
capital  
current  
partnership agreement  
policy document  
receive interest  
be charged interest

**DRAG AND DROP**

**Question 14 (4 marks – 1 mark for each correct blank completed – shown in blue text and square brackets)**

Max and Maisy are in a partnership sharing profits equally.

The balance on each of the partners' current accounts at the start of the year was:

- Max \$1800 (credit)
- Maisy \$2100 (credit)

The profit for the year ended 31 March 20X4 was \$24000 after appropriations.

Further information:

- Interest on capital was \$700 for Max and \$1200 for Maisy.
- Maisy received a salary of \$7500 per annum.
- Interest on drawings was \$450 for Max and \$500 for Maisy.
- Max has taken drawings amounting to \$16000 during the year. Maisy has taken \$17600.

The complete the following sentences by filling in the blanks.

The balance to carry down on the current account of Max will show a balance of \$[1950] and this will show on the [credit] side of the current account.

The balance to carry down on the current account of Maisy will show a balance of \$[4700] and this will show on the [debit] side of the current account.

**Drag and drop options:**

\$4700  
\$1950  
\$6175  
\$475  
debit  
credit

**DRAG AND DROP**

**LCCI Level 2 Certificate in Bookkeeping and Accounting – Learning outcome 6**

**8 questions – students to be given 6 random questions from this bank of questions. Type of question highlighted in yellow.**

**Question 1 (4 marks)**

You have been provided with the following information:

	\$
Sales for the year	44730
Purchases	31120
Opening inventory	12350
Closing inventory	11970



What is the gross profit as a percentage of cost of goods sold ratio? Show your answer **to the nearest %**. Do not use any commas, full stops or the % sign in your answer.

[42]%

INSERT VALUE

**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	198500
Finance costs	3500
Profit before tax	195000
Tax	39000
Net profit for the period	156000

	\$
Equity	
Share capital	300000
Retained earnings	146250
	446250
Non-current liabilities	50000
Current liabilities	38500

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

	✓
40.0%	[✓]
31.4%	
44.5%	
39.3%	

MCQ

**Question 3 (4 marks)**

You have been provided with the following extract from a Statement of Financial Position for the year ending 31 May 20X4.

	\$
Non-current assets	286000
Current assets	
Inventory	24300
Trade receivables	48500
Bank	18300
	91100
Current liabilities	
Trade payables	41750
Non-current liabilities	
Loan	30000

Calculate the liquid (acid test) 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.**

[1.6]

INSERT VALUE

**Question 4 (2 marks)**

Which one of the following correctly identifies the formula to calculate the inventory turnover ratio?

	✓
Cost of sales / Inventory	[✓]
Inventory / Cost of sales x 365	
Cost of sales / inventory x 12	
Average inventory / cost of sales x 365	

MCQ

**Question 5 (2 marks)**

Which one of the following statements relating to ratios is true?

	✓
A disadvantage of ratios is that they are based on previous performance which may not be valid for making predictions about the future.	[✓]
The interpretation of financial statements using ratios is only useful for existing shareholders/business owners.	
Return on capital employed is calculated as: Gross profit / Capital employed x 100.	
All other things being equal, if gross profit percentage increases, then the profit for the year percentage will decrease.	

**MCQ**

**Question 6 (4 marks)**

You have been given the following extracts from the financial statements of a sole trader for the year ending 31 January 20X4.

	\$
<b>Extract from Statement of Profit or Loss</b>	
Sales	469800
Gross profit	167900
Profit for the year	77400
<b>Extract from Statement of Financial Position</b>	
Total liabilities	56000
Current liabilities	17700
Capital	98000

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

[57]%

**INSERT VALUE**

**Question 7 (4 marks)**

You have been provided with the following extracts from the financial statements for a sole trader for the year ending 30<sup>th</sup> September 20X2.

	\$
Sales	75630
Less cost of sales	
Purchases	28660
Gross profit	46970
Less expenses	21800
Net profit	25170

	\$
Current assets	
Trade receivables	6750
Bank	10680
	17430
Current liabilities	
Trade payables	3280
Non-current liabilities	12000

Calculate the trade payables payment period and round your answer **up to the nearest whole day**.

[42] days

INSERT VALUE

**Question 8 (4 marks available – 1 mark for each correct entry shown in square brackets and blue text)**

The results of ratio analysis for a sole trader for the last two years are provided below.

	31.03.X3	31.03.X2
Gross profit percentage of revenue	49%	52%
Profit for the year percentage of revenue	31%	28%
Accounts receivable collection period	48 days	34 days

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

Over the two years there has been a [**deterioration**] in the gross profit ratio indicating that sales may have decreased, cost of sales increased or a combination of the two.

The profit for the year has [**improved**] between the two years. When looking at this in conjunction with the result of the gross profit ratio, this indicates that the business may be [**managing its expenses more effectively**] in the year ending 31.03.X3.

The accounts receivable collection period has increased by 14 days which is concerning. This means the business is [**taking longer to collect debts**] than in previous years.

**Drag and drop options:**

- taking longer to collect debts
- paying suppliers quicker
- collecting money in quicker from customers
- improved
- deterioration
- managing its expenses more effectively
- incurring more expenses

**DRAG AND DROP**