

LCCI Level 2 Certificate in Cost Accounting – Learning outcome 1

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

Question 1 (2 marks)

Which one of the following characteristics relates to management accounting as opposed to financial accounting?

	✓
It is produced on an ad hoc basis as and when required	[✓]
The information must be produced annually	
It is based on past events	
Information is produced using accounting standards	

MCQ

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

Crystalize is a manufacturer of glass vases. They produce a range of products which can be purchased as gifts and offer a personalisation service whereby gifts can be tailored to customer requirements.

Crystalize uses a coding system for its elements of cost (materials, labour and overheads) and then further classifies by nature (direct or indirect).

Element of cost	Code	Nature of cost	Code
Materials	A	Direct	10
		Indirect	20
Labour	B	Direct	10
		Indirect	20
Overheads	C	Direct	10
		Indirect	20

For example, the code for direct labour is B10.

Identify the code to be used for each of the following costs. You must insert the code to be used using the same format as the example above.

Cost	Code
Electricity costs for the factory	[C20]
Wages of the finance office manager	[B20]
Glass for use in making vases	[A10]
Labour cost of engravers	[B10]

INSERT VALUE

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

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

Statement	Cost behaviour
The cost per unit stays constant at all levels of output.	[Variable cost]
The total cost stays the same for a specified level of output and then increases and stays the same for the next level of output.	[Stepped cost]
The cost per unit changes depending on the level of output	[Fixed cost]
The cost will be made up of two elements, one which is unchanged by the level of output, and one which changes in direct proportion to the level of output.	[Semi-variable cost]

Options to pick from:

Fixed cost
Variable cost
Semi-variable cost
Stepped cost

DRAG AND DROP

Question 4 (4 marks)

Viz Co manufactures a single product.

You have been provided with the following information:

Direct materials	16kg at \$4 per kg
Direct labour	12 hours at \$16 per hour
Overheads	6 hours at \$4 per hour

What is the prime cost of making one unit?

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

#[256]

INSERT VALUE

Question 5 (4 marks – 1 mark for each correct answer. Correct answers are shown in the table in blue text and square brackets.)

The following table describes some of the main documents used in business transactions. Identify which document is being described using the drag and drop options provided below.

Description	Document
This document is used by the buyer for comparing the number of goods ordered to the ones delivered.	[Goods received note]
An internal request from an employee to acquire items from an external supplier.	[Purchase requisition note]
A document accompanying goods sent from the buyer to the seller after purchase.	[Goods returns note]
A document sent from the buyer to the seller confirming the products/services required.	[Purchase order]

Drag and drop options:

Purchase order

Goods returns note

Sales invoice

Purchase requisition note

Goods received note

DRAG AND DROP

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

Gym and Co produce exercise equipment.

Classify each of the following costs by function using the drag and drop options provided below.

Cost	Function
Accounts office stationery for producing invoices	[Administration]
Bank charges	[Finance]
Repairs to factory machinery	[Production]
Insurance costs of delivery vans	[Selling and distribution]

Drag and drop options:

Production

Administration

Selling and distribution

Finance

DRAG AND DROP

Question 7 (2 marks)

Which one of the following wage costs would not be classified as direct labour?

	✓
A stores assistant in a factory store	[✓]
Assembly workers	
Plasterers in a building company	
An audit clerk for an accountancy firm	

MCQ

Question 8 (2 marks)

Work Co incurs a total cost of \$57600 for producing 3200 units.

If 2000 units are produced the total cost is \$36000.

Which type of cost behaviour does this cost demonstrate?

	✓
Variable cost	[✓]
Fixed cost	
Stepped cost	
Semi-variable cost	

MCQ

LCCI Level 2 Certificate in Cost Accounting – Learning outcome 2

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

Question 1 (4 marks)

Light Co uses the weighted average (AVCO) method to price issues of inventory.

During the current month, Light Co made the following purchases from suppliers:

Date	Transaction
2 Feb	Purchased 250 units at \$11.98 per unit
16 Feb	Purchased 180 units at \$12.60 per unit
22 Feb	Purchased 200 units at \$13.80

On 1 February there were 100 units in inventory valued at a cost of \$11.00 per unit.

During the month there were two issues from inventory to production:

Date	Transaction
6 Feb	180 units
21 Feb	270 units

What is the value of the issue made on 6 February?

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

\$(2106)

INSERT VALUE

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

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

Description	Answer
In periods of rising prices, this method provides a higher valuation of closing inventory.	[FIFO]
The valuation of inventory rarely reflects the actual purchase price of the material.	[AVCO]
This method values closing inventory at the oldest purchase price.	[LIFO]
FIFO values closing inventory at the most recent purchase price. Is this true or false?	[True]

Drag and drop options to pick from:

FIFO
LIFO
AVCO
True
False

DRAG AND DROP

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

Swift Co uses a time-rate method with bonus to pay its direct labour. The time rate used is \$16 per hour. Employees are expected to produce 8 units in an hour. Any units produced in excess of this are paid at a bonus rate of \$6 per unit.

Calculate the basic wage and bonus for the two employees in the table below. You must enter 0 if no amount is payable. Enter your answer in whole \$ only and do not use any commas (,) or full stops(.).

Employee	Hours worked	Units produced	Basic wage	Bonus
J Dessler	40 hours	330	[\$640] (1)	[\$60] (1)
P Knight	32 hours	240	[\$512] (1)	[\$0] (1)

INSERT VALUES

Question 4 (4 marks)

Ember Ltd has received a request from a customer for a special order.

The production manager has worked out the likely labour time attached to the order as follows.

	Skilled	Semi-skilled
Hours paid at basic rate	48	26
Overtime hours paid a time and a half	12	8
Overtime hours paid at double time	4	0

Skilled labour is paid at a rate of \$21 per hour and semi-skilled at a rate of \$15 per hour.

What is the total cost of overtime attached to this special order?

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

[\$726]

INSERT VALUE

Question 5 (4 marks – 2 marks for each correct answer shown in blue text and square brackets)

Crown Co pays its employees \$16 per hour and expects them to produce 20 units per hour.

A bonus of \$10 is payable for each hour saved for units produced in excess of 20 units per hour.

Calculate the total gross pay for each of the following employees.

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

Employee	Hours worked	Units produced	Gross pay
T Lin	40 hours	960 units	[\$720]
L Butcher	42 hours	820 units	[\$672]

INSERT VALUE

Question 6 (4 marks)

Carlton Co wishes to calculate the unit cost of one of the products it makes.

The following data relates to making one unit of the product.

Materials	6 kg at \$4.50 per kg
Labour	12 minutes per unit at \$14 per hour
Overheads	\$8 per direct labour hour

What is the cost of making one unit?

Enter your answer **to 2 decimal places**, for example \$10 would be entered as 10.00 and do not use any commas (,) or full stops(.

[\$31.40]

INSERT VALUE

Question 7 (2 marks)

The budgeted overheads for a production department were \$22400 for the month and are to be absorbed based on machine hours.

Budgeted machine hours were 3200 hours and actual machine hours were 3450 for the month.

The actual overheads for the month were \$24500.

What was the under or over absorption of overheads for the month?

	✓
Under absorbed by \$350	[✓]
Under absorbed by \$2100	
Over absorbed by \$250	
Over absorbed by \$2100	

MCQ**Question 8 (4 marks – 2 marks for each correct answer shown below in blue text and square brackets)**

MM Ltd is a manufacturing company with three production cost centres: mixing, assembly and finishing. The following are the expected factory expenses for the forthcoming year.

	\$
Rent and rates	14625
Insurance of machinery	680
Depreciation of machinery	8000
Supervisors' salaries	42790

Further information is as follows:

	Mixing	Assembly	Finishing
Floor area (sqm)	400	600	300
Value of machinery	\$30000	\$40000	\$10000
Number of employees	4	5	2

Calculate the expense that should be apportioned to the following departments by inserting the values. Enter your answer in whole \$ only and do not use any commas (,), full stops(.) or the \$ symbol.

Department	Expense	\$
Mixing	Rent and rates	[4500]
Finishing	Insurance of machinery	[85]

INSERT VALUE

Question 9 (4 marks)

A vehicle repair company recovers overheads on the basis on chargeable labour hours.

Budgeted overheads for the latest period were \$28800 and actual chargeable hours were 400.

The actual overheads of \$26700 were over-absorbed by \$2280.

What was the budgeted overhead absorption rate per chargeable hour?

Enter your answer **to 2 decimal places**, for example \$10 would be entered as 10.00 and do not use any commas (,) or full stops(.).

[\$72.45]

INSERT VALUE

Question 10 (4 marks – 2 marks for each correct answer)

A management accountant's report shows that fixed production overheads were over absorbed in the last accounting period.

Which two of the following combinations could have led to this situation?

	✓
Production activity as budgeted and actual fixed overhead expenditure less than budget.	[✓]
Production activity higher than budget and actual fixed overhead expenditure as budgeted.	[✓]
Production activity as budgeted and actual fixed overhead expenditure more than budget.	
Production activity lower than budget and actual fixed overhead expenditure higher than budget.	
Production activity lower than budget and actual fixed overhead expenditure as budgeted.	

MRQ

Question 11 (2 marks)

The following materials transactions took place in the month of March 20X5:

	\$
Materials purchases	1760
Issued to production	1650
Materials written off	40
Returned to stores	90
Returned to suppliers	80

The material inventory at the beginning of March 20X5 was \$150.

What is the closing balance on the materials inventory account at 31 March 20X5?

	✓
\$230	[✓]
\$50	
\$160	
\$310	

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

Identify the method of labour payment being used in each of the scenarios below using the drag and drop options provided.

Scenario	Method
An employee's wage increases in direct correlation with the number of units produced.	[Piecework]
An employee is paid the same amount every month.	[Salary]
An employee's earnings are directly linked with the hours they work.	[Time rate]
The total amount paid per hour for hours worked in excess of the normal hours.	[Overtime rate]

Drag and drop options:

Time rate
Overtime rate
Salary
Piecework

DRAG AND DROP**LCCI Level 2 Certificate in Cost Accounting – Learning outcome 3**

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

Question 1 (4 marks)

Fox Ltd has been approached by a customer requiring a specific job.

The estimated costs are shown below:

Direct materials	80kg at \$30.05 per kg
Direct labour – grade A staff	40 hours at \$18 per hour
Direct labour – grade B staff	12 hours at \$14 per hour
Overheads	\$4 per labour hour

Fox Ltd has a policy of applying a 20% mark up on all jobs.

What would be the selling price for this job?

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

\$(4200)

INSERT VALUE

Question 2 (2 marks)

A company operates a job costing system. Job 242 requires \$60 of direct materials, \$40 of direct labour and \$20 of direct expenses. Direct labour is paid \$8 per hour. Production overheads are absorbed at a rate of \$16 per direct labour hour and non-production overheads are absorbed at a rate of 60% of prime cost.

What is the total cost of job 242?

	✓
\$272	[✓]
\$240	
\$260	
\$320	

MCQ

Question 3 (2 marks)

The following statements have been made about marginal costing.

Statement 1 – An allowance for fixed production costs is included in the marginal cost of a product.

Statement 2 – The marginal cost of a product represents the additional cost of producing an extra unit.

Statement 3 – The profits under absorption costing will be lower than with marginal costing if the inventory levels increase over the year.

Which of the above statements is/are true?

	✓
Statement 2 only	[✓]
Statement 1 only	
Statements 2 and 3 only	
All three statements are true	

MCQ

Question 4 (4 marks)

Climb Co is planning to launch a new product which will be manufactured in batches of 100.

The following cost estimates have been produced per batch:

Direct materials	\$4500
Direct labour	\$5000
Variable production overheads	\$2500
Fixed production overheads	\$1750
Administration, selling and distribution costs	\$2250

What is the estimated full absorption cost of one unit of the new product?

Enter your answer to **2 decimal places**, for example \$1000.00 should be entered as 1000.00

#[137.50]

INSERT VALUE

Question 5 (4 marks – 1 mark for each correct blank completed. Correct answers shown in square brackets.)

Complete the following sentences regarding marginal and absorption costing by using the drag and drop options provided below.

Absorption costing takes into account all [**production**] costs.

If, at the end of the period, overheads have been over-absorbed by \$20000, the accounting entry needed in the Statement of Profit or Loss would be a [**credit**] entry.

The opening inventory at the start of the period was \$6000 and the closing inventory was \$7500. If this business uses absorption costing, the reported profit would be [**higher**] than it would under marginal costing.

If a business is preparing cost estimates for special, one-off jobs, [**marginal**] costing is the better technique to use.

Options to pick from:

lower

absorption

production

debit

marginal

variable

fixed

higher

credit

DRAG AND DROP

Question 6 (4 marks)

South Forest Co makes a product which is coded SF10.

The selling price of product SF10 is \$24 per unit and the total variable cost is \$16 per unit.

South Forest Co estimates that the fixed costs per quarter associated with this product are \$1760.

What is the break-even volume in units of SF10?

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

[**220**] units

INSERT VALUE

Question 7 (4 marks)

KT Ltd manufactures product X10 which has a selling price of \$52 per unit and a variable cost of \$38 per unit.

The estimated fixed costs per quarter associated with this product are \$84000.

If KT Ltd wishes to make a profit of \$21000, how many units of X10 must it sell?

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

[7500] units

INSERT VALUE

Question 8 (2 marks)

KT Ltd manufactures product X10 which has a selling price of \$52 per unit and a variable cost of \$38 per unit.

The estimated fixed costs per quarter associated with this product are \$84000.

If KT Ltd increases the selling price of X10 by \$1, what will be the impact on the break-even point and the margin of safety, assuming no change in the number of units sold?

	✓
The break-even point will decrease, and the margin of safety will increase.	[✓]
The break-even point will stay the same and the margin of safety will decrease.	
The break-even point will decrease, and the margin of safety will stay the same.	
The break-even point will increase, and the margin of safety will decrease.	

MCQ

Question 9 (4 marks)

HG Co manufactures a single product, the HG1.

The selling price of HG1 is \$200 and it has the following costs:

Direct materials	10kg at \$8 per kg
Direct labour	2 hours at \$15 per hour
Overheads	\$3 per direct labour hour

What is the contribution to sales ratio shown as a % of product HG1?

Enter your answer to the nearest whole % and do not use any commas (,) or full stops(.).

[45]%

INSERT VALUE

Question 10 (4 marks)

Product M10 has a selling price of \$32 per unit with a total variable cost of \$24 per unit.

The fixed costs per quarter associated with M10 are \$43000.

What is the margin of safety in units if the current sales level is 7000 units?

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

[1625] units

INSERT VALUE

LCCI Level 2 Certificate in Cost Accounting – Learning outcome 4

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

Question 1 (2 marks)

Which one of the following statements about budgeting is **not** true?

	✓
One of the purposes of budgets is to ensure that staff are aware that all responsibilities are carried out by senior management.	[✓]
Fixed budgets are prepared at the start of a budget period and are not adjusted to reflect changes during the period.	
Flexible budgets can be prepared at the start of the budget period and can be adjusted to reflect changes in activity levels during the period.	
One of the purposes of a budget is to ensure that production levels are coordinated with expected sales levels.	

MCQ

Question 2 (2 marks)

Which one of the following statements about variances is **not** true?

	✓
A favourable variance occurs when actual income is the same as budgeted income.	[✓]
A variance is the difference between budgeted and actual cost.	
A favourable variance means actual costs are less than budgeted.	
An adverse variance means that actual income is less than budgeted.	

MCQ

Question 3 (4 marks – 1 for each correct blank)

Fill in the blanks in the following sentences.

The missing words you need to enter will be either favourable or adverse. Please ensure you enter the words correctly.

A variance is the difference between the budgeted and actual results.

A cost variance will be [adverse] when actual costs are higher than budgeted costs.

The result of a sales variance will be [**favourable**] when actual sales are higher than budgeted sales.

A labour efficiency variance which is [**adverse**] could be caused by a decrease in the efficiency of production workers.

A decrease in the cost of materials could lead to a material price variance which is [**favourable**].

FILL IN BLANKS

Question 4 (4 marks)

JL Co manufactures a single product using a single raw material.

Each product takes 6kg at a standard cost of \$4 per kg.

During November, JL Co manufactured 1200 units using 7800 kg of material at a total cost of \$35100.

What is the material price variance?

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

To indicate an adverse variance, please use a minus sign at the start of your answer. For example, to enter a favourable variance of \$100, please enter 100 and to enter an adverse variance of \$100 please enter -100

\$[-3900]

INSERT VALUE

Question 5 (4 marks)

RG Ltd manufactures one product using one grade of labour.

The standard labour cost for one product is:

5 hours at a standard cost of \$16 per hour

During September 1050 units were produced. The actual hours worked were 4725 at a total cost of \$85050.

What is the labour efficiency variance?

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

To indicate an adverse variance, please use a minus sign at the start of your answer. For example, to enter a favourable variance of \$100, please enter 100 and to enter an adverse variance of \$100 please enter -100

\$[8400]

INSERT VALUE

Question 6 (4 marks)

Details for the next period for Tell Co have been provided below.

Budgeted output	1800 units
Selling price	\$50 per unit
Direct materials (per unit)	4 kg at \$2.50 per kg
Direct labour (per unit)	20 minutes at a cost of \$12 per hour
Fixed overheads	\$20,000

What is the budgeted profit or loss for the period?

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

To indicate a loss, please use a minus sign at the start of your answer. For example, to enter a profit of \$100, please enter 100 and to enter a loss of \$100 please enter -100

\$(44800)

INSERT VALUE

Question 7 (4 marks – 1 mark for each correct answer shown below in blue text and square brackets)

James Co has produced a report detailing budgeted and actual revenues and costs for last month.

Calculate the variance for each line of the report and show this in the variance column. To indicate an adverse variance, please use a minus sign at the start of your answer. For example, to enter a favourable variance of \$100, please enter 100 and to enter an adverse variance of \$100 please enter -100

	Budget \$	Actual \$	Variance \$
Sales	120380	124510	[4130]
Direct materials	68650	69180	[-530]
Direct labour	24950	23740	[1210]
Production overheads	18000	18500	[-500]

INSERT VALUE

LCCI Level 2 Certificate in Cost Accounting – Learning outcome 5

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

Question 1 (2 marks)

Which one of the following would affect a company's cash flow but not its profits?

	✓
Money raised from a new share issue	[✓]
Payment of salaries to directors	
Payment of interest on a loan	

Depreciation of a motor vehicle	
---------------------------------	--

MCQ

Question 2 (4 marks – 1 mark for each correct method. Correct answers shown in square brackets and blue text.)

Identify which of the methods given below would be the most appropriate for each of the following situations using the drag and drop options provided.

Situation	Method
The purchase of an asset for use in the business over the next 5 years.	[Bank loan]
A cash surplus which is not needed for operations.	[Invest in non-current assets]
To expand the business into an overseas market requiring long term investment.	[Issue share capital]
A short-term cash flow deficit.	[Bank overdraft]

Options to pick from:

Invest in non-current assets

Bank loan

Bank overdraft

Issue share capital

DRAG AND DROP

Question 3 (4 marks)

Jack Co is preparing its cash budget for the next quarter.

Purchases from credit suppliers are expected to be as follows:

	\$
January	24100
February	26300
March	28200

Jack Co pays 40% of its suppliers in the month of purchase with the remaining 60% being paid one month after purchase.

What is the total amount that would appear in the cash budget as payments to credit suppliers for the month of March?

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

[\$27060]

INSERT VALUE

Question 4 (4 marks)

H5 Co is preparing its cash budget for the next quarter.

Sales to credit customers are expected to be as follows:

	\$
January	54600
February	82700
March	65900

Customers are expected to pay in the following pattern:

45% within one month of sale

35% within two months of sale

20% within three months of sale

Assuming there is no opening balance to consider, what is the total amount of expected receipts from credit customers to go into the cash budget for the month of March?

[\$56325]

INSERT VALUE

LCCI Level 2 Certificate in Cost Accounting – Learning outcome 6

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

Question 1 (2 marks)

Which one of the following statements regarding the payback method of investment appraisal is **not** true?

	✓
The payback method of investment appraisal uses accounting profits in the calculation.	[✓]
The payback method of investment appraisal can help a business focus on short term cash flow movements more easily.	
The payback method of investment appraisal is a technique which can indicate a lower risk investment.	
If the payback result for two projects yields the same result, other techniques such as net present value or accounting rate of return would be used to evaluate the projects under consideration.	

MCQ

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

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

Techniques which can be used to assess projects or investments include payback and accounting rate of return.

However, these techniques do have drawbacks, for example, [payback] does not take into account the cash flows over the entire life of the project, and [accounting rate of return] does not focus on cash flows and instead uses accounting profits.

Neither method considers internal or external non-financial factors. Internal factors such as [employee motivation] can have a direct impact on the outcome on the successfulness of the project and it is also important to consider other external non-financial factors such as [environmental impact] and customer retention.

Drag and drop options:

- accounting rate of return
- payback
- gross profit margins
- environmental impact
- profit for the year
- employee motivation

DRAG AND DROP

Question 3 (4 marks – 2 marks for each correct answer shown in blue text and square brackets)

Hall Co is considering investing in a project and wishes to use the payback method of investment appraisal.

The following information regarding the project has been provided:

Capital investment required	\$80000
Cash inflows:	
Year 1	\$25000
Year 2	\$23000
Year 3	\$20000
Year 4	\$15000
Year 5	\$10000

What is the payback period in years and months for this project? Show your answer to the nearest whole month.

[3]	Years	[10]	Months
-----	-------	------	--------

INSERT VALUE

Question 4 (4 marks)

Great Co Ltd are considering investing in a new asset which is going to cost \$81000. The asset has an expected life of 5 years, at the end of which it will be sold for \$7000.

The annual profits expected to be generated from the asset are as follows:

Year 1	\$28000
Year 2	\$22000
Year 3	\$18000
Year 4	\$14000
Year 5	\$8000

Using the average investment, what is the accounting rate of return?

Show your answer to **1 decimal place**.

[40.9] %

INSERT VALUE

Question 5 (4 marks – 2 marks for each correct answer)

Which two of the following statements about the accounting rate of return (ARR method) and the payback method are true?

	✓
The payback method is based on the project's cash flows.	[✓]
A requirement for an early payback can increase a company's liquidity.	[✓]
Both methods are affected by changes in the cost of capital.	
The ARR does not take account of returns over the entire life of the project.	

MRQ

Question 6 (2 marks)

CK Co has \$200000 available to invest in project(s).

CK Co has a company policy of undertaking projects which payback in less than 3 years.

Projects A and B are both under consideration and information about both projects is provided below.

Projects	A	B
Capital investment required	\$115000	\$80000
Cash inflows:		
Year 1	\$65000	\$40000
Year 2	\$35000	\$30000
Year 3	\$18000	\$18000
Year 4	\$7000	\$12000
Year 5	\$5000	\$10000

Which of the project(s) should CK Co invest in?

	✓
Both A and B	[✓]
Neither A or B	
A only	
B only	

MCQ

LCCI Level 2 Certificate in Cost Accounting – Learning outcome 7

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

Question 1 (2 marks)

The following statements regarding information have been made:

Statement 1 – Only information stated in monetary terms is useful to accountants.

Statement 2 – Non-financial information is useful information to individuals who make decisions.

Which of these statements is/are true?

	✓
Statement 2 only	[✓]
Statement 1 only	
Both statements 1 and 2	
Neither statement 1 nor 2	

MCQ

Question 2 (2 marks)

The following statements regarding technology have been made:

Statement 1 – Pre-set passwords set by the manufacturer must be changed to individually selected, unique passwords as soon as possible.

Statement 2 – The purpose of air-conditioning in a computer environment is solely for the comfort of those working in that environment.

Which of these statements is/are true?

	✓
Statement 1 only	[✓]
Statement 2 only	
Both statements 1 and 2	
Neither statement 1 nor 2	

MCQ

Question 3 (4 marks – 2 marks for each correct answer)

Which two of the following would reduce the effectiveness of passwords on an accounting system?

	✓
Users are allowed to choose their own passwords.	[✓]
Displaying the password on the screen when entered.	[✓]
Having a requirement that passwords are changed every two weeks.	
Automatic lock out after 3 failed attempts to access the system.	
Making the sharing of passwords a disciplinary offence.	

MRQ